SIERRA JOINT COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS

June 30, 2017

SIERRA JOINT COMMUNITY COLLEGE DISTRICT
ORGANIZATION
June 30, 2017

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 25,300 students who are enrolled in both day and evening classes, has a full time faculty of approximately 243, and a part time faculty of approximately 911. 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, 2017, were composed of the following members:

BOARD OF TRUSTEES

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

BOARD AUDIT COMMITTEE MEMBERS

Mr. David Ferrari   Mr. Bob Romness (Chair)   Mr. Bob Sinclair

DISTRICT ADMINISTRATION

Mr. William H. Duncan, IV
Superintendent/President

Mr. Chris Yatooma
Vice President of Administrative Services***

Ms. Linda Fisher
Director of Finance

**Effective April 2017, Mr. Ferrari resigned from the Board of Trustees
***Effective August 2017, Mr. Yatooma resigned from the District.

SIERRA JOINT COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2017

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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, 2017, 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, 2017, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans" and GASB Statement No. 75, "Accounting for Financial Reporting for Postemployment Benefits Other than Pensions". These statements replace the requirements of GASB Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans", GASB Statement No. 45, "Accounting and Reporting for Employers Post Employment Benefits Other than Pensions" and GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans." Note disclosures and required supplementary information requirements about OPEB are also discussed. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 17 and the Schedule of 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 64 to 69 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.

(Continued)

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2017 on our consideration of Sierra Joint Community College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sierra Joint Community College District's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
November 14, 2017

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, 2017. The discussion has been prepared by management and should be read in conjunction with the financial statements and notes, which follow this section.

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The Sierra Joint Community College District's financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments and No. 35, Basic Financial Statements – and Management Discussion and Analysis - for Public College and Universities. These statements allow for the presentation of financial activity and results of operations 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.

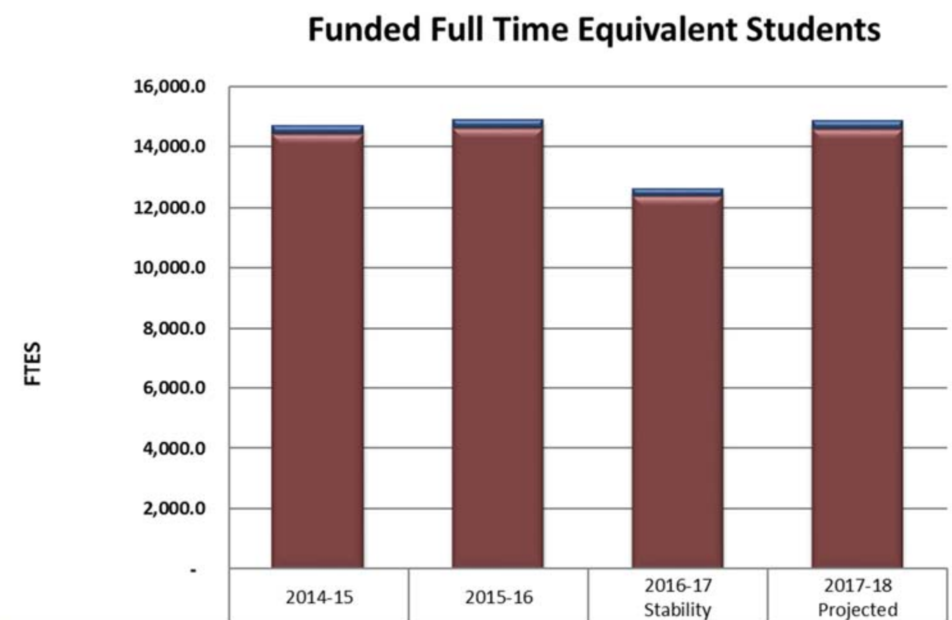
The California Community Colleges Chancellor's Office has recommended that all State community colleges follow the Business-Type Activity (BTA) model for financial statement reporting purposes.

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). Growth did not occur in either of the two primary semesters, fall and spring for 2016-17.

- Shifting the reporting of summer enrollments allowed Sierra to receive "stability" funding, 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 anticipated restoration of FTES in the 2017-18 fiscal year.



	2014-15	2015-16	2016-17 Stability	2017-18 Projected
FUNDED NON-CREDIT FTES	302.9	296.8	274.8	323.0
FUNDED CREDIT FTES	14,398.6	14,575.7	12,363.4	14,543.0

- Apportionment Funding: The 2016-2017 funding formula revenues for the unrestricted general fund reflect a slight increase from the 2015-2016 fiscal year. 2015-2016 revenues from the state funding formula totaled approximately $80 million and increased to approximately $80.9 million for 2016-2017. This represents a $875,000 or 1.09% total increase. The increase in apportionment funding was the result of the state providing a base allocation increase of 1.26%, with 0% COLA.

- Included in 2016-17 are additional revenues of $268,000 related to the 2015-16 Chancellor's Office Apportionment Recalculation and $66,000 related to categorical and restricted programs.

- The 2016-17 total General Fund revenues, excluding the recording of State On-Behalf payments of $1.9 million were $110.9 million compared to $113.2 million earned in 2015-16, a decrease of $2.2 million or 2.0%. In 2015-16 the District had received $8.1 million in one-time mandated cost funds.

- Revenues for categorical programs and other grants in the Restricted General Fund increased approximately $4.4 million or 24.5% from $17.8 million in 2015-16 to $22.2 million in 2016-17. The increase was primarily from the addition of new restricted programs such as Fiscal Agent for the CCC Maker Grant or increases in existing programs such as, Strong Workforce, Workforce Development and various student success services.

- The 2016-17 Budget Act did not provide a cost-of-living adjustment, in contrast to 1.02% for the 2015-16 year.

- The District's unrestricted fund balance, prior to commitments, decreased by $3.0 million in 2016-17 compared to the prior year. The fund balance decrease primarily resulted from a one-time employee payout of approximately $2.7 million. The fund balance after commitments leaves a 2016-17 ending fund balance of $11.4 million or 10.0% 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 $1.9 million for 2016-17 and $2.2 million in 2015-16. 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 $355,000 or 4.13% 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, 2017, using the standard actuarial "roll forward" methodology, is $32.0million when considering $11.4 million of assets held in the 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, 2017, $1.5 million remains. A benefit plan year covers the period October 1 – September 30.

- The District paid down $4.2 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 2016-2017, the District expended 52.70% 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, 2017 and June 30, 2016 is shown below:

	2016-2017	2015-2016	Increase (Decrease)	Percent Change
ASSETS				
Current assets				
Cash and cash equivalents	$ 34,104,777	$ 27,509,741	$ 6,595,036	24.0%
Accounts receivable and other assets, net	3,408,594	3,496,755	(88,161)	-2.5%
Total Current Assets	**37,513,371**	**31,006,496**	**6,506,875**	**21.0%**
Noncurrent assets				
Restricted cash and cash equivalents	27,193,495	24,100,177	3,093,318	12.8%
Notes receivable	60,000	0	60,000	100.0%
Capital assets (net of depreciation)	137,523,049	139,339,746	(1,816,697)	-1.3%
Total Noncurrent Assets	**164,776,544**	**163,439,923**	**1,336,621**	**0.8%**
TOTAL ASSETS	**202,289,915**	**194,446,419**	**7,843,496**	**4.0%**
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	2,121,314	2,299,945	(178,631)	-7.8%
Deferred outflow of resources - OPEB	72,862	0	72,862	100.0%
Deferred outflow of resources - pensions	17,711,369	7,213,345	10,498,024	145.5%
TOTAL ASSETS AND DEFERRED OUTFLOWS	**$ 222,195,460**	**$ 203,959,709**	**$ 18,235,751**	**8.9%**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	$ 5,336,750	$ 4,896,302	$ 440,448	9.0%
Unearned revenue	17,972,705	9,187,784	8,784,921	95.6%
Current portion of long-term obligations	6,982,461	6,225,363	757,098	12.2%
Total Current Liabilties	**30,291,916**	**20,309,449**	**9,982,467**	**49.2%**
Noncurrent liabilities				
Non-current portion of long-term obligations	185,503,256	144,973,245	40,530,011	28.0%
Other long-term obligations	12,747,625	11,629,170	1,118,455	9.6%
Total Noncurrent Liabilties	**198,250,881**	**156,602,415**	**41,648,466**	**26.6%**
TOTAL LIABILITIES	**228,542,797**	**176,911,864**	**51,630,933**	**29.2%**
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - pensions	3,511,000	7,066,000	(3,555,000)	-50.3%
NET POSITION				
Net investment in capital assets	66,929,101	64,768,697	2,160,404	3.3%
Restricted for:				
Scholarships and loans	2,304	3,036	(732)	-24.1%
Capital projects	21,612,117	18,666,458	2,945,659	15.8%
Debt service	5,360,400	4,688,075	672,325	14.3%
Unrestricted	(103,762,259)	(68,144,421)	(35,617,838)	52.3%
TOTAL NET POSITION	**(9,858,337)**	**19,981,845**	**(29,840,182)**	**-149.3%**
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	**$ 222,195,460**	**$ 203,959,709**	**$ 18,235,751**	**8.9%**

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 $5.3 million at year-end, representing a 9% increase from fiscal year 2015-16.

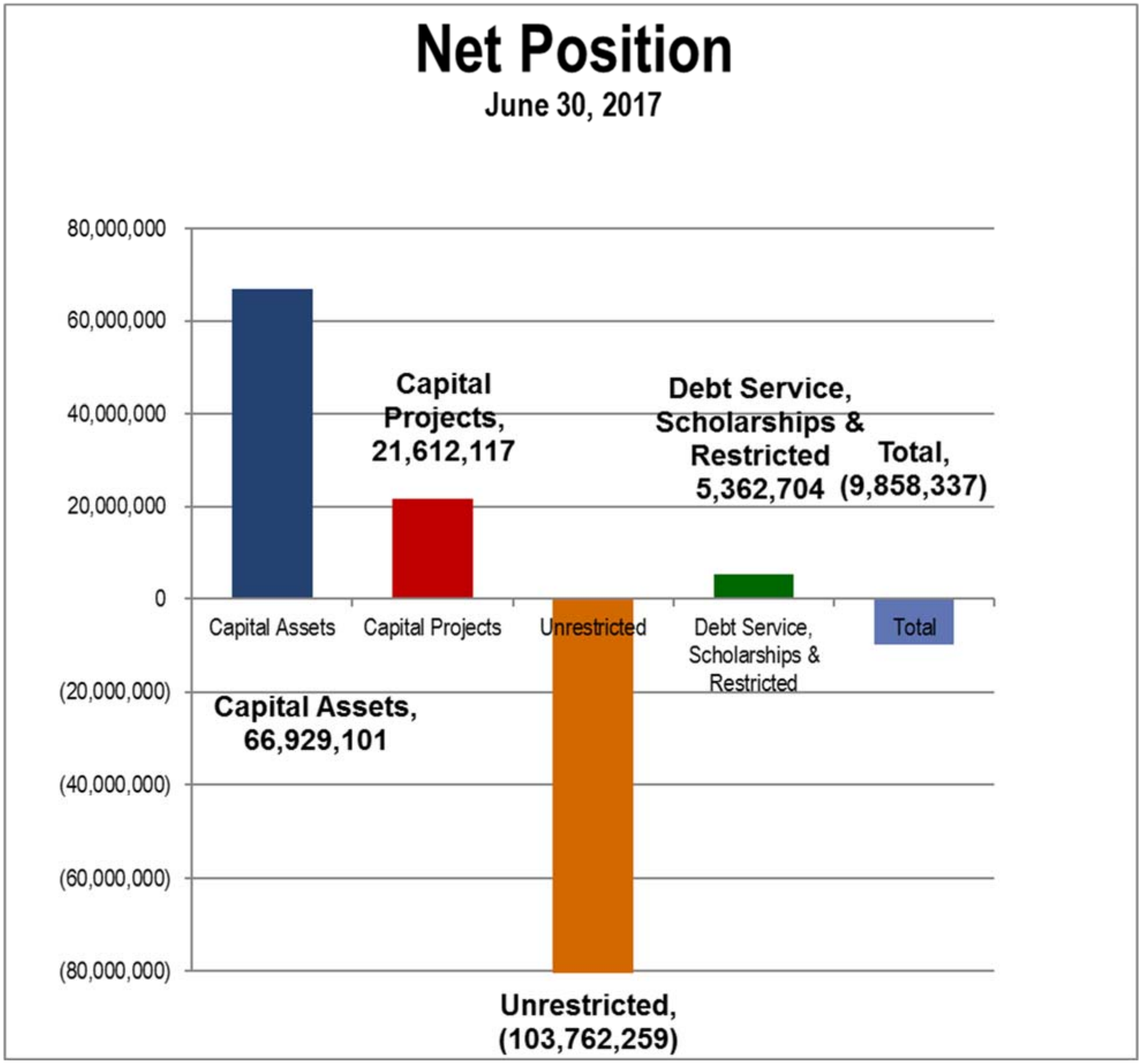
- Capital Assets, net of depreciation, are $137.5 million, with debt related to these assets of $70.6 million, and a deferred loss on refunding of $2.1 million for a net investment in capital assets of $66.9 million. The majority of debt is in the form of General Obligation Bonds related to School Facility 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, 2017 were $1.7 million. See Note 5, Capital Assets, in the Notes to Basic Financial Statements for detailed information.

- At year-end, the District had $86 million in General Obligation Bonds and associated unamortized bond premium and accreted interest, Certificates of Participation (COP), Dormitory Bonds, and Capitalized Lease Obligations outstanding. The District continued to pay down its debt, retiring $3.7 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 $27 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—was upgraded to an AA- rating from Standard and Poor's in 2011. Moody's affirmed their Aa2 rating in July 2014. Ratings are based on the District's fiscal stability, and overall creditworthiness.


Net Position
June 30, 2017
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, 66,929,101
Capital Projects, 21,612,117
Unrestricted, (103,762,259)
Debt Service, Scholarships & Restricted 5,362,704
Total, (9,858,337)

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, 2017 and June 30, 2016 is shown below.

	2016-2017	2015-2016	Increase (Decrease)	Percent Change
OPERATING REVENUES				
Net tuition & fees	$ 14,734,807	$ 13,615,139	$ 1,119,668	8.2%
Grants & contracts	31,874,070	34,428,710	(2,554,640)	-7.4%
Auxiliary	703,281	708,747	(5,466)	-0.8%
TOTAL OPERATING REVENUES	**47,312,158**	**48,752,596**	**(1,440,438)**	**-3.0%**
OPERATING EXPENSES				
Salaries	64,343,143	62,090,531	2,252,612	3.6%
Employee benefits	23,038,630	19,232,780	3,805,850	19.8%
Supplies, materials & other	19,868,981	18,063,438	1,805,543	10.0%
Student financial aid & scholarships	30,822,749	32,954,189	(2,131,440)	-6.5%
Utilities	2,383,704	2,223,209	160,495	7.2%
Depreciation	6,241,829	5,905,377	336,452	5.7%
TOTAL OPERATING EXPENSES	**146,699,036**	**140,469,524**	**6,229,512**	**4.4%**
NON-OPERATING & CAPITAL ACTIVITY				
State taxes & other revenues	5,564,016	5,948,167	(384,151)	-6.5%
Local property taxes & revenues	78,120,475	77,630,114	490,361	0.6%
Pell grants	19,939,200	21,841,247	(1,902,047)	-8.7%
Investment income	128,017	573,491	(445,474)	-77.7%
Interest expense	(3,378,780)	(3,262,635)	(116,145)	3.6%
Other Non-Operating Revenue	(385,288)	4,510,489	(4,895,777)	-108.5%
TOTAL NON-OPERATING & CAPITAL ACTIVITY	**99,987,640**	**107,240,873**	**(7,253,233)**	**-6.8%**
CHANGE IN NET POSITION	600,762	15,523,945	(14,923,183)	-96.1%
BEGINNING NET POSITION	19,981,845	4,457,900	15,523,945	348.2%
Cumulative effect of GASB 75 implementation	(30,440,944)	-	(30,440,944)	100.0%
Net position, July 1, 2016, as restated	(10,459,099)	4,457,900	(14,916,999)	**-334.6%**
ENDING NET POSITION	**$ (9,858,337)**	**$ 19,981,845**	**$ (29,840,182)**	**-149.3%**

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 increased by $1.1 million or 9%.

- Combined property tax revenue and state apportionments for 2016-17 were $78.1 million and $77.6 million for 2015-16, an increase of $490,000 or .6%. The District used a zero deficit factor as provided by the Chancellor's Office for the 2016-17 fiscal year.

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

- Expenses for employee salaries and statutory benefits increased by $6.4 million over 2015-16 or 8.0% and include step, column, longevity and approximately $2.7 million in a one-time payment to staff and salary schedule improvement for all bargaining units effective January 1, 2017. The annualized cost of the salary improvements is approximately $1.4 million. An additional $2.4 million of pension expense is reflected in the audited financial statements related to GASB 68 pension costs offset by a decrease of $1.1 million related to GASB 75 OPEB costs. Total operating expenses, exclusive of CalSTRS state on-behalf payments increased by $6.5 million or 4.7%. Most of the operating expense increase was from increased compensation costs. The percentage of personnel costs included in operating expenses increased slightly to 59%.

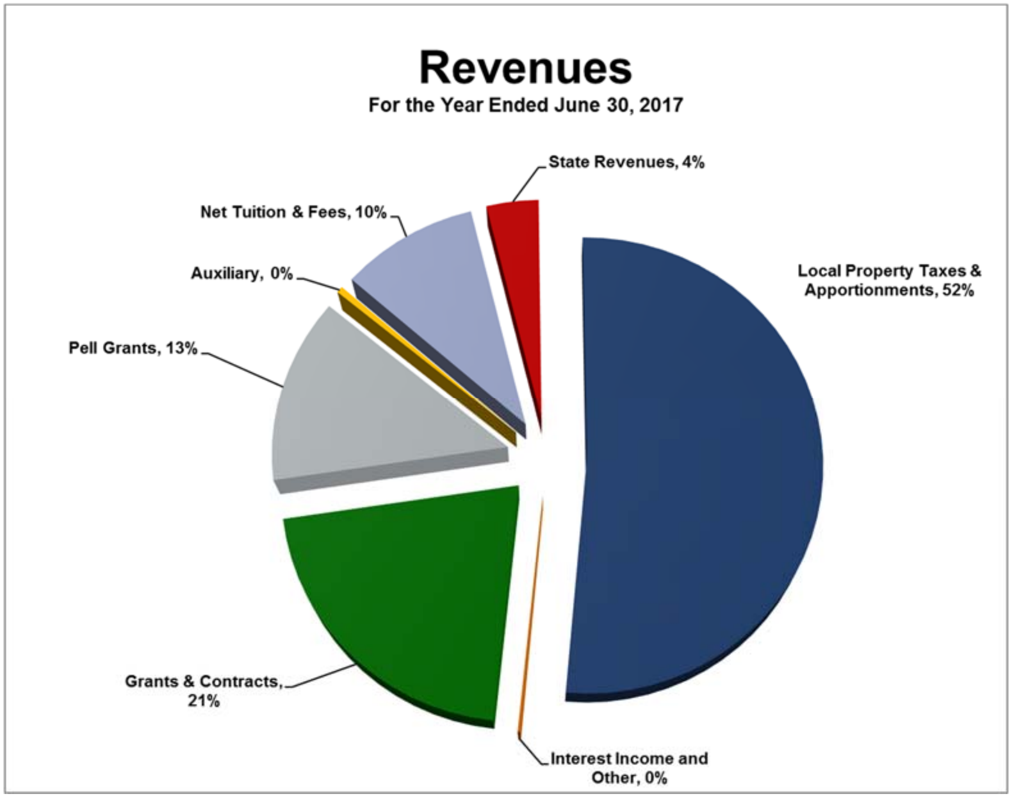
- Due to the expansion of student support programs and increased operating costs, during the 2016-2017 fiscal year, the District experienced an increase of expenses in the discretionary areas of supplies, materials, utilities and other operating expenses. This resulted in an increase of $1.9 million or a 9.69% for supplies, material, utilities and other operating expenses from the prior year.

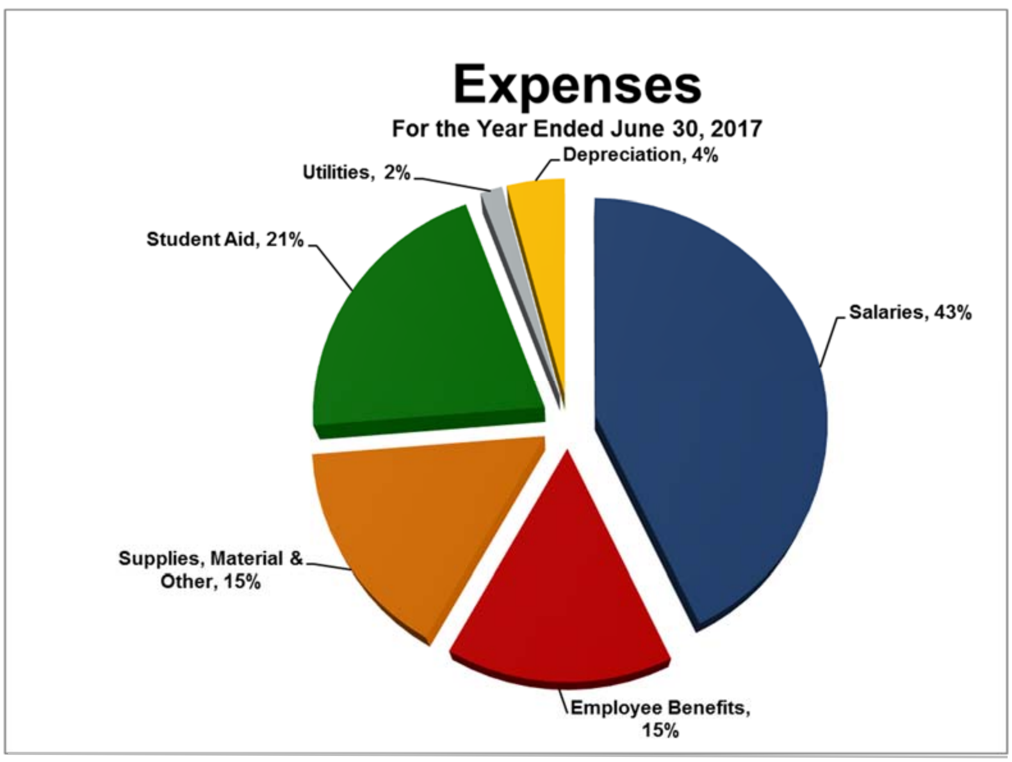
- During the 2016-17 fiscal year $5.5 million of assets were placed in service and $1 million net of accumulated depreciation were retired. Depreciation expense increased slightly to $6.2 million from $5.9 million in 2015-16. The District uses the straight line, mid-year convention.

- 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 July 1, 2016, which was $33 million. Using a standard actuarial "roll-forward" methodology to estimate the Net OPEB Liability as of June 30, 2017, the amount was $32 million, a decrease of $1 million that is reflected in the 2016-17 benefits expenses. The District has set aside funds to cover retiree health liabilities in a GASB 75 qualifying trust. The Fiduciary Net Position of this trust at June 30, 2017 was $11.4 million. See Note 11 in the Financial Statements for additional detail.


Revenues
For the Year Ended June 30, 2017
State Revenues, 4%
Net Tuition & Fees, 10%
Auxiliary, 0%
Pell Grants, 13%
Local Property Taxes & Apportionments, 52%
Grants & Contracts, 21%
Interest Income and Other, 0%


Expenses
For the Year Ended June 30, 2017
Depreciation, 4%
Utilities, 2%
Student Aid, 21%
Salaries, 43%
Supplies, Material & Other, 15%
Employee Benefits, 15%

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, 2017 and June 30, 2016 is shown below.

	2016-2017	2015-2016	Increase (Decrease)	Percent Change
NET CASH PROVIDED BY (USED IN)				
Operating activities	$ (83,298,043)	$ (86,494,349)	$ 3,196,306	-3.7%
Non-capital financing activities	98,786,043	101,085,968	(2,299,925)	-2.3%
Capital and related financing activites	(5,833,909)	(3,395,189)	(2,438,720)	71.8%
Investing activities	34,263	347,839	(313,576)	-90.1%
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**9,688,354**	**11,544,269**	**(1,855,915)**	**-16.1%**
CASH BALANCE, BEGINNING OF YEAR	**51,609,918**	**40,065,649**	**11,544,269**	**28.8%**
CASH BALANCE, END OF YEAR	**$ 61,298,272**	**$ 51,609,918**	**$ 9,688,354**	**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 3.7% decrease in cash used for operating activities, totaling $3.2 million, is comprised of a $3.9 million increase in payments to employees, a $1.3 million increase in payments to suppliers, a $2.1 million decrease in cash used for student financial aid and loans, a $800,000 increase in cash received for tuition and fees and a $5.4 million increase in cash received for federal, state and local grants and from the 2015-2016 fiscal year.

- Cash received from state apportionment, based on the workload measures generated by the District, accounts for just 1.7%, or $1.7 million of the 2016-17 cash provided by noncapital financing. Cash received from property taxes account for 72.0% or $71.1 million in 2016-2017. State apportionment and receipts decreased by $711,000 or 29.8%, whereas property tax receipts increased by $544,000 or .8% from 2015-2016 to 2016-2017. The District no longer uses a TRAN (Tax Revenue Anticipation Note), but instead relied 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 $2.4 million increase in cash used, from prior year is driven primarily by $1.2 million less spent for capital assets, an increase of $657,000 in local property taxes in 2016-17 and a $4.2 million increase of cash received in 2015-16 for the sale of real property in Lincoln, California to the Western Placer Unified School District.

- Cash received from investing activities decreased from $348,000 in 2015-2016 to $34,000 in 2016-2017. The decrease is primarily due to the decrease in the amount of $314,000 on the fair market value of cash held at the Placer County Treasury at June 30, 2017. Average interest rates for 2016-17 were 1.39% compared to 1.22% for 2015-16, for funds held at the Placer County Treasury.

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

General Revenue Outlook: Funding levels from the state in 2017-18 continue to be positive for the 72 community college districts in California. Funding improved in both general operations (unrestricted general fund) and for specialized programs (restricted general fund) for the 2017-18 year. Sierra College's share of these new revenues is estimated to be approximately $5 million. Additional information related to revenues and expenditures for the 2017-18 fiscal year are detailed below.

2017/18 Budget Surplus. The district is projecting a $2.8 million structural surplus in the unrestricted general fund for the current year and considers this surplus to be "one-time" in nature for several reasons. The District has experienced several years of enrollment declines in its main terms of fall and spring. It has weathered these declines by shifting the District's summer enrollment reporting and moving in and out of stability funding. Stability funding occurs when a district's enrollments decline in a given year, but the district is held harmless and receives the same state funding as the prior year. Our goal is to steadily increase enrollment through re-engineering efforts and student support services, at a target rate of 1% in each of the main terms through 2021-22. This steady growth will generate the Full-Time Equivalent Students (FTES) apportionment funding needed to support serving approximately 14,873 FTES by 2021-22. If the enrollment growth does not reach this target, using the $2.8 million structural surplus in 2017-18, in a one-time way, supports the District as it right sizes to serve fewer students.

Growth Funding: Sierra College has not budgeted any growth funding in 2017-18, despite the state providing roughly $57 million to colleges to support more students. Sierra College's potential share of this growth funding is $529K, which translates into 102 new FTES. Early signs are encouraging and indicates that a small amount of growth is occurring in the Fall 2017 term. If enrollment growth is achieved for the Fall term, budget assumptions will be revisited.

COLA and Base Allocation: The state is providing a small COLA in 2017-18 of 1.56%, which translates into $1.2 million in new revenue for the college. In addition, the state is providing each district with a base allocation increase of 2.78%, which means an additional $2.2 million in new funding is available to Sierra College in the current year. These funds are being provided by the state to the colleges to cover lost COLA's during the economic downturn and to cover future cost increases such as PERS/STRS, health benefits and technology.

Deficit is lowered from 1% to ½%: For years Sierra has used a 1% revenue deficit at the beginning of the fiscal year anticipating that all the revenues promised by the state at the beginning of the year for both student fees and property taxes will not materialize by the end of the year. The eight-year history of deficits, shown below, supports continuing to show a ½% for the 2017-18 budget year. The lower deficit factor translates into an additional $423,000 in revenue available to the District.

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%

One-Time "Guided Pathways" Funds: The State is providing college district's with $135 million over the next five years for a new program called Guided Pathways. The District will receive $1.7 million over the next five years with $417,000 allocated in 2017-18. These funds are restricted and will need to be spent on improving or building career and educational pathways for students so they can progress toward their educational goals more efficiently.

Major Expenditure Items: The 2017-18 budget includes some large expenditure increases over prior year levels including:

CalPERS Employer Rate Increase - $287,000
CalSTRS Employer Rate Increase - $554,000
Estimated Step/Column/Longevity Increases - $838,000
Full Year of Salary Schedule Increase effective January 2017 - $600,000
CalSTRS Excess Sick Leave Payout - $385,000
Increased Operations Costs – $237,000

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
Ms. Linda Fisher, Director of Finance
5100 Sierra College Boulevard
Rocklin, CA 95677

SIERRA JOINT COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
June 30, 2017

ASSETS	
Current assets:	
Cash and cash equivalents	$ 34,104,777
Receivables, net	2,951,847
Inventory	47,945
Prepaid expenses	408,802
Total current assets	37,513,371
Noncurrent assets:	
Restricted cash, cash equivalents and investments	27,193,495
Notes receivable	60,000
Non-depreciable capital assets	10,381,790
Depreciable capital assets, net	127,141,259
Total noncurrent assets	164,776,544
Total assets	202,289,915
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding	2,121,314
Deferred outflows of resources - OPEB	72,862
Deferred outflows of resources - pensions	17,711,369
Total deferred outflows	19,905,545
Total assets and deferred outflows	$ 222,195,460
LIABILITIES	
Current liabilities:	
Accounts payable	$ 2,465,214
Unearned revenue	17,972,705
Accrued payroll	1,489,663
Compensated absences payable	1,612,898
Long-term debt - current portion	5,369,563
Accrued interest on debt	1,381,873
Total current liabilities	30,291,916
Noncurrent liabilities:	
Accreted interest on bonds	12,747,625
Long-term debt - noncurrent portion	185,503,256
Total noncurrent liabilities	198,250,881
Total liabilities	228,542,797
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions	3,511,000
Total outflows of resources	3,511,000
NET POSITION	
Net investment in capital assets	66,929,101
Restricted for:	
Scholarships and loans	2,304
Capital projects	21,612,117
Debt services	5,360,400
Unrestricted	(103,762,259)
Total net position	(9,858,337)
Total liabilities, deferred inflows and net position	$ 222,195,460

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, 2017

ASSETS	
Cash and cash equivalents	$ 957,465
Investments	7,146,229
Receivables	38,822
Total assets	$ 8,142,516
LIABILITIES	
Accounts payable and accrued expenses	$ 116,272
NET ASSETS	
Unrestricted	2,465,781
Temporarily restricted	1,803,550
Permanently restricted for endowments	3,756,913
Total net assets	8,026,244
Total liabilities and net assets	$ 8,142,516

See accompanying notes to the basic financial statements.

Operating revenues:	
Tuition and fees	$ 23,429,825
Less: fee waivers and allowances	(8,695,018)
Net tuition and fees	14,734,807
Grants and contracts, non-capital:	
Federal	8,668,903
State	21,663,285
Local	1,541,882
Auxiliary enterprise sales and charges	703,281
Total operating revenues	47,312,158
Operating expenses:	
Salaries	64,343,143
Employee benefits	23,038,630
Supplies, materials, and other operating expenses and services	19,868,981
Student financial aid and scholarships	30,822,749
Utilities	2,383,704
Depreciation	6,241,829
Total operating expenses	146,699,036
Loss from operations	(99,386,878)
Non-operating revenues (expenses):	
State apportionment, non-capital	1,673,400
Local property taxes	71,137,788
State taxes and other revenues	5,564,016
Pell grants	19,939,200
Investment income, noncapital	34,262
Investment income, capital	93,755
Interest expense on capital asset-related debt	(3,378,780)
Other non-operating revenues	(573,217)
Total non-operating revenues (expenses)	94,490,424
Income before capital revenues	(4,896,454)
Capital revenues:	
Grants and gifts, capital	187,929
Local property taxes and revenues	5,309,287
Total capital revenues	5,497,216
Change in net position	600,762
Net position, July 1, 2016	19,981,845
Cumulative effect of GASB 75 implementation	(30,440,944)
Net position, July 1, 2016, as restated	(10,459,099)
Net position, June 30, 2017	$ (9,858,337)

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, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:				
Contributions and grants	$ 28,258	$ 492,851	$ 274,817	$ 795,926
Investment income	29,655	68,413	-	98,068
Realized gain on sale of investments	17,870	71,217	-	89,087
Net change in the fair value of investments	218,748	325,731	-	544,479
Donated from the College District	281,090	-	-	281,090
Special events and other revenues	487,168	120,247	-	607,415
Total revenues, gains and other support before assets released from restrictions and other transfers	1,062,789	1,078,459	274,817	2,416,065
Net assets released from restrictions and other transfers	719,940	(812,740)	92,800	-
Total revenues, gains and other support	1,782,729	265,719	367,617	2,416,065
District support and Foundation expenses:				
Scholarships	289,139	-	-	289,139
Academic program support	507,346	-	-	507,346
Administration	533,746	-	-	533,746
Fundraising	153,531	-	-	153,531
Total District support and Foundation expenses	1,483,762	-	-	1,483,762
Change in net assets	298,967	265,719	367,617	932,303
Net assets, July 1, 2016	2,166,814	1,537,831	3,389,296	7,093,941
Net assets, June 30, 2017	$ 2,465,781	$ 1,803,550	$ 3,756,913	$ 8,026,244

Cash flows from operating activities:	
Tuition and fees	$ 14,506,914
Federal, state and local grants and contracts	40,975,217
Payments to suppliers	(22,232,445)
Payments to/on behalf of employees	(86,428,261)
Payments to/on behalf of students	(30,822,749)
Auxiliary enterprises sales and charges	703,281
Net cash used in operating activities	(83,298,043)
Cash flows from noncapital financing activities:	
State apportionments and receipts	1,673,400
Pell grants	19,939,200
Local property taxes	71,137,788
State taxes and other revenues	5,564,016
Gifts and grants for other than capital purposes	471,639
Net cash provided by noncapital financing activities	98,786,043
Cash flows from capital and related financing activities:	
Local property taxes and other revenues for capital purposes	5,309,287
Purchase of capital assets	(5,469,988)
Capital grants and gifts received	187,929
Principal paid on capital debt	(4,241,789)
Interest paid on capital debt, net	(1,713,103)
Interest on capital investments	93,755
Net cash used in capital and related financing activities	(5,833,909)
Cash flows provided by investing activities:	
Interest income on investments	34,263
Net change in cash and cash equivalents	9,688,354
Cash and cash equivalents, beginning of year	51,609,918
Cash and cash equivalents, end of year	$ 61,298,272

(Continued)

Reconciliation of loss from operations to net cash used in operating activities:	
Loss from operations	$ (99,386,878)
Adjustments to reconcile loss from operations to net cash used in operating activities:	
Depreciation expense	6,241,829
Changes in assets and liabilities:	
Receivables, net	28,333
Inventory and prepaid expenses	(172)
Deferred outflows of resources - OPEB	(72,862)
Deferred outflows of resources - pensions	(10,498,024)
Accounts payable	20,412
Accrued payroll	222,594
Unearned revenue	8,784,921
Compensated absences	68,277
Other liabilities	(1,057,473)
Net pension liability	15,906,000
Deferred inflows of resources - pensions	(3,555,000)
Net cash used in operating activities	$ (83,298,043)
Supplementary disclosure of non-cash transactions:	
Amortization of premiums on debt	$ 438,953
Amortization of deferred loss on refunding	$ 178,631
Accretion of interest	$ 1,728,557

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, 2017

Cash flows from operating activities:	
Donations received from contributions and other revenues	$ 1,816,118
Contributions and other revenue restricted for long term investments	(274,817)
Payments to suppliers for goods and services	(678,660)
Payments to/on behalf of employees	(453,178)
Payments to/on behalf of students	(289,139)
Other receipts and payments	156,923
Net cash provided by operating activities	277,247
Cash flows from investing activities:	
Purchase of investments	(2,248,400)
Investment management fees	(58,855)
Proceeds from sales of investments	1,868,634
Net cash used in investing activities	(438,621)
Cash flows provided by financing activities:	
Contributions and other revenue restricted for long term investments	274,817
Net change in cash and cash equivalents	113,443
Cash and cash equivalents - beginning of year	844,022
Cash and cash equivalents - end of year	$ 957,465
Reconciliation of change in net assets to net cash provided by operating activities:	
Change in net assets	$ 932,303
Realized gain on sales of investments	(89,087)
Investment management fees	58,855
Net change in the fair value of investments	(544,479)
Contributions and other revenue restricted for long term investments	(274,817)
Changes in assets and liabilities:	
Receivables	131,687
Accounts payable and accrued expenses	62,785
Net cash provided by operating activities	$ 277,247

See accompanying notes to the basic financial statements.

SIERRA JOINT COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
AGENCY AND TRUST FUNDS
June 30, 2017

	Agency Funds Associated Students/ Student Center Fund	Trust Fund OPEB Trust
ASSETS		
Cash and cash equivalents	$ 942,297	$ 25,929
Investments:		
Mutual Fund - Equities	-	4,410,618
Mutual Fund - Fixed Income	-	6,192,309
Mutual Fund - Real Estate	-	790,616
Receivables	3,890	-
Total assets	$ 946,187	$ 11,419,472
LIABILITIES		
Accounts payable	$ 5,093	$ 25,929
Unearned revenue	122,939	-
Amounts held for others	818,155	-
Total liabilities	$ 946,187	25,929
NET POSITION		
Net position restricted for OPEB		$ 11,393,543

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, 2017

	OPEB Trust
Additions:	
Net investment income:	
Net appreciation in the fair value of plan investments	$ 642,264
Realized gains and losses	60,618
Interest and dividends	352,275
Total net investment income	1,055,157
Contributions:	
Employer	2,950,554
Employer match	34,991
Plan member	34,991
Total additions	4,075,693
Deductions:	
Benefits paid - employer	2,950,555
Administrative expenses	88,860
Total deductions	3,039,415
Net increase in fiduciary net position	1,036,278
Net position restricted for OPEB, July 1, 2016	10,357,265
Net position restricted for OPEB, June 30, 2017	$ 11,393,543

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, 2017 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, 2017.

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.

Prior to Fall 2013, the District provided additional sick leave benefits to full-time faculty who performed overload assignments. This additional sick leave is considered “excess sick leave” by the STRS and PERS pension systems and the District is responsible to pay for unused sick leave upon retirement. The District's estimated liability as of June 30, 2017 is $362,918. This liability will be relieved no later than November 2017 when the pension plans have been paid for any retiring faculty or a payout to the faculty member occurs. Beginning Fall 2013 and forward, excess sick that is not used during the term it is earned is forfeited.

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

Postemployment Benefits Other Than Pensions (OPEB): For purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows 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 reported which is in the Statement of Net Position.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	CalSTRS	CalPERS	Total
Deferred outflows of resources	$ 8,395,794	$ 9,315,575	$ 17,711,369
Deferred inflows of resources	$ 2,308,000	$ 1,203,000	$ 3,511,000
Net pension liability	$ 52,561,000	$ 32,575,000	$ 85,136,000
Pension expense	$ 7,408,151	$ 4,009,237	$ 11,417,388

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, 2017, 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.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 32 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.

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.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2017, 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, 2017, 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.

New Accounting Pronouncements: In June 2015, the GASB issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, which replaces GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. GASB Statement No. 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The GASB Statement follows the framework for financial reporting of defined benefit OPEB plans in GASB Statement No. 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. GASB Statement No. 74 also sets forth note disclosure requirements for defined contribution OPEB plans.

In June 2015, the GASB issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. This Statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The provisions in GASB Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. Based on the implementation of Statement No. 75, the District's July 1, 2016 net position was restated by $30,440,944 because of the recognition of the net OPEB liability.

(Continued)

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments at June 30, 2017, consisted of the following:

	District	Foundation	Agency Funds	Trust Fund
Pooled Funds:				
Cash in County Treasury	$ 54,671,311	$ -	$ 942,297	$ -
Deposits:				
Cash on hand and in banks	1,272,802	957,465	-	25,929
Funds invested by Fiscal Agents	5,354,159	-	-	-
Investments	-	7,146,229	-	11,393,543
Total cash, cash equivalents and investments	61,298,272	8,103,694	942,297	11,419,472
Less: restricted cash, cash equivalents and investments	27,193,495	-	-	-
Net cash, cash equivalents and investments	$ 34,104,777	$ 8,103,694	$ 942,297	$ 11,419,472

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). The cash held in the County Treasury are classified within level 2 of the fair value hierarchy because they are valued using broker or dealer quotations, or alternative pricing sources with reasonable level of price transparency.

During the fiscal year ended June 30, 2017, the District earned $989,401 in investment income from its cash in the Placer County Treasury.

Cash and Investments with Fiscal Agents: Cash and investments with Fiscal Agents totaling $5,354,159 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, 2017, the Foundation's investments consisted of the following:

Mutual funds	$ 6,384,635
Investment in Foundation for California Community Colleges Scholarship Endowment (FCCC/Osher)	670,099
Equity securities	91,495
	$ 7,146,229

(Continued)

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

Included in total investments at June 30, 2017 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, 2017, the Foundation investment in pool consisted of 5% cash and short term investments, 30% fixed income securities, and 65% 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, 2017, 39% of the Trust's investment value is held in equities, 54% is held in fixed income and 7% 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, 2017 are as follows:

Mutual Fund - Equities	$ 4,410,618
Mutual Fund - Fixed income	6,192,309
Mutual Fund - Real estate	790,616
Total investments	$ 11,393,543

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, 2017, the carrying amount of the District's cash on hand and in banks for the primary governmental entity was $1,272,802 and the bank balance was $1,248,949. The bank balance amount insured was $250,000.

Cash balances held in banks at the Foundation are also insured up to $250,000 by the FDIC. Cash equivalents held by a broker are insured up to $500,000 by the Securities Investor Protection Corporation ("SIPC"). At June 30, 2017, the carrying amount of the Foundation's cash on hand and in banks and cash equivalents was $957,465 and the bank balance was $969,321. The bank balance amount insured by the Federal Deposit Insurance Corporation or Securities Investor Protection Corporation was $868,104.

(Continued)

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

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, 2017, the Trust investments consisted of open and closed-end mutual funds, therefore there are no credit ratings to disclose.

(Continued)

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	4.37

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, 2017, 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, 2017, 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, 2017, 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.

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	$ 4,410,618	$ 4,410,618	$ -	$ -
Mutual Fund - Fixed income	6,192,309	6,192,309	-	-
Mutual Fund - Real estate	790,616	790,616	-	-
Total investment securities	$ 11,393,543	$ 11,393,543	$ -	$ -

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, 2017. There were no transfers of assets between the fair value levels for the year ended June 30, 2017.

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	$ 6,384,635	$ 6,384,635	$ -	$ -
Investment in FCCC/Osher**	670,099	-	-	-
Total investment securities	$ 7,054,734	$ 6,384,635	$ -	$ -

Valuation Approach:
** 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, 2017. 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, 2017. There were no transfers of assets between the fair value levels for the year ended June 30, 2017.

The Foundation had no non-recurring assets and no liabilities at June 30, 2017, which were required to be disclosed using the fair value hierarchy.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2017 are summarized as follows:

	District	Foundation
Federal	$ 327,439	$ -
State	2,194,699	-
Local and other	743,722	38,822
	3,265,860	38,822
Less allowance for doubtful accounts	(314,013)	-
	$ 2,951,847	$ 38,822

NOTE 5 – CAPITAL ASSETS

Capital asset activity consists of the following:

	Balance July 1, 2016	Additions	Deductions	Transfers	Balance June 30, 2017
Non-depreciable:					
Land	$ 8,495,012	$ -	$ -	$ -	$ 8,495,012
Construction in progress	3,319,953	2,463,402	-	(3,896,577)	1,886,778
Depreciable:					
Buildings	127,359,932	-	-	2,233,564	129,593,496
Building & site improvements	53,479,514	1,272,222	(3,679,241)	966,534	52,039,029
Machinery and equipment	14,666,048	1,734,364	(2,390,039)	696,479	14,706,852
Total	207,320,459	5,469,988	(6,069,280)	-	206,721,167
Less accumulated depreciation:					
Buildings	31,569,423	2,529,794	-	-	34,099,217
Building & site improvements	26,259,753	2,552,135	(2,645,442)	-	26,166,446
Machinery and equipment	10,151,537	1,159,900	(2,378,982)	-	8,932,455
Total	67,980,713	6,241,829	(5,024,424)	-	69,198,118
Capital assets, net	$139,339,746	$ (771,841)	$ (1,044,856)	$ -	$137,523,049

NOTE 6 – UNEARNED REVENUE

Unearned revenue for the District consisted of the following:

Unearned tuition and other student fees	$ 3,678,589
Unearned local revenue	2,335,871
Unearned Federal and State revenue	11,958,245
Total unearned revenue	$ 17,972,705

(Continued)

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 $2,773,859 at June 30, 2017.

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
2018	$ 475,000	$ 19,000	$ 494,000
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023-2027	-	-	-
2028-2032	4,535,973	9,614,027	14,150,000
Subtotal	5,010,973	9,633,027	14,644,000
Plus: Unamortized premium	175,716	-	175,716
	$ 5,186,689	$ 9,633,027	$ 14,819,716

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

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

Accreted interest on the capital appreciation bonds was $10,583,868 at June 30, 2017.

NOTE 7 – LONG-TERM LIABILITIES (Continued)

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

Year Ending June 30,	Principal	Interest	Total
2018	$ 1,064,898	$ 701,642	$ 1,766,540
2019	1,058,358	799,792	1,858,150
2020	1,050,208	898,375	1,948,583
2021	1,041,625	1,000,141	2,041,766
2022	1,034,859	1,105,717	2,140,576
2023-2027	5,134,688	7,287,325	12,422,013
2028-2032	7,461,418	15,385,852	22,847,270
Subtotal	17,846,054	27,178,844	45,024,898
Plus: Unamortized premium	281,419	-	281,419
	$ 18,127,473	$ 27,178,844	$ 45,306,317

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
2018	$ 525,000	$ 720,100	$ 1,245,100
2019	605,000	697,500	1,302,500
2020	700,000	671,400	1,371,400
2021	790,000	641,600	1,431,600
2022	900,000	607,800	1,507,800
2023-2027	6,390,000	2,305,475	8,695,475
2028-2030	5,835,000	457,375	6,292,375
Subtotal	15,745,000	6,101,250	21,846,250
Plus: Unamortized premium	2,435,353	-	2,435,353
	$ 18,180,353	$ 6,101,250	$ 24,281,603

(Continued)

NOTE 7 – LONG-TERM LIABILITIES (Continued)

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

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

Year Ending June 30,	Principal	Interest	Total
2018	$ 425,000	$ 562,100	$ 987,100
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
2023-2027	5,115,000	1,771,000	6,886,000
2028-2030	4,720,000	327,500	5,047,500
Subtotal	12,670,000	4,697,600	17,367,600
Plus: Unamortized premium	1,805,797	-	1,805,797
	$ 14,475,797	$ 4,697,600	$ 19,173,397

During the year ended June 30, 2015, the District issued $7,585,000 of 2015 General Obligation Refunding Bonds. The current interest bonds bear interest at rates of 3.00% to 5.00%, maturing August 1, 2026. Proceeds were used to advance refund a portion of the outstanding 2004 Series B SFID No. 1 General Obligation Bonds and to pay the costs of issuing the 2015 Refunding Bonds. For financial reporting purposes, the refunded debt has been considered defeased and therefore removed from the District's financial statements. On June 30, 2017, $7,970,000 of bonds outstanding are considered defeased.

(Continued)

NOTE 7 – LONG-TERM LIABILITIES (Continued)

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

Year Ending June 30,	Principal	Interest	Total
2018	$ -	$ 341,450	$ 341,450
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
2023-2027	5,030,000	677,725	5,707,725
Subtotal	7,480,000	2,203,375	9,683,375
Plus: Unamortized premium	1,225,454	-	1,225,454
	$ 8,705,454	$ 2,203,375	$ 10,908,829

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
2018	$ 1,259,000	$ 132,027	$ 1,391,027
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
2023-2025	1,189,000	50,787	1,239,787
	$ 6,029,000	$ 462,355	$ 6,491,355

(Continued)

NOTE 7 – LONG-TERM LIABILITIES (Continued)

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

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

Year Ending June 30,	Principal	Interest	Total
2018	$ 31,000	$ 930	$ 31,930

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
2018	$ 160,363	$ 45,133	$ 205,496
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
2023-2027	939,358	88,122	1,027,480
2028	200,916	4,581	205,497
Total	$ 1,979,496	$ 280,961	$ 2,260,457

At June 30, 2017, the District had capital assets acquired under capital leases with an original cost of $2,836,666 and $354,583 in accumulated depreciation.

Changes in Long-Term Debt: A schedule of changes in long-term debt for the year ended June 30, 2017 is as follows:

	Balance July 1, 2016 as Restated	Additions	Deductions	Balance June 30, 2017	Amounts Due Within One Year
General Obligation Bonds	$ 61,057,017	$ -	$ 2,304,990	$ 58,752,027	$ 2,489,898
Accreted interest	12,154,180	1,728,557	525,010	13,357,727	610,102
Unamortized Bond Premium	6,362,692	-	438,953	5,923,739	456,282
Certificates of Participation	7,254,000	-	1,225,000	6,029,000	1,259,000
Dormitory Bonds	61,000	-	30,000	31,000	31,000
Capitalized leases obligations	2,136,285	-	156,789	1,979,496	160,363
Compensated absences	1,544,621	68,277	-	1,612,898	1,612,898
Net pension liability	69,230,000	15,906,000	-	85,136,000	-
OPEB Liability	33,072,586	-	1,024,049	32,048,537	-
Excess sick leave	396,341	-	33,423	362,918	362,918
	$ 193,268,722	$ 17,702,834	$ 5,738,214	$ 205,233,342	$ 6,982,461

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

CalSTRS 2% at 60

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

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

(Continued)

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

CalSTRS 2% at 62

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

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

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

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

Members – Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2016-17. 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 2016-17.

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

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

Employers – 12.58 percent of applicable member earnings.

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

(Continued)

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

The CalSTRS employer contribution rate increases effective for fiscal year 2016-17 through fiscal year 2045-46 are summarized below:

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

The District contributed $4,216,794 to the plan for the fiscal year ended 2016-17.

State – 8.828 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 2046-2047. The CalSTRS state contribution rates effective for fiscal year 2016-17 and beyond are summarized in the table below.

As shown in the subsequent table, the state rate will increase to 4.811 percent on July 1, 2017, to continue paying down the unfunded liabilities associated with the benefits structure that was in place 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, 2016	2.017%	4.311%	2.50%	8.828%
July 01, 2017	2.017%	4.811%(2)	2.50%	9.328%
July 2018 to June 30, 2046	2.017%	(3)	2.50%	(3)
July 01, 2046 and thereafter	2.017%	(3)	2.50%	4.517%(3)

(1)This rate does not include $72 million reduction with Education Code 22954
(2)During its April 2017 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, 2017.
(3)The CalSTRS board has limited authority to adjust state contribution rates from July 1, 2017, 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. Rates in effect prior to July 1, 2014, are reinstated if necessary to address any remaining 1990 unfunded actuarial obligation from July 1, 2046, and thereafter.

(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, 2017, 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	$ 52,561,000
State's proportionate share of the net pension liability associated with the District	29,925,000
Total	$ 82,486,000

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. 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, 2016, the District's proportion was 0.065 percent, which was an decrease of 0.002 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of $7,408,151 and revenue of $2,488,043 for support provided by the State. At June 30, 2017, 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	$ -	$ 1,282,000
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	4,179,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	1,026,000
Contributions made subsequent to measurement date	4,216,794	-
Total	$ 8,395,794	$ 2,308,000

(Continued)

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

$4,216,794 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2018	$ (329,275)
2019	$ (329,275)
2020	$ 2,055,251
2021	$ 1,162,567
2022	$ (404,933)
2023	$ (283,335)

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, 2016 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 STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2015
Experience Study	July 1, 2006 through June 30, 2010
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.60%
Consumer Price Inflation	3.00%
Wage Growth	3.75%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience. RP2000 series tables are an industry standard set of mortality rates published by the Society of Actuaries. See CalSTRS July 1, 2006 – June 30, 2010 experience analysis and June 30, 2015 Actuarial Program Valuations for more information.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in 2012 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%
Private Equity	13	9.30
Real Estate	13	5.20
Inflation Sensitive	4	3.80
Fixed Income	12	0.30
Absolute Return / Risk Mitigating Strategies	9	2.90
Cash / Liquidity	2	(1.00)

* 20-year geometric average

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

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

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
District's proportionate share of the net pension liability	$ 75,647,000	$ 52,561,000	$ 33,387,000

(Continued)

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

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 noncertified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at https://www.calpers.ca.gov/docs/forms-publications/cafr-2016.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 agencies first join the PERF, are credited with a market value adjustment in determining contribution rates.

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

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2017 were as follows:

Members – The member contribution rate was 6.0 or 7.0 percent of applicable member earnings for fiscal year 2016-17.

Employers – The employer contribution rate was 13.888 percent of applicable member earnings.

The District contributed $2,859,575 to the plan for the fiscal year ended June 30, 2017.

(Continued)

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

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

At June 30, 2017, the District reported a liability of $32,575,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. 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, 2016, the District's proportion was 0.165 percent, which was a change of zero percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of $4,009,237. At June 30, 2017, 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	$ 1,401,000	$ -
Changes of assumptions	-	979,000
Net differences between projected and actual earnings on investments	5,055,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	224,000
Contributions made subsequent to measurement date	2,859,575	-
Total	$ 9,315,575	$ 1,203,000

$2,859,575 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2018	$ 660,625
2019	$ 824,625
2020	$ 2,448,550
2021	$ 1,319,200

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, 2016 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.

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

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2015
Experience Study	June 30, 1997 through June 30, 2011
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.65%
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, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

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

Asset Class	Long-Term* Assumed Asset Allocation	Expected Real Rate of Return
Global Equity	51%	5.25%
Global Fixed Income	20	0.99
Inflation Insensitive	6	0.45
Private Equity	10	6.83
Real Estate	10	4.50
Infrastructure & Forestland	2	4.50
Liquidity	1	(0.55)

* 10-year geometric average

(Continued)

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

Discount Rate: The discount rate used to measure the total pension liability was 7.65 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 single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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 7.65 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 (6.65 percent) or 1-percentage-point higher (8.65 percent) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
District's proportionate share of the net pension liability	$ 48,602,000	$ 32,575,000	$ 19,229,000

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

(Continued)

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.

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. .

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Employees covered by benefit term: The following is a table of plan participants at June 30, 2017:

	Number of Participants
Inactive Employees/Dependents Receiving Benefits	453
Inactive Employees/Dependents Entitled to but not yet Receiving Benefits	-
Active Employees	49
	502

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, 2017, employer contributions consist of $36,857 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 6.5% 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	25%	7.8%
Long-term Corporate Bonds	75%	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	3.87%

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, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Census data	The census was provided by the District as of June 30, 2016
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	6.50%
Discount rate	6.50%; 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.
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.

(Continued)

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in the Net OPEB Liability:

	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2016	$ 43,429,853	$ 10,357,265	$ 33,072,588
Changes for the year:			
Service cost	171,433	-	171,433
Interest	2,791,349	-	2,791,349
Plan member contributions	-	34,991	(34,991)
Employer contributions	-	2,985,545	(2,985,545)
Expected interest income	-	352,275	(352,275)
Investment gains	-	702,882	(702,882)
Administrative expense	-	(88,860)	88,860
Benefit payments	(2,950,555)	(2,950,555)	-
Net change	12,227	1,036,278	(1,024,051)
Balance, June 30, 2017	$ 43,442,080	$ 11,393,543	$ 32,048,537

Fiduciary Net Position as a % of the Total OPEB Liability, at June 30, 2017: 26.2%

Sensitivity of the Net Pension Liability to Assumptions: The following presents the net OPEB liability calculated using the discount rate of 6.5 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 (5.5 percent) and 1 percent higher (7.5):

	Discount Rate 1% Lower (5.5%)	Valuation Discount Rate (6.5%)	Discount Rate 1% Higher (7.5%)
Net OPEB liability	$ 36,238,671	$ 32,048,537	$ 28,481,386

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	$ 27,977,368	$ 32,048,537	$ 36,767,010

(Continued)

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2017, the District recognized OPEB expense of $2,149,037. At June 30, 2017, 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	$ 72,864	$ -

Amounts reported as deferred outflows of resources related to OPEB will be amortized over five years and recognized in OPEB expense as follows:

2018	$ 18,216
2019	18,216
2020	18,216
2021	18,216
	$ 72,864

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.

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, 2017, are as follows:

Year Ending June 30,	
2018	$ 765,331
2019	759,590
2020	727,073
2021	710,599
2022	338,820
	$ 3,301,413

NOTE 11 – COMMITMENTS AND CONTINGENCIES (Continued)

At June 30, 2017, the District's operating lease expenses totaled $1,060,793.

Construction Commitments: As of June 30, 2017, the District had approximately $1,731,387 million 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.

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

	ASCIP June 30 2016	SISC III September 30, 2016
Total assets	$ 407,081,077	$ 430,046,455
Deferred outflows of resources	$ 1,224,143	$ -
Total liabilities	$ 222,632,775	$ 167,458,724
Deferred inflows of resources	$ 857,574	$ -
Net position	$ 184,814,871	$ 262,587,731
Total revenues	$ 274,047,686	$ 1,902,860,920
Total expenses	$ 246,800,516	$ 1,837,098,521
Change in net position	$ 27,247,170	$ 65,762,399

	SELF June 30, 2016
Total assets	$ 138,820,266
Deferred outflows of resources	$ 266,414
Total liabilities and deferred inflows of resources	$ 117,306,926
Deferred inflows of resources	$ 245,133
Net position	$ 21,534,621
Total revenues	$ 13,898,598
Total expenses	$ 24,553,606
Change in net position	$ (10,655,008)

(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, 2017.

Functional Classifications	Salaries	Employee Benefits	Supplies Materials and Other Operating Expenses and Services	Student Aid	Utilities	Depreciation	Total
Instruction	$ 34,134,193	$ 10,557,158	$ 2,551,870	$ -	$ -	$ -	$ 47,243,221
Academic Support	4,826,991	1,476,749	1,051,206	-	-	-	7,354,946
Student Services	11,247,862	3,386,779	1,930,844	-	-	-	16,565,485
Operations and Maintenance of Plant	2,650,296	898,872	1,149,464	-	2,383,704	-	7,082,336
Institution Support	7,943,212	5,696,469	6,290,812	-	-	-	19,930,493
Community Services & Economic Development	1,054,099	309,373	4,382,819	-	-	-	5,746,291
Ancillary Services & Auxiliary Operations	1,802,047	503,106	3,301,489	-	-	-	5,606,642
Physical Property and Related Acquisitions	684,443	210,124	(968,972)	-	-	6,241,829	6,167,424
Long-Term Debt and Other Financing	-	-	178,631	-	-	-	178,631
Student Aid	-	-	818	30,822,749	-	-	30,823,567
	$ 64,343,143	$ 23,038,630	$ 19,868,981	$ 30,822,749	$ 2,383,704	$ 6,241,829	$ 146,699,036

(Continued)

NOTE 15 – DONATED FROM COLLEGE DISTRICT

The Foundation's Statement of Activities included an amount Donated from College District totaling $281,090 for the year ended June 30, 2017. 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 16 – ENDOWMENT NET ASSETS - FOUNDATION

Changes in endowment net assets for the fiscal year ended June 30, 2017, consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 1,213,136	$ 239,792	$ 3,389,296	$ 4,842,224
Change in fair value of investment and Investment income	127,994	360,682	-	488,676
Contributions	-	46,406	274,817	321,223
Other transfers	-	682	92,800	93,482
Appropriation of endowment assets for expenditure	(133,000)	(168,550)	-	(301,550)
Endowment net assets, end of year	$ 1,208,130	$ 479,012	$ 3,756,913	$ 5,444,055

Endowment net asset composition by type of fund for the fiscal year ended June 30, 2017, consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 479,012	$ 3,756,913	$ 4,235,925
Board-designated endowment funds	1,208,130	-	-	1,208,130
Total	$ 1,208,130	$ 479,012	$ 3,756,913	$ 5,444,055

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, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

Last 10 Fiscal Years

Total OPEB liability	
Service Cost	$ 171,433
Interest	2,734,468
Benefit payments	(2,893,674)
Net change in total OPEB liability	12,227
Total OPEB liability, beginning of year	43,429,853
Total OPEB liability, end of year (a)	$ 43,442,080
Plan fiduciary net position	
Plan member contributions	34,991
Employer contributions	2,985,545
Expected interest income	352,275
Investment gains	702,882
Administrative expense	(88,860)
Benefits payment	(2,950,555)
Change in plan fiduciary net position	1,036,278
Fiduciary trust net position, beginning of year	10,357,265
Fiduciary trust net position, end of year (b)	$ 11,393,543
Net OPEB liability, ending (a) - (b)	$ 32,048,537
Covered-employee payroll	$3,865,671
Plan fiduciary net position as a percentage of the total OPEB liability	26%
Net OPEB liability as a percentage of covered-employee payroll	829%

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

	Last 10 Fiscal Years
Money-weighted rate of return on OPEB plan investments	3.87%

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

State Teacher's Retirement Plan
Last 10 Fiscal Years

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

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

All years prior to 2015 are not available.

(Continued)

Public Employers Retirement Fund B
Last 10 Fiscal Years

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

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

All years prior to 2015 are not available.

State Teachers' Retirement Plan
Last 10 Fiscal Years

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

All years prior to 2015 are not available.

(Continued)

Public Employers Retirement Fund B
Last 10 Fiscal Years

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

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 for Public Employer's Retirement Fund B was 7.50, 7.65, and 7.65 percent in the June 30, 2013, 2014, and 2015 actuarial reports, respectively. There are no changes in assumptions reported for the State Teachers' Retirement Plan and the OPEB liability.

SUPPLEMENTARY INFORMATION

SIERRA JOINT COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF NET POSITION BY FUND
(Unaudited)
June 30, 2017

	General	Bond Interest & Redemption	SFID #1 Bond Interest & Redemption	SFID #2 Bond Interest & Redemption
ASSETS				
Current assets:				
Cash and cash equivalents	$ 33,249,726	$ -	$ -	$ -
Receivables, net	2,875,992	-	2,964	3,277
Inventory	47,945	-	-	-
Prepaid expenses	408,802	-	-	-
Total current assets	36,582,465	-	2,964	3,277
Noncurrent assets:				
Restricted cash, cash equivalents and investments	-	-	2,586,367	2,767,792
Notes Receivable, Net	60,000	-	-	-
Non-depreciable capital assets	-	-	-	-
Depreciable capital assets, net	-	-	-	-
Total noncurrent assets	60,000	-	2,586,367	2,767,792
Total assets	36,642,465	-	2,589,331	2,771,069
DEFERRED OUTFLOWS OF RESOURCES				
Deferred 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	$ 36,642,465	$ -	$ 2,589,331	$ 2,771,069
LIABILITIES				
Current liabilities:				
Accounts payable	$ 2,216,578	$ -	$ -	$ -
Unearned revenue	17,784,948	-	-	-
Accrued payroll	1,489,663	-	-	-
Compensated absences payable	-	-	-	-
Long-term debt - current portion	-	-	-	-
Accrued interest on debt	-	-	-	-
Total current liabilities	21,491,189	-	-	-
Noncurrent liabilities:				
Accreted interest on bonds	-	-	-	-
Long-term debt - noncurrent portion	-	-	-	-
Total noncurrent liabilities	-	-	-	-
Total liabilities	21,491,189	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - pensions	-	-	-	-
NET POSITION				
Net investment in capital assets	-	-	-	-
Restricted for:				
Scholarships and loans	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	2,589,331	2,771,069
Unrestricted	15,151,276	-	-	-
Total net position	15,151,276	-	2,589,331	2,771,069
Total liabilities, deferred inflows of resources and net position	$ 36,642,465	$ -	$ 2,589,331	$ 2,771,069

(Continued)

SIERRA JOINT COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF NET POSITION BY FUND
(Unaudited)
June 30, 2017

	Capital Projects	Financial Aid	Dormitory	Totals	Reconciling Adjustments/ Eliminations	Statement of Net Position
ASSETS						
Current assets:						
Cash and cash equivalents	$ 21,749,493	$ 89,843	$ 855,051	$ 55,944,113	$ (21,839,336)	$ 34,104,777
Receivables, net	46,945	17,037	5,632	2,951,847	-	2,951,847
Inventory	-	-	-	47,945	-	47,945
Prepaid expenses	-	-	-	408,802	-	408,802
Total current assets	21,796,438	106,880	860,683	59,352,707	(21,839,336)	37,513,371
Noncurrent assets:						
Restricted cash, cash equivalents and investments	-	-	-	5,354,159	21,839,336	27,193,495
Notes Receivable, Net	-	-	-	60,000	-	60,000
Non-depreciable capital assets	-	-	-	-	10,381,790	10,381,790
Depreciable capital assets, net	-	-	-	-	127,141,259	127,141,259
Total noncurrent assets	-	-	-	5,354,159	159,362,385	164,776,544
Total assets	21,796,438	106,880	860,683	64,706,866	137,523,049	202,289,915
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on refunding	-	-	-	-	2,121,314	2,121,314
Deferred outflows of resources - OPEB	-	-	-	-	72,862	72,862
Deferred outflows of resources - pensions	-	-	-	-	17,711,369	17,711,369
Total deferred outflows of resources	-	-	-	-	19,905,545	19,905,545
Total assets and deferred outflows of resources	$ 21,796,438	$ 106,880	$ 860,683	$ 64,706,866	$ 157,428,594	$ 222,195,460
LIABILITIES						
Current liabilities:						
Accounts payable	$ 149,800	$ 39,515	$ 59,321	$ 2,465,214	$ -	$ 2,465,214
Unearned revenue	34,521	65,061	88,175	17,972,705	-	17,972,705
Accrued payroll	-	-	-	1,489,663	-	1,489,663
Compensated absences payable	-	-	-	-	1,612,898	1,612,898
Long-term debt - current portion	-	-	-	-	5,369,563	5,369,563
Accrued interest on debt	-	-	-	-	1,381,873	1,381,873
Total current liabilities	184,321	104,576	147,496	21,927,582	8,364,334	30,291,916
Noncurrent liabilities:						
Accreted interest on bonds	-	-	-	-	12,747,625	12,747,625
Long-term debt - noncurrent portion	-	-	-	-	185,503,256	185,503,256
Total noncurrent liabilities	-	-	-	-	198,250,881	198,250,881
Total liabilities	184,321	104,576	147,496	21,927,582	206,615,215	228,542,797
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources - pensions	-	-	-	-	3,511,000	3,511,000
NET POSITION						
Net investment in capital assets	-	-	-	-	66,929,101	66,929,101
Restricted for:						
Scholarships and loans	-	2,304	-	2,304	-	2,304
Capital projects	21,612,117	-	-	21,612,117	-	21,612,117
Debt service	-	-	-	5,360,400	-	5,360,400
Unrestricted	-	-	713,187	15,864,463	(119,626,722)	(103,762,259)
Total net position	21,612,117	2,304	713,187	42,839,284	(52,697,621)	(9,858,337)
Total liabilities, deferred inflows of resources and net position	$ 21,796,438	$ 106,880	$ 860,683	$ 64,766,866	$ 157,428,594	$ 222,195,460

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, 2017

	General	Bond Interest & Redemption	SFID #1 Bond Interest & Redemption	SFID #2 Bond Interest & Redemption
Operating revenues:				
Tuition and fees	$ 22,520,514	$ -	$ -	$ -
Less: fee waivers and allowance	(8,695,018)	-	-	-
Net tuition and fees	13,825,496	-	-	-
Grants and contracts, non-capital:				
Federal	1,541,358	-	-	-
State	17,763,001	-	-	-
Local	664,976	-	-	-
Auxiliary enterprise sales and charges	703,281	-	-	-
Total operating revenues	34,498,112	-	-	-
Operating expenses:				
Salaries	64,071,700	-	-	-
Employee benefits	21,673,114	-	-	-
Supplies, materials and other operating expenses and services	22,385,633	-	-	-
Student financial aid and scholarships	1,833,854	-	-	-
Utilities	-	-	-	-
Depreciation	-	-	-	-
Total operating expenses	109,964,301	-	-	-
Operating (loss) income	(75,466,189)	-	-	-
Non-operating revenues (expenses):				
State apportionment, non-capital	1,673,400	-	-	-
Local property taxes	71,088,294	-	49,494	-
State taxes and other revenues	4,976,112	-	1,904	-
Pell grants	-	-	-	-
Investment income - non-capital	39,780	-	(870)	(3,916)
Investment income - capital	-	-	-	-
Interest expense on capital asset related debt	-	(209,459)	(1,106,200)	(1,101,085)
Other non-operating revenues	471,639	-	-	-
Debt reduction	-	(1,411,788)	(870,000)	(1,434,990)
Interfund transfers out	(5,947,259)	-	-	-
Interfund transfers in	52,518	1,621,247	-	-
Total non-operating revenues (expenses)	72,354,484	-	(1,925,672)	(2,539,991)
Income (loss) before capital revenues	(3,111,705)	-	(1,925,672)	(2,539,991)
Capital revenues:				
Grants and gifts	-	-	-	-
Local property taxes and other revenues	94,982	-	2,486,273	2,651,715
Total capital revenues	94,982	-	2,486,273	2,651,715
Change in net position	(3,016,723)	-	560,601	111,724
Net position, July 1, 2016	18,167,999	-	2,028,730	2,659,345
Cumulative effect of GASB 75 implementation	-	-	-	-
Net position, July 1, 2016, as restated	18,167,999	-	2,028,730	2,659,345
Net position, June 30, 2017	$ 15,151,276	$ -	$ 2,589,331	$ 2,771,069

(Continued)

SIERRA JOINT COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION BY FUND
(Unaudited)
Year Ended June 30, 2017

	Capital Projects	Financial Aid	Dormitory	Totals	Reconciling Adjustments/ Eliminations	Statement of Revenues, Expenses and Change in Net Position
Operating revenues:						
Tuition and fees	$ (2,455)	$ -	$ 911,766	$ 23,429,825	$ -	$ 23,429,825
Less: fee waivers and allowance	-	-	-	(8,695,018)	-	(8,695,018)
Net tuition and fees	(2,455)	-	911,766	14,734,807	-	14,734,807
Grants and contracts, non-capital:						
Federal	-	7,127,545	-	8,668,903	-	8,668,903
State	2,358,836	1,541,448	-	21,663,285	-	21,663,285
Local	606,264	259,170	11,472	1,541,882	-	1,541,882
Auxiliary enterprise sales and charges	-	-	-	703,281	-	703,281
Total operating revenues	2,962,645	8,928,163	923,238	47,312,158	-	47,312,158
Operating expenses:						
Salaries	-	-	203,166	64,274,866	68,277	64,343,143
Employee benefits	-	-	56,875	21,729,989	1,308,641	23,038,630
Supplies, materials and other operating expenses and services	4,805,002	-	353,407	27,544,042	(7,675,061)	19,868,981
Student financial aid and scholarships	-	28,988,895	-	30,822,749	-	30,822,749
Utilities	-	-	-	-	2,383,704	2,383,704
Depreciation	-	-	-	-	6,241,829	6,241,829
Total operating expenses	4,805,002	28,988,895	613,448	144,371,646	2,327,390	146,699,036
Operating (loss) income	(1,842,357)	(20,060,732)	309,790	(97,059,488)	(2,327,390)	(99,386,878)
Non-operating revenues (expenses):						
State apportionment, non-capital	-	-	-	1,673,400	-	1,673,400
Local property taxes	-	-	-	71,137,788	-	71,137,788
State taxes and other revenues	-	-	-	4,978,016	586,000	5,564,016
Pell grants	-	19,939,200	-	19,939,200	-	19,939,200
Investment income - non-capital	89,009	(732)	4,746	128,017	(93,755)	34,262
Investment income - capital	-	-	-	-	93,755	93,755
Interest expense on capital asset related debt	-	-	-	(2,416,744)	(962,036)	(3,378,780)
Other non-operating revenues	-	-	-	471,639	(1,044,856)	(573,217)
Debt reduction	-	-	-	(3,716,778)	3,716,778	-
Interfund transfers out	(52,518)	-	(282,799)	(6,282,576)	6,282,576	-
Interfund transfers in	4,487,279	121,532	-	6,282,576	(6,282,576)	-
Total non-operating revenues (expenses)	4,523,770	20,060,000	(278,053)	92,194,538	2,295,886	94,490,424
Income (loss) before capital revenues	2,681,413	(732)	31,737	(4,864,950)	(31,504)	(4,896,454)
Capital revenues:						
Grants and gifts	187,929	-	-	187,929	-	187,929
Local property taxes and other revenues	76,317	-	-	5,309,287	-	5,309,287
Total capital revenues	264,246	-	-	5,497,216	-	5,497,216
Change in net position	2,945,659	(732)	31,737	632,266	(31,504)	600,762
Net position, July 1, 2016	18,666,458	3,036	681,450	42,207,018	(22,225,173)	19,981,845
Cumulative effect of GASB 75 implementation	-	-	-	-	(30,440,944)	(30,440,944)
Net position, July 1, 2016, as restated	18,666,458	3,036	681,450	42,207,018	(52,666,117)	(10,459,099)
Net position, June 30, 2017	$ 21,612,117	$ 2,304	$ 713,187	$ 42,839,284	$ (52,697,621)	$ (9,858,337)

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	P063P151180	$ 19,939,200
Administrative Allowance	84.063	P063Q151180	73,150
Federal Direct Student Loans	84.268	P268K161180	6,762,949
College Work Study Program	84.033	P033A150600	327,732
SEOG	84.007	P007A150600	364,596
Subtotal Student Financial Aid Cluster			27,467,627
TRIO Cluster	84.042	P042A100546	200,967
Passed through California Community College Chancellor's Office:			
Career Technical Education Program:			
Title I - Part C - Basic Grant VTEA	84.048	15-C01-058	543,682
Career Technical Education Transitions	84.048	15-112-058	42,739
Subtotal Career Technical Education Program			586,421
Total U.S. Department of Education			28,255,015
U.S. Department of Agriculture			
Passed through El Dorado and Nevada Counties:			
Forest Reserve - Forest Service Schools and Roads Cluster	10.665	-	11,715
Flood Control Act	10.923	-	274
U.S. Department of Veterans Affairs			
Direct Program:			
Veterans Reserve Funds	64.115	-	3,918

(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	-	$ 138,653
Passed through California Department of Education:			
Foster Parent Training	93.658	1262100	106,428
Child Development Training Consortium - CCDF Cluster	93.575		11,050
Passed through California Community College Chancellor's Office:			
Temporary Assistance for Needy Families - TANF Cluster	93.558	-	35,257
Total U.S. Department of Health and Human Services			291,388
U.S. Department of Labor			
Passed through Los Rios Community College District::			
Northern California CC Apprenticeship Initiative	17.268	-	45,793
Total Federal Programs			$ 28,608,103

See accompanying note to supplemental information.

SIERRA JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL AWARDS
For the Year Ended June 30, 2017

	Program Revenues				
	Cash Received	Accounts Receivable	Unearned Income/ Accounts Payable	Total	Total Program Expenditures
DSPS	$ 911,593	$ -	$ -	$ 911,593	$ 911,593
TANF	35,257	-	-	35,257	35,257
Basic Skills Ongoing	213,144	-	58,310	154,834	154,834
CalWorks	296,668	-	5,794	290,874	290,874
SSSP	4,215,466	-	280,899	3,934,567	3,934,567
Student Equity	1,578,349	-	129,299	1,449,050	1,449,050
Staff Diversity (EEO)	76,314	-	62,387	13,927	13,927
Adult Education Block Grant	65,446	-	22,201	43,245	43,245
Basic Skills Pilot Program	800,000	-	592,296	207,704	207,704
CARE	177,849	-	-	177,849	177,849
EOPS	844,966	-	-	844,966	844,966
Clean Energy Workforce	42,583	-	-	42,583	42,583
Nursing Enrollment Growth	73,508	6,392	-	79,900	79,900
CA College Promise Innovation	750,000	-	739,230	10,770	10,770
CA Conservation Corp	50,743	16,142	14,455	52,430	52,430
CA Early Childhood Mentor	1,989	-	1,454	535	535
CA Textbook Affordability Act	45,000	-	23,411	21,589	21,589
CCC Maker - SCCD Award	20,000	18,193	-	38,193	38,193
CCC Maker 14-203-001	3,987,701	-	2,293,392	1,694,309	1,694,309
CCC Maker 15-203-001	2,817,883	-	2,817,883	-	-
CCCCO Agreement C15-0076	-	162,799	-	162,799	162,799
Competitive Regional Strong Workforce	-	137,701	-	137,701	137,701
DSN Agriculture Natural Resources	20,199	-	-	20,199	20,199
DSN ICT/Digital Media 14-158-012	973	-	-	973	973
DSN ICT/Digital Media 16-158-012	40,000	-	4,060	35,940	35,940
DSN Advanced Mfg (15-152-001)	-	54,789	-	54,789	54,789
DSN Advanced Mfg (16-152-001)	120,000	120,000	20,761	219,239	219,239
DSN Digital Media (15-158-012)	-	159,890	-	159,890	159,890
DSN Digital Media (16-158-012)	80,000	120,000	-	200,000	200,000
IEPI Conservation Corp	17,500	25,298	-	42,798	42,798
IEPI Leadership Development	40,000	-	26,530	13,470	13,470
Innovation in Higher Education	2,000,000	-	2,000,000	-	-
Instructional Equipment Library Materials	589,367	-	-	589,367	589,367
Maintenance Allowance	7,416	-	-	7,416	7,416
Puente Project	4,500	-	1,601	2,899	2,899
Regional Strong Workforce	-	80,127	-	80,127	80,127

(Continued)

	Program Revenues				
	Cash Received	Accounts Receivable	Unearned Income/ Accounts Payable	Total	Total Program Expenditures
Strong Workforce Data Unlock	50,000	-	49,911	89	89
Strong Workforce Program	1,267,413	-	757,271	510,142	510,142
Full Time Student Success	437,042	-	67,742	369,300	369,300
CAFYES	875,059	-	378	874,681	874,681
FKCE-CSEC	4,050	6,450	-	10,500	10,500
State Preschool	473,698	46,337	-	520,035	520,035
State Preschool - Reserve	33,686	-	5,903	27,783	27,783
Family Child Care Homes	175,744	-	-	175,744	175,744
Family Child Care Homes - Reserve	1,017	-	1,017	-	-
BFAP - Administrative Allowances	594,468	-	-	594,468	594,468
Cal Grant B	1,549,073	-	26,205	1,522,868	1,522,868
Cal Grant C	24,971	-	6,391	18,580	18,580

SIERRA JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR
STATE GENERAL APPORTIONMENT
Annual Attendance as of June 30, 2017

Categories	Reported Data	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2016 only)			
1. Noncredit	18	-	18
2. Credit	37	-	37
B. Summer Intersession (Summer 2017 - Prior to July 1, 2017)			
1. Noncredit	-	-	-
2. Credit	7	-	7
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
a. Weekly Census Contact Hours	9,581	-	9,581
b. Daily Census Contact Hours	203	-	203
2. Actual Hours of Attendance Procedure Courses			
a. Noncredit	256	-	256
b. Credit	626	-	626
2. Alternative Attendance Accounting Procedure Courses			
a. Weekly Census Contact Hours	1,775	-	1,775
b. Daily Census Contact Hours	135	-	135
c. Noncredit Independent Study/ Distance Education Courses	-	-	-
D. Total FTES	12,638	-	12,638
Supplementary Information:			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
a. Noncredit	252	-	252
b. Credit	450	-	450
CCFS 320 Addendum			
CDCP	-	-	-
Centers FTES			
a. Noncredit	16	-	16
b. Credit	1,055	-	1,055

See accompanying note to supplemental information.

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

Total fund balances - business-type activity funds		$ 42,839,284
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.		137,523,049
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.		2,121,314
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	$ 72,862	
Deferred outflows of resources relating to pensions	17,711,369	
Deferred inflows of resources relating to pensions	(3,511,000)	
		14,273,231
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.		(1,381,873)
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, 2017 consisted of:		
General Obligation Bonds	$ (58,752,027)	
Accreted interest	(13,357,727)	
Bond premiums	(5,923,739)	
Certificates of participation	(6,029,000)	
Dormitory Bonds	(31,000)	
Capitalized lease obligations	(1,979,496)	
Compensated absences	(1,612,898)	
Net pension liability	(85,136,000)	
OPEB liability	(32,048,537)	
Excess sick leave	(362,918)	
		(205,233,342)
Total net position - business-type activities		$ (9,858,337)

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, 2017

		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	$ 16,365,472	$ -	$ 16,365,472	$ 16,365,472	$ -	$ 16,365,472
Other	1300	13,182,209	-	13,182,209	13,610,616	-	13,610,616
Total instructional salaries		29,547,681	-	29,547,681	29,976,088	-	29,976,088
Non-instructional salaries:							
Contract or regular	1200	-	-	-	6,310,150	-	6,310,150
Other	1400	-	-	-	1,016,130	-	1,016,130
Total non-instructional salaries		-	-	-	7,326,280	-	7,326,280
Total academic salaries		29,547,681	-	29,547,681	37,302,368	-	37,302,368
Classified Salaries							
Non-instructional salaries:							
Regular status	2100	-	-	-	12,752,374	-	12,752,374
Other	2300	-	-	-	1,783,638	-	1,783,638
Total non-instructional salaries		-	-	-	14,536,012	-	14,536,012
Instructional aides:							
Regular status	2200	2,058,219	-	2,058,219	2,058,219	-	2,058,219
Other	2400	118,752	-	118,752	118,752	-	118,752
Total instructional aides		2,176,971	-	2,176,971	2,176,971	-	2,176,971
Total classified salaries		2,176,971	-	2,176,971	16,712,983	-	16,712,983
Employee benefits	3000	10,134,682	-	10,134,682	18,908,032	-	18,908,032
Supplies and materials	4000	-	-	-	1,323,004	-	1,323,004
Other operating expenses	5000	1,500	-	1,500	8,615,316	-	8,615,316
Equipment replacement	6420	-	-	-	-	-	-
Total expenditures prior to exclusions		$ 41,860,834	$ -	$ 41,860,834	$ 82,861,703	$ -	$ 82,861,703

(Continued).

SIERRA JOINT COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
For the Year Ended June 30, 2017

		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	$ 1,374,851	$ -	$ 1,374,851	$ 1,374,851	$ -	$ 1,374,851
Student health services above amount collected	6441	-	-	-	-	-	-
Student transportation	6491	-	-	-	-	-	-
Noninstructional staff-retirees' benefits and retirement incentives	6740	-	-	-	1,575,703	-	1,575,703
Objects to exclude:							
Rents and leases	5060	-	-	-	1,138,295	-	1,138,295
Lottery expenditures		-	-	-	-	-	-
Academic salaries	1000	-	-	-	-	-	-
Classified salaries	2000	-	-	-	-	-	-
Employee benefits	3000	-	-	-	-	-	-
Supplies and materials:							
Software	4100	-	-	-	333	-	333
Books, magazines and periodicals	4200	-	-	-	6,755	-	6,755
Instructional supplies and materials	4300	-	-	-	314,160	-	314,160
Noninstructional supplies and materials	4400	-	-	-	269,672	-	269,672
Total supplies and materials		-	-	-	590,920	-	590,920
Other operating expenses and services	5000	-	-	-	1,356,544	-	1,356,544
Capital outlay	6000	-	-	-	-	-	-
Library books	6300	-	-	-	-	-	-
Equipment:							
Equipment - additional	6410	-	-	-	-	-	-
Equipment - replacement	6420	-	-	-	-	-	-
Total equipment		-	-	-	-	-	-
Total capital outlay		-	-	-	-	-	-
Other outgo		-	-	-	-	-	-
Total exclusions		1,374,851	-	1,374,851	6,036,313	-	6,036,313
Total for ECS 84362, 50% Law		$ 40,485,983	$ -	$ 40,485,983	$ 76,825,390	$ -	$ 76,825,390
Percent of CEE (instructional salary cost /Total CEE)		52.70%	-	52.70%	100%	-	100.00%
50% of current expense of education		$ -	$ -	$ -	$ 38,412,695	$ -	$ 38,412,695

See accompanying note to supplemental information.

EPA Proceeds: $ 1,264,164

Activity Classification	Activity Code (0100-5900)	Salaries and Benefits (1000-3000)	Operating Expenses (4000-5000)	Capital Outlay (6000)	Total
Instructional Activities	-	$ 1,264,164	$ -	$ -	$ 1,264,164

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, 2017:

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 of K-12 Students in Community College Credit Courses
Student Equity
Student Success and Support Program (SSSP)
Scheduled Maintenance Program
Gann Limit Calculation
Open Enrollment
Proposition 39 Clean Energy
Intersession Extension Program
Disabled Student Programs and Services (DSPS)
To Be Arranged Hours (TBA)
Proposition 1D and 51 State Bond Funded Projects
Proposition 55 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, 2017.

Purpose of this Report

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

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
November 14, 2017

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, 2017, 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 14, 2017. 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 Horwath LLP

Crowe Horwath LLP

Sacramento, California
November 14, 2017

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 each of Sierra Joint Community College District's major federal programs for the year ended June 30, 2017. Sierra Joint Community College District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the 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 each major federal program. However, our audit does not provide a legal determination of Sierra Joint Community College District's compliance.

Opinion on Each Major Federal Program

In our opinion, Sierra Joint Community College District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

(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 Horwath LLP

Crowe Horwath LLP

Sacramento, California
November 14, 2017

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:	$ 858,243	
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.

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.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding/Recommendation	Current Status	District Explanation If Not Fully Implemented

No matters were reported.