FEATHER RIVER COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
June 30, 2018

FEATHER RIVER COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

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FEATHER RIVER COMMUNITY COLLEGE DISTRICT

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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Feather River Community College District
Quincy, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit and the fiduciary activities of Feather River Community College District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Feather River Community College District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit and the fiduciary activities of Feather River Community College District, as of June 30, 2018, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting for Financial Reporting for Postemployment Benefits Other than Pensions". This Statement replaces the requirements of GASB Statements No. 45, "Accounting and Reporting for Employers Post Employment Benefits Other than Pensions", as amended, 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 to 17 and the Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 66 to 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Feather River Community College District's basic financial statements. The accompanying schedule of expenditures 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 Award* and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and other supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of expenditures 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 expenditures of federal awards and other supplementary information as listed in the table of contents, except for the Organization, Combining Statement of Net Position by Fund and Combining Statement of Revenues, Expenses, and Change in Net Position by Fund, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018 on our consideration of Feather River Community College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Feather River Community College District's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Sacramento, California
November 30, 2018

Feather River Community College District
Management's Discussion and Analysis
Fiscal Year Ending June 30, 2018

This discussion and analysis of Feather River Community College District's financial statements provides an overview of the District's financial activities for the year ended June 30, 2018. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis. These financial statements and this discussion and analysis reflect the financial activities of the Feather River Community College District. In accordance with Statement No. 14, as amended by Statement No. 39 of the Governmental Accounting Standards Board (GASB), the financial data of the Foundation have been discretely presented with that of the District in these financial statements.

Overview of the Financials

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

Financial Statements

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

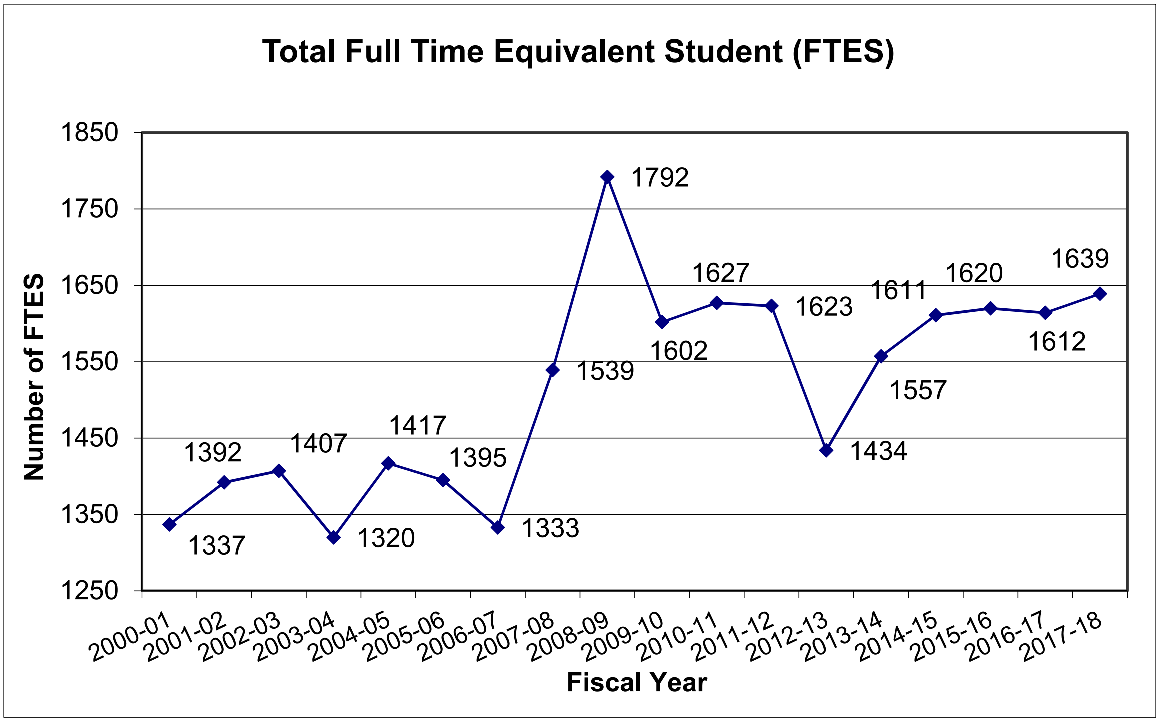
- Statement of Net Position. This report presents the financial position as of the end of the fiscal year (June 30th) including assets, liabilities, and net position (formerly fund balance). It should help the reader obtain information on the College's on-going ability to provide services, as well as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

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

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

Financial and Enrollment Highlights

Full-time Equivalent Students (FTES) reported prior to the final recalculation apportionment by the State, increased in the 2017-18 fiscal year. This increase represented .015% of the total funded FTES workload base of 1,638.74 FTES. The overall increase in FTES was 27 FTES from the prior year. The Noncredit FTES increased by 6 and the Credit FTES increased by 19. Marginal funding per Credit FTES increased by $145.17 per FTES and Noncredit FTES increased by $87.30 with both increases due to COLA adjustments by the State.



Revenues are recorded in three categories; operating revenues, non-operating revenues and capital revenues. Operating revenues include tuition and fees, grants and contracts, revenues from auxiliary enterprises and interest. Non-operating revenues are comprised of state apportionment, local property taxes, state taxes, interest income, and other. Capital revenues consist of state apportionments, local property taxes, and grants & gifts. Overall revenues were $26,906,632 ($8,718,001 in operating revenues, $17,005,235 in non-operating revenues, and $1,183,396 in capital revenues). This was a net decrease of approximately $986,297 which was primarily due to the decrease in local grants.

Expenses are recorded as operating and non-operating expenses. All expenses except some debt related capital expenses are categorized as operating expenses. Operating expenses reflect depreciation and financial aid expenses. Overall expenses were $24,025,245. This was $1,798,694 less than expenses for the prior year. Salaries and Benefits increased by $1,064,494 due to hiring of new personnel for open positions, cost of living adjustment (COLA) of 1.56%, and continued increases to employer cost for CalPERS and CalSTRS. The increase was offset by decreases, within Student Aid, Depreciation, and Other Operating Expenses, of $2,863,188.

The District paid down $118,918 in long-term lease/debt obligations during the 2017-18 fiscal year.

Statement of Net Position

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

- Cash and cash equivalents reflects operating cash on hand. Restricted cash and cash equivalents reflects cash held for restricted purposes by legislation, by contract, or by grantor agency. This includes cash for capital outlay projects, debt repayment, and future post-retirement benefits. Most of the cash and cash equivalents balances are held at the Plumas County Treasurer's office in accordance with Education Code Section 84000. The Plumas County Treasury's average rate of return was approximately 1.375% for the fiscal year ended June 30, 2018. Other cash and cash equivalents are held by bank trustees as reserves for debt instruments. More information on cash can be found in the footnotes to the financial statements.

- The decrease in the 2017-18 year receivables of $83,720, in comparison to the prior year was due to a combination of increases to collections from State grants with decreases in receivables from local and Federal agencies.

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

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

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

- Long-term debt in total, which includes both current and non-current portions, increased from the prior year. The increase in comparison to prior year was due to an increase of compensated absences payable, the LTD associated with GASB 68, and the implementation of GASB 75. The reporting of the total OPEB liability under new accounting guidance increased $708,031. The net pension liability increased $1,852,000 at June 30, 2018. In addition, deferred outflows and inflows of $4,027,899 for Pension and $167,725 for OPEB with inflows of $860,000 were recorded as of June 30, 2018 related to pensions and OPEB.

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

FEATHER RIVER COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION (Condensed)
For the Years Ended June 30, 2018 and 2017
(Thousands)

	2017-2018	2016-2017	Dollar Change	Percent Change
ASSETS				
CURRENT ASSETS				
Cash & Cash Equivalents	$ 11,424	$ 6,685	$ 4,739	70.9%
Receivables	1,381	1,465	(84)	-5.7%
Inventories & Other Assets	89	174	(85)	-48.9%
TOTAL CURRENT ASSETS	**12,894**	**8,324**	4,570	54.9%
NON-CURRENT ASSETS				
Restricted Cash & Cash Equivalents	19	23	(4)	-17.4%
Foundation Notes Receivables	421	422	(1)	-0.2%
Capital Assets, Net	12,243	12,549	(306)	-2.4%
TOTAL NON-CURRENT ASSETS	**12,683**	**12,994**	(311)	-2.4%
Deferred Outflows of Resources - Pensions	**4,028**	**2,708**	1,320	48.7%
Deferred Outflows of Resources - OPEB	**168**	**-**	168	100.0%
TOTAL ASSETS	**$ 29,773**	**$ 24,026**	$ 5,747	23.9%
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	$ 1,115	$ 1,360	$ (245)	-18.0%
Unearned Revenue	3,032	1,895	1,137	60.0%
Long-term Debt-Current Portion	706	307	399	130.0%
TOTAL CURRENT LIABILITIES	**4,853**	**3,562**	1,291	36.2%
NON-CURRENT LIABILITIES				
Long-term Debt - Non-Current Portion	15,856	13,754	2,102	15.3%
TOTAL LIABILITIES	**20,709**	**17,316**	3,393	19.6%
Deferred Inflows of Resources - Pensions	**860**	**586**	274	46.8%
NET POSITION				
Invested in Capital Assets, Net of Related Debt	12,035	12,223	(188)	-1.5%
Restricted	17	28	(11)	-40.7%
Unrestricted	(3,848)	(6,127)	2,279	-37.2%
TOTAL NET POSITION	**8,204**	**6,124**	2,080	34.0%
TOTAL LIABILITIES AND NET POSITION	**$ 29,773**	**$ 24,026**	$ 5,747	23.9%

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

- Unrestricted net position are funds received to support the general mission of the college. At June 30, 2018 the District had a negative ($3,847,764) in unrestricted net assets. The majority of this negative net asset balance for the current year are due to the reporting requirements of GASB 68. GASB 68 requires that the District report its proportional share of the unfunded liabilities of the CalSTRS and CalPERS pension fund. This year the balance increased $2,079,883 from ($6,127,113) in 2016-2017.

- Net investment in capital assets represents the District's investment in physical facilities, land, and capital improvements. The 2017-18 balance reflected a slight decrease from the prior year balance in the amount of ($187,375).

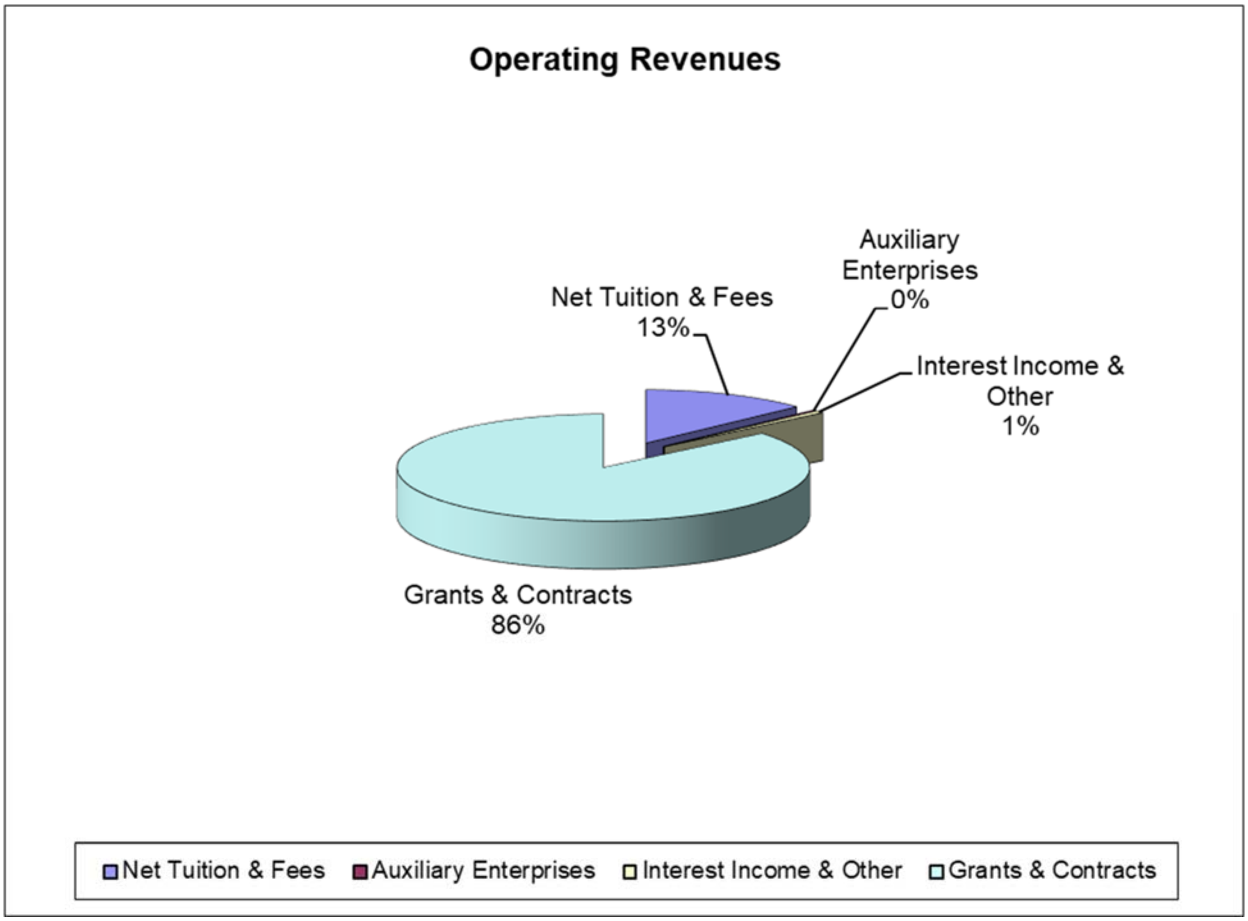
- Net position set aside for capital projects was $12,881 which represents a minor decrease of ($4,172) as of June 30, 2018.

Statement of Revenues, Expenses, and Change in Net Position

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

FEATHER RIVER COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN POSITION
For the Years Ended June 30, 2018 and 2017
(Thousands)

	2017-2018	2016-2017	Dollar Change	Percent Change
OPERATING REVENUES				
Net Tuition & Fees	$ 1,146	$ 917	$ 229	25.0%
Grants & Contracts	7,551	9,353	(1,802)	-19.3%
Auxiliary	21	60	(39)	-65.0%
TOTAL OPERATING REVENUES	**$ 8,718**	**$ 10,330**	$ (1,612)	-15.6%
OPERATING EXPENSES				
Salaries & Benefits	$ 13,661	$ 12,597	$ 1,064	8.4%
Supplies, Material & Other	9,747	12,578	(2,831)	-22.5%
Depreciation	617	649	(32)	-4.9%
TOTAL OPERATING EXPENSES	**$ 24,025**	**$ 25,824**	$ (1,799)	-7.0%
NON-OPERATING ACTIVITY				
State Revenues	$ 6,526	$ 6,325	$ 201	3.2%
Local Property Taxes	6,323	5,963	360	6.0%
State Taxes & Other Revenue	457	433	24	5.5%
Interest Income (Net)	59	32	27	84.4%
Other Non-Operating Revenue	3,632	1,657	1,975	119.2%
TOTAL NON-OPERATING ACTIVITY	**$ 16,997**	**$ 14,410**	$ 2,587	18.0%
CAPITAL REVENUES				
Grant & Gifts	1,183	999	184	18.4%
TOTAL CAPITAL REVENUES	**$ 1,183**	**$ 999**	$ 184	18.4%
CHANGE IN NET POSITION	$ 2,873	$ (85)	$ 2,958	-3480.0%
BEGINNING NET POSITION	$ 6,124	$ 6,209	$ (85)	-1.4%
Cumulative effect of GASB 75 adoption	$ (793)	$ -		
ENDING NET POSITION	$ 8,204	$ 6,124	$ 2,080	34.0%

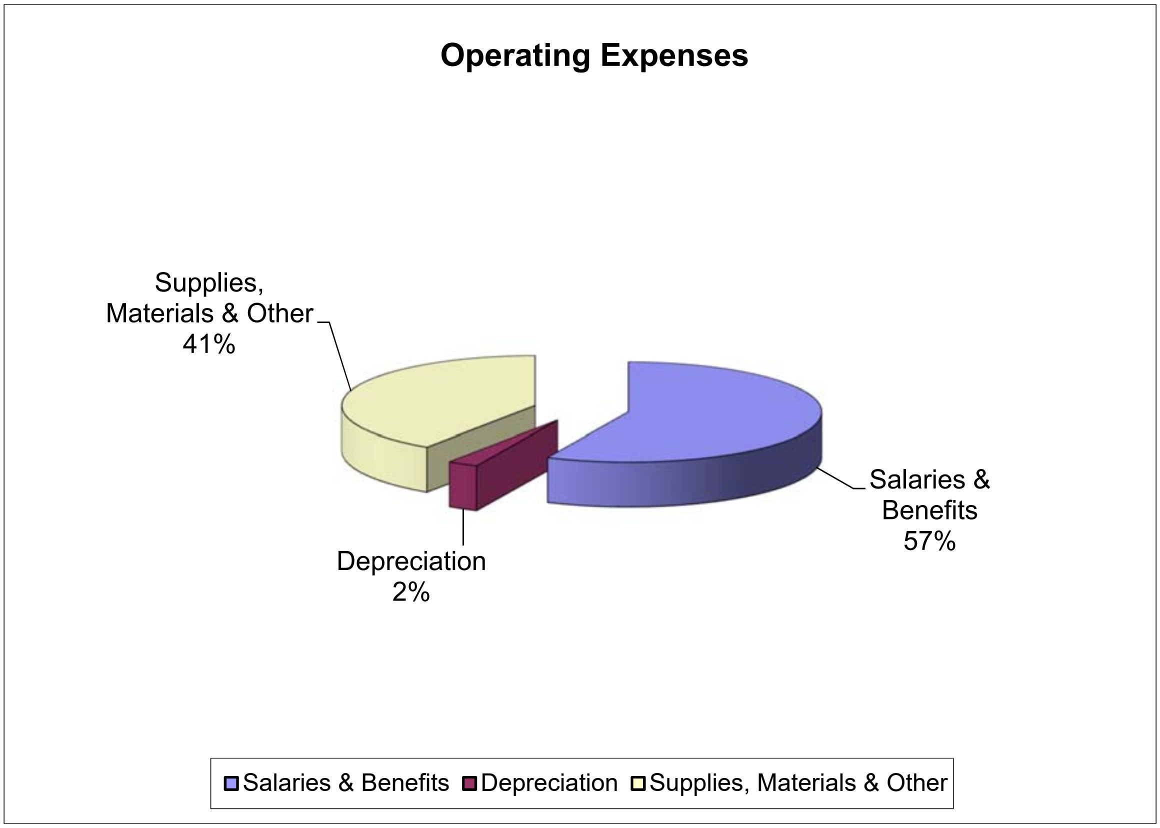


Operating and Non-Operating Revenues grew in fiscal year 2017-2018 as follows:

- State general apportionments increased by $201,200 over the 2016-17 year. Local property tax apportionment increased by $360,301 in comparison to the prior year with Supplemental Taxes making up the bulk of this change. The District was funded to a base workload of 1,638.74 FTES which was comprised of 1,600.54 Credit and 38.20 Noncredit FTES.

- The District's State Apportionment was fully funded as of the Second Principal Apportionment Report with no Deficit Coefficient identified by the Chancellor's Office.

- The District received a cost of living adjustment (COLA) in the 2017-2018 fiscal year of 1.56%. The District did not participate in any growth funding.



Operating expenses increased in 2017-2018 in comparison to prior year as follows:

- Expenses for employee salaries increased by $283,610 and statutory benefits increased by $591,349. The increase in salaries was primarily due to employee step and column changes.

- The cost of supplies, materials, and other operating expenses and services decreased by ($2,837,882). Utility costs increased by $76,761 with a modest decrease in student aid.

- Depreciation expense decreased from the prior year by $31,766.

Statement of Cash Flows

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

The District typically participates in a Tax Revenue Anticipation Notes (TRAN) program each year provided through Community College League of California (CCLC). The District's apportionment funding is primarily through property taxes which are paid twice a year in December and April. This program provides access to a short-term loan funds to assist with cash flow needs during the fiscal year. For the 2017-18 fiscal year the District had adequate cash on hand so participation in the TRAN was not required.

FEATHER RIVER COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS (Condensed)
For the Years Ended June 30, 2018 and 2017
(Thousands)

	2017-2018	2016-2017	Dollar Change	Percent Change
CASH (USED IN) PROVIDING BY:				
Operating Activities	$ (11,199)	$ (15,957)	$ 4,758	-29.8%
Non-Capital Financing Activities	15,122	13,862	1,260	9.1%
Capital and Related Financing Activities	745	(182)	927	-509.3%
Investing Activities	67	43	24	55.8%
NET INCREASE/(DECREASE) IN CASH	$ 4,735	$ (2,234)	$ 6,969	-312.0%
CASH - BEGINNING OF THE FISCAL YEAR	$ 6,708	$ 8,942	$ (2,234)	-25.0%
CASH - END OF THE FISCAL YEAR	$ 11,443	$ 6,708	$ 4,735	70.6%

Capital Assets and Long-Term Debt

In accordance with GAAP, the District recorded $617,325 in depreciation expense for the fiscal year and reflected a liability for compensated absences (accrued vacation not used at June 30) of $583,959.

The District Supplemental Employee Retirement Plan (SERP) liability was accrued for in the amount of $75,584 for each of the past five years has now been retired with no expense being incurred during the 2017-2018 fiscal year.

The implementation regarding the reporting requirements established by GASB 68 are reflected in the 2015-16 financial statements for the District. The GASB 68 requirements relate only to accounting and financial reporting of the liability, not the actual funding of the liability. The District's share of the CalSTRS and CalPERS total liability represents $13,598,000 pension liability, an increase to total assets of $4,027,899 in Deferred Outflows and an increase of Deferred Inflows of $860,000 in the long term debt being reported. The resulting effect on the Total Net Position is a decrease of $10,430,101.

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

District's Fiduciary Responsibility

The District is the trustee, or fiduciary, for certain amounts held on behalf of students, clubs, donors and employees. The District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The District's fiduciary fund include the Associated Students Trust Fund.

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

Economic Factors That Will Affect the Future

The State budget (SB 840/Trailer Bill 1809) was signed by the Governor June, 27, 2018. This is the seventh consecutive year that the state budget was passed on time. The budget incorporated significant changes that reflect additional trailer bills being passed a couple of months later to address the California Community College's new funding formula implementation.

The budget agreement has begun a transition to a new funding formula (Student Centered Funding Formula) which calculates apportionments generally using three calculations: (1) a base allocation, which largely reflects currently factors (primarily credit full-time equivalent students, or FTES); (2) a supplemental allocation, which will allocate funds based on the numbers of students who received a College Promise Grant (formerly referred to as a BOG Fee Waiver), students who received a Pell grant, and AB 540 students; and (3) a student success allocation, which will allocate funds for outcome related to completion of credit certificates, completion of transfer-level mathematics and English within the first academic year of enrollment, transfer to four-year universities, completion of nine or more career-technical education (CTE) units, and attainment of regional living wage—with "premiums" for outcomes College Promise Grant recipients and Pell Grant recipients. Under this new model, noncredit FTES (and some other FTES) would be funded at existing current rates.

The statute provides a three-year transition, such that funds would be allocated generally based on a 70-20-10 split across the tree allocation in 2018-19, 65-20-15 split in 2019-20, and a 60-20-20 split in 2020-21. Further, in 2018-19, 209-20, and 2020-21, a district would receive the greater of the formula total or the amount the district received in 2017-18, adjusted by the changes in the cost-of-living. In all year, the formula includes a "stability" provision that delays any decreases in revenues by one year.

The legislation also adopts related changes to improve alignment between districts' educational and budgetary planning. It requires districts to adopt, by January 1, 2019, goals that are aligned with the Vision of Success. It then requires alignment of districts' comprehensive plans with those goals and alignment of their annual budgets with the comprehensive plans.

With all of the changes and the implementations and requirements associated with the new Student Centered Funding Formula, it will take time and significant effort in correctly implementing and forecasting measurements.

Proposition 30 was passed by the voters in November, 2012, and is now in the fourth year. Sales tax increase attributable to Temporary Taxes to Fund Education known as Prop 30 terminated on December 31, 2016 and the income tax increase was to terminate on December 31, 2018. The California Extension of Proposition 30 Income Tax Increase Initiative, also known as Proposition 55 was on the November 8, 2016 state ballot and was passed by voters. The measure is designed to allocate about 89 percent of revenue from the tax increase to K-12 schools and 11 percent to state community colleges. Proposition 55 is effective through 2030. Community College Districts and the State of California continue to find funding sources for the significant increase for the state retirement system STRS and PERS which is currently projecting an employer contribution of 18.6% and 24.6% respectively by 2021-22. There still seems to be exposure in the area of property tax shortfalls due to statewide forecast of property values.

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

The State of California will continue to face budget challenges due to the dependency related to the national and state economic recovery. The uncertainties are not as prominent as prior years but remain a presence as to the ability to fund community colleges. Examples of these uncertainties include annual deficit factors, limited or unfunded growth funding, and small cost of living adjustments (COLA), along with the projected uncertain but eventual economic downturn after record breaking consecutive years of economic growth. Cost of living adjustments (COLA) are forecasted in the range of 2.57%, 2.67%, and 3.42 percent for the next three fiscal years.

Proposition 30, The Schools and Local Public Safety Protection Act of 2012 passed in November 2012. This proposition temporarily raised the sales and use tax by .25 percent for four years which has now sunset. Proposition 30 also raised the income tax rate for high income earners ($250,000 for individuals and $500,000 for couples) for seven years to provide continuing funding for local school districts and community colleges. The Education Protection Account (EPA) is created in the State General Fund to receive and disburse these temporary tax revenues. The funds received from the EPA prohibit the use of these funds for administrative salaries and benefits or any other administrative costs. Feather River Community College District used these funds for direct instructional related expenditures. The total amount of funds to be received from the State EPA for the fiscal year 2017-18 is currently $1,895,760.

The State economy continues to reflect signs of sustained growth which has resulted in the longest upturn in the history of the State. The new Student Centered Funding Formula will highlight the importance of serving all populations of students in the State which will provide student access, improve student success, and focus on low income and disadvantaged populations. This trend will hopefully give those citizens the opportunity to acquire, improve, and expand their education pursuits, and contribute to the economic sustainability of the State.

Historical Perspective: 2017-2018 Fiscal Year

Revenues for the 2017-2018 fiscal year increased slightly due to the fact that the actual FTES generated was 1,622, which increased from the prior year. The District made the decision to move the census enrollment for summer classes into the 2016-2017 fiscal year. The actual out of state tuition revenue increased from the budgeted revenues that were included in the 2016-17 fiscal year. The District FTES base is fully restored from the decline of prior years.

Operating costs continued to rise due to salary step increases and overall non-discretionary expenditures. The District did receive a cost of living adjustment (COLA) of 1.56% for approximately $180,000. These additional funds were used to help pay a portion of the increases to employees' salaries and benefits. There has been a significant impact of not having any State funded COLA's for past years. This has resulted in reduced available funds to offset operational increases. As in the past years, effective District management of expenses during the fiscal year helped to offset some of the increases to non-discretionary expenditures.

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

Projected 2018-2019 Fiscal Year

The Board of Trustees for Feather River Community College District adopted a balanced final budget for the 2018-19 fiscal year, in September 2018. The current general fund operating budget approved by the Board of Trustees, projects revenues equaling expenses of slightly less than $23 million. The balanced budget required a commitment of $948,402 of Beginning Fund Balance be used to accomplish this position. The District's budgeted revenue was projected based on 1,638 FTES with the difference between the revenue and expenses being supported with the use of Beginning Fund Balance.

Revenues for the 2018-2019 fiscal year will be funded based on the 1,638 FTES base established and adjusted from the prior year. This represents expected total computational revenue of approximately $14 million for the unrestricted general fund.

The District which began the 2010-11 fiscal period with an agreement with the Feather River Foundation to assume the management of the Fitness Center continues to manage the facility in the 2018-19 fiscal year. The District also manages the Feather River Residence Hall for the Foundation owned facility which requires occupancy guarantees as well as repairs and support staffing. The 2018-19 fiscal year offered continued challenges regarding the availability for student housing. The anticipated shortage of student housing was eased to some extent when the District and Foundation purchased an apartment complex, Meadow Apartments, which required significant repairs. The District began managing the Meadow Apartments in the 2015-16 fiscal year. The District and Foundation has since then acquired The Pines which is a vacated former assisted living complex. This venture required a substantial renovation which offered more housing opportunities for the students attending Feather River College beginning in the fall of 2017.

The State of California maintained most categorical funding with only selected moderate increases from the prior year. The District's apportionment revenue per FTES did receive a cost of living adjustment (COLA) of 1.56% for the 2018-2019 fiscal year, after the prior year of 1.56% COLA.

Student enrollment fees are currently at $46 per credit unit. The Baccalaureate Degree Program fees for upper division coursework is $84 per credit unit. There are no student enrollment fee increases in the current year.

The District offered and implemented an incentive based retirement plan, Supplemental Employee Retirement Plan (SERP) which included eleven employees who retired effective June 30, 2012. This included both unrestricted as well as restricted funded employees. The annual cost to the District represented $75,584 for its final year in 2016-2017. The incentive based retirement plan concluded and there are no anticipated expenditures in the current year.

State funding in the 2017-2018 fiscal year has been extremely well funded for community colleges and carries over to the current fiscal year 2018-2019. The past several years the State has eliminated system deferrals and prior years mandated cost liabilities to all Districts. The State has restored all the categorical programs to the pre-recession level with most programs receiving increases in funding. The current year 2018-19 fiscal year begins with a new funding formula referred to as the Student Centered Funding Formula. This new funding formula preliminary calculations project a 7.89% State funding increase of approximately $1,066,254. This calculation is based on preliminary simulation models and data.

Feather River Community College applied and received one of fifteen baccalaureate pilot programs offered by the Board of Governors for Community Colleges in the State of California. Feather River College offers a four-year degree in Equine Ranch Management with had a start-up date beginning in August, 2016. In May, 2018, the District graduated some of the first students that had entered the four-year degree program.

The District completed the Accreditation cycle and had a spring site visit by an accreditation team. The process went extremely well for the District which received the final report this past summer. The report reflected the dedication and effort of the College in providing a quality education to the students with the associated positive student learning outcomes. Feather River Community College District is fully accredited for the next seven years!

Beyond Fiscal Year 2018-2019

With the economy showing signs of sustainability for the past five years, the State budget for the current fiscal year 2018-2019, is balanced for the seventh year in a row. The State budget remains in surplus and projections for the next year are positive. Not all the problems are behind us because cautiously the possibility of a derailment of the current delicate economy could certainly happen. Forces that are out of our control like international events, government shutdowns, tariffs, interest rates, federal and state debt, and unrealistic revenue projections are but a few things that could severely impact the economic recovery. Any potential slowdown in the economy in turn lowers the revenue forecast assumed in the current year budget as well as the subsequent year budgets. Overall the budget challenges are significantly fewer and the funding is definitely more stable than what has been experienced the past. The State of California has set aside surplus revenues to be used as needed in future years when the economy has another down turn.

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

Budget assumptions going through the 2019-2020 fiscal year would indicate potentially small to no increases unless enrollment numbers exceed budgeted projections. The impact on the District's reserve and the required expenditures to meet the Strategic Plan and the District's mission and goals in providing necessary instructional and student support services, will require constant attention and prioritization.

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

Feather River Community College District pays all of the health insurance costs for eligible employees hired prior to 1994. A second retiree medical plan was established for employees hired after 1994 that limits total OPEB liability by providing a defined contribution plan. Feather River Community College District pays its post-1994 retiree health insurance costs on an accrual basis. The pre-1994 plan is paid on a "pay as you go" basis. 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. Based on the implementation of Statement No. 75, the District's July 1, 2017 net position was restated decreasing net position by $793,127 because of the recognition of the total OPEB liability.

Feather River Community College District will continue to experience success with the leadership of our Board of Trustees, Superintendent/President, our outstanding faculty, and dedicated classified support staffs. With key plans in place such as the District's Strategic Plan, Educational Plan, Operational Plan, Comprehensive/Annual Program Reviews, and a supportive Operating Budget, the District is in a position to support and enhance the direction of our Mission Statement. As the Mission Statement reads, "Feather River College provides high-quality, comprehensive student education as well as opportunities for learning, workforce preparation, and achievement in a small college environment. The College provides genera education, associate and bachelor's degrees, certificates, transfer programs, and life-long learning for a diverse student population by serving local, regional, national and international students through traditional face–to-face instruction as well as distance education. The College also serves as a cultural and economic leader for all communities that lie within the District and embraces the opportunities afforded by its natural setting."

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

FEATHER RIVER COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
June 30, 2018

ASSETS	
Current assets:	
Cash and cash equivalents	$ 11,424,098
Receivables, net	1,380,846
Notes receivable from Foundation, current	43,014
Stores inventories	85,343
Prepaid expenses	3,843
Total current assets	12,937,144
Noncurrent assets:	
Restricted cash and cash equivalents	18,887
Notes receivable from Foundation, noncurrent	378,114
Non-depreciable capital assets	1,384,239
Depreciable capital assets, net	10,859,152
Total noncurrent assets	12,640,392
Total assets	25,577,536
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - OPEB	167,725
Deferred outflows of resources - pensions	4,027,899
Total deferred outflows	4,195,624
Total assets and deferred outflows of resources	$ 29,773,160
LIABILITIES	
Current liabilities:	
Accounts payable	$ 1,114,612
Unearned revenue	3,032,156
Compensated absences payable - current portion	583,959
Long-term debt - current portion	121,935
Total current liabilities	4,852,662
Noncurrent liabilities:	
Long-term debt - noncurrent portion	15,856,361
Total liabilities	20,709,023
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions	860,000
NET POSITION	
Net investment in capital assets	12,035,177
Restricted for:	
Expendable:	
Legally restricted programs	3,843
Capital projects	12,881
Unrestricted	(3,847,764)
Total net position	8,204,137
Total liabilities, deferred inflows of resources, and net position	$ 29,773,160

See accompanying notes to the basic financial statements.

FEATHER RIVER COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT -
FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A Nonprofit Organization)
STATEMENT OF FINANCIAL POSITION
June 30, 2018

ASSETS	
Current assets:	
Cash and cash equivalents	$ 745,666
Investments, current	1,070,352
Receivables	19,888
Total current assets	1,835,906
Investments, noncurrent	53,004
Non-depreciable capital assets	412,884
Depreciable capital assets, net	2,855,134
Other assets:	
Deposits	1,900
Horses, net of accumulated depreciation of $208,149	55,011
Total assets	$ 5,213,839
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	$ 81,237
Tenant deposits payable	14,387
Current portion of long-term debt	253,275
Total current liabilities	348,899
Noncurrent liabilities:	
Long-term debt, less current portion	1,590,502
Total liabilities	1,939,401
NET ASSETS	
Unrestricted	2,584,792
Temporarily restricted	639,059
Permanently restricted	50,587
Total net assets	3,274,438
Total liabilities and net assets	$ 5,213,839

See accompanying notes to the basic financial statements.

FEATHER RIVER COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
For the Year Ended June 30, 2018

Operating revenues:	
Tuition and fees	$ 2,196,348
Less: scholarship discounts and allowances	(1,050,314)
Net tuition and fees	1,146,034
Grants and contracts, non-capital:	
Federal	2,986,256
State	3,437,491
Local	1,126,795
Auxiliary enterprise sales and charges	21,425
Total operating revenues	8,718,001
Operating expenses:	
Salaries	9,443,351
Employee benefits	4,217,600
Supplies, materials, and other operating expenses and services	5,358,371
Utilities	570,075
Depreciation	617,325
Student financial aid and scholarships	3,818,523
Total operating expenses	24,025,245
Loss from operations	(15,307,244)
Non-operating revenues (expenses):	
State apportionment, non-capital	6,526,489
Local property taxes	6,323,194
State taxes and other revenues	456,560
Interest expense on capital asset related debt	(8,377)
Interfund Transfers in	2,156,909
Interest income	66,645
Pell grants	1,475,438
Total non-operating revenues	16,996,858
Loss before capital revenues	1,689,614
Capital revenues:	
Local property taxes and revenues	1,183,396
Change in net position	2,873,010
Net position, July 1, 2017	6,124,254
Cumulative effect of GASB 75 implementation	(793,127)
Net position, beginning of year, as restated	5,331,127
Net position, June 30, 2018	$ 8,204,137

See accompanying notes to the basic financial statements.

FEATHER RIVER COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT -
FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A Nonprofit Organization)
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:				
Contributions	$ -	$ 154,409	$ -	$ 154,409
Registration fees	17,050	-	-	17,050
Contributions by Feather River College	48,000	-	-	48,000
Rental income	639,785	-	-	639,785
Investment income	5,489	3,243	-	8,732
Other operating income	28,135	140,411	-	168,546
Gain on sale of horses / livestock	-	117,160	-	117,160
Fish sales, net	-	975	-	975
Fundraising income, net	-	43,838	-	43,838
Net assets released from restrictions	216,149	(216,149)	-	-
Total revenues, gains and other support	954,608	243,887	-	1,198,495
Expenses:				
Program services:				
Fitness center operations	14,156	-	-	14,156
College housing operations	755,035	-	-	755,035
Scholarships granted	21,800	-	-	21,800
Supporting services:				
Management and general	196,749	-	-	196,749
Total expenses	987,740	-	-	987,740
Change in net assets	(33,132)	243,887	-	210,755
Net assets, July 1, 2017	2,617,924	395,172	50,587	3,063,683
Net assets, June 30, 2018	$ 2,584,792	$ 639,059	$ 50,587	$ 3,274,438

See accompanying notes to the basic financial statements.

FEATHER RIVER COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2018

Cash flows from operating activities:	
Tuition and fees	$ 875,300
Federal grants and contracts	3,016,644
State grants and contracts	3,615,030
Local grants and contracts	2,064,730
Payments to suppliers	(5,561,977)
Payment for utilities	(570,075)
Payments to employees and benefits	(13,047,484)
Payments to students	(3,818,523)
Loan to foundation	43,866
Transfers in	2,156,909
Auxiliary enterprises sales and charges	26,284
Net cash used in operating activities	(11,199,296)
Cash flows from noncapital financing activities:	
State appropriations	6,867,167
Local property taxes	6,323,194
State taxes and other revenues	456,560
Pell grants	1,475,438
Net cash provided by noncapital financing activities	15,122,359
Cash flows from capital and related financing activities:	
Local revenue for capital purposes	1,183,396
Purchase of capital assets	(311,032)
Principal paid on capital debt	(118,918)
Interest expense	(8,377)
Net cash used in capital and related financing activities	745,069
Cash flows from investing activities:	
Investment income	66,645
Net cash provided by investing activities	66,645
Change in cash and cash equivalents	4,734,777
Cash balance, beginning of year	6,708,208
Cash balance, end of year	$ 11,442,985

(Continued)

Reconciliation of loss from operations to net cash used in operating activities:	
Loss from operations	$ (15,307,244)
Adjustments to reconcile loss from operations to net cash used in operating activities:	
Depreciation expense	617,325
Interfund transfers in	2,156,909
Changes in assets and liabilities:	
Receivables, net	(213,092)
Inventory and prepaids	41,576
Deferred outflows of resources - pensions	(1,319,967)
Deferred outflows of resources - OPEB	(167,725)
Accounts payable	(245,182)
Unearned revenue	1,136,945
Compensated absences	60,255
Total OPEB liability	(85,096)
Net pension liability	1,852,000
Deferred inflows of resources - pensions	274,000
Net cash used in operating activities	$ (11,199,296)

FEATHER RIVER COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT -
FEATHER RIVER COMMUNITY COLLEGE FOUNDATION, INC.
(A Nonprofit Organization)
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2018

Cash flows from operating activities:	
Change in net assets	$ 210,755
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	169,335
Amortization	26,756
Donated horses included in contributions	(31,349)
Increase in tenant payable	6,355
Gain on sale of horses / equipment	(117,160)
Decrease in accounts receivable	25,408
Decrease in accounts payable and accrued expenses	(75,098)
Net cash provided by operating activities	215,002
Cash flows from investing activities:	
Purchase of fixed assets	(104,385)
Purchase of investments	87,291
Proceeds from the sale of investments	2,200
Purchase of horses	(32,000)
Proceeds from sale of horses	159,162
Net cash provided by investing activities	112,268
Cash flows from financing activities:	
Payments on long-term debt	(230,951)
Net cash used in financing activities	(230,951)
Change in cash and cash equivalents	96,319
Cash and cash equivalents - beginning of year	649,347
Cash and cash equivalents - end of year	$ 745,666
Supplemental disclosure of cash flow information:	
Interest paid	$ 83,343

See accompanying notes to the basic financial statements.

	Agency Fund Associated Students Fund	Trust Fund Retiree Benefit Fund
ASSETS		
Cash and cash equivalents	$ 1,058	$ -
Total assets	$ 1,058	$ -
LIABILITIES AND NET POSITION		
Amounts held for others	$ 1,058	$ -
Total liabilities	$ 1,058	-
Net position held in trust		-
Total liabilities and net position		$ -

See accompanying notes to the basic financial statements.

FEATHER RIVER COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2018

	Retiree Benefits Fund
Additions:	
Additions	$ -
Deductions:	
Interfund transfers out	2,156,909
Excess of deductions over additions	(2,156,909)
Net position held in trust:	
Net position, July 1, 2017	2,156,909
Net position, June 30, 2018	$ -

See accompanying notes to the basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Fair Value of Investments: The District records its investment in funds held by Plumas County Treasury at fair value. Changes in fair value are reported as revenue in the Statement of Revenues, Expenses and Change in Net Position. The fair value of investments, including the Plumas County Treasury external investment pool, at June 30, 2018 approximated their carrying value.

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

Receivables: Receivables consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of California. Receivables also include amounts due from the Federal Government, State and Local Governments, or private sources, in connection with reimbursements of allowable expenditures made pursuant to the District's grants and contracts. The District provides an allowance for doubtful accounts as an estimation of amounts that may not be received. The allowance is based on management's estimates and historical analysis.

Foundation receivables are amounts due from students for housing in the residence halls. An allowance for doubtful accounts is established for accounts that management believes are uncollectible. At June 30, 2018 no allowance for doubtful accounts was deemed necessary.

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets: Capital assets are recorded at the date of acquisition, or the acquisition value at the date of donation in the case of gifts. For equipment, the District's capitalization policy included all items with a unit cost of $5,000 or more, and estimated useful life of greater than one year. The Foundation's policy is to capitalize property and equipment greater than $500. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 5 – 30 years depending on asset type.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred outflow of resources relate to recognition of the net pension liability and total OPEB liability reported in the Statement of Net Position.

In addition to liabilities, the statement of net position will sometimes report 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 net pension liability reported which is in the Statement of Net Position.

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

	STRP	PERF B	Total
Deferred outflows of resources	$ 1,561,147	$ 2,466,752	$ 4,027,899
Deferred inflows of resources	$ 715,000	$ 145,000	$ 860,000
Net pension liability	$ 5,696,000	$ 7,902,000	$ 13,598,000
Pension expense	$ 1,136,611	$ 1,311,980	$ 2,448,591

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Restricted net position: Restricted expendable net position include resources in which the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. Nonexpendable restricted net position consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. At June 30, 2018, there is no balance of nonexpendable restricted net position.

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

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District first applies the expense toward restricted resources, then to unrestricted resources.

On-Behalf Payments: GASB Statement No. 24 requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees of another legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers' and Public Employees' Retirement System on behalf of all Community Colleges in California. The government-wide conversion entries relating to the pension reporting requirements of GASB Statement No. 68 rely on LEAs having recognized the state's on-behalf pension contribution in their funds. Prior to the issuance of GASB Statement No. 68, the district recorded this entry at the consolidation entry level for GASB Statement No. 35 business-type activity reporting.

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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard prudence prescribed by UPMIFA.

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Scholarship Discounts and Allowances: Student tuition and fee revenue are reported net of the Board of Governors fee waiver and allowances in the Statement of Revenues, Expenses and Change in Net Position. Scholarship discounts and allowances represent the difference between stated charges for goods and services provided by the District and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants and other federal, state and nongovernmental programs, are recorded as revenues in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship discount and allowance.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

Tax Status of the Foundation: The Foundation is a nonprofit public benefit corporation exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Foundation has been classified as an organization that is not a private foundation and has been designated as a "publicly supported" organization. Contributions to the Foundation are deductible under Section 170(c)(2). The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation does not expect the total amount of unrecognized total benefits to significantly change in the next 12 months. Interest and penalties on tax assessments are classified as an expense when incurred. For the year ended June 30, 2018, the Foundation did not incur any interest or penalties.

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements: 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. Based on the implementation of Statement No. 75, the District's July 1, 2017 net position was restated decreasing net position by $793,127 because of the recognition of the total OPEB liability.

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

	District	Foundation	Agency Funds
Pooled Funds:			
Cash in County Treasury	$ 11,335,440	$ -	$ -
Deposits:			
Cash on hand and in banks	107,545	745,666	1,058
Total cash and cash equivalents	11,442,985	745,666	1,058
Less: restricted cash	18,887	-	-
Net cash and cash equivalents	$ 11,424,098	$ 745,666	$ 1,058
Investments	$ -	$ 1,123,356	$ -

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2018, the carrying amount of the District and fiduciary accounts in banks was $127,490 and the bank balance totaled $176,435, of which all was FDIC insured.

The Foundation limits custodial credit risk by ensuring uninsured balances are collateralized by respective financial institution. Cash balances held in banks are insured up to $250,000 by the FDIC and are collateralized by the respective financial institution. At June 30, 2018, the carrying amount of the Foundation's cash on hand and in banks was $745,666 and the bank balance was $822,749, of which $415,894 was FDIC insured and $406,855 remained uninsured.

(Continued)

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

Cash in County Treasury: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Plumas County Treasurer's Investment Fund. The District is considered to be an involuntary participant in an external investment pool. 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 by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

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

The District's deposits in the fund are considered to be highly liquid. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The County Treasurer has indicated that there are no derivatives in the pool as of June 30, 2018.

Custodial Credit Risk: The California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits and collateral is considered to be held in the name of the District. All cash held by financial institutions is entirely insured or collateralized.

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

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

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2018, the District has no significant interest rate risk related to cash and investments held.

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

Concentrations of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2018, the District had no concentrations of credit risk.

(Continued)

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

Foundation Investments: Investments are stated at fair value as of June 30, 2018 and consist of revenue bond proceeds and endowed contributions invested in the following mutual fund and community foundation:

US Bank Mutual Funds, short-term	$ 1,070,352
Investment in Foundation for California Community Colleges Scholarship Endowment (FCCC/Osher), long-term	53,004
	$ 1,123,356

The Foundation invests in a pooled scholarship endowment fund, FCCC/Osher, managed by the Foundation for California Community Colleges (FCCC). The objective of the Foundation's investment in FCCC/Osher is to grow the Foundation's investments through the Bernard Osher Foundation pledge to match funds contributed to FCCC/Osher. Funds invested in the endowment fund by the Foundation cannot be removed at any time. The investment managers engaged by FCCC are required to follow specific guidelines set forth by FCCC with respect to the various types of allowable investments purchased and held by the pool. Accordingly, the estimated fair value of these investments is based on information provided by external investment managers engaged by FCCC. At June 30, 2018, the Foundation investment in pool consisted of 5% cash and short term investments, and 95\% equity securities.

The following presents information about the Foundation's assets measured at fair value on a recurring basis as of June 30, 2018, and indicates the fair value hierarchy of the valuation techniques utilized by the Foundation to determine such fair value based on the hierarchy:

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

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

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

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

Description	Fair Value	Level 1	Level 2	Level 3
Investment securities:				
FCCC/Osher**	$ 53,004	$ -	$ -	$ -
Mutual funds	1,070,352	1,070,352	-	-
	$ 1,123,356	$ 1,070,352	$ -	$ -

(Continued)

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

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.

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

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

FCCC/Osher - The fair value of the investments held by FCCC were based upon the net asset values ("NAVs") of the assets at June 30, 2018. The fair value of the funds held by FCCC is based upon the Foundation's proportionate share of the FCCC/Osher pooled investment portfolio. Foundation management reviews the valuations and returns in comparison to industry benchmarks and other information provided by FCCC, but there is currently no visibility provided by FCCC to the specific listing of underlying investment holdings.

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

NOTE 3 - RECEIVABLES

Receivables:	
Federal	$ 242,840
State	888,970
Local and other, net of allowance	249,036
	$ 1,380,846

The allowance for doubtful accounts of $486,409 is maintained at an amount that management considers sufficient to fully reserve and provide for possible uncollectibility of student fees receivable.

At June 30, 2018, the Foundation had $19,888 in receivables due from local sources.

NOTE 4 - NOTE RECEIVABLE FROM FOUNDATION

The District entered into a unsecured loan agreement up to the amount of $350,000 with the Foundation for the purpose of financing repairs for the Feather River College Residence Halls, dated May 27, 2010. Effective December 15, 2010, the loan agreement was modified reducing the maximum loan agreement to the amount of $300,000. The note accrues interest, tied to the Plumas County Pooled Money Investment Account combined rate of return on county funds, with interest only payments for the first five years. As of June 30, 2018, the nominal interest rate was at 2%. Principal and interest payments will be made for the remaining 15 years, with the final installment due August 1, 2030. As of June 30, 2018, the Foundation had drawn down $194,876.

The District entered into a loan agreement up to the amount of $365,000 with the Foundation for the purpose of purchasing the Meadows Apartment Complex, dated September 11, 2014. The note is non-interest bearing. Principal payments will be made twice annually for no more than 15 years, with the final installment due before June 30, 2027. As of June 30, 2018, the Foundation had drawn down $276,347, with an outstanding balance of $216,728.

NOTE 5 - CAPITAL ASSETS

District capital asset activity consists of the following:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Non-depreciable:				
Land	$ 1,330,261	$ 53,978	$ -	$ 1,384,239
Depreciable:				
Land improvements	476,563	-	-	476,563
Buildings & building improvements	17,663,303	105,078	-	17,768,381
Equipment	4,713,209	151,976	-	4,865,185
Total	24,183,336	311,032	-	24,494,368
Less accumulated depreciation:				
Land improvements	(419,795)	(9,300)	-	(429,095)
Buildings	(7,309,358)	(461,148)	-	(7,770,506)
Equipment	(3,904,499)	(146,877)	-	(4,051,376)
Total	(11,633,652)	(617,325)	-	(12,250,977)
Capital assets, net	$ 12,549,684	$ (306,293)	$ -	$ 12,243,391

(Continued)

NOTE 5 - CAPITAL ASSETS (Continued)

Foundation capital asset activity consists of the following:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Non-depreciable:				
Land	$ 412,884	$ -	$ -	$ 412,884
Depreciable:				
Buildings and improvements	4,589,109	-	-	4,589,109
Machinery and equipment	253,256	45,211	-	298,467
Furniture and fixtures	154,635	59,174	-	213,809
Total	5,409,884	104,385	-	5,514,269
Less accumulated depreciation:				
Buildings and improvements	(1,696,345)	(125,469)	-	(1,821,814)
Machinery and equipment	(225,745)	(14,786)	-	(240,531)
Furniture and fixtures	(169,962)	(13,944)	-	(183,906)
Total	(2,092,052)	(154,199)	-	(2,246,251)
Capital assets, net	$ 3,317,832	$ (49,814)	$ -	$ 3,268,018

NOTE 6 - UNEARNED REVENUE

Unearned revenue for the District consisted of the following:

Unearned federal and state revenue	$ 2,148,627
Unearned local revenue	676,159
Unearned tuition and other student fees	207,370
Total unearned revenue	$ 3,032,156

(Continued)

NOTE 7 - LONG-TERM LIABILITIES (Continued)

Property Note Payable: In December 2015 the District entered into an agreement to buy property at 50 E Central Avenue, Quincy, CA. There are no interest payments associated with the note payable and future payments are scheduled as follows:

Year Ending June 30,	
2019	$ 15,000

Capitalized Lease Obligations: The District leases certain equipment and software with a gross book value of $507,472, with accumulated amortization of $334,389, for a net book value of $173,083, under long-term lease purchase agreements. The following is a schedule of future minimum lease payments for capitalized lease obligations as of June 30, 2018:

Year Ending June 30,	Lease Payments
2019	$ 112,295
2020	88,531
Total payments	200,826
Less amount representing interest	(7,612)
Net minimum lease payments	$ 193,214

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

	Restated Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Amounts Due Within One Year
Capitalized lease obligations	$ 297,132	$ -	$ 103,918	$ 193,214	$ 106,935
Compensated absences	523,704	60,255	-	583,959	583,959
Property note	30,000	-	15,000	15,000	15,000
Net pension liability	11,746,000	1,852,000	-	13,598,000	-
Total OPEB liability	2,257,178	82,629	167,725	2,172,082	-
	$ 14,854,014	$ 1,994,884	$ 286,643	$ 16,562,255	$ 705,894

(Continued)

NOTE 7 - LONG-TERM LIABILITIES (Continued)

Foundation Student Housing Bonds: As of June 30, total bonds payable issued through the direct placement with The Depository Trust Company through the California Community College Financing Authority ("CCCFA") and associated interest rates and maturities are as follows:

Student Housing Bonds: As of June 30, 2018, total bonds payable issued through the direct placement with The Depository Trust Company through the California Community College Financial Authority ("CCCFA") and associated interest rates and maturities are as follows

	Interest Rate	Maturity	2018	2017
CCCFA Series 2003	3.56% to 5.30%	5/1/2003 to 7/1/2022	$ 1,475,000	$ 1,670,000
Unamortized debt insurance costs			(42,827)	(69,583)
Total bonds payable			$ 1,432,173	$ 1,600,417

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

Year Ending June 30,	
2019	$ 210,000
2020	220,000
2021	230,000
2022	240,000
2023	575,000
	$ 1,475,000

NOTE 7 - LONG-TERM LIABILITIES (Continued)

Foundation Residence Hall Loan: The Foundation entered into a loan agreement up to the amount of $350,000 with the District for the purpose of financing the repairs for the Feather River College Residency Halls, dated May 27, 2010. Effective December 15, 2010, the loan agreement was modified changing the maximum loan agreement up to the amount of $300,000. The note accrues interest by formula tied to the Plumas County Pooled Money Investment Account combined rate of return on county funds with interest only payments for the first five years, due August 1. As of June 30, 2017, the nominal interest rate was at 2%. Principal and interest payments will be made for the remaining 14 years, with the final installment due August 1, 2030. As of June 30, 2018 and 2017, the Foundation had drawn down $207,890. Future principal payments at June 30, 2018 are scheduled as follows:

Year Ending June 30,	
2019	$ 13,275
2020	13,540
2021	13,811
2022	14,087
2023	14,369
2024-2028	76,272
2029-2031	49,522
	$ 194,876

Foundation Meadows Apartment Loan: The Foundation entered into a loan agreement up to the amount of $365,000 with the District for the purpose of purchasing the Meadows Apartment Complex, dated September 11, 2014. The note is non-interest bearing, with imputed interest of three percent. Principal payments will be made twice annually for no more than 15 years, with the final installment due before June 30, 2027. As of June 30, 2018, the Foundation had drawn down $276,347.

Year Ending June 30,	
2019	$ 30,000
2020	30,000
2021	30,000
2022	30,000
2023	30,000
2024-2027	96,347
	246,347
Less amounts representing interest	(29,619)
	$ 216,728

(Continued)

NOTE 7 - LONG-TERM LIABILITIES (Continued)

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

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Amounts Due Within One Year
Student housing bonds	$ 1,600,417	$ 26,756	$ 195,000	$ 1,432,173	$ 210,000
Loans from District:					
Residence hall	207,890	-	13,014	194,876	13,275
Meadows apartments, net	239,665	-	22,937	216,728	30,000
	$ 2,047,972	$ 26,756	$ 230,951	$ 1,843,777	$ 253,275

The Foundation is subject to certain covenants in accordance with its long-term liability agreements. As of June 30, 2018, management believes the Foundation was in compliance with these covenants.

NOTE 8 - PROPERTY TAXES

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

NOTE 9 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

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

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

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

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

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

CalSTRS 2% at 60

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

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

CalSTRS 2% at 62

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

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

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

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

Members – Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2017-18. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 9.205 percent of applicable member earnings for fiscal year 2017-18.

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

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

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

Employers – 14.43 percent of applicable member earnings for fiscal year 2017-18.

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

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

Effective Date	Prior Rate	Increase	Total
July 01, 2017	8.25%	6.18%	14.43%
July 01, 2018	8.25%	8.03%	16.28%
July 01, 2019	8.25%	9.88%	18.13%
July 01, 2020	8.25%	10.85%	19.10%
July 01, 2021 to June 30, 2046	8.25%	*	*
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

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

The District contributed $485,147 to the plan for the fiscal year ended June 30, 2018.

State – 9.328 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year for fiscal year 2017-18.

Also as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046. The CalSTRS state contribution rates effective for fiscal year 2017-18 and beyond are summarized in the table below.

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

(Continued)

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

Effective Date	Base Rate	AB 1469 Increase For 1990 Benefit Structure	SBMA Funding (1)	Total State Appropriation to DB Program
July 01, 2018	2.017%	5.311%(2)	2.50%	9.828%
July 01, 2019 to June 30, 2046	2.017%	(3)	2.50%	(3)
July 01, 2046 and thereafter	2.017%	(4)	2.50%	4.517%(3)

(1)This rate does not include the $72 million reduction in accordance with Education Code Section 22954.
(2)In May 2018 the board of CalSTRS exercised its limited authority to increase the state contribution rate by 0.5 percent of the payroll effective July 1, 2018.
(3)The CalSTRS board has limited authority to adjust state contribution rates annually through June 30, 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0 percent. 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.
(4) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining 1990 unfunded actuarial obligation.

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

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$ 5,696,000
State's proportionate share of the net pension liability associated with the District	3,370,000
Total	$ 9,066,000

At June 30, 2018, the net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts and the State. At June 30, 2017, the District's proportion was 0.006 percent, which was a decrease of 0.001 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of $1,136,611 and revenue of $471,659 for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 21,000	$ 99,000
Changes of assumptions	1,055,000	-
Net differences between projected and actual earnings on investments	-	152,000
Changes in proportion and differences between District contributions and proportionate share of contributions	-	464,000
Contributions made subsequent to measurement date	485,147	-
Total	$ 1,561,147	$ 715,000

$43,806 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2019	$ (57,450)
2020	$ 162,550
2021	$ 81,550
2022	$ (66,784)
2023	$ 79,967
2024	$ 161,167

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of June 30, 2017. 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 2016-17 STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016 and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

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

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the CalSTRS board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

(Continued)

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

Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Global Equity	47%	6.30%
Fixed Income	12	0.30
Real Estate	13	5.20
Private Equity	13	9.30
Absolute Return / Risk Mitigating Strategies	9	2.90
Inflation Sensitive	4	3.80
Cash / Liquidity	2	(1.00)

* 20-year geometric average

Discount Rate: The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per Assembly Bill 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$ 8,364,000	$ 5,696,000	$ 3,531,000

(Continued)

NOTE 9 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (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 10 - NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

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

The Plan was established to provide retirement, death and disability benefits to non-teaching and noncertified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at:

https://www.calpers.ca.gov/docs/forms-publications/cafr-2017.pdf

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

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

(Continued)

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

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2018 were as follows:

Members – The member contribution rate was 6.50 or 7.50 percent of applicable member earnings for fiscal year 2017-18.

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

The District contributed $685,752 to the plan for the fiscal year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of $7,902,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts. At June 30, 2017, the District's proportion was 0.033 percent, which remained the same from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of $1,311,980. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 283,000	$ -
Changes of assumptions	1,154,000	93,000
Net differences between projected and actual earnings on investments	273,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	71,000	52,000
Contributions made subsequent to measurement date	685,752	-
Total	$ 2,466,752	$ 145,000

(Continued)

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

$685,752 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2019	$	423,917
2020	$	802,917
2021	$	558,917
2022	$	(149,751)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2017 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Actuarial Methods and Assumptions: The total pension liability for the 2017-18 Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2016
Experience Study	June 30, 1997, through June 30, 2011
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.75%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.75% thereafter

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

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

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

(Continued)

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

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

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

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

Discount Rate: The discount rate used to measure the total pension liability was 7.15 percent in fiscal year 2017-18. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS' website.

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

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

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	$ 11,626,000	$ 7,902,000	$ 4,812,000

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

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS

General Information Other Postemployment Benefits Plan (OPEB)

Non - Peralta Group

Plan Description: In addition to the pension benefits described in Notes 9 and 10, the District provides post-employment health care benefits under a single employer defined benefit OPEB plan to eligible retirees and their spouses through an implicit rate subsidy for all retirees who elect to purchase benefits at the District's negotiated insurance premium rates. The plan does not issue separate financial statements.

The Feather River Community College District's Retiree Health Care Plan (Plan) is is calculated on a prorated basis, up to a maximum of 10 years, based on years of service. The District operates the single-employer defined benefit OPEB Plan on a pay-as-you-go basis and pays a set amount each month towards the cost of the medical coverage. Any costs in excess of this amount will be paid by the retiree. If the eligible employee remains in the Plan after the age of 64, the retirees must pay 100% of their premiums resulting in no liability for the District. Although the plan has no segregated assets, for employees hired before August 1, 1994, a fund was established in 1995-96 to accumulate funds to pay for the District's share of future medical premiums of eligible future retirees. The District's Governing Board has the authority to establish or amend the benefit terms offered by the Plan. The District's Governing Board also retains the authority to establish the requirements for paying the Plan benefits as they come due. As of June 30, 2018, the District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's Total OPEB Liability.

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2018:

	Number of Participants
Inactive Plan members, covered spouses, or beneficiaries currently receiving benefits	6
Inactive employees/dependents entitled to but not yet receiving benefits	-
Active employees	4
	10

Benefits Provided: Benefits are available to faculty, classified staff and management. Spouses and dependents of eligible retirees are also eligible for medical coverage. Benefits include $359 per month once an eligible employee reaches 50 years old, however benefits are stopped once a participant reaches 65 years old.

Contributions: California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the Governing Board. Retirees participating in the group insurance plans offered by the District are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The District's premium rates being charged to these retirees are lower than the expected cost for a retiree population under age 65. Thus, an implicit subsidy exists as a result of this difference between the actual cost and the true retiree cost.

Contributions to the Plan from the District were $43,806 for the year ended June 30, 2018. Employees are not required to contribute to the OPEB plan.

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of July 1, 2017.

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions: The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2017
Fiscal Year End	June 30
Actuarial Value of Assets	Market Value
Mortality Rate	PERS - Non-work related rated developed in 2014 California PERS experience study. STRS - Match rates developed in 2010 experience study.
Discount Rate as of 6/30/2017	3.5%. Based on the June 29, 2017 Bond Buyer 20-Bond Index, as published by the Federal Reserve.
Assumed Investment Return	Not applicable since the plan is unfunded.
Retirement Rate	Retirement rates match rates developed in the most recent experience studies for California PERS (2014) and California STRS (2010)
Inflation Rate	2.75% per year
Dependent Coverage	Female spouses are assumed to be three years younger than male spouses. 80% of retirees are assumed to be married. Current retirees are valued based on elected coverage.
Health Claims	Using the 2017 premium rates, we developed an age-adjusted average per capita cost for each plan reflecting enrollments for the current active and per-65 retiree population.
Funding Method	Entry Age Cost Method (Level Percentage of Pay).
Health Trend Rate:	4%

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rate: Given the District's decision not to fund the program, all future benefit payments were discounted using a high quality municipal bond rate of 3.5%. The municipal bond rate was based on the week closest but not later than the measurement date of the June 30, 2017 index as published by the Federal Reserve. The June 30, 2017 index consists of 11 general obligation bonds that mature in 20 years. The average rating of the 11 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	$ 253,580
Changes for the year:	
Service cost	1,032
Interest	8,126
Changes of benefit terms	-
Differences between actual and expected experience	-
Changes in assumptions	-
Benefit payments	(43,806)
Administrative expenses	-
Net change	(34,648)
Balance at June 30, 2018	$ 218,932

There were no changes between the measurement date and the year ended June 30, 2018 which had a significant effect on the District's total OPEB liability.

Sensitivity of the Total OPEB Liability to changes in the Discount Rate: The following presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	$ 225,522	$ 218,932	$ 212,718

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates: The following presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (3.00%)	Healthcare Cost Trend Rates Rate (4.00%)	1% Increase (5.00%)
Total OPEB liability	$ 213,090	$ 218,932	$ 224,734

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of $9,158. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	-	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Benefits paid subsequent to measurement date	43,806	-
Total	$ 43,806	$ -

$43,806 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019.

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Peralta Group

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

The District’s Governing Board has the authority to establish or amend the benefit terms offered by the Plan. The District’s Governing Board also retains the authority to establish the requirements for paying the Plan benefits as they come due. As of June 30, 2018, the District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District’s Total OPEB Liability.

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2018:

	Number of Participants
Inactive Plan members, covered spouses, or beneficiaries currently receiving benefits	14
Inactive employees/dependents entitled to but not yet receiving benefits	-
Active employees	1
	15

Benefits Provided*:* The benefits valued in this report are those provided in accordance with a legal settlement. The benefits are, basically, medical benefits provided to retirees with at least 10 years of service who retire at age 55 or older.

Contributions: California Government Code specifies that the District’s contribution requirements for covered employees are established and may be amended by the Governing Board. Retirees participating in the group insurance plans offered by the District are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The District’s premium rates being charged to these retirees are lower than the expected cost for a retiree population under age 65. Thus, an implicit subsidy exists as a result of this difference between the actual cost and the true retiree cost.

Contributions to the Plan from the District were $123,919 for the year ended June 30, 2018. Employees are not required to contribute to the OPEB plan.

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of July 1, 2017 .

Actuarial Assumptions: The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2017
Fiscal Year End	June 30
Actuarial Value of Assets	Market Value
Mortality Rate	PERS - Non-work related rated developed in 2014 California PERS experience study. STRS - Match rates developed in 2010 experience study.
Discount Rate as of 6/30/2017	3.5%. Based on the June 29, 2017 Bond Buyer 20-Bond Index, as published by the Federal Reserve.
Assumed Investment Return	Not applicable since the plan is unfunded.
Retirement Rate	Retirement rates match rates developed in the most recent experience studies for California PERS (2014) and California STRS (2010)
Inflation Rate	2.75% per year
Dependent Coverage	Female spouses are assumed to be three years younger than male spouses. 80% of retirees are assumed to be married. Current retirees are valued based on elected coverage.

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Health Claims	Using the 2017 premium rates, we developed an age-adjusted average per capita cost for each plan reflecting enrollments for the current active and per-65 retiree population.
Funding Method	Entry Age Cost Method (Level Percentage of Pay).
Health Trend Rate:	4%

Discount Rate: Given the District's decision not to fund the program, all future benefit payments were discounted using a high quality municipal bond rate of 3.5%. The municipal bond rate was based on the week closest but not later than the measurement date of the June 30, 2017 index as published by the Federal Reserve. The June 30, 2017 index consists of 11 general obligation bonds that mature in 20 years. The average rating of the 11 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	$ 2,003,598
Changes for the year:	
Service cost	5,421
Interest	68,050
Changes of benefit terms	-
Differences between actual and expected experience	-
Changes in assumptions	-
Benefit payments	(123,919)
Administrative expenses	-
Net change	(50,448)
Balance at June 30, 2018	$ 1,953,150

There were no changes between the measurement date and the year ended June 30, 2018 which had a significant effect on the District's total OPEB liability.

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to changes in the Discount Rate: The following presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	$ 2,133,596	$ 1,953,150	$ 1,797,180

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates: The following presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (3.00%)	Healthcare Cost Trend Rates Rate (4.00%)	1% Increase (5.00%)
Total OPEB liability	$ 1,797,590	$ 1,953,150	$ 2,128,272

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of $73,471. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	-	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Benefits paid subsequent to measurement date	123,919	-
Total	$ 123,919	$ -

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

$123,919 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

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

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

Construction Commitments: As of June 30, 2018, the District had no outstanding construction commitments on construction contracts.

NOTE 13 - JOINT POWERS AGREEMENTS

The District is a member of Northern California Community Colleges Self Insurance Authority (NCCCSIA), a joint powers authority established to provide workers' compensation and property/liability insurance. The following is a summary of current financial information available for NCCCSIA at June 30, 2016 (the most recent information available):

Total assets	$	2,865,827
Total liabilities	$	893,853
Net position	$	1,971,974
Total revenues	$	7,815,664
Total expenses	$	7,883,792
Change in net position	$	(68,128)

(Continued)

NOTE 13 - JOINT POWERS AGREEMENTS (Continued)

The District is also a member of Tri-County Schools Insurance Group (TRI-SIG). This is a joint powers authority providing health insurance. The following is a summary of current financial information for June 30, 2017 (the most recent information available):

Total assets	$	18,722,833
Deferred outflows of resources	$	183,953
Total liabilities	$	9,365,157
Deferred inflows of resources	$	19,160
Net position	$	9,522,469
Total revenues	$	42,870,151
Total expenses	$	39,467,946
Change in net position	$	3,402,205

In addition, the District is a member of Statewide Association of Community Colleges (SWACC). This is a joint powers authority, which provides excess liability coverage. The following is a summary of financial information at June 30, 2018:

Total assets	$	52,332,118
Total liabilities	$	34,316,883
Net position	$	18,015,235
Total revenues	$	22,350,363
Total expenses	$	29,435,105
Change in net position	$	(7,084,742)

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

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

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

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

(Continued)

NOTE 14 - OPERATING EXPENSES

The following schedule details the functional classifications of the operating expenses reported in the statement of revenues, expenses and change in net position for the year ended June 30, 2018.

	Salaries	Employee Benefits	Supplies Materials and Other Operating Expenses	Utilities	Depreciation	Student Financial Aid and Scholar-ships	Total
Instruction	$ 4,544,126	$ 1,338,066	$ 3,221,122	$ -	$ -	$ -	$ 9,103,314
Academic Support	563,494	224,406	101,517	-	-	-	889,417
Student Services	2,007,059	806,275	623,222	-	-	-	3,436,556
Operations and Mainten-ance of Plant	805,114	404,833	599,470	-	-	-	1,809,417
Institution Support	864,161	997,183	820,891	570,075	-	-	3,252,310
Community Services and Economic Development	7,444	655	3,684	-	-	-	11,783
Auxiliary Operations	651,953	256,647	292,793	-	-	-	1,201,393
Student Aid	-	-	-	-	-	3,818,523	3,818,523
Physical Property and Related Acquisitions	-	-	-	-	617,325	-	617,325
	$ 9,443,351	$ 4,028,065	$ 5,662,699	$ 570,075	$ 617,325	$ 3,818,523	$ 24,140,038

NOTE 15 - RELATED PARTY TRANSACTIONS

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

The Foundation and the District have entered into an agreement regarding the Feather River Fitness and Recreation Center whereby the District shall reimburse the Foundation for the cost of insurance and to repay the debt created by its purchase. For the fiscal year ended June 30, 2018, the value of the contributions totaled $48,000.

The Foundation and the District entered into an agreement where the District agrees to pay any shortfalls to the Foundation if occupancy of the residency halls falls below a 90% occupancy target. There were no payments under this agreement for the years ended June 30, 2018 and 2017.

The Foundation and the District entered into an agreement wherein the Foundation agrees to pay the district a Management Fee for the operations of the Feather River Resident Halls for the Net Income that is the excess of the 120% debt service covenant required by the bondholders. For the Fiscal Year ended June 30, 2018, the value of that fee was $144,598.

The Foundation and the District entered into an agreement where the District agrees to a bi-annual lease payment for the operations of the Meadows dorm facility payable to the Foundation. For the Fiscal year ended June 30, 2018 and 2017, the value of the contributions is $30,000 for both years.

The Foundation and the District entered into an agreement where the Foundation agrees to reimburse the District for the funds made available for the purchase of the Meadows dorm facility. The term of this agreement is 15 years. For the Fiscal Year ended June 30, 2018 and 2017, the value of the contribution is $30,000 for both years.

(Continued)

NOTE 16 - ENDOWMENT NET ASSETS - FOUNDATION

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ 1,374	$ 50,587	$ 51,961
Investment income	-	855	-	855
Change in fair value of investments	-	2,388	-	2,388
Appropriation of endowment assets for expenditure	-	(2,000)	-	(2,000)
Endowment net assets, end of year	$ -	$ 2,617	$ 50,587	$ 53,204

At June 30, 2018, endowment net assets were donor restricted funds. There were no board restricted endowments.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There was one individual endowment fund with such deficiencies as of June 30, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

FEATHER RIVER COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
For the Year Ended June 30, 2018

Last 10 Fiscal Years
Non - Peralta Group

Total OPEB liability	
Service cost	$ 1,032
Interest	8,126
Change in assumptions	-
Benefit payments	(43,806)
Net change in total OPEB liability	(34,648)
Total OPEB liability, beginning of year	253,580
Total OPEB liability, end of year	$ 218,932
Covered employee payroll	$ 384,859
Total OPEB liability as a percentage of covered-employee payroll	57%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively. The amounts presented for each fiscal year were determined as of the yearend that occurred one year prior. All years prior to 2018 are not available.

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
For the Year Ended June 30, 2018

Last 10 Fiscal Years
Peralta Group

Total OPEB liability	
Service cost	$ 5,421
Interest	68,050
Change in assumptions	-
Benefit payments	(123,919)
Net change in total OPEB liability	(50,448)
Total OPEB liability, beginning of year	2,003,598
Total OPEB liability, end of year	$ 1,953,150
Covered employee payroll	$ 156,893
Total OPEB liability as a percentage of covered-employee payroll	1,245%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively. The amounts presented for each fiscal year were determined as of the yearend that occurred one year prior. All years prior to 2018 are not available.

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

State Teacher's Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018
District's proportion of the net pension liability	0.007%	0.007%	0.007%	0.006%
District's proportionate share of the net pension liability	$ 3,924,000	$ 4,416,000	$ 5,295,000	$ 5,696,000
State's proportionate share of the net pension liability associated with the District	2,370,000	2,335,000	3,014,000	3,370,000
Total net pension liability	$ 6,294,000	$ 6,751,000	$ 8,309,000	$ 9,066,000
District's covered payroll	$ 2,991,000	$ 3,044,000	$ 3,262,000	$ 3,320,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	131%	145%	162%	172%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%

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

All years prior to 2015 are not available.

Public Employers Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018
District's proportion of the net pension liability	0.034%	0.033%	0.033%	0.033%
District's proportionate share of the net pension liability	$ 3,360,000	$ 4,808,000	$ 6,451,000	$ 7,902,000
District's covered payroll	$ 3,554,000	$ 3,612,000	$ 3,919,000	$ 4,222,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	95%	133%	165%	187%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%

The amounts presented for each fiscal year were determined as of the 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	2018
Contractually required contribution	$ 270,321	$ 350,065	$ 417,619	$ 485,147
Contributions in relation to the contractually required required contribution	(270,321)	(350,065)	(417,619)	(485,147)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 3,044,000	$ 3,262,000	$ 3,320,000	$ 3,362,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%

All years prior to 2015 are not available.

(Continued)

Public Employers Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018
Contractually required contribution	$ 425,112	$ 464,238	$ 586,314	$ 685,752
Contributions in relation to the contractually required required contribution	(425,112)	(464,238)	(586,314)	(685,752)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 3,612,000	$ 3,919,000	$ 4,222,000	$ 4,415,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%

All years prior to 2015 are not available.

NOTE 1 - PURPOSE OF SCHEDULE

Schedule of Changes in Total Other Postemployment Benefits (OPEB) Liability

The Schedule of Changes in Total OPEB liability is presented to illustrate the elements of the District's Peralta Group and Non - Peralta Group Total 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. The District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's Total OPEB Liability.

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

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

Schedule of the District's Contributions (Pensions)

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

Changes of Benefit Terms (Pensions)

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

E - Changes of Assumptions

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

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

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

SUPPLEMENTARY INFORMATION

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

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

The Board of Trustees and District Administration for the fiscal year ended June 30, 2018 were composed of the following members:

BOARD OF TRUSTEES

Members	Office	Term Expires
Mr. John Sheehan	President	December 2020
Dr. Dana Ware	Vice-President	December 2020
Mr. William Elliott	Member	December 2018
Mr. Guy McNett	Member	December 2018
Dr. James Meyers	Member	December 2018

DISTRICT ADMINISTRATION

Dr. Kevin Trutna
President/District Superintendent

Mr. James Scoubes
Chief Financial Officer

Dr. Derek Lerch
Chief Instructional Officer

Carlie McCarthy
Chief Student Services Officer

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

	General	Capital Outlay Projects Fund	Child Development Fund	Student Financial Aid Fund	Bookstore Fund	Totals	Reconciling Adjustments/ Eliminations	Statement of Net Position
Assets								
Current assets:								
Cash and cash equivalents	$ 10,938,117	$ -	$ 129,282	$ 229,436	$ 127,263	$ 11,424,098	$ -	$ 11,424,098
Receivables, net	1,846,206	4,807	4,682	110,997	43,349	2,010,041	(629,195)	1,380,846
Note receivable from Foundation, current	43,014	-	-	-	-	43,014	-	43,014
Due from other funds	290,298	-	-	-	-	290,298	(290,298)	-
Stores inventories	-	-	-	-	85,343	85,343	-	85,343
Prepaid expenses	3,843	-	-	-	-	3,843	-	3,843
Total current assets	13,121,478	4,807	133,964	340,433	255,955	13,856,637	(919,493)	12,937,144
Noncurrent assets:								
Restricted cash and cash equivalents	-	18,887	-	-	-	18,887	-	18,887
Note receivable from Foundation, noncurrent	378,114	-	-	-	-	378,114	-	378,114
Non-depreciable capital assets	-	-	-	-	-	-	1,384,239	1,384,239
Depreciable capital assets, net	-	-	-	-	-	-	10,859,152	10,859,152
Total noncurrent assets	378,114	18,887	-	-	-	397,001	12,243,391	12,640,392
Total assets	13,499,592	23,694	133,964	340,433	255,955	14,253,638	11,323,898	25,577,536
Deferred Outflows of Resources								
Deferred outflows of resources - OPEB	-	-	-	-	-	-	167,725	167,725
Deferred outflows of resources - pensions	-	-	-	-	-	-	4,027,899	4,027,899
Total assets & deferred outflows of resources	$ 13,499,592	$ 23,694	$ 133,964	$ 340,433	$ 255,955	$ 14,253,638	$ 15,519,522	$ 29,773,160
Liabilities								
Current liabilities:								
Accounts payable	$ 1,090,663	$ 96	$ -	$ -	$ 23,853	$ 1,114,612	$ -	$ 1,114,612
Due to other funds	-	-	-	290,298	-	290,298	(290,298)	-
Unearned revenue	3,631,702	10,717	-	18,932	-	3,661,351	(629,195)	3,032,156
Compensated absences payable - current	-	-	-	-	-	-	583,959	583,959
Long-term debt - current portion	-	-	-	-	-	-	121,935	121,935
Total current liabilities	4,722,365	10,813	-	309,230	23,853	5,066,261	(213,599)	4,852,662
Noncurrent liabilities:								
Long-term debt - noncurrent portion	-	-	-	-	-	-	15,856,361	15,856,361
Total liabilities	4,722,365	10,813	-	309,230	23,853	5,066,261	15,642,762	20,709,023

(Continued)

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

	General	Capital Outlay Projects Fund	Child Development Fund	Student Financial Aid Fund	Bookstore Fund	Totals	Reconciling Adjustments/ Eliminations	Statement of Net Position
Deferred Inflows of Resources								
Deferred inflows of resources - pensions	-	-	-	-	-	-	860,000	860,000
Net Position								
Net investment in capital assets	-	-	-	-	-	-	12,035,177	12,035,177
Restricted for:								
Expendable:								
Capital projects	-	12,881	-	-	-	12,881	-	12,881
Other special purposes	3,843	-	-	-	-	3,843	-	3,843
Unrestricted	8,773,384	-	133,964	31,203	232,102	9,170,653	(13,018,417)	(3,847,764)
Total net position	8,777,227	12,881	133,964	31,203	232,102	9,187,377	(983,240)	8,204,137
Total liabilities, deferred inflows of resources & net position	$ 13,499,592	$ 23,694	$ 133,964	$ 340,433	$ 255,955	$ 14,253,638	$ 15,519,522	$ 29,773,160

See accompanying notes to supplementary information.

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

	General	Capital Outlay Projects Fund	Child Development Fund	Student Financial Aid Fund	Bookstore Fund	Totals	Reconciling Adjustments/ Eliminations	Statement of Revenues, Expenses and Change in Net Position
Operating revenues:								
Tuition and fees	$ 2,329,430	$ -	$ -	$ -	$ -	$ 2,329,430	$ (133,082)	$ 2,196,348
Less: Scholarship discounts and allowance	-	-	-	-	-	-	(1,050,314)	(1,050,314)
Net tuition and fees	2,329,430	-	-	-	-	2,329,430	(1,183,396)	1,146,034
Grants and contracts, non-capital:								
Federal	1,164,282	-	12,057	3,285,355	-	4,461,694	(1,475,438)	2,986,256
State	3,056,484	-	135,403	184,604	-	3,376,491	61,000	3,437,491
Local	919,883	4,373	92,279	179,143	-	1,195,678	(68,883)	1,126,795
Auxiliary enterprise sales and charges	-	-	-	-	196,943	196,943	(175,518)	21,425
Total operating revenues	7,470,079	4,373	239,739	3,649,102	196,943	11,560,236	(2,842,235)	8,718,001
Operating expenses:								
Salaries	9,207,623	-	145,632	-	29,841	9,383,096	60,255	9,443,351
Employee benefits	3,545,331	-	49,736	-	8,321	3,603,388	614,212	4,217,600
Supplies, materials and other operating expenses and services	6,277,364	8,760	8,161	-	189,594	6,483,879	(1,125,508)	5,358,371
Utilities	-	-	-	-	-	-	570,075	570,075
Depreciation	-	-	-	-	-	-	617,325	617,325
Student financial aid and scholarships	169,420	-	-	3,649,102	-	3,818,522	1	3,818,523
Total operating expenses	19,199,738	8,760	203,529	3,649,102	227,756	23,288,885	736,360	24,025,245
(Loss) gain from operations	(11,729,659)	(4,387)	36,210	-	(30,813)	(11,728,649)	(3,578,595)	(15,307,244)
Non-operating revenues (expenses):								
State apportionment, non-capital	6,526,489	-	-	-	-	6,526,489	-	6,526,489
Local property taxes	6,323,194	-	-	-	-	6,323,194	-	6,323,194
State taxes and other revenues	456,560	-	-	-	-	456,560	-	456,560
Interest expense on capital asset related debt	(8,377)	-	-	-	-	(8,377)	-	(8,377)
Interest income	63,659	215	1,400	-	1,372	66,646	(1)	66,645
Interfund transfers in	2,156,909	-	-	-	-	2,156,909	-	2,156,909
Debt reduction	(118,918)	-	-	-	-	(118,918)	118,918	-
Pell grants	-	-	-	-	-	-	1,475,438	1,475,438
Total non-operating revenues (expenses)	15,399,516	215	1,400	-	1,372	13,245,594	1,594,355	16,996,858

(Continued)

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

	General	Capital Outlay Projects Fund	Child Development Fund	Student Financial Aid Fund	Bookstore Fund	Totals	Reconciling Adjustments/ Eliminations	Statement of Revenues, Expenses and Change in Net Position
Income (loss) before capital revenues	3,669,857	(4,172)	37,610	-	(29,441)	3,673,854	(1,984,240)	1,689,614
Capital revenues:								
Local property taxes and other revenues, capital	-	-	-	-	-	-	1,183,396	1,183,396
Change in net position	3,669,857	(4,172)	37,610	-	(29,441)	3,673,854	(800,844)	2,873,010
Net position, July 1, 2017,	5,107,370	17,053	96,354	31,203	261,543	5,513,523	610,731	6,124,254
Cumulative effect of GASB 75 implementation	-	-	-	-	-	-	(793,127)	(793,127)
Net position, July 1, 2017, as restated	5,107,370	17,053	96,354	31,203	261,543	5,513,523	(182,396)	5,331,127
Net position, June 30, 2018	$ 8,777,227	$ 12,881	$ 133,964	$ 31,203	$ 232,102	$ 9,187,377	$ (983,240)	$ 8,204,137

See accompanying notes to supplementary information.

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Contract Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Direct Programs:			
Student Financial Aid Cluster:			
Federal Direct Student Loans	84.268	P268K123097	$ 1,722,578
Federal Work Study Program	84.033	P033A090378	26,710
Federal Pell Grant Program	84.063	P063P093097	1,475,438
Administrative Allowance	84.063	P063P101180	111,504
Federal Supplementary Educational Opportunity Grant	84.007	P007A090378	43,225
Subtotal Student Financial Aid Cluster			3,379,455
TRIO Cluster:			
TRIO - Student Support Services	84.042A	P042A050734	277,684
TRIO - Talent Search	84.044	P044A070279	220,701
TRIO - Upward Bound	84.047	P047A070666	255,199
Subtotal TRIO Cluster			753,584
Career and Technical Education Programs:			
Passed through the California Community College Chancellor's Office:			
Career and Technical Education - Basic Grants to States	84.048	09-C01-015	59,681
Subtotal Career and Technical Education Programs			59,681
Passed through the California Community College Chancellor's Office:			
Higher Education Institutional Aid	84.031A	27303/27525A	57,137
Total U.S. Department of Education			4,249,857
U.S. Department of Agriculture			
Passed through the California Department of Education:			
Child and Adult Care Food Program	10.558	32-1488-5-A	12,057
Passed through Plumas County:			
Forest Service Schools and Roads Cluster	10.665	30120	105,536
Total U.S. Department of Agriculture			117,593

(Continued)

FEATHER RIVER COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2018

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Contract Entity Identifying Number	Federal Expenditures
U.S. Department of Veteran Affairs			
Direct Program:			
Veteran Assistance Education Benefits	64.027		$ 4,406
Total U.S. Department of Veteran Affairs			4,406
U.S. Department of Health and Human Services			
Passed through Substance Abuse and Mental Health Services Administration:			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	30134-8193	69,193
Passed through Yosemite Community College District:			
Child Care and Development Block Grant - CCDF Cluster	93.575	09-10-4061	7,379
Passed through California Community College Chancellor's Office:			
Temporary Assistance for Needy Families	93.667		13,288
Total U.S. Department of Health and Human Services			89,860
Total Federal Programs			$ 4,461,716

See accompanying notes to supplementary information.

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

	Program Revenues				
	Cash Received	Accounts Receivable	Account Payable or Unearned Income	Total	Total Program Expenditures
Cal Grants	$ 109,833	$ -	$ 1,182	$ 108,651	$ 108,651
Disabled Student Programs and Services	178,794	-	690	178,104	178,104
Extended Opportunity Programs and Services	235,935	-	1,729	234,206	234,206
CARE	41,209	-	222	40,987	40,987
Staff Development	199	-	199	-	-
IELM Block Grant	129,821	-	48,889	80,932	80,932
CDE Early Childhood Mentor Program	742	-	257	485	485
Equal Employment Opportunity	86,430	-	61,610	24,820	24,820
Child Development	130,500	4,247	-	134,747	134,747
Prop 39 Clean Energy	161,869	-	160,611	1,258	1,258
Child Care Food Program	656	-	-	656	656
Full Time Student Success Grant	42,000	475	-	42,475	42,475
Cal WORKs	60,464	-	8,413	52,051	52,051
SSSP	855,398	-	429,006	426,392	426,392
Telecommunications	8,298	-	-	8,298	8,298
Boating Safety	15	21,645	-	21,660	21,660
BFAP 2%	19,040	-	-	19,040	19,040
Student Equity	414,044	-	248,629	165,415	165,415
AEBG Y2	160,823	-	90,485	70,338	70,338
AEBG Y3	773,016	-	437,900	335,116	335,116
Basic Skills	115,977	-	16,492	99,485	99,485
PT Faculty Office Hours & Comp	104,771	-	-	104,771	104,771
CCCG	37,500	-	5,250	32,250	32,250
CTE Transitions Y6	19,874	19,013	-	38,887	38,887
AEBG Data & Accountability	22,548	-	-	22,548	22,548
Mandated Cost	91,477	-	-	91,477	91,477
R2T4	757	-	757	-	-
Maintenance Allowance	-	8,239	-	8,239	8,239
Block Grant/Maintenance and Repairs	49,950	-	26,126	23,824	23,824
SB 10-70 Y2	-	-	-	-	-
OTF BS Equine & Ranch Management	50,000	-	50,000	-	-
Block Grant Deferred Maintenance	58,005	-	4,234	53,771	53,771
Unrestricted Lottery	196,098	96,035	-	292,133	292,133
Lottery/Instructional Materials	221,735	-	170,418	51,317	51,317
Get Focuses Stay Focused	-	81,844	-	81,844	81,844

See accompanying notes to supplementary information.

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

	Program Revenues				
	Cash Received	Accounts Receivable	Account Payable or Unearned Income	Total	Total Program Expenditures
SWP Regional Funding	$ 121,734	$ 144,058	$ -	$ 265,792	$ 265,792
SWP State Funding	250,486	-	135,629	114,857	114,857
WEDD GT&L	80,000	111,878	-	191,878	191,878
WEDD GT&L Y4	91,644	-	-	91,644	91,644
PIO BS Pilot Marketing & Outreach R2T4	13,790	-	-	13,790	13,790
Rural Technology Assitance Grant	90,000	-	87,090	2,910	2,910
SWP Career Pathways	225,000	-	6,501	218,499	218,499
Guided Pathways	125,000	-	125,000	-	-
HUnger Free Campus	4,095	-	3,595	500	500
Dreamer Emergency Aid FinAid	2,063	-	-	2,063	2,063
Veteran's Resource Center	10,741	-	10,741	-	-
VAMA Campus Safetry	12,191	-	12,191	-	-

See accompanying notes to supplementary information.

FEATHER RIVER COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR
STATE GENERAL APPORTIONMENT
Annual Attendance as of June 30, 2018

Categories	Reported Data	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2017 only)			
1. Noncredit	-	-	-
2. Credit	31	-	31
B. Summer Intersession (Summer 2018 - Prior to July 1, 2018)			
1. Noncredit	-	-	-
2. Credit	178	-	178
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
a. Weekly Census Contact Hours	658	-	658
b. Daily Census Contact Hours	45	-	45
2. Actual Hours of Attendance Procedure Courses			
a. Noncredit	39	-	39
b. Credit	535	-	535
3. Independent Study/Work Experience			
a. Weekly Census Contact Hours	152	-	152
b. Daily Census Contact Hours	1	-	1
c. Noncredit Independent Study/ Distance Education Courses	-	-	-
D. Total FTES	1,639	-	1,639
Supplementary Information:			
E. In-Service Training Courses (FTES)	35	-	35
H. Basic Skills Courses and Immigrant Education			
a. Noncredit	38	-	38
b. Credit	40	-	40
CCFS 320 Addendum			
CDCP	-	-	-
Centers FTES			
a. Noncredit	-	-	-
b. Credit	-	-	-

See accompanying notes to supplementary information.

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

General fund		$ 8,777,227
Capital projects funds		12,881
Internal service fund		31,203
Auxiliary fund		232,102
Special revenue fund		133,964
Total fund balances - business-type activity funds		9,187,377
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.		
Total District capital assets		12,243,391
In government funds, deferred outflows and inflows of resources relating to 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 and OPEB are reported:		
Deferred outflows of resources relating to pensions	$ 4,027,899	
Deferred outflows of resources relating to OPEB	167,725	
Deferred inflows of resources relating to pensions	(860,000)	
		3,335,624
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2018 consisted of:		
Property note payable	$ (15,000)	
Capitalized lease obligations	(193,214)	
Compensated absences	(583,959)	
Net pension liability	(13,598,000)	
Total OPEB liability	(2,172,082)	
		(16,562,255)
Total net position - business-type activities		$ 8,204,137

See accompanying notes to supplementary information.

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

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional salaries:							
Contract or regular	1100	$ 2,339,240	$ -	$ 2,339,240	$ 2,339,240	$ -	$ 2,339,240
Other	1300	994,498	-	994,498	997,747	-	997,747
Total instructional salaries		3,333,738	-	3,333,738	3,336,987	-	3,336,987
Non-instructional salaries:							
Contract or regular	1200	-	-	-	610,300	-	610,300
Other	1400	-	-	-	-	-	-
Total non-instructional salaries		-	-	-	610,300	-	610,300
Total academic salaries		3,333,738	-	3,333,738	3,947,287	-	3,947,287
Classified Salaries							
Non-instructional salaries:							
Regular status	2100	-	-	-	1,664,292	-	1,664,292
Other	2300	-	-	-	215,324	-	215,324
Total non-instructional salaries		-	-	-	1,879,616	-	1,879,616
Instructional aides:							
Regular status	2200	168,320	-	168,320	172,338	-	172,338
Other	2400	6,974	-	6,974	12,600	-	12,600
Total instructional aides		175,294	-	175,294	184,938	-	184,938
Total classified salaries		175,294	-	175,294	2,064,554	-	2,064,554
Employee benefits	3000	1,069,045	-	1,069,045	1,998,692	-	1,998,692
Supplies and materials	4000	-	-	-	486,507	-	486,507
Other operating expenses	5000	850,352	-	850,352	2,412,934	-	2,412,934
Equipment replacement	6420	-	-	-	-	-	-
Total expenditures prior to exclusions		5,428,429	-	5,428,429	10,909,974	-	10,909,974

(Continued)

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

	Object/TOP Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110 Reported Data	Audit Adjustments	Revised Data	Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799 Reported Data	Audit Adjustments	Revised Data
Exclusions							
Activities to exclude:							
Instructional staff-retirees' benefits and retirement incentives	5900	$ 26,912	$ -	$ 26,912	$ -	$ -	$ -
Student health services above amount collected	6441	-	-	-	71,219	-	71,219
Student transportation	6491	-	-	-	311,581	-	311,581
Noninstructional staff-retirees' benefits and retirement incentives	6740	-	-	-	27,416	-	27,416
Objects to exclude:							
Rents and leases	5060	-	-	-	166,747	-	166,747
Lottery expenditures		-	-	-	-	-	-
Academic salaries	1000	-	-	-	-	-	-
Classified salaries	2000	-	-	-	-	-	-
Employee benefits	3000	-	-	-	-	-	-
Supplies and materials:	4000						
Software	4100	-	-	-	-	-	-
Books, magazines and periodicals	4200	-	-	-	18,365	-	18,365
Instructional supplies and materials	4300	-	-	-	231,570	-	231,570
Noninstructional supplies and materials	4400	-	-	-	42,198	-	42,198
Total supplies and materials		-	-	-	292,133	-	292,133
Other operating expenses and services	5000	-	-	-	-	-	-
Capital outlay	6000	-	-	-	-	-	-
Library books	6300	-	-	-	-	-	-
Equipment:	6400						
Equipment - additional	6410	-	-	-	-	-	-
Equipment - replacement	6420	-	-	-	-	-	-
Total equipment		-	-	-	-	-	-
Total capital outlay		-	-	-	-	-	-
Other outgo	7000	-	-	-	-	-	-
Total exclusions		26,912	-	26,912	869,096	-	869,096
Total for ECS 84362, 50% Law		$ 5,401,517	$ -	$ 5,401,517	$ 10,040,878	$ -	$ 10,040,878
Percent of CEE (instructional salary cost /Total CEE)		53.80%	-	53.80%	100%	-	100%
50% of current expense of education		$ -	$ -	$ -	$ 5,020,439	$ -	$ 5,020,439

See accompanying notes to supplementary information.

EPA Proceeds: $ 1,882,437

Activity Classification	Activity Code (0100-5900)	Salaries and Benefits (1000-3000)	Operating Expenses (4000-5000)	Capital Outlay (6000)	Total
Instructional Activities	-	$ 1,882,437	-	-	$ 1,882,437

See accompanying notes to supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

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

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

B - Schedule of Expenditures of Federal Awards

The Schedule of Expenditures of Federal Awards includes the federal award activity of Feather River 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 allowance or are limited as to reimbursement. The District has elected not to use the 10-percent de minimus indirect cost rate allowed under Uniform Guidance.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenses, and Changes in Net Position and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

Description	CFDA Number	Amount
Total federal revenues per Statement of Revenues, Expenses, and Change in Net Position		$ 4,461,694
Add: Other federal revenue spent from prior years		22
Total Federal Programs		$ 4,461,716

C - Schedule of State Financial Awards

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

D - Schedule of Workload Measures for State General Apportionment

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

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

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

F - Reconciliation of Governmental Funds to the Statement of Net Position

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

(Continued)

NOTE 1 - PURPOSE OF SCHEDULES (continued)

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.

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT
ON STATE COMPLIANCE REQUIREMENTS

Board of Trustees
Feather River Community College District
Quincy, California

Report on Compliance with State Laws and Regulations

We have audited the compliance of Feather River Community College District with the types of compliance requirements described in Section 400 of the *California State Chancellor's Office's California Community College Contracted District Audit Manual (CDAM)* that are applicable to community colleges in the State of California for the year ended June 30, 2018:

Salaries of Classroom Instructors (50 Percent Law)
Apportionment for Instructional Service Agreements/Contracts
State General Apportionment Funding System
Residency Determination for Credit Courses
Students Actively Enrolled
Dual Enrollment (CCAP and Non-CAAP)
Student Equity
Students Success and Support Programs (SSSP)
Scheduled Maintenance Program
Gann Limit Calculation
Open Enrollment
Proposition 39 Clean Energy
Intersession Extension Program
Apprenticeship Related and Supplemental Instruction (RSI)
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 Feather River 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 Feather River Community College District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Feather River Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

(Continued)

Opinion with State Laws and Regulations

In our opinion, Feather River Community College District, complied in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations for the year ended June 30, 2018. Further, based on our examination, for items not tested, nothing came to our attention to indicate that Feather River Community College District had not complied with the requirements that are applicable to the state laws and regulations.

Purpose of this Report

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

Crowe LLP

Crowe LLP

Sacramento, California
November 30, 2018

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

Board of Trustees
Feather River Community College District
Quincy, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the discretely presented component unit and the fiduciary activities of Feather River Community College District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Feather River Community College District's basic financial statements, and have issued our report thereon dated November 30, 2018. The financial statements of Feather River Community College Foundation, Inc., were not audited in accordance with *Government Auditing Standards*, and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Feather River Community College Foundation, Inc.

Internal Control Over Financial Reporting

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

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

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

(Continued)

Compliance and Other Matters

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

Purpose of this Report

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

Crowe LLP

Crowe LLP

Sacramento, California
November 30, 2018

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

Board of Trustees
Feather River Community College District
Quincy, California

Report on Compliance for Each Major Federal Program

We have audited Feather River Community College District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Feather River Community College District's major federal programs for the year ended June 30, 2018. Feather River Community College District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Feather River Community College District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

(Continued)

Report on Internal Control Over Compliance

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

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

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

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

Crowe LLP

Crowe LLP

Sacramento, California
November 30, 2018

FINDINGS AND RECOMMENDATIONS

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major programs:		
Material weakness(es) identified?	______ Yes	X No
Significant deficiency(ies) identified not considered to be material weakness(es)?	______ Yes	X None reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	______ Yes	X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.063, 84.268	Student Financial Aid Cluster
84.042A, 84.044, 84.047	TRIO Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000	
Auditee qualified as low-risk auditee?	X Yes	______ No

STATE AWARDS

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

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATUS OF PRIOR YEAR

FINDINGS AND RECOMMENDATIONS

Finding/Recommendation	Current Status	District Explanation If Not Fully Implemented
2017-001		
Condition: The District's purchasing controls over approvals of good and services were not operating effectively.	Implemented	
Recommendation: The District should communicate polices, procedures, and controls to all departments on a more consistent basis to ensure that all individuals are aware and held accountable for their position responsibilities.		