



MATSON  
& ISOM

SISKIYOU JOINT COMMUNITY  
COLLEGE DISTRICT

**Weed, California**

FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION WITH  
INDEPENDENT AUDITORS' REPORTS

**June 30, 2011**

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College District

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**INDEPENDENT AUDITORS' REPORT**



MATSON  
& ISOM

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Siskiyou Joint Community College District  
Weed, California

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Siskiyou Joint Community College District (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards prescribed by the California Department of Finance. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 and the discretely presented component unit of the District, as of June 30, 2011, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2012, on our consideration of the 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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.

## INDEPENDENT AUDITORS' REPORT

Continued

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The remaining supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards, which is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of State awards, which is presented for purpose of additional analysis as required by the California Community Colleges Chancellor's Office, are not a required part of the basic financial statements of the District. This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Matson and Isom*

August 31, 2012  
Redding, California

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Required Supplementary Information)**



**SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2011**

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***USING THIS ANNUAL REPORT***

As required by GASB accounting principles, the annual report consists of three basic financial statements that provide information on the District's activities as a whole: The Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. The Statement of Net Assets presents the assets, liabilities, and net assets of the District as of the end of the fiscal year using the accrual basis of accounting, which is comparable to the accounting basis used by most private-sector institutions. Net assets – the difference between assets and liabilities – are one way to measure the financial health of the District. The Statement of Revenues, Expenses and Changes in Net Assets focuses on the costs of the District's operational activities, which are supported mainly by State apportionment, property taxes and other revenues. This approach is intended to summarize and simplify the user's analysis of the cost of various District services to students and the public. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

***FINANCIAL HIGHLIGHTS***

- The assets of the District exceeded its liabilities by \$7.10 million in 2010-11 and \$6.94 million in 2009-10. Of these amounts, \$1 million for 2010-11 and \$1.64 million for 2009-10 are unrestricted and may be used to meet the College's ongoing financial commitments.
- At the close of the 2011 and 2010 fiscal years, the balance designated for economic uncertainties and the undesignated fund balance for the General Fund exceeded the State Chancellor's Office guideline of five percent of the General Fund expenditures.
- Full-Time Equivalent Students (FTES) for 2010-11 and 2009-10 were 2,250 and 2,603, respectively.



**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

June 30, 2011

*Siskiyou Joint Community  
College District*

- The District has continued its Measure A projects.

A summary of Measure A completed projects as of June 30, 2011, is listed below:

- Soon after the November passage of Measure A, the College immediately entered into a Capital Improvement Program, and continues planning essential to the successful implementation of the program.
- Ponderosa Hall and Juniper Hall renovations.
- New sewage lift station to support the Tactical Training Center and campus expansion.
- Welding shop ventilation system upgrade.
- Campus electrical switchgear replacement.
- Gymnasium locker room remodel.
- Temporary classrooms and transition buildings.
- Tactical Training Center.
- Emergency Services Training Center.
- Parking lot upgrade.
- Distance Learning expansion.
- Technology upgrading.
- Rural Health Science Institute.
- With the majority of the Measure A funds expended, the Bond Oversight Committee will meet as required to review any progress on the Capital Improvement Program and to prepare the Annual Report.

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

June 30, 2011

*Siskiyou Joint Community  
College District*

- For the 2011 and 2010 fiscal years, total student financial aid offered to qualifying students throughout the District exceeded \$9.3 million and \$5.2 million, respectively, and is provided through grants and loans from the Federal government, State Chancellor's Office, and local funding.
- Costs of employee salaries have decreased for 2010-11 due to reorganizations, attrition and staffing layoffs caused by State budget reductions. The cost for employee benefits exceeded budgeted levels by 8.1 percent in 2010-11 primarily due to a higher than expected claims year.
- The District continues to make its scheduled payments on the Dorm Revenue Bond and its capital equipment leases. The District issued Bond Anticipation Notes (BAN) in February 2010 to finance the completion of the Rural Health Sciences Institute. There are no required payments on the BAN. Interest accretes on the balance over the next four years until the District sells the remaining bond issuance to pay off the BAN and complete future projects.
- The occupancy rate for our lodges exceeded 90 percent for 2010-11, and we continue to add new program activities to more fully engage students. The fall 2010 semester had the lodges at 100 percent occupancy with additional students being housed at a local motel in Weed.

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

June 30, 2011

*Siskiyou Joint Community  
College District*

**Condensed district-wide financial information is as follows:**

**NET ASSETS  
AS OF JUNE 30**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>			
Current Assets			
Cash, investments, and short-term receivables	\$ 2,716,128	\$ 3,057,590	\$ 3,499,765
Inventory and other assets	<u>4,240,202</u>	<u>4,109,935</u>	<u>3,857,673</u>
Total Current Assets	<u>6,956,330</u>	<u>7,167,525</u>	<u>7,357,438</u>
Non-Current Assets			
Restricted cash and investments	779,906	259,982	1,270,092
Cost of issuance	979,717	1,033,180	1,002,592
Capital assets, net of depreciation	28,688,385	29,138,726	19,866,458
Non-depreciable capital assets	<u>2,812,234</u>	<u>1,942,856</u>	<u>10,553,288</u>
Total Non-Current Assets	<u>33,260,242</u>	<u>32,374,744</u>	<u>32,692,430</u>
Total Assets	<u>\$ 40,216,572</u>	<u>\$ 39,542,269</u>	<u>\$ 40,049,868</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 2,237,719	\$ 2,214,457	\$ 3,597,763
Deferred revenue	1,188,910	1,452,015	1,401,175
Long-term liabilities – current portion	<u>326,666</u>	<u>207,896</u>	<u>117,309</u>
Total Current Liabilities	<u>3,753,295</u>	<u>3,874,368</u>	<u>5,116,247</u>
Non-Current Liabilities			
Long-term liabilities	<u>29,356,521</u>	<u>28,724,116</u>	<u>27,290,578</u>
Total Liabilities	<u>33,109,816</u>	<u>32,598,484</u>	<u>32,406,825</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	4,495,622	4,233,934	5,448,520
Restricted	1,630,509	1,069,698	845,418
Unrestricted	<u>980,625</u>	<u>1,640,153</u>	<u>1,349,105</u>
Total Net Assets	<u>7,106,756</u>	<u>6,943,785</u>	<u>7,643,043</u>
Total Liabilities and Net Assets	<u>\$ 40,216,572</u>	<u>\$ 39,542,269</u>	<u>\$ 40,049,868</u>

This schedule has been prepared from the District's Statement of Net Assets (page 19), which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

June 30, 2011

*Siskiyou Joint Community  
College District*

Cash and short-term investments consist primarily of funds held in the Siskiyou County Treasury and U. S. Bank. The changes in the cash position are explained in the Statement of Cash Flows (pages 21 and 22).

Long-term liabilities consist of the 2005 General Obligation Bonds, the 2010 Bond Anticipation Notes, and the Dorm Revenue Bond. The Capital Lease arrangement for several copiers was paid off in 2008 and a new lease was entered into in 2010-11. In addition, the District obtained a new note for the financing of the Banner Software. The current portion represents the amount of principal to be paid within the next year.

**OPERATING RESULTS  
FOR THE YEAR ENDED JUNE 30**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>OPERATING REVENUES</b>			
Tuition and fees, net of scholarship discount and allowance	\$ 2,038,927	\$ 1,903,971	\$ 1,628,579
Grants and contracts	12,323,441	8,942,754	6,985,188
Auxiliary services	<u>674,877</u>	<u>769,411</u>	<u>789,707</u>
Total Operating Revenues	<u>15,037,245</u>	<u>11,616,136</u>	<u>9,403,474</u>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	16,466,093	17,134,178	16,658,495
Supplies and maintenance	14,313,624	10,128,663	9,014,424
Depreciation	<u>1,143,181</u>	<u>1,180,044</u>	<u>879,625</u>
Total Operating Expenses	<u>31,922,898</u>	<u>28,442,885</u>	<u>26,552,544</u>
<b>OPERATING LOSS</b>	<u>(16,885,653)</u>	<u>(16,826,749)</u>	<u>(17,149,070)</u>
<b>NON-OPERATING REVENUE</b>			
State apportionments	11,617,895	11,660,338	12,195,078
Property taxes	4,873,491	4,584,286	4,408,227
Other state revenue	488,497	507,134	475,585
Interest expense (net)	(1,185,417)	(1,081,090)	(905,858)
Other non-operating revenues and transfers	<u>177,961</u>	<u>456,823</u>	<u>517,573</u>
Total Non-Operating Revenues	<u>15,972,427</u>	<u>16,127,491</u>	<u>16,690,605</u>
<b>OTHER REVENUES</b>			
State revenues, capital	<u>1,076,197</u>	<u>-</u>	<u>150,000</u>
<b>NET INCREASE (DECREASE) IN NET ASSETS</b>	<u>\$ 162,971</u>	<u>\$ (699,258)</u>	<u>\$ (308,465)</u>

This schedule has been prepared from the Statement of Revenues, Expenses and Changes in Net Assets (page 20).

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

June 30, 2011

*Siskiyou Joint Community  
College District*

Auxiliary revenue consists of bookstore and cafeteria sales and charges. Room and board for the students is not part of auxiliary revenue, but is included in tuition and fees under operating revenues. These operations are intended to be self-supporting through student related activities.

Grant and contract revenues relate to student financial aid, as well as specific Federal and State grants received for programs serving the students of the District. These grant and program revenues are restricted as to the allowable expenses related to the programs.

For 2011 and 2010, the District is recording the depreciation expense related to capital assets. The detail of the changes in capital assets for the year is included in the notes to the financial statements as Note 4.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30**

The Statement of Cash Flows provides information about cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and any potential need for external financing. This schedule is prepared from the Statement of Cash Flows presented on pages 21 and 22.

	<u>2011</u>	<u>2010</u>	<u>2009</u>
CASH PROVIDED BY (USED) IN			
Operating activities	\$ (15,500,158)	\$ (16,629,398)	\$ (16,014,707)
Noncapital financing activities	15,745,260	15,755,645	15,890,884
Capital financing activities	(160,796)	(728,352)	(13,935,290)
Investing activities	<u>293,268</u>	<u>148,057</u>	<u>560,904</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 377,574</u>	<u>\$ (1,454,048)</u>	<u>\$ (13,498,209)</u>

The primary operating receipts are student tuition and fees and Federal, State, and local grants and contracts. The primary operating expense of the District is the payment of salaries and benefits to instructional and classified support staff.

While State apportionment and property taxes are the primary source of non-capital related revenue, the new GASB accounting standards require that this source of revenue is shown as non-operating revenue as it comes from the general resources of the State and not from the primary users of the Colleges' programs and services (students). The District depends upon this funding as the primary source of funds to continue the current level of operations.

The large increase in Capital Financing activities in 2009 and 2008 is reflective of the second 2005 General Obligation Bond sale that occurred in April 2008. With the second sale, the District was able to complete the Emergency Services Training Center facility in Weed as well as make substantial progress toward completing the Rural Health Sciences Institute on the Yreka Campus. The Rural Health Sciences Institute was completed in 2010 with additional funds from the sale of Bond Anticipation Notes.

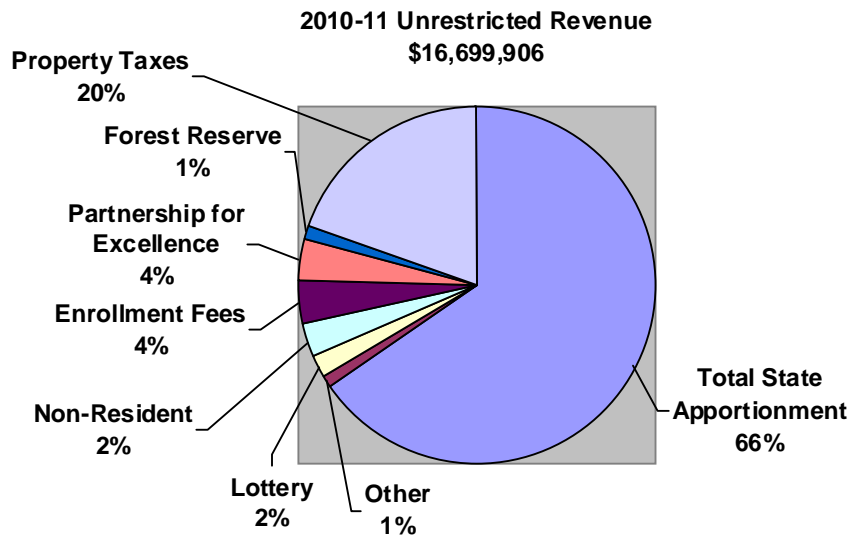
**UNRESTRICTED GENERAL FUND SELECTED FINANCIAL INFORMATION**

**Revenues**

The District's major sources of unrestricted revenues include State apportionment, property taxes, Partnership for Excellence funds, enrollment and lottery. The primary basis of the apportionment component is the calculation of full-time equivalent students (FTES).

Of the revenue sources, State apportionment, property tax, and enrollment fees are commonly referred to as District General Revenues and form the "base revenue" to which adjustments for COLA, program improvement, growth, restoration, and any applicable deficit factor is applied. Adjustments to the "base revenue" are typically calculated twice each fiscal year and distributed through the First Principle Apportionment Statement (P1) in mid-February and the Second Principle Apportionment Statement (P2) in early June of each fiscal year.

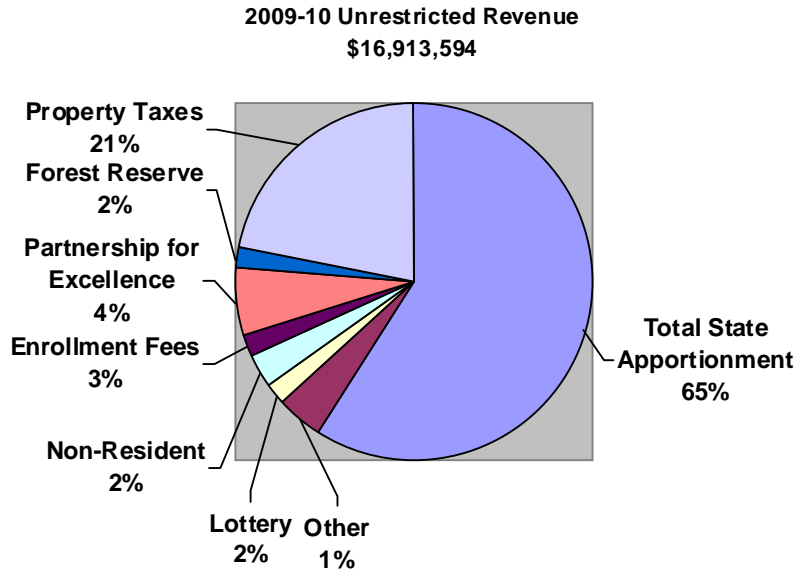
In fiscal years 2011 and 2010, the District's actual unrestricted General Fund revenues totaled \$16,699,906 and \$16,913,594, respectively.



**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

June 30, 2011

*Siskiyou Joint Community  
College District*



	<u>Fiscal Year 2011</u>	<u>Fiscal Year 2010</u>	<u>Fiscal Year 2009</u>
General Apportionment	\$ 10,733,662	\$ 10,659,878	\$ 10,025,080
Restoration/Decline Growth	-	-	547,351 446,819
COLA	-	-	-
Subtotal General Apportionment	<u>10,733,662</u>	<u>10,659,878</u>	<u>11,019,250</u>
Property Taxes	3,393,506	3,546,326	3,449,452
Enrollment Fees	<u>644,197</u>	<u>542,936</u>	<u>465,522</u>
Total Apportionment Revenues	<u>14,771,365</u>	<u>14,749,140</u>	<u>14,934,224</u>
Partnership for Excellence	675,000	675,000	675,000
Lottery	360,775	398,137	328,513
Nonresident Tuition	397,464	377,958	295,349
Part-time Faculty Compensation	51,209	51,209	104,503
Forest Reserve	227,275	254,025	268,168
Other *	<u>216,818</u>	<u>408,125</u>	<u>385,043</u>
Total Other Revenue	<u>1,928,541</u>	<u>2,164,454</u>	<u>2,056,576</u>
Total Unrestricted General Fund Revenue	<u>\$ 16,699,906</u>	<u>\$ 16,913,594</u>	<u>\$ 16,990,800</u>

\*Includes community service fees, material and activity fees, indirect program fees, and miscellaneous.

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

June 30, 2011

*Siskiyou Joint Community  
College District*

<u>Summary of District Growth Rates</u>	<u>Fiscal Year 2011</u>	<u>Fiscal Year 2010</u>	<u>Fiscal Year 2009</u>
Growth Cap Percent	0%	4.11%	4.11%
Total Growth Dollars Available	-	-	446,819
Total Growth Dollars Earned	-	-	531,074
Total Growth Paid by State	-	-	446,819
Percentage of Growth Earned	0.00%	0.00%	118.86%
Percentage of Growth Paid to Growth Earned	100.00%	100.00%	84.13%

- Part-time faculty funding, specific for the improvement of part-time salaries and benefits, was \$51,209 for 2010-11 and \$51,209 for 2009-10. However, while no COLA adjustment was added to the base funding level there are annual incremental cost increases associated with the funding, part-time faculty rates for years of service and fringe benefits costs continue to rise each fiscal year.

**Expenditures**

The District expenditures in the unrestricted General Fund were to provide classroom instruction, counseling and student support services, physical plant related activities, administration, and general support services. For the fiscal years ending June 30, 2011 and 2010, the expenditures totaled \$17,275,417 and \$16,503,477, respectively.

**Expenditure by Activity**

Expenditures by activity represent the District's expenditures by *category* regrouped by program activity. Academic and Student support services includes the costs for instructional and student support activities. General institutional services include Business and Administrative services, Human Resource, Information Technology, Collective Bargaining, Police, Duplicating, Insurance, and Retiree Health care costs. Operating and Maintenance is buildings and grounds. Planning and Policy Making includes the Chancellor's Office, Research and Planning, Government Relations, Public Information, and Development.

The pie chart, "*Expenditures by Activities*," summarizes program outlays under this definition for the 2010-11 and 2009-10 periods.

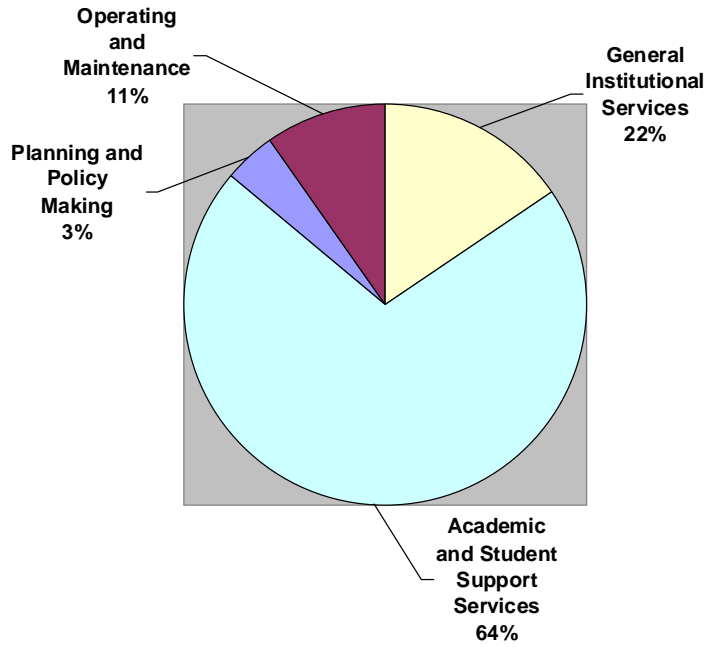


**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

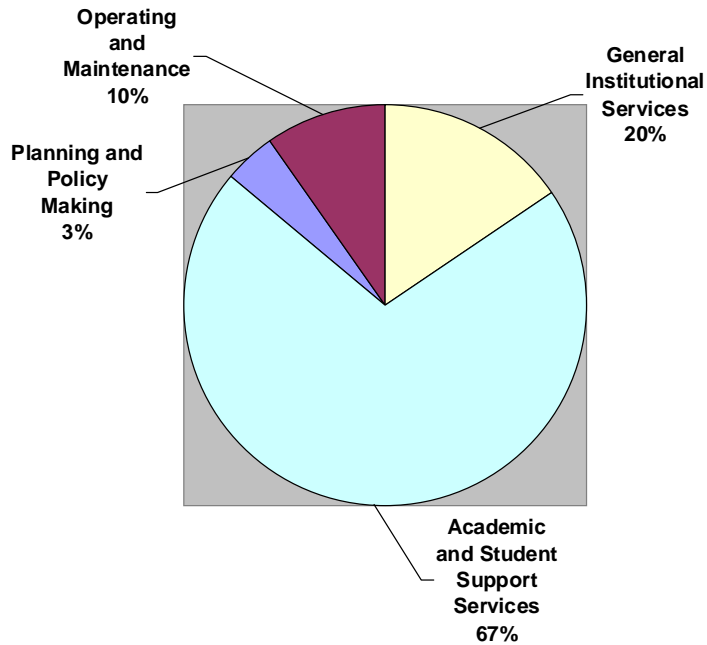
June 30, 2011

*Siskiyou Joint Community  
College District*

**2010-11 Expenditures by Activities  
\$17,275,447**



**2009-10 Expenditures by Activities  
\$16,503,477**



**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

June 30, 2011

*Siskiyou Joint Community  
College District*

**Expenditure Comparison by Category**

The District reports expenditures by object code category in accordance with California State Chancellor's Office guidelines as follows:

	<u>Fiscal Year 2011</u>	<u>Fiscal Year 2010</u>	<u>Fiscal Year 2009</u>
Academic Salaries	\$ 6,646,743	\$ 6,979,998	\$ 6,829,224
Classified Salaries	3,153,239	3,131,195	3,260,706
Benefits	<u>3,750,291</u>	<u>3,468,403</u>	<u>3,178,098</u>
Subtotal Salaries and Benefits	<u>13,550,273</u>	<u>13,579,596</u>	<u>13,268,028</u>
Books and Supplies	356,586	434,112	396,461
Services and Operating Expenses	2,234,035	1,939,598	1,889,852
Capital Outlay	85,171	89,523	113,611
Other Outgo	<u>1,049,382</u>	<u>460,648</u>	<u>539,809</u>
Subtotal	<u>3,725,174</u>	<u>2,923,881</u>	<u>2,939,733</u>
Total Expenditures	\$ <u>17,275,447</u>	\$ <u>16,503,477</u>	\$ <u>16,207,761</u>

- Net expenditures for academic salaries decreased from 2010 to 2011 from savings from a couple of academic/administrative position vacancies and a reduction of academic salaries associated with a decrease in FTES. The increase from 2009 to 2010 was primarily from a 5 percent negotiated COLA increase for the year. Increasing FTES result in more hours of instruction and an associated increase in instructional wages. The classified salaries increased only slightly over the prior year from negotiated wage adjustments and freezing vacant positions for most of 2009-10.
- Increased health benefit costs spurred an increase in fringe benefit costs from 2010 to 2011. In contrast, the decrease from 2009 to 2010 was due mostly to the freeze on all non-instructional vacant positions. As a result, the associated health benefit packages were not expensed.
- Expenditures for services and other operating expenditures increased by approximately 15 percent from 2010 to 2011 primarily from increased consulting fees, utilities, and insurance expenses. Expenditures for services and other operating expenditures decreased by approximately 8 percent from 2009 to 2010. In order to address several issues, including the "50 percent rule," the District intentionally reduced expenditures in this area. Although utility and maintenance costs continue to increase, the planned reductions in expenditures resulted in an overall decrease. For 2010, the District was also able to take advantage of a return of premiums from its Property and Liability Risk Margin/Safety Credit account whereby excess reserves can be refunded to the District. The amount of these refunds was \$108,765 for 2010. These funds were used for safety/risk related projects on campus and funding some of the Banner implementation costs.

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

June 30, 2011

*Siskiyou Joint Community  
College District*

- Expenditures in "Other Outgo" include transfers to the Capital Outlay Fund (41) for scheduled maintenance matches and additional one-time improvement projects. In addition, the District was able to move \$400,000 in additional funds to the Capital Outlay Fund in order to create a small reserve for cash flow purposes to address the deferrals associated with the State's cash flow problems.

**Net Assets and Net Asset Classifications**

	<u>Fiscal Year 2011</u>	<u>Fiscal Year 2010</u>	<u>Fiscal Year 2009</u>
Investment in Capital Assets	\$ 4,495,622	\$ 4,233,934	\$ 5,448,520
Restricted	1,630,509	1,069,698	845,418
Unrestricted	<u>980,625</u>	<u>1,640,153</u>	<u>1,349,105</u>
Ending Net Assets	<u>\$ 7,106,756</u>	<u>\$ 6,943,785</u>	<u>\$ 7,643,043</u>

**COLLEGE OF THE SISKIYOU'S AUXILIARY FOUNDATION**

The Auxiliary Foundation was established as a 501(c) (3) non-profit charitable organization in 1992 to provide a vehicle for financial support from the community and beyond. Its mission includes providing students with monetary support through scholarships and work-study programs to help ensure that all students have every opportunity to achieve their educational goals. This mission is accomplished through hosting fundraising events, soliciting contributions and donations, and dispensing funds to support the educational programs and general welfare of the College of the Siskiyous.

Throughout the year, the Auxiliary Foundation hosts campus activities and a number of annual community fundraisers, including a Golf Tournament, Scholarship fundraising dinner, President's Gala, Athletic Hall of Fame, Country Christmas Holiday Craft Fair, and the Volunteer and Donor Recognition Banquet. The Eagle's Nest Resale Shop has a paid manager, but is staffed by numerous volunteers. All net proceeds from the Shop are used to support students and campus projects. The Eagle's Nest Resale Shop moved into a new corner location on Main Street, Weed, in May 2011, and is effectively meeting the needs of the community at its downtown location.

In addition, the Auxiliary Foundation is a fiscal sponsor for a number of the campus clubs and Athletic clubs, operates and funds the COS Performing Arts Series, manages the Scholarship program as well as the annual staff Mini-Grant program.

Quality education depends on fiscal stability, well-maintained facilities, state-of-the-art technology, and a faculty and staff that are current with new and innovative advances in their fields. In the fall of 2006, the District successfully wrote and was awarded a Title III federal grant in the amount of \$1.9 million over a five-year period. To show its continued support of the District, the Auxiliary Foundation took on the ambitious task of raising matching funds for an endowment to help support the maintenance of the new Rural Health Sciences Institute. The Auxiliary Foundation's dedication to the District is evident as it successfully raised the required matching funds each of the first five years of the grant.

**ECONOMIC FACTORS AFFECTING THE SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT**

The economic position of College of the Siskiyous is closely tied to the State of California as State apportionments and property taxes allocated to the District represent approximately 86 percent of the total unrestricted resources of revenues received by the District. The District experienced a decrease in student enrollment and the State's apportionment has been limited due to the workload reduction measures limiting growth apportionment. The results for 2010-11 have allowed the District to maintain a healthy reserve in anticipation of potential cuts from the State's budget.

The State of California is again facing huge budget deficits. The District is continuing to pursue cost saving measures to achieve efficiencies but is also looking at managing course offerings that will be the least disruptive to our students.

Under current California law, the State of California is prohibited from disbursing any funds to the community colleges until the State budget is passed. At the beginning of each fiscal year, the District will need to rely on its reserves and possible annual participation in the CCCFA TRAN program to ensure that it can continue to operate each summer until a State budget is ratified. As the State continues to face financial challenges, they are looking more to shifting their cash flow problems to the Community College system through apportionment deferrals and reductions. This contributes to the District's need to participate in these types of programs to manage its cash flow requirements and will drive the District to participate in the mid-year TRAN program as well to meet the increasing State deferrals.

The College recognizes that as programs and facilities are added financial responsibilities also increase. We also understand that state funding may not completely meet these added responsibilities. As a result, the College's Auxiliary Foundation has taken on the development of an endowment fund for the Rural Health Sciences Institute. In October of 2006, the College received a federal Title III grant. One part of that grant came in the form of a challenge grant for this endowment. The Title III grant is providing \$370,000 over a five-year period that must be matched dollar for dollar with new funds raised after October 1, 2006. One-half of the net earnings produced by the endowment each year may be used to support facility and program needs of the Rural Health Sciences Institute. The College of the Siskiyous' Auxiliary Foundation has successfully met the requirements of the match for the first five years and continues in its support of the Title III grant as well as serving the College and the community through various programs and events.

**FINANCIAL SECTION**

**STATEMENT OF NET ASSETS**

*Siskiyou Joint Community  
College District*

June 30, 2011	<b>District</b>	<b>Foundation</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 782,634	\$ 210,125
Restricted cash and cash equivalents	1,933,494	-
Investments	-	2,027,750
Accounts receivable - net	3,981,363	9,121
Due from Foundation	63,013	-
Inventory and prepaids	195,826	3,150
Beneficial interest in remainder trusts	-	345,756
<b>Total Current Assets</b>	<b>6,956,330</b>	<b>2,595,902</b>
<b>NONCURRENT ASSETS</b>		
Restricted cash and cash equivalents	779,906	-
Deferred costs - net	979,717	-
Depreciable capital assets - net	28,688,385	-
Nondepreciable capital assets	2,812,234	-
<b>Total Noncurrent Assets</b>	<b>33,260,242</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 40,216,572</b>	<b>\$ 2,595,902</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,717,324	\$ 9,641
Deferred revenue	1,188,910	-
Due to District	-	63,013
Amounts held for others	90,535	-
Estimated liability for claims and claims adjustment expense	429,860	-
Compensated absences - current portion	35,053	-
Long-term debt - current portion	291,613	-
<b>Total Current Liabilities</b>	<b>3,753,295</b>	<b>72,654</b>
<b>NONCURRENT LIABILITIES</b>		
Compensated absences - noncurrent portion	315,467	-
Other postemployment benefits obligation	1,016,535	-
Long-term debt - noncurrent portion	28,024,519	-
<b>Total Noncurrent Liabilities</b>	<b>29,356,521</b>	<b>-</b>
<b>Total Liabilities</b>	<b>33,109,816</b>	<b>72,654</b>
<b>NET ASSETS</b>		
Invested in capital assets - net of related debt	4,495,622	-
Restricted - expendable	1,630,509	1,717,952
Unrestricted	980,625	284,516
Permanently restricted	-	520,780
<b>Total Net Assets</b>	<b>7,106,756</b>	<b>2,523,248</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 40,216,572</b>	<b>\$ 2,595,902</b>

*The accompanying notes are an integral part of these financial statements.*

**STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET ASSETS**

*Siskiyou Joint Community  
College District*

Year Ended June 30, 2011	<b>District</b>	<b>Foundation</b>
<b>OPERATING REVENUES</b>		
Tuition and fees	\$ 3,101,206	\$ 441,694
Less: Scholarship discounts and allowances	1,062,279	-
<b>Tuition and Fees - Net</b>	<b>2,038,927</b>	<b>441,694</b>
Grants and contracts - noncapital:		
Federal	10,219,349	-
State	1,969,768	-
Local	134,324	-
Auxiliary enterprise sales and charges	674,877	-
<b>Total Operating Revenues</b>	<b>15,037,245</b>	<b>441,694</b>
<b>OPERATING EXPENSES</b>		
Salaries	11,344,518	-
Employee benefits	5,121,575	-
Supplies, materials, and other operating expenses and services	4,152,842	189,757
Payments to students	9,311,113	37,407
Utilities	849,669	-
Depreciation	1,143,181	-
<b>Total Operating Expenses</b>	<b>31,922,898</b>	<b>227,164</b>
<b>Operating (Loss) Income</b>	<b>(16,885,653)</b>	<b>214,530</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State apportionment - noncapital	11,617,895	-
Local property taxes	4,873,491	-
State taxes and other revenues	488,497	-
Investment income - noncapital	84,075	(104,807)
Other nonoperating revenues	177,961	-
Interest expense - capital asset-related debt	(1,269,492)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>15,972,427</b>	<b>(104,807)</b>
<b>Income (Loss) Before Other Revenues (Expenses)</b>	<b>(913,226)</b>	<b>109,723</b>
<b>OTHER REVENUES, EXPENSES, GAINS, OR LOSSES</b>		
State revenue - capital	1,076,197	-
<b>Increase (Decrease) in Net Assets</b>	<b>162,971</b>	<b>109,723</b>
<b>Net Assets - Beginning of Year</b>	<b>6,943,785</b>	<b>2,413,525</b>
<b>Net Assets - End of Year</b>	<b>\$ 7,106,756</b>	<b>\$ 2,523,248</b>

*The accompanying notes are an integral part of these financial statements.*



**STATEMENT OF CASH FLOWS**

*Siskiyou Joint Community*

*College District*

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Year Ended June 30, 2011

	<b>District</b>	<b>Foundation</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 2,150,918	\$ 353,518
Federal grants and contracts	10,399,271	-
State grants and contracts	1,487,261	-
Local grants and contracts	126,809	-
Payments to/on behalf of employees	(11,322,990)	-
Payments for benefits	(4,770,598)	-
Payments to suppliers	(4,051,917)	(115,387)
Payments for utilities	(849,669)	-
Payments for scholarships and grants	(9,311,113)	(37,407)
Auxiliary enterprise sales and charges	646,214	-
Other receipts (payments)	(4,344)	34,363
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(15,500,158)</b>	<b>235,087</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State apportionment - noncapital	11,271,459	-
Local property taxes	3,764,490	-
State taxes and other revenues	535,540	-
Other receipts	173,771	-
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>15,745,260</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
State revenue - capital	1,076,197	-
Local property taxes	1,109,001	-
Note proceeds	300,000	-
Purchases of capital assets	(1,503,048)	-
Interest on capital debt	(927,873)	-
Principal paid on capital debt	(215,073)	-
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(160,796)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	-	(784,436)
Proceeds from sale of investments	199,112	433,189
Interest on investments	94,156	64,486
<b>Cash Provided (Used) by Investing Activities</b>	<b>293,268</b>	<b>(286,761)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>377,574</b>	<b>(51,674)</b>
<b>Cash and Cash Equivalents Balance - Beginning of Year</b>	<b>3,118,460</b>	<b>261,799</b>
<b>Cash and Cash Equivalents Balance - End of Year</b>	<b>\$ 3,496,034</b>	<b>\$ 210,125</b>

*The accompanying notes are an integral part of these financial statements.*

**STATEMENT OF CASH FLOWS**

*Siskiyou Joint Community*

*College District*

Page 2 of 2

Year Ended June 30, 2011

	<b>District</b>	<b>Foundation</b>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents	\$ 782,634	\$ 210,125
Restricted cash and cash equivalents - current	1,933,494	-
Restricted cash and cash equivalents - noncurrent	779,906	-
<b>Total Cash and Cash Equivalents</b>	<b>\$ 3,496,034</b>	<b>\$ 210,125</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (16,885,653)	\$ 214,530
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	1,143,181	-
(Gain) Loss on sale of equipment	22,709	-
Changes in:		
Accounts receivables - net	(194,174)	(8,289)
Due from Foundation/District	(34,363)	-
Inventory and prepaids	161,265	(2,000)
Accounts payable	(60,376)	(3,517)
Deferred revenue	(32,598)	-
Amounts held for others	7,310	-
Due to Foundation/District	-	34,363
Estimated liability for claims and claims adjustment expense	79,102	-
Compensated absences	21,564	-
Other postemployment benefits obligation	271,875	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (15,500,158)</b>	<b>\$ 235,087</b>

*The accompanying notes are an integral part of these financial statements.*

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Definition of the Reporting Entity*** Siskiyou Joint Community College District (the District) is a community college governed by an elected seven-member Board of Trustees. The District provides educational services to the local residents of the surrounding area. The District consists of one community college located in Weed, California and a satellite campus in Yreka, California.

The District identified the College of the Siskiyous Foundation (Foundation) as its only potential component unit. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP) including Governmental Accounting Standards Board (GASB) Statement 14 as amended by GASB Statement 39. GASB Statement 39 provides three criteria for requiring a legally separate, tax-exempt organization to be discretely presented as a component unit of the reporting entity. These criteria are the “direct benefit” criterion, the “entitlement/ability to access” criterion, and the “significance” criterion.

The Foundation was established as a legally separate, not-for-profit corporation to support the District and its students. It contributes to various scholarship funds for the benefit of District students and contributes directly to the District. The Foundation’s assets are significant to the District’s financial statements. Therefore, the District has classified the Foundation as a component unit that will be discretely presented in the District’s annual financial statements.

***Basis of Presentation and Accounting*** The financial statement presentation required by GASB Statement Nos. 34, 35, 37, 38, and 39 provides a comprehensive, entity-wide perspective of the District’s overall financial position, results of operations and cash flows, and replaces the fund-group perspective previously required. The District now follows the “business-type activities” reporting requirements of GASB Statement No. 34 that provides a comprehensive one-line look at the District’s financial activities.

The basic financial statements of the Siskiyou Joint Community College District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District has elected to follow GASB pronouncements and not Financial Accounting Standards Board (FASB) pronouncements after 1989, as presented by GASB Statement No. 20.

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities (BTA). Accordingly, the District’s financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenditures are recorded when a liability is incurred, regardless of the timing of the related cash flows. All significant intra-agency transactions have been eliminated.

Exceptions to the accrual basis of accounting are as follows:

In accordance with industry standards provided by the California Community Colleges Chancellor’s Office, summer session tuition and fees received before year-end are recorded as deferred revenue as of June 30 with the revenue being reported in the fiscal year in which the program is predominately conducted. Summer session expenditures through June 30 are recorded as prepaid expenses.

**NOTES TO THE FINANCIAL  
STATEMENTS**

June 30, 2011

*Siskiyou Joint Community  
College District*

The financial accounts of the District are recorded and maintained in accordance with the *California Community Colleges Budget and Accounting Manual*.

***Cash and Cash Equivalents*** For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested in the county treasurer's investment pool are considered cash equivalents. GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, provides that amounts held in external investment pools be reported at fair value. However, cash in the county treasury is recorded at the value of the pool shares held, which approximates the fair value of the underlying cash and investments of the pool.

***Restricted Cash and Cash Equivalents*** Restricted cash and cash equivalents includes amounts restricted for the repayment of debt, for use in the acquisition or construction of capital assets, for restricted programs, for any other restricted purpose, or in any funds restricted in purpose per the *California Community Colleges Budget and Accounting Manual*.

***Accounts Receivable*** Accounts receivable 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. Accounts receivable also include amounts due from the federal government, state, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. The allowance was estimated at \$130,393 for the year ended June 30, 2011.

***Inventory and Prepaids*** Inventory consists primarily of bookstore merchandise including, but not limited to: books, instructional materials and sundry items held for resale to students and staff of the District. Inventory is valued at average cost, which approximates market, using the purchase method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

***Capital Assets*** Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. Where historical cost is not available, estimated historical cost is based on replacement cost reduced for inflation. Capitalized equipment includes all items with a unit cost of \$5,000 or more, and estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation of capitalized assets is computed using the straight-line method over the estimated useful lives of the assets, generally 25 to 50 years for buildings, 20 years for land improvements, 5-15 years for equipment and vehicles.

***Deferred Revenue*** Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year that relate to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

**NOTES TO THE FINANCIAL  
STATEMENTS**

June 30, 2011

*Siskiyou Joint Community  
College District*

***Amounts Held for Others*** Amounts held for others represents funds held by the District for the Associated Students Trust Fund, Scholarship and Loan Trust Fund, and other agency funds.

***Compensated Absences*** Accumulated and vested unpaid employee vacation benefits are recognized as liabilities of the District as the benefits are earned.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating 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 when the employee retires.

***Long-Term Liabilities*** Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which does not differ materially from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Amortization of issuance costs was \$53,462 for the year ended June 30, 2011.

***Net Assets*** Net assets represent the difference between assets and liabilities. The District's net assets are classified as follows:

*Invested in Capital Assets – Net of Related Debt:* This represents the District's total investment in capital assets, net of 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 invested in capital assets, net of related debt.

*Restricted Net Assets – Expendable:* Restricted expendable net assets represent resources, which are legally or contractually obligated to be spent in accordance with restrictions imposed by external third parties.

*Unrestricted Net Assets:* Unrestricted net assets 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's policy is to first apply the expense toward restricted resources, and then towards unrestricted resources.

***Classification of Revenues*** The District has classified its revenues as either operating or non-operating. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement No. 35, including state appropriations, local property taxes, and investment income.

**NOTES TO THE FINANCIAL  
STATEMENTS**

June 30, 2011

*Siskiyou Joint Community  
College District*

Revenues are classified according to the following criteria:

*Operating Revenues:* Operating revenues 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.

*Nonoperating Revenues:* Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources described in GASB Statement No. 34, such as state appropriations and investment income.

***Scholarship Discounts and Allowances*** Student tuition and fee revenue are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net assets. 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 or nongovernmental programs, are recorded as operating revenues (grants) and operating expenses (payments to students) in the District's financial statements.

***State Apportionment*** Certain current year apportionments from the State are based on various financial and statistical information of the previous year, as well as State budgets and other factors outside the District's control. In February, subsequent to the year end, the State performs a recalculation based on actual financial and statistical information for the year just completed. The District's policy is to estimate the recalculation correction to apportionment, if any, based on factors they can reasonably determine such as local property tax revenue received and changes in FTES. Any additional corrections determined by the State are recorded in the year computed by the State.

***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 that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

***Property Taxes*** Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent if paid after December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of Siskiyou (the County) bills and collects the taxes for the District.

***Budgets and Budgetary Accounting*** By state law, the District's governing board must approve a tentative budget no later than July 1, and adopt a final budget no later than September 15 of each year. A hearing must be conducted for public comments prior to adoption. The District's governing board satisfied these requirements.

**NOTES TO THE FINANCIAL  
STATEMENTS**

June 30, 2011

*Siskiyou Joint Community  
College District*

The budget is revised during the year to incorporate categorical funds that are awarded during the year and miscellaneous changes to the spending plans. The District's governing board approves revisions to the budget.

***On-Behalf Payments*** GASB Statement 24 requires that direct on-behalf payments for fringe benefits and salaries made by an 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 California State Teachers' Retirement System (CalSTRS) on behalf of all Community College Districts in California. These payments have not been included in the financial statements as management believes they are immaterial to the financial statements taken as a whole.

**DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION**

**Organization** The purpose of the Foundation is to accumulate funds to award scholarships to assist students while attending the District, and for designated projects. A substantial portion of the Foundation's revenue is from community donations.

**Basis of Accounting** The accompanying financial statements have been prepared on the accrual basis of accounting.

**Basis of Presentation** Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

*Unrestricted Net Assets:* Net assets that are not subject to donor-imposed stipulations.

*Temporarily Restricted Net Assets:* Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, 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 Assets:* Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

**Cash and Cash Equivalents** For purpose of the statement of cash flows, the Foundation considers all short-term securities purchased with a maturity of three months or less to be cash equivalents.

**Investments** Investments are recorded at fair value based on quoted market values. The art collection and gem investments held by the Foundation are carried at the appraised value at the time of donation as reduced for any permanent declines in market value.

**Endowment Investment and Spending Policies** The Foundation's endowment consists of approximately 40 individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.



The Board of Trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of 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 Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

*Investment Return Objectives, Risk Parameters and Strategies:* The Foundation has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, which is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5% of the Foundation's Scholarship Endowments, while growing the funds, if possible. Therefore, the Foundation expects its endowment assets, over time, to produce an average rate of return of 8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

*Spending Policy:* The Foundation has a policy of appropriating for distribution each year 5% of its endowment fund's fair market value as of the calendar year-end proceeding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to grow at a nominal annual rate, which is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

**NOTES TO THE FINANCIAL  
STATEMENTS**

June 30, 2011

*Siskiyou Joint Community  
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**Contributions** Contributions, including unconditional promises to give, are recorded when made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

**Recognition of Donor-Restricted Contributions** Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

However, contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

**Donated Services** Donated services are recognized as contributions in accordance with FASB ASC Subtopic 958-605, *Not-for-Profit Entities – Revenue Recognition*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

The Foundation receives donated administrative services from the District. The value of these services were estimated at \$79,887 for the year ended June 30, 2011.

Volunteers also provided their time and performed a variety of tasks that assisted the Foundation with the Thrift Shop and other program services. These services did not meet the above requirement for recognition in these financial statements and, accordingly, have not been valued or recorded.

**Income Taxes** The Foundation operates under Section 501(c)(3) of the Internal Revenue Code and 23701(d) of the California Revenue and Taxation Code and is exempt from federal and state income taxes. Accordingly, no provision for income taxes is included in the financial statements. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

**2. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

The following is a summary of cash and investments at June 30, 2011:

	<b>District</b>	<b>Foundation</b>
Cash and cash equivalents	\$ 782,634	\$ 210,125
Restricted cash and cash equivalents - current	1,933,494	-
Restricted cash and cash equivalents - noncurrent	779,906	-
Investments	-	2,027,750
<b>Total Cash and Cash Equivalents and Investments</b>	<b>\$ 3,496,034</b>	<b>\$ 2,237,875</b>

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**Deposits**

At June 30, 2011, the carrying amount of the District's and Foundation's deposits are summarized as follows:

	<u>District</u>	<u>Foundation</u>
Cash in County Treasury	\$ 2,952,555	\$ 209,925
Cash in banks	540,589	-
Cash on hand	2,890	200
<b>Total</b>	<u>\$ 3,496,034</u>	<u>\$ 210,125</u>

As provided for by *Education Code*, Section 41001, a significant portion of the District's cash balances of most funds is deposited with the County Treasurer for the purpose of increasing interest earned through County investment activities. The County Treasury's Pooled Money Investment account's weighted average maturities was 1.25 years at June 30, 2011.

Copies of the County's audited financial statements can be obtained from the Siskiyou County Auditor-Controller's Office, 311 4<sup>th</sup> Street, Yreka, California 96097.

The pooled treasury has regulatory oversight from the Siskiyou County Treasury Oversight Committee in accordance with *California Government Code* requirements.

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% of an entity's deposits. California law also allows financial institutions to secure an entity's deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits.

All cash held by financial institutions is collateralized by securities that are held by the broker or dealer, or by its trust department or agent, but not in the District's name. In addition, \$250,000 of the bank balances (per institution) at June 30, 2011, are insured.

**Investments**

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

- State of California issues
- Local Agency Investment Fund (state pool) deposits
- County Treasurer
- U.S. Treasury Bonds with less than a five-year maturity
- Time Certificates of Deposit limited to \$100,000 per financial institution (Institution must be insured by FSLIC and/or FDIC, licensed by the State of California and/or the Federal Government, and located within the State of California)

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The investment policy of the Foundation allows for investment in a variety of mutual funds and debt securities. As it relates to the gem and art collection, the Foundation intends to retain these as investments and sell the items on an as-needed basis.

As of June 30, 2011, the investments consist of:

	<u>District</u>	<u>Foundation</u>
Mutual funds and debt securities	\$ -	\$ 1,995,215
Art and gems	-	32,535
<b>Total Investments</b>	<b>\$ -</b>	<b>\$ 2,027,750</b>

**Risk Information**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity its fair value is to changes in market interest rates. California Government Code Section 53601 limits the District's investments to maturities of five years. The District's investment policy is to hold investments to call or maturity to further mitigate interest rate risk.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. This is measured by ratings assigned by nationally recognized organizations. The District's investment policy addresses credit risk by limiting its investment types as noted above to investments authorized by California Government Code. The District's investment in the county investment pool is unrated.

**Concentration of Credit Risk**

Concentration risk is defined as positions of 5% or more in the securities of a single issuer. The District and Foundation's investment policies allows investments in single issuer greater than 5%.

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g., financial institution, broker-dealer) to a transaction, a government will not be able to recover the value of its cash and investments or collateral securities that are in the possession of another party. For deposits, 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% of an entity's deposits. California law also allows financial institutions to secure an entity's deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. For investments, the District and Foundation do not have policies to address this risk.

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**3. ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at June 30, 2011:

	<b>District</b>	<b>Foundation</b>
Tuition and fees	\$ 517,104	\$ -
Less: Allowance for doubtful accounts	130,393	-
<b>Tuition and Fees - Net</b>	<b>386,711</b>	<b>-</b>
Federal grants and contracts	329,749	-
State grants and contracts	516,627	-
Local grants and contracts	32,135	-
Auxiliary enterprise sales and charges	116,925	-
State taxes and other revenues	133,731	-
State apportionment	2,456,183	-
Investment income - noncapital	9,302	9,121
<b>Total</b>	<b>\$ 3,981,363</b>	<b>\$ 9,121</b>

**4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2011, is as follows:

	<b>Balance July 1, 2010</b>	<b>Additions/ Transfers</b>	<b>Deductions</b>	<b>Balance June 30, 2011</b>
<b>NONDEPRECIATED CAPITAL ASSETS</b>				
Land	\$ 199,350	\$ -	\$ -	\$ 199,350
Construction in progress	1,743,506	869,378	-	2,612,884
<b>DEPRECIATED CAPITAL ASSETS</b>				
Land improvements	9,610,699	215,793	-	9,826,492
Buildings	25,845,296	-	-	25,845,296
Vehicles	220,631	46,733	39,863	227,501
Equipment	2,120,176	444,408	52,854	2,511,730
<b>Total Capital Assets</b>	<b>39,739,658</b>	<b>1,576,312</b>	<b>92,717</b>	<b>41,223,253</b>
Less: Accumulated depreciation	8,658,076	1,143,181	78,623	9,722,634
<b>Total Capital Assets - Net</b>	<b>\$ 31,081,582</b>	<b>\$ 433,131</b>	<b>\$ 14,094</b>	<b>\$ 31,500,619</b>

Included within equipment above is equipment under capital lease with a cost of \$81,868 and accumulated depreciation of \$7,505 at June 30, 2011.

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**5. ACCOUNTS PAYABLE**

Accounts payable at June 30, 2011, consist of the following:

	<b>District</b>	<b>Foundation</b>
Accrued payroll and related liabilities	\$ 604,885	\$ -
Interest payable	356,047	-
Other	756,392	9,641
<b>Total</b>	<b>\$ 1,717,324</b>	<b>\$ 9,641</b>

**6. SHORT-TERM DEBT**

The District participated in the California Community College Financing Authority 2011 Tax and Revenue Anticipation Bond program, depositing the proceeds (to the extent of participation) in its general fund. Short-term debt is necessary for the District to maintain proper working cash levels.

Short-term debt activity for the year ended June 30, 2011, was as follows:

	<b>Balance June 30, 2010</b>	<b>Drawn</b>	<b>Repaid</b>	<b>Balance June 30, 2011</b>
Participation in California Community College Financing Authority 2011 Tax and Revenue Anticipation Bonds	\$ -	\$ 1,390,000	\$ 1,390,000	\$ -

**7. LONG-TERM LIABILITIES**

The long-term liability activity for the year ended June 30, 2011, is as follows:

	<b>Beginning Balance</b>	<b>Additions/ Accretions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Long-term debt:					
General obligation bonds:					
Dorm revenue	\$ 91,000	\$ -	\$ 10,000	\$ 81,000	\$ 11,000
Measure A - Series A	15,367,352	45,707	90,000	15,323,059	130,000
Measure A - Series B and C	11,310,194	209,547	75,000	11,444,741	80,000
Bond anticipation note	1,089,850	35,687	-	1,125,537	-
Software financing	-	300,000	27,218	272,782	56,200
Copier lease	-	81,868	12,855	69,013	14,413
<b>Total Long-Term Debt</b>	<b>27,858,396</b>	<b>672,809</b>	<b>215,073</b>	<b>28,316,132</b>	<b>291,613</b>
Other long-term liabilities:					
Compensated absences	328,956	355,307	333,743	350,520	35,053
Other postemployment benefits	744,660	271,875	-	1,016,535	-
<b>Total</b>	<b>\$ 28,932,012</b>	<b>\$ 1,299,991</b>	<b>\$ 548,816</b>	<b>\$ 29,683,187</b>	<b>\$ 326,666</b>

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<p>The dormitory Revenue Bonds were issued in 1968 in the amount of \$336,000 for the construction of a two-story dormitory. The bonds are secured by a first lien on and pledge of the net revenues to be derived from the operation and ownership of the Juniper and Ponderosa dormitories. The bonds mature through 2018 and accrue interest at 3%.</p>	<p>\$ 81,000</p>
<p>2005 General Obligation Bonds, Series A, were issued in May 2006 in the original amount of \$14,997,976, and include both current interest bonds and capital appreciation bonds. The bonds are for the purpose of financing the acquisition, construction, modernization and renovation of the District facilities. The bonds are payable solely from the proceeds of ad valorem taxes. Final maturity of all bonds is 2030. The interest rate ranges from 4% to 5%.</p>	<p>14,934,016</p>
<p>2005 General Obligation Bonds, Series B and C, were issued in April 2008 in the original amount of \$9,998,688, and include both current interest bonds and capital appreciation bonds. The bonds are for the purpose of financing the acquisition, construction, modernization and renovation of the District facilities. The bonds are payable solely from the proceeds of ad valorem taxes. Final maturity of all bonds is 2047. The interest rate ranges from 3% to 6%.</p>	<p>10,827,748</p>
<p>2010 General Obligation Bond Anticipation Notes were issued in February 2010 in the original amount of \$998,755. The notes were issued to fund bond project expenditures which were to be paid with General Obligation Bonds, Series D. These notes will be repaid with the proceeds of General Obligation Bonds, Series D in 2013. The note is payable in full in 2013.</p>	<p>1,076,342</p>
<p>Note payable with Bank of America entered into in December 2010 in the original amount of \$300,000. The borrowed funds were for the purpose of purchasing new accounting software system. Payments in the amount of \$5,559 are due monthly, including interest at 4.25%. The note matures in December 2015.</p>	<p>272,782</p>
<p>Capital lease with Office Equipment Leasing entered into in July 2010 in the original amount of \$81,868. The borrowed funds were for the purpose of purchasing copier equipment. Payments in the amount of \$1,800 are due monthly, including interest at 11.5%. The note matures in June 2015.</p>	<p>69,013</p>
<p>Premium on 2005 General Obligation Bonds (Series A)</p>	<p>389,043</p>
<p>Premium on 2005 General Obligation Bonds (Series B and C)</p>	<p>616,993</p>
<p>Premium on 2010 General Obligation Bond Anticipation Notes</p>	<p>49,195</p>
<p><b>Long-Term Debt - Net</b></p>	<p>28,316,132</p>
<p>Less: Current portion</p>	<p>291,613</p>
<p><b>Total Long-Term Debt - Noncurrent Portion</b></p>	<p><b>\$ 28,024,519</b></p>

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**Accretion**

The 2005 General Obligation Bonds (Series A, B and C) and the bond anticipation note have been increased to include accretion of the capital appreciation bonds. Annual accretion is recognized as interest expense in the statement of activities.

The annual debt service requirements to maturity on the long-term debt issues are as follows:

Year Ending June 30	Bonds and Notes Payable			Bond	Total
	Principal	Interest	Total	Premium	
2012	\$ 291,613	\$ 882,711	\$ 1,174,324	\$ 58,249	\$ 1,232,573
2013	340,796	869,697	1,210,493	58,249	1,268,742
2014	1,389,052	1,080,706	2,469,758	46,375	2,516,133
2015	278,947	841,178	1,120,125	37,893	1,158,018
2016	236,013	1,039,144	1,275,157	37,893	1,313,050
2017-2021	2,568,105	4,209,078	6,777,183	189,465	6,966,648
2022-2026	4,795,000	3,153,035	7,948,035	189,465	8,137,500
2027-2031	7,615,000	3,302,619	10,917,619	186,195	11,103,814
2032-2036	1,663,179	6,194,064	7,857,243	79,533	7,936,776
2037-2041	4,236,364	8,984,886	13,221,250	73,150	13,294,400
2042-2046	1,894,088	13,810,912	15,705,000	73,150	15,778,150
2047-2050	685,055	6,369,943	7,054,998	25,614	7,080,612
<b>Total</b>	<b>\$ 25,993,212</b>	<b>\$ 50,737,973</b>	<b>76,731,185</b>	<b>1,055,231</b>	<b>77,786,416</b>
Less: Interest (excluding accretion of \$1,267,689)			<u>49,470,284</u>	<u>-</u>	<u>49,470,284</u>
<b>Principal - Net</b>			<u>\$ 27,260,901</u>	<u>\$ 1,055,231</u>	<u>\$ 28,316,132</u>

**Other Postemployment Benefits (OPEB)**

The District's actuarially determined annual required contribution for the year ended June 30, 2011, was \$712,575, and contributions made by the District during the year ended June 30, 2011, were \$477,934. This resulted in a net OPEB obligation of \$1,016,535 at June 30, 2011. See note 11 for additional information regarding the OPEB obligation and the postemployment benefit plan.

**8. EMPLOYEE RETIREMENT SYSTEMS**

Qualified employees are covered under cost-sharing multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System, and classified employees are members of the Public Employees' Retirement System.

**California State Teachers' Retirement System**

*Plan Description*

All certificated employees and those employees meeting minimum standards adopted by the Board of Governors of the California Community Colleges and employed 50% or more in a full-time equivalent position participate in the Defined Benefit Plan (DB Plan). Part-time



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educators hired under a contract of less than 50% or on an hourly or daily basis without contract may elect membership in the Cash Balance Benefit Program (CB Benefit Program). Since January 1, 1999, both of these plans have been part of the State Teachers' Retirement Plan (STRP), a cost-sharing, multiple-employer contributory public employee retirement system. The State Teachers' Retirement Law (Part 13 of the *California Education Code*, Section 22000 et seq.) established benefit provisions for STRS. Copies of the STRS annual financial report may be obtained from the STRS Executive Office, 7667 Folsom Boulevard, Sacramento, California 95851.

The STRP, a defined benefit pension plan, provides retirement, disability, and death benefits, and depending on which component of the STRP the employee is in, post-retirement cost-of-living adjustments may also be offered. Employees in the DB Plan attaining the age of 60 with five years of credited California service (service) are eligible for "normal" retirement and are entitled to a monthly benefit of two percent of their final compensation for each year of service. Final compensation is generally defined as the average salary earnable for the highest three consecutive years of service. The plan permits early retirement options at age 55 or as early as age 50 with at least 30 years of service. While early retirement can reduce the 2% age factor used at age 60, service of 30 or more years will increase the percentage age factor to be applied.

Disability benefits are generally the maximum of 50% of final compensation for most applicants. Eligible dependent children can increase this benefit up to a maximum of 90% of final compensation. After five years of credited service, members become 100% vested in retirement benefits earned to date. If a member's employment is terminated, the accumulated member contributions are refundable.

The features of the CB Benefit Program include immediate vesting, variable contribution rates that can be bargained, guaranteed interest rates, and flexible retirement options. Participation in the CB benefit plan is optional; however, if the employee selects the CB benefit plan and their basis of employment changes to half time or more, the member will automatically become a member of the DB Plan.

At June 30, 2011, the District employed 179 certificated employees with a total annual payroll of \$5,774,763.

***Funding Policy***

Active plan members are required to contribute 8.0% of their gross salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Board based upon recommendations made by the consulting actuary. The required employer contribution rate for the fiscal years ended June 30, 2011, 2010, and 2009, was 8.25% of annual payroll. State statutes establish the contribution requirements of the plan members. The District's contributions to CalSTRS for the fiscal years ended June 30, 2011, 2010, and 2009, were \$476,418, \$471,720, and \$475,529, respectively, and equaled 100% of the required contributions each year.

## **California Public Employees Retirement System**

### *Plan Description*

All full-time classified employees participate in the CalPERS, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. The Siskiyou Joint Community College District is part of a “cost-sharing” pool within CalPERS. Employees are eligible for retirement as early as age 50 with five years of service. At age 55, the employee is entitled to a monthly benefit of 2.0% of final compensation for each year of service credit.

Retirement compensation is reduced if the plan is coordinated with Social Security. Retirement after age 55 will increase the percentage rate to a maximum of 2.5% at age 63 with an increased rate. The plan also provides death and disability benefits. Retirement benefits fully vest after five years of credited service. Upon separation from the Fund, members’ accumulated contributions are refundable with interest credited through the date of separation.

The Public Employees’ Retirement Law (Part 3 of the *California Government Code*, Section 20000 et seq.) establishes benefit provisions for CalPERS. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

### *Funding Policy*

Active plan members are required to contribute 7.0% of their salary (7.0% of monthly salary over \$133.33 if the member participates in Social Security) and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal years ended June 30, 2011, 2010, and 2009, was 10.707%, 9.709%, and 9.428% of annual payroll. State statutes establish the contribution requirements of the plan members. The District’s contributions to CalPERS for the fiscal years ended June 30, 2011, 2010, and 2009, were \$393,918, \$387,351, and \$385,401, respectively, and equaled 100% of the required contributions each year.

## **9. STATE AND FEDERAL ALLOWANCES, AWARDS, AND GRANTS**

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, management believes that any required reimbursements will not be material.

**10. RISK MANAGEMENT**

The District is a member of the Northern California Community Colleges Self Insurance Authority (Authority). The Authority is a member of the State Wide Association of Community Colleges Joint Powers Authority (SWACC). The Authority provides for a risk-sharing plan whereby the member districts share in the claims costs as well as the administrative costs of providing property and liability coverages. Financial statements are available from each Authority upon request.

Coverage includes property, liability and workers' compensation insurance. Liability losses in excess of the District's \$1,000 retention amount are covered through the SWACC up to \$25,000,000 per occurrence. In November 2009, the District dropped its independent membership in the Schools Excess Liability Fund (SELF) in order to obtain seamless liability coverage through the SWACC. Property losses in excess of the District's \$1,000 retention amount are covered up to the District's total insurable values. Workers' compensation losses are fully insured. There has been no significant reduction in any of the insurance coverages from prior year. Settled claims resulting from these programs have not exceeded insurance coverage in each of the past three fiscal years.

The District has a self-insured health insurance plan, which covers all eligible employees. Annual expenses in excess of the District's self-insured retention of \$75,000 per employee up to \$1,925,000 per employee are covered by excess insurance through a stop loss carrier.

**11. OTHER POSTEMPLOYMENT BENEFITS PLAN**

*Plan Description*

The Siskiyou Joint Community College District Post-Retirement Health Benefits Plan (the Plan) is a single-employer OPEB plan administered by the District. Administrators, Academic and Administrative Support Management employees hired prior to July 1, 1992, Classified employees hired prior to December 1, 1992, and Board members elected between January 1, 1981, and January 1, 1995, may receive benefits from age 55 to age 65. The District pays 100% of the eligible retirees' medical plan premiums. Before receiving benefits, Academic, Administrative Support Management, and Classified employees must have ten years of service with the District. Board members must serve a minimum of 12 years with the District. All employees and board members with twenty or more years of service are eligible to receive District paid medical benefits from the date of retirement for the remainder of their lives.

As of June 30, 2011, the District has 30 active employees who are eligible for post-retirement health benefits, and 61 retiree who receive post-retirement health benefits.

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***Funding Policy***

The contribution requirements are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually. Additionally, the District has established an irrevocable trust (the "Trust") with Union Bank of California through the Retiree Health Benefit Program Joint Powers Authority to prefund a portion of the retiree health benefit costs. For the year ended June 30, 2011, the District contributed \$477,934 to the Plan.

***Annual OPEB Cost and Net Other Postemployment Benefit Obligation***

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) or funding costs over a period of 30 years. The following table shows the components of the District's annual OPEB cost, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation to the Plan for the year ended June 30, 2011:

Annual required contribution	\$ 712,575
Interest on net OPEB obligation	37,234
<b>Annual OPEB Cost</b>	<b>749,809</b>
Contributions	(477,934)
<b>Change in Net OPEB Obligation</b>	<b>271,875</b>
<b>Net OPEB Obligation - Beginning of Year</b>	<b>744,660</b>
<b>Net OPEB Obligation - End of Year</b>	<b>\$ 1,016,535</b>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal years 2009, 2010 and 2011 is as follows:

<b>Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Actual Employer Contributions</b>	<b>Percentage Contributed</b>	<b>Net Ending OPEB Obligation (Deferred Charge)</b>
June 30, 2009	\$ 712,575	\$ 247,450	35%	\$ 465,125
June 30, 2010	\$ 735,931	\$ 456,296	62%	\$ 744,660
June 30, 2011	\$ 749,809	\$ 477,934	64%	\$ 1,016,535

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***Funded Status and Funding Progress***

The funded status of the Plan as of the actuarial valuation dates below, was as follows:

	<b>February 5, 2010</b>
Actuarial accrued liability (AAL)	\$ 8,791,862
Actuarial value of plan assets	892,196
<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>\$ 7,899,666</b>
Funded ratio (actuarial value of plan assets/AAL)	10.15%
Covered payroll (active members)	\$ 1,874,058
<b>UAAL as a Percentage of Covered Payroll</b>	<b>421.53%</b>

During the year ended June 30, 2009, the District set aside approximately \$1,052,325 in an external trust fund. The fair value of the trust fund was approximately \$1,122,146 at June 30, 2011, respectively.

***Actuarial Methods and Assumptions***

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing benefits costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the February 5, 2010, actuarial valuation, the entry-age normal cost method was used. The actuarial assumptions included a 5.0% discount rate based on the assumption that a substantial portion of the ARC is funded. A 3.0% price inflation and a 3.0% wage inflation assumptions were used as well as an annual cost trend rate of 4.0%. Unfunded actuarial accrued liabilities are amortized over a 30-year period using the flat dollar amount method. The actuarial value of assets was determined using a 20-year smoothing formula subject to a 20% corridor around market value.

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June 30, 2011

*Siskiyou Joint Community  
College District*

**12. BENEFICIAL INTEREST IN REMAINDER TRUSTS - FOUNDATION**

Charitable remainder trusts provide for the payment of distributions to designated beneficiaries over the trusts' terms. At the end of the trusts' terms, the remaining assets are available for the beneficiaries' use, subject to donor-imposed restrictions. Assets held in charitable remainder trusts are reported at fair value in the Foundation's statement of financial position. Changes in fair value of charitable remainder trusts are reflected as changes in temporarily restricted net assets in the Foundation's statement of activities.

The Foundation has been named as the irrevocable remainder beneficiary of two charitable remainder trusts (the trusts are administered by a third party). At June 30, 2011, the present value of the future benefits was calculated using a discount rate of 2.8%, estimated rate of return of 2.8%, and applicable mortality tables.

Assets held in all charitable remainder trusts at June 30, 2011, totaled \$345,756, and are reported at fair value in the Foundation's statement of financial position.

**13. INVESTMENT INCOME – FOUNDATION**

A summary of return on investments consists of the following for the year ended June 30, 2011:

	<b>2011</b>
Interest and dividends	\$ 64,488
Change in value of CRAT	18,379
Net realized and unrealized gain (loss)	(187,674)
<b>Total Investment Income (Loss)</b>	<b>\$ (104,807)</b>

**14. SPECIAL EVENTS – FOUNDATION**

The following is a summary of special events:

Year Ended June 30, 2011	<b>Golf</b>		<b>Total</b>
	<b>Tournament</b>	<b>Craft Fair</b>	
Gross revenue	\$ 17,939	\$ 4,278	\$ 22,217
Expenses	9,052	1,316	10,368
<b>Total</b>	<b>\$ 8,887</b>	<b>\$ 2,962</b>	<b>\$ 11,849</b>

**NOTES TO THE FINANCIAL  
STATEMENTS**

June 30, 2011

*Siskiyou Joint Community  
College District*

**15. TEMPORARILY RESTRICTED NET ASSETS - FOUNDATION**

Temporarily restricted net assets are available for the following purposes:

	<b>2011</b>
Scholarships	\$ 331,472
Rural Health Sciences Training Institute	968,037
Beneficial interest in remainder trusts	345,756
Other programs	72,687
<b>Total</b>	<b>\$ 1,717,952</b>

**16. PERMANENTLY RESTRICTED NET ASSETS – FOUNDATION**

Permanently restricted net assets are invested for the following purposes:

	<b>2011</b>
Scholarships	\$ 520,780

**17. ENDOWMENTS – FOUNDATION**

Endowment net asset composition by type of fund as of June 30, 2011, is as follows:

	<b>Unrestricted</b>	<b>Temporarily Unrestricted</b>	<b>Permanently Unrestricted</b>	<b>Total Net Endowment Assets</b>
Donor-restricted endowment funds:				
Scholarships	\$ -	\$ 331,472	\$ 520,780	\$ 852,252
Title III	-	968,037	-	968,037
Board-designated endowment funds	11,078	-	-	11,078
<b>Total Endowment Funds</b>	<b>\$ 11,078</b>	<b>\$ 1,299,509</b>	<b>\$ 520,780</b>	<b>\$ 1,831,367</b>
Endowment net assets - beginning of year	\$ 10,670	\$ 930,540	\$ 484,386	\$ 1,425,596
Contributions	3,752	222,418	36,394	262,564
Investment income	652	56,385	-	57,037
Net appreciation (depreciation)	2,004	124,539	-	126,543
Amounts appropriated for expenditure	(6,000)	(34,373)	-	(40,373)
<b>Endowment Net Assets - End of Year</b>	<b>\$ 11,078</b>	<b>\$ 1,299,509</b>	<b>\$ 520,780</b>	<b>\$ 1,831,367</b>

**NOTES TO THE FINANCIAL  
STATEMENTS**

June 30, 2011

*Siskiyou Joint Community  
College District*

**18. ENDOWMENTS – FOUNDATION**

Donor-restricted scholarship endowment funds consist of permanently restricted contributions received for various scholarship programs. Earnings on these endowments are used for the payment of scholarships under the various programs. Donor-restricted Title III endowment funds are Federal grant receipts (and matching contributions) which are to be held for a period of twenty years. Earnings on these funds are to be spent on maintenance of the Rural Health Science Institute. At the end of the twenty-year period, the grant proceeds and matching contributions are available to be used to pay various Rural Health Science Institute related expenditures.

**19. FAIR VALUE MEASUREMENTS – FOUNDATION**

Fair values of assets measured on a recurring basis at June 30, 2011, are as follows:

	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Mutual funds and debt securities	\$ 1,995,215	\$ 1,995,215	\$ -	\$ -
Beneficial interest in CRAT	345,756	-	-	345,756
<b>Total</b>	<b>\$ 2,340,971</b>	<b>\$ 1,995,215</b>	<b>\$ -</b>	<b>\$ 345,756</b>

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

<b>Beginning of Year - July 1, 2010</b>	\$ 327,377
Total gains or losses (realized/unrealized)	18,379
Purchases, issuance, and settlements	-
Transfers in and/or out of Level 3	-
<b>End of Year - June 30, 2011</b>	<b>\$ 345,756</b>



**SUPPLEMENTARY INFORMATION SECTION**

## **ORGANIZATION STRUCTURE**

June 30, 2011

*Siskiyou Joint Community*

*College District*

The District, a political subdivision of the State of California, was established on May 17, 1957. Its territories encompass portions of Siskiyou and Shasta Counties. There were no changes in boundaries during the fiscal year.

The District provides higher education instruction for the first and second years of college education and vocations training.

### **GOVERNING BOARD**

<b>Name</b>	<b>Office</b>	<b>Term Expires</b>
Mr. Alan Dyar	President	2014
Mr. Robert Rice	Vice President	2012
Mrs. Penny Heilman	Member	2014
Mr. Jim Hardy	Member	2014
Mr. Barry Ohlund	Member	2012
Mr. Gregory Hanna	Member	2012
Vacant	Member	

### **ADMINISTRATION**

Mr. Randall Lawrence  
Superintendent/President

Dr. Robert Frost  
Vice President, Student Learning

Mr. Steve Crow  
Vice President, Administrative and Information Services

**SCHEDULE OF WORKLOAD MEASURES FOR  
STATE GENERAL APPORTIONMENT**

June 30, 2011

*Siskiyou Joint Community  
College District*

The full-time equivalent resident students (FTES) eligible for 2010-11 state apportionment reported to the Chancellor's Office as of June 30, 2011, are summarized below:

	<b>Reported Data</b>
<b>SUMMER INTERSESSION (Summer 2010 only)</b>	
Noncredit	3
Credit	133
<b>SUMMER INTERSESSION (Summer 2011 - Prior to July 1, 2011)</b>	
Noncredit	-
Credit	-
<b>PRIMARY TERMS (Exclusive of Summer Intersession)</b>	
<b>Census Procedure Courses</b>	
Weekly census contact hours	1,394
Daily census contact hours	267
<b>Actual Hours of Attendance Procedure Courses</b>	
Noncredit	72
Credit	110
<b>Alternative Attendance Accounting Procedure</b>	
Weekly census procedure courses	201
Daily census procedure courses	70
<b>Total FTES</b>	<b>2,250</b>
<b>SUPPLEMENTARY INFORMATION (Subset of above information)</b>	
In-Service training courses (FTES)	10
<b>BASIC SKILLS COURSES AND IMMIGRANT EDUCATION</b>	
Noncredit	-
Credit	158
<b>CDCP Noncredit FTES</b>	<b>-</b>

*See the accompanying notes to the supplementary information.*

**SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS**

June 30, 2011

*Siskiyou Joint Community  
College District*

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b>FEDERAL AWARDS</b>		
U.S. DEPARTMENT OF EDUCATION		
Financial Aid Cluster		
Federal Supplemental Education Opportunity Grants	84.007	\$ 50,345
Federal Direct Student Loans	84.268	3,975,718
Federal Work-Study Program	84.033	58,251
Federal Pell Grant Program	84.063	4,656,537
Academic Competitiveness Grants	84.375	27,435
<b>Total Financial Aid Cluster</b>		<u>8,768,286</u>
TRIO Cluster		
Student Support Services	84.042	257,699
Upward Bound	84.047	318,680
<b>Total TRIO Cluster</b>		<u>576,379</u>
Passed Through State Department of Education		
Vocational Education - Basic Grants to States	84.048	137,499
ARRA - State Fiscal Stabilization Fund - Education State Grants	84.394	10,913
<b>Total Passed Through State Department of Education</b>		<u>148,412</u>
Title III	84.013A	293,382
<b>Total U.S. Department of Education</b>		<u>9,786,459</u>
U.S. DEPARTMENT OF AGRICULTURE		
USDA - Community Facilities	10.665	14,635
Passed Through Siskiyou County Department of Education		
National Forest - Dependent Rural Communities	10.670	227,275
<b>Total U.S. Department of Agriculture</b>		<u>241,910</u>
U.S. Department of Labor		
Passed Through Chancellor's Office		
WIA Adult Program	17.258	191,103
<b>Total U.S. Department of Labor</b>		<u>191,103</u>
<b>Total Expenditures of Federal Awards</b>		<u>\$ 10,219,472</u>

*See the accompanying notes to the supplementary information.*

**SCHEDULE OF EXPENDITURES OF  
STATE AWARDS**

June 30, 2011

*Siskiyou Joint Community  
College District*

June 30, 2011	<b>Cash Received</b>	<b>Accounts Receivable</b>	<b>Deferred Income</b>	<b>Total</b>
CalWORKS	\$ 60,186	\$ -	\$ (1,818)	\$ 58,368
TANF	23,747	2,121	(863)	25,005
Part-time faculty parity	55,987	-	-	55,987
CTE	-	-	14,028	14,028
SFAA	147,693	-	(2,456)	145,237
Matriculation	77,978	-	(23)	77,955
Basic skills	89,999	-	(7,223)	82,776
Instructional equipment	3,906	-	836	4,742
Staff diversity	3,906	-	1,051	4,957
DSP&S	217,322	-	29,948	247,270
E.O.P.S	269,014	-	42	269,056
C.A.R.E	43,021	4	(48)	42,977
All other categorical	812,232	(103,081)	251,727	960,878
<b>Total State Programs</b>	<b>\$ 1,804,991</b>	<b>\$ (100,956)</b>	<b>\$ 285,201</b>	<b>\$ 1,989,236</b>

*See the accompanying notes to the supplementary information.*

**RECONCILIATION OF ANNUAL FINANCIAL  
AND BUDGET REPORT (CCFS-311) WITH  
AUDITED FINANCIAL STATEMENTS**  
June 30, 2011

*Siskiyou Joint Community  
College District*  
Page 1 of 2

	<b>General Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>Revenue Bond Interest and Redemption Fund</b>	<b>Cafeteria Fund</b>	<b>Balance Forward</b>
<b>June 30, 2011, Annual Financial and Budget Report (CCFS-311) Fund Balances</b>	\$ 1,968,245	\$ 54,420	\$ 1,519,102	\$ 51,339	\$ 3,593,106
Adjustment and reclassifications increasing (decreasing) in fund balance:					
District identified adjustments	-	-	-	-	-
Audit adjustments	56,743	-	168	(128)	56,783
Reclassification of amounts held for others	-	-	-	-	-
Rounding	-	1	-	-	1
<b>Net Adjustments and Reclassifications</b>	<b>56,743</b>	<b>1</b>	<b>168</b>	<b>(128)</b>	<b>56,784</b>
<b>June 30, 2011, Audited Financial Statement Fund Balances</b>	<b>\$ 2,024,988</b>	<b>\$ 54,421</b>	<b>\$ 1,519,270</b>	<b>\$ 51,211</b>	<b>\$ 3,649,890</b>

See the accompanying notes to the supplementary information.

	<b>Balance Brought Forward</b>	<b>Dormitory Revenue Fund</b>	<b>Dormitory Repair and Replacement Fund</b>	<b>Capital Outlay Fund</b>	<b>Balance Forward</b>
<b>June 30, 2011, Annual Financial and Budget Report (CCFS-311) Fund Balances</b>	\$ 3,593,106	\$ (332,046)	\$ 26,637	\$ 1,022,644	\$ 4,310,341
Adjustment and reclassifications increasing (decreasing) the fund balance:					
District identified adjustments	-	-	-	-	-
Audit adjustments	56,783	-	-	-	56,783
Reclassification of amounts held for others	-	-	-	-	-
Rounding	1	1	1	-	3
<b>Net Adjustments and Reclassifications</b>	<b>56,784</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>56,786</b>
<b>June 30, 2011, Audited Financial Statement Fund Balances</b>	<b>\$ 3,649,890</b>	<b>\$ (332,045)</b>	<b>\$ 26,638</b>	<b>\$ 1,022,644</b>	<b>\$ 4,367,127</b>

See the accompanying notes to the supplementary information.

	<b>Balance Brought Forward</b>	<b>Revenue Bond Construction Fund</b>	<b>Bookstore Fund</b>	<b>Self- Insurance Fund</b>	<b>Balance Forward</b>
<b>June 30, 2011, Annual Financial and Budget Report (CCFS-311) Fund Balances</b>	\$ 4,310,341	\$ 35,878	\$ (77,272)	\$ 1,577,851	\$ 5,846,798
Adjustment and reclassifications increasing (decreasing) the fund balance:					
District identified adjustments	-	-	-	(1,122,146)	(1,122,146)
Audit adjustments	56,783	-	-	(476,143)	(419,360)
Reclassification of amounts held for others	-	-	-	-	-
Rounding	3	(1)	-	-	2
<b>Net Adjustments and Reclassifications</b>	<b>56,786</b>	<b>(1)</b>	<b>-</b>	<b>(1,598,289)</b>	<b>(1,541,504)</b>
<b>June 30, 2011, Audited Financial Statement Fund Balances</b>	<b>\$ 4,367,127</b>	<b>\$ 35,877</b>	<b>\$ (77,272)</b>	<b>\$ (20,438)</b>	<b>\$ 4,305,294</b>

See the accompanying notes to the supplementary information.

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

*Siskiyou Joint Community  
College District*

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June 30, 2011

	<b>Balance Brought Forward</b>	<b>Associated Students Trust Fund</b>	<b>Student Financial Aid Trust Fund</b>	<b>Scholarship and Loan Trust Fund</b>	<b>Balance Forward</b>
<b>June 30, 2011, Annual Financial and Budget Report (CCFS-311) Fund Balance</b>	\$ 5,846,798	\$ 26,095	\$ -	\$ 25,316	\$ 5,898,209
Adjustment and reclassifications increasing (decreasing) the fund balance:					
District identified adjustments	(1,122,146)	-	-	-	(1,122,146)
Audit adjustments	(419,360)	-	4,313	-	(415,047)
Reclassification of amounts held for others	-	(26,095)	-	(25,316)	(51,411)
Rounding	2	-	-	-	2
<b>Net Adjustments and Reclassifications</b>	<b>(1,541,504)</b>	<b>(26,095)</b>	<b>4,313</b>	<b>(25,316)</b>	<b>(1,588,602)</b>
<b>June 30, 2011, Audited Financial Statement Fund Balances</b>	<b>\$ 4,305,294</b>	<b>\$ -</b>	<b>\$ 4,313</b>	<b>\$ -</b>	<b>\$ 4,309,607</b>

*See the accompanying notes to the supplementary information.*

	<b>Balance Brought Forward</b>	<b>Other Agency Funds</b>	<b>Total District Funds</b>
<b>June 30, 2011, Annual Financial and Budget Report (CCFS-311) Fund Balance</b>	\$ 5,898,209	\$ 1,099	\$ 5,899,308
Adjustment and reclassifications increasing (decreasing) the fund balance:			
District identified adjustments	(1,122,146)	-	(1,122,146)
Audit adjustments	(415,047)	(1,099)	(416,146)
Reclassification of amounts held for others	(51,411)	-	(51,411)
Rounding	2	-	2
<b>Net Adjustments and Reclassifications</b>	<b>(1,588,602)</b>	<b>(1,099)</b>	<b>(1,589,701)</b>
<b>June 30, 2011, Audited Financial Statement Fund Balances</b>	<b>\$ 4,309,607</b>	<b>\$ -</b>	<b>\$ 4,309,607</b>

*See the accompanying notes to the supplementary information.*

**COMBINING BALANCE SHEET -  
DISTRICT FUNDS INCLUDED IN  
THE REPORTING ENTITY**

*Siskiyou Joint Community  
College District*

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June 30, 2011

June 30, 2011	<b>General Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>Measure A Interest and Redemption Fund</b>	<b>Cafeteria Fund</b>	<b>Balance Forward</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 646,582	\$ 57,731	\$ 1,865,917	\$ 3,176	\$ 2,573,406
Accounts receivable - net	3,163,326	291	9,301	170,986	3,343,904
Due from other funds	472,276	-	99	-	472,375
Due from Foundation	63,013	-	-	-	63,013
Inventory and prepaids	47,003	-	-	-	47,003
<b>Total Assets</b>	<b>\$ 4,392,200</b>	<b>\$ 58,022</b>	<b>\$ 1,875,317</b>	<b>\$ 174,162</b>	<b>\$ 6,499,701</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,189,880	\$ 1,800	\$ 356,047	\$ 2,362	\$ 1,550,089
Deferred revenue	1,177,332	-	-	6,464	1,183,796
Due to other funds	-	1,801	-	114,125	115,926
Amounts held for others	-	-	-	-	-
Estimated liability for claims and claims adjustment expense	-	-	-	-	-
<b>Total Liabilities</b>	<b>2,367,212</b>	<b>3,601</b>	<b>356,047</b>	<b>122,951</b>	<b>2,849,811</b>
<b>FUND EQUITY</b>					
Retained earnings (deficit)	-	-	-	-	-
Fund balances:					
Reserved for debt service	-	54,421	1,519,270	-	1,573,691
Reserved for capital outlay	-	-	-	-	-
Unreserved:					
Undesignated	2,024,988	-	-	51,211	2,076,199
<b>Total Fund Equity (deficit)</b>	<b>2,024,988</b>	<b>54,421</b>	<b>1,519,270</b>	<b>51,211</b>	<b>3,649,890</b>
<b>Total Liabilities and Fund Equity (deficit)</b>	<b>\$ 4,392,200</b>	<b>\$ 58,022</b>	<b>\$ 1,875,317</b>	<b>\$ 174,162</b>	<b>\$ 6,499,701</b>

See the accompanying notes to the supplementary information.



**COMBINING BALANCE SHEET -  
DISTRICT FUNDS INCLUDED IN  
THE REPORTING ENTITY**

*Siskiyou Joint Community  
College District*

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June 30, 2011

June 30, 2011	<b>Balance Brought Forward</b>	<b>Dormitory Revenue Fund</b>	<b>Domitory Repair and Replacement Fund</b>	<b>Capital Outlay Fund</b>	<b>Balance Forward</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,573,406	\$ 30,737	\$ 26,521	\$ 301,435	\$ 2,932,099
Accounts receivable - net	3,343,904	163,485	117	329,017	3,836,523
Due from other funds	472,375	-	-	408,763	881,138
Due from Foundation	63,013	-	-	-	63,013
Inventory and prepaids	47,003	-	-	-	47,003
<b>Total Assets</b>	<b>\$ 6,499,701</b>	<b>\$ 194,222</b>	<b>\$ 26,638</b>	<b>\$ 1,039,215</b>	<b>\$ 7,759,776</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,550,089	\$ 2,235	\$ -	\$ 16,571	\$ 1,568,895
Deferred revenue	1,183,796	3,600	-	-	1,187,396
Due to other funds	115,926	520,432	-	-	636,358
Amounts held for others	-	-	-	-	-
Estimated liability for claims and claims adjustment expense	-	-	-	-	-
<b>Total Liabilities</b>	<b>2,849,811</b>	<b>526,267</b>	<b>-</b>	<b>16,571</b>	<b>3,392,649</b>
<b>FUND EQUITY</b>					
Retained earnings (deficit)	-	-	-	-	-
Fund balances:					
Reserved for debt service	1,573,691	-	-	-	1,573,691
Reserved for capital outlay	-	-	26,638	165,998	192,636
Unreserved:	-	-	-	-	-
Undesignated	2,076,199	(332,045)	-	856,646	2,600,800
<b>Total Fund Equity (deficit)</b>	<b>3,649,890</b>	<b>(332,045)</b>	<b>26,638</b>	<b>1,022,644</b>	<b>4,367,127</b>
<b>Total Liabilities and Fund Equity (deficit)</b>	<b>\$ 6,499,701</b>	<b>\$ 194,222</b>	<b>\$ 26,638</b>	<b>\$ 1,039,215</b>	<b>\$ 7,759,776</b>

*See the accompanying notes to the supplementary information.*

**COMBINING BALANCE SHEET -  
DISTRICT FUNDS INCLUDED IN  
THE REPORTING ENTITY**

June 30, 2011

*Siskiyou Joint Community  
College District*

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June 30, 2011	<b>Balance Brought Forward</b>	<b>Measure A Construction Fund</b>	<b>Bookstore Fund</b>	<b>Self- Insurance Fund</b>	<b>Balance Forward</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,932,099	\$ 43,446	\$ 43,240	\$ 168,324	\$ 3,187,109
Accounts receivable - net	3,836,523	214	82,539	12,138	3,931,414
Due from other funds	881,138	-	-	360,239	1,241,377
Due from Foundation	63,013	-	-	-	63,013
Inventory and prepaids	47,003	-	148,823	-	195,826
<b>Total Assets</b>	<b>\$ 7,759,776</b>	<b>\$ 43,660</b>	<b>\$ 274,602</b>	<b>\$ 540,701</b>	<b>\$ 8,618,739</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,568,895	\$ -	\$ 4,674	\$ 131,279	\$ 1,704,848
Deferred revenue	1,187,396	-	-	-	1,187,396
Due to other funds	636,358	7,783	347,200	-	991,341
Amounts held for others	-	-	-	-	-
Estimated liability for claims and claims adjustment expense	-	-	-	429,860	429,860
<b>Total Liabilities</b>	<b>3,392,649</b>	<b>7,783</b>	<b>351,874</b>	<b>561,139</b>	<b>4,313,445</b>
<b>FUND EQUITY</b>					
Retained earnings (deficit)	-	-	(77,272)	(20,438)	(97,710)
Fund balances:					
Reserved for debt service	1,573,691	-	-	-	1,573,691
Reserved for capital outlay	192,636	35,877	-	-	228,513
Unreserved:					
Undesignated	2,600,800	-	-	-	2,600,800
<b>Total Fund Equity (deficit)</b>	<b>4,367,127</b>	<b>35,877</b>	<b>(77,272)</b>	<b>(20,438)</b>	<b>4,305,294</b>
<b>Total Liabilities and Fund Equity (deficit)</b>	<b>\$ 7,759,776</b>	<b>\$ 43,660</b>	<b>\$ 274,602</b>	<b>\$ 540,701</b>	<b>\$ 8,618,739</b>

*See the accompanying notes to the supplementary information.*

**COMBINING BALANCE SHEET -  
DISTRICT FUNDS INCLUDED IN  
THE REPORTING ENTITY**

June 30, 2011

*Siskiyou Joint Community  
College District*

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June 30, 2011	<b>Balance Brought Forward</b>	<b>Associated Students Trust Fund</b>	<b>Student Financial Aid Trust Fund</b>	<b>Scholarship and Loan Trust Fund</b>	<b>Balance Brought Forward</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,187,109	\$ 20,687	\$ 235,674	\$ 24,339	\$ 3,467,809
Accounts receivable - net	3,931,414	1,071	44,386	2,018	3,978,889
Due from other funds	1,241,377	5,370	-	-	1,246,747
Due from Foundation	63,013	-	-	-	63,013
Inventory and prepaids	195,826	-	-	-	195,826
<b>Total Assets</b>	<b>\$ 8,618,739</b>	<b>\$ 27,128</b>	<b>\$ 280,060</b>	<b>\$ 26,357</b>	<b>\$ 8,952,284</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,704,848	\$ -	\$ 10,206	\$ -	\$ 1,715,054
Deferred revenue	1,187,396	1,033	481	-	1,188,910
Due to other funds	991,341	-	265,060	1,041	1,257,442
Amounts held for others	-	26,095	-	25,316	51,411
Estimated liability for claims and claims adjustment expense	429,860	-	-	-	429,860
<b>Total Liabilities</b>	<b>4,313,445</b>	<b>27,128</b>	<b>275,747</b>	<b>26,357</b>	<b>4,642,677</b>
<b>FUND EQUITY</b>					
Retained earnings (deficit)	(97,710)	-	-	-	(97,710)
Fund balances:					
Reserved for debt service	1,573,691	-	-	-	1,573,691
Reserved for capital outlay	228,513	-	-	-	228,513
Unreserved:					
Undesignated	2,600,800	-	4,313	-	2,605,113
<b>Total Fund Equity (deficit)</b>	<b>4,305,294</b>	<b>-</b>	<b>4,313</b>	<b>-</b>	<b>4,309,607</b>
<b>Total Liabilities and Fund Equity (deficit)</b>	<b>\$ 8,618,739</b>	<b>\$ 27,128</b>	<b>\$ 280,060</b>	<b>\$ 26,357</b>	<b>\$ 8,952,284</b>

*See the accompanying notes to the supplementary information.*

**COMBINING BALANCE SHEET -  
DISTRICT FUNDS INCLUDED IN  
THE REPORTING ENTITY**

June 30, 2011

*Siskiyou Joint Community  
College District*

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June 30, 2011	<b>Balance Brought Forward</b>	<b>Other Agency Funds</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,467,809	\$ 28,225	\$ 3,496,034
Accounts receivable - net	3,978,889	2,474	3,981,363
Due from other funds	1,246,747	15,013	1,261,760
Due from Foundation	63,013	-	63,013
Inventory and prepaids	195,826	-	195,826
<b>Total Assets</b>	<b>\$ 8,952,284</b>	<b>\$ 45,712</b>	<b>\$ 8,997,996</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,715,054	\$ 2,270	\$ 1,717,324
Deferred revenue	1,188,910	-	1,188,910
Due to other funds	1,257,442	4,318	1,261,760
Amounts held for others	51,411	39,124	90,535
Estimated liability for claims and claims adjustment expense	429,860	-	429,860
<b>Total Liabilities</b>	<b>4,642,677</b>	<b>45,712</b>	<b>4,688,389</b>
<b>FUND EQUITY</b>			
Retained earnings (deficit)	(97,710)	-	(97,710)
Fund balances:			
Reserved for debt service	1,573,691	-	1,573,691
Reserved for capital outlay	228,513	-	228,513
Unreserved:			
Undesignated	2,605,113	-	2,605,113
<b>Total Fund Equity (deficit)</b>	<b>4,309,607</b>	<b>-</b>	<b>4,309,607</b>
<b>Total Liabilities and Fund Equity (deficit)</b>	<b>\$ 8,952,284</b>	<b>\$ 45,712</b>	<b>\$ 8,997,996</b>

*See the accompanying notes to the supplementary information.*

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURE/EXPENSES AND CHANGES IN  
FUND EQUITY – DISTRICT FUNDS INCLUDED  
IN THE REPORTING ENTITY**

*Siskiyou Joint Community  
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June 30, 2011

June 30, 2011	General Fund	Bond Interest and Redemption Fund	Measure A Interest and Redemption Fund	Cafeteria Fund	Balance Forward
<b>OPERATING REVENUES</b>					
Tuition and fees	\$ 2,169,621	\$ -	\$ -	\$ 503,467	\$ 2,673,088
Less: Scholarship discount and allowance	1,062,279	-	-	-	1,062,279
<b>Net Tuition and Fees</b>	<b>1,107,342</b>	<b>-</b>	<b>-</b>	<b>503,467</b>	<b>1,610,809</b>
Grants and contracts - noncapital:					
Federal	1,457,957	-	-	-	1,457,957
State	1,415,654	-	-	-	1,415,654
Local	116,325	-	-	14,874	131,199
Auxiliary enterprise sales and charges	-	-	-	-	-
<b>Total Operating Revenues</b>	<b>4,097,278</b>	<b>-</b>	<b>-</b>	<b>518,341</b>	<b>4,615,619</b>
<b>OPERATING EXPENDITURES/EXPENSES</b>					
Salaries	10,898,326	-	-	12,200	10,910,526
Employee benefits	4,303,237	-	-	1,711	4,304,948
Supplies, materials, and other expenditures/ expenses and services	2,630,858	367	2,541	435,160	3,068,926
Payments to students	162,942	-	-	-	162,942
Capital outlay	560,950	-	-	12,685	573,635
Utilities	778,669	-	-	20,000	798,669
<b>Total Operating Expenditures/Expenses</b>	<b>19,334,982</b>	<b>367</b>	<b>2,541</b>	<b>481,756</b>	<b>19,819,646</b>
<b>Operating Income (Loss)</b>	<b>(15,237,704)</b>	<b>(367)</b>	<b>(2,541)</b>	<b>36,585</b>	<b>(15,204,027)</b>
<b>NONOPERATING REVENUES (EXPENDITURES)</b>					
State apportionments - noncapital	11,617,895	-	-	-	11,617,895
Local property taxes	3,393,507	-	1,479,984	-	4,873,491
State taxes and other revenues	463,756	-	24,741	-	488,497
Investment income - noncapital	62,314	869	19,546	-	82,729
Other nonoperating revenues	166,655	-	-	-	166,655
Debt services	(36,754)	(71,434)	(1,031,982)	-	(1,140,170)
<b>Total Nonoperating Revenues (Expenditures)</b>	<b>15,667,373</b>	<b>(70,565)</b>	<b>492,289</b>	<b>-</b>	<b>16,089,097</b>
<b>Income (Loss) Before Other Revenues and     Expenditures/Expenses</b>	<b>429,669</b>	<b>(70,932)</b>	<b>489,748</b>	<b>36,585</b>	<b>885,070</b>
<b>OTHER REVENUES AND EXPENDITURES</b>					
State revenue - capital	-	-	-	-	-
<b>Excess of Revenues Over (Under)     Expenditures/Expenses</b>	<b>429,669</b>	<b>(70,932)</b>	<b>489,748</b>	<b>36,585</b>	<b>885,070</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	49,763	101,464	-	-	151,227
Operating transfers out	(996,531)	-	-	-	(996,531)
Note proceeds	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(946,768)</b>	<b>101,464</b>	<b>-</b>	<b>-</b>	<b>(845,304)</b>
<b>Excess of Revenues and Other Financing Sources     Over (Under) Expenditures/Expenses and     Other Financing Uses</b>	<b>(517,099)</b>	<b>30,532</b>	<b>489,748</b>	<b>36,585</b>	<b>39,766</b>
<b>Fund Equity - Beginning of Year</b>	<b>2,542,087</b>	<b>23,889</b>	<b>1,029,522</b>	<b>14,626</b>	<b>3,610,124</b>
<b>Fund Equity - End of Year</b>	<b>\$ 2,024,988</b>	<b>\$ 54,421</b>	<b>\$ 1,519,270</b>	<b>\$ 51,211</b>	<b>\$ 3,649,890</b>

See the accompanying notes to the supplementary information.

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURE/EXPENSES AND CHANGES IN  
FUND EQUITY – DISTRICT FUNDS INCLUDED  
IN THE REPORTING ENTITY**

*Siskiyou Joint Community  
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June 30, 2011

June 30, 2011	Balance Brought Forward	Dormitory Revenue Fund	Dormitory Repair and Replacement Fund	Capital Outlay Fund	Balance Forward
<b>OPERATING REVENUES</b>					
Tuition and fees	\$ 2,673,088	\$ 428,118	\$ -	\$ -	\$ 3,101,206
Less: Scholarship discount and allowance	1,062,279	-	-	-	1,062,279
<b>Net Tuition and Fees</b>	<b>1,610,809</b>	<b>428,118</b>	<b>-</b>	<b>-</b>	<b>2,038,927</b>
Grants and contracts - noncapital:					
Federal	1,457,957	-	-	-	1,457,957
State	1,415,654	-	-	-	1,415,654
Local	131,199	25,605	-	40,099	196,903
Auxiliary enterprise sales and charges	-	-	-	-	-
<b>Total Operating Revenues</b>	<b>4,615,619</b>	<b>453,723</b>	<b>-</b>	<b>40,099</b>	<b>5,109,441</b>
<b>OPERATING EXPENDITURES/EXPENSES</b>					
Salaries	10,910,526	195,405	-	-	11,105,931
Employee benefits	4,304,948	111,855	-	-	4,416,803
Supplies, materials, and other expenditures/ expenses and services	3,068,926	49,151	-	198,357	3,316,434
Payments to students	162,942	-	-	-	162,942
Capital outlay	573,635	12,067	-	1,158,509	1,744,211
Utilities	798,669	41,000	-	-	839,669
<b>Total Operating Expenditures/Expenses</b>	<b>19,819,646</b>	<b>409,478</b>	<b>-</b>	<b>1,356,866</b>	<b>21,585,990</b>
<b>Operating Income (Loss)</b>	<b>(15,204,027)</b>	<b>44,245</b>	<b>-</b>	<b>(1,316,767)</b>	<b>(16,476,549)</b>
<b>NONOPERATING REVENUES (EXPENDITURES)</b>					
State apportionments - noncapital	11,617,895	-	-	-	11,617,895
Local property taxes	4,873,491	-	-	-	4,873,491
State taxes and other revenues	488,497	-	-	-	488,497
Investment income - noncapital	82,729	1,013	344	1,840	85,926
Other nonoperating revenues	166,655	-	-	11,306	177,961
Debt services	(1,140,170)	-	-	-	(1,140,170)
<b>Total Nonoperating Revenues (Expenditures)</b>	<b>16,089,097</b>	<b>1,013</b>	<b>344</b>	<b>13,146</b>	<b>16,103,600</b>
<b>Income (Loss) Before Other Revenues and Expenditures/Expenses</b>	<b>885,070</b>	<b>45,258</b>	<b>344</b>	<b>(1,303,621)</b>	<b>(372,949)</b>
<b>OTHER REVENUES AND EXPENDITURES</b>					
State revenue - capital	-	-	-	1,076,197	1,076,197
<b>Excess of Revenues Over (Under) Expenditures/Expenses</b>	<b>885,070</b>	<b>45,258</b>	<b>344</b>	<b>(227,424)</b>	<b>703,248</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	151,227	-	4,000	982,000	1,137,227
Operating transfers out	(996,531)	(16,730)	-	-	(1,013,261)
Note proceeds	-	-	-	300,000	300,000
<b>Total Other Financing Sources (Uses)</b>	<b>(845,304)</b>	<b>(16,730)</b>	<b>4,000</b>	<b>1,282,000</b>	<b>423,966</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses</b>	<b>39,766</b>	<b>28,528</b>	<b>4,344</b>	<b>1,054,576</b>	<b>1,127,214</b>
<b>Fund Equity - Beginning of Year</b>	<b>3,610,124</b>	<b>(360,573)</b>	<b>22,294</b>	<b>(31,932)</b>	<b>3,239,913</b>
<b>Fund Equity - End of Year</b>	<b>\$ 3,649,890</b>	<b>\$ (332,045)</b>	<b>\$ 26,638</b>	<b>\$ 1,022,644</b>	<b>\$ 4,367,127</b>

See the accompanying notes to the supplementary information.

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURE/EXPENSES AND CHANGES IN  
FUND EQUITY – DISTRICT FUNDS INCLUDED  
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June 30, 2011

June 30, 2011	Balance Brought Forward	Measure A Construction Fund	Bookstore Fund	Self- Insurance Fund	Balance Forward
<b>OPERATING REVENUES</b>					
Tuition and fees	\$ 3,101,206	\$ -	\$ -	\$ -	\$ 3,101,206
Less: Scholarship discount and allowance	1,062,279	-	-	-	1,062,279
<b>Net Tuition and Fees</b>	<b>2,038,927</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,038,927</b>
Grants and contracts - noncapital:					
Federal	1,457,957	-	-	-	1,457,957
State	1,415,654	-	-	-	1,415,654
Local	196,903	-	-	3,284,210	3,481,113
Auxiliary enterprise sales and charges	-	-	674,877	-	674,877
<b>Total Operating Revenues</b>	<b>5,109,441</b>	<b>-</b>	<b>674,877</b>	<b>3,284,210</b>	<b>9,068,528</b>
<b>OPERATING EXPENDITURES/EXPENSES</b>					
Salaries	11,105,931	-	88,289	-	11,194,220
Employee benefits	4,416,803	-	51,271	3,688,128	8,156,202
Supplies, materials, and other expenditures/ expenses and services	3,316,434	-	522,106	517	3,839,057
Payments to students	162,942	-	-	-	162,942
Capital outlay	1,744,211	39,216	-	-	1,783,427
Utilities	839,669	-	10,000	-	849,669
<b>Total Operating Expenditures/Expenses</b>	<b>21,585,990</b>	<b>39,216</b>	<b>671,666</b>	<b>3,688,645</b>	<b>25,985,517</b>
<b>Operating Income (Loss)</b>	<b>(16,476,549)</b>	<b>(39,216)</b>	<b>3,211</b>	<b>(404,435)</b>	<b>(16,916,989)</b>
<b>NONOPERATING REVENUES (EXPENDITURES)</b>					
State apportionments - noncapital	11,617,895	-	-	-	11,617,895
Local property taxes	4,873,491	-	-	-	4,873,491
State taxes and other revenues	488,497	-	-	-	488,497
Investment income - noncapital	85,926	1,182	-	-	87,108
Other nonoperating revenues	177,961	-	-	-	177,961
Debt services	(1,140,170)	-	-	-	(1,140,170)
<b>Total Nonoperating Revenues (Expenditures)</b>	<b>16,103,600</b>	<b>1,182</b>	<b>-</b>	<b>-</b>	<b>16,104,782</b>
<b>Income (Loss) Before Other Revenues and     Expenditures/Expenses</b>	<b>(372,949)</b>	<b>(38,034)</b>	<b>3,211</b>	<b>(404,435)</b>	<b>(812,207)</b>
<b>OTHER REVENUES AND EXPENDITURES</b>					
State revenue - capital	1,076,197	-	-	-	1,076,197
<b>Excess of Revenues Over (Under)     Expenditures/Expenses</b>	<b>703,248</b>	<b>(38,034)</b>	<b>3,211</b>	<b>(404,435)</b>	<b>263,990</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	1,137,227	-	-	-	1,137,227
Operating transfers out	(1,013,261)	(200,000)	-	-	(1,213,261)
Note proceeds	300,000	-	-	-	300,000
<b>Total Other Financing Sources (Uses)</b>	<b>423,966</b>	<b>(200,000)</b>	<b>-</b>	<b>-</b>	<b>223,966</b>
<b>Excess of Revenues and Other Financing Sources     Over (Under) Expenditures/Expenses and     Other Financing Uses</b>	<b>1,127,214</b>	<b>(238,034)</b>	<b>3,211</b>	<b>(404,435)</b>	<b>487,956</b>
<b>Fund Equity - Beginning of Year</b>	<b>3,239,913</b>	<b>273,911</b>	<b>(80,483)</b>	<b>383,997</b>	<b>3,817,338</b>
<b>Fund Equity - End of Year</b>	<b>\$ 4,367,127</b>	<b>\$ 35,877</b>	<b>\$ (77,272)</b>	<b>\$ (20,438)</b>	<b>\$ 4,305,294</b>

See the accompanying notes to the supplementary information.

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURE/EXPENSES AND CHANGES IN  
FUND EQUITY – DISTRICT FUNDS INCLUDED  
IN THE REPORTING ENTITY**

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June 30, 2011

June 30, 2011	Balance Brought Forward	Associated Students Trust Fund	Student Financial Aid Trust Fund	Scholarship and Loan Trust Fund	Balance Forward
<b>OPERATING REVENUES</b>					
Tuition and fees	\$ 3,101,206	\$ -	\$ -	\$ -	\$ 3,101,206
Less: Scholarship discount and allowance	1,062,279	-	-	-	1,062,279
<b>Net Tuition and Fees</b>	<b>2,038,927</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,038,927</b>
Grants and contracts - noncapital:					
Federal	1,457,957	-	8,761,392	-	10,219,349
State	1,415,654	-	554,114	-	1,969,768
Local	3,481,113	-	2,229	-	3,483,342
Auxiliary enterprise sales and charges	674,877	-	-	-	674,877
<b>Total Operating Revenues</b>	<b>9,068,528</b>	<b>-</b>	<b>9,317,735</b>	<b>-</b>	<b>18,386,263</b>
<b>OPERATING EXPENDITURES/EXPENSES</b>					
Salaries	11,194,220	-	128,734	-	11,322,954
Employee benefits	8,156,202	-	45,648	-	8,201,850
Supplies, materials, and other expenditures/ expenses and services	3,839,057	-	10,699	-	3,849,756
Payments to students	162,942	-	9,148,171	-	9,311,113
Capital outlay	1,783,427	-	-	-	1,783,427
Utilities	849,669	-	-	-	849,669
<b>Total Operating Expenditures/Expenses</b>	<b>25,985,517</b>	<b>-</b>	<b>9,333,252</b>	<b>-</b>	<b>35,318,769</b>
<b>Operating Income (Loss)</b>	<b>(16,916,989)</b>	<b>-</b>	<b>(15,517)</b>	<b>-</b>	<b>(16,932,506)</b>
<b>NONOPERATING REVENUES (EXPENDITURES)</b>					
State apportionments - noncapital	11,617,895	-	-	-	11,617,895
Local property taxes	4,873,491	-	-	-	4,873,491
State taxes and other revenues	488,497	-	-	-	488,497
Investment income - noncapital	87,108	-	99	-	87,207
Other nonoperating revenues	177,961	-	-	-	177,961
Debt services	(1,140,170)	-	-	-	(1,140,170)
<b>Total Nonoperating Revenues (Expenditures)</b>	<b>16,104,782</b>	<b>-</b>	<b>99</b>	<b>-</b>	<b>16,104,881</b>
<b>Income (Loss) Before Other Revenues and     Expenditures/Expenses</b>	<b>(812,207)</b>	<b>-</b>	<b>(15,418)</b>	<b>-</b>	<b>(827,625)</b>
<b>OTHER REVENUES AND EXPENDITURES</b>					
State revenue - capital	1,076,197	-	-	-	1,076,197
<b>Excess of Revenues Over (Under)     Expenditures/Expenses</b>	<b>263,990</b>	<b>-</b>	<b>(15,418)</b>	<b>-</b>	<b>248,572</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	1,137,227	-	76,284	-	1,213,511
Operating transfers out	(1,213,261)	-	(250)	-	(1,213,511)
Note proceeds	300,000	-	-	-	300,000
<b>Total Other Financing Sources (Uses)</b>	<b>223,966</b>	<b>-</b>	<b>76,034</b>	<b>-</b>	<b>300,000</b>
<b>Excess of Revenues and Other Financing Sources     Over (Under) Expenditures/Expenses and     Other Financing Uses</b>	<b>487,956</b>	<b>-</b>	<b>60,616</b>	<b>-</b>	<b>548,572</b>
<b>Fund Equity - Beginning of Year</b>	<b>3,817,338</b>	<b>-</b>	<b>(56,303)</b>	<b>-</b>	<b>3,761,035</b>
<b>Fund Equity - End of Year</b>	<b>\$ 4,305,294</b>	<b>\$ -</b>	<b>\$ 4,313</b>	<b>\$ -</b>	<b>\$ 4,309,607</b>

See the accompanying notes to the supplementary information.



**COMBINING STATEMENT OF REVENUES,  
EXPENDITURE/EXPENSES AND CHANGES IN  
FUND EQUITY – DISTRICT FUNDS INCLUDED  
IN THE REPORTING ENTITY**

*Siskiyou Joint Community  
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June 30, 2011

June 30, 2011	<b>Balance Brought Forward</b>	<b>Other Agency Funds</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Tuition and fees	\$ 3,101,206	\$ -	\$ 3,101,206
Less: Scholarship discount and allowance	1,062,279	-	1,062,279
<b>Net Tuition and Fees</b>	<b>2,038,927</b>	<b>-</b>	<b>2,038,927</b>
Grants and contracts - noncapital:	-	-	-
Federal	10,219,349	-	10,219,349
State	1,969,768	-	1,969,768
Local	3,483,342	-	3,483,342
Auxiliary enterprise sales and charges	674,877	-	674,877
<b>Total Operating Revenues</b>	<b>18,386,263</b>	<b>-</b>	<b>18,386,263</b>
<b>OPERATING EXPENDITURES/EXPENSES</b>			
Salaries	11,322,954	-	11,322,954
Employee benefits	8,201,850	-	8,201,850
Supplies, materials, and other expenditures/ expenses and services	3,849,756	-	3,849,756
Payments to students	9,311,113	-	9,311,113
Capital outlay	1,783,427	-	1,783,427
Utilities	849,669	-	849,669
<b>Total Operating Expenditures/Expenses</b>	<b>35,318,769</b>	<b>-</b>	<b>35,318,769</b>
<b>Operating Income (Loss)</b>	<b>(16,932,506)</b>	<b>-</b>	<b>(16,932,506)</b>
<b>NONOPERATING REVENUES (EXPENDITURES)</b>			
State apportionments - noncapital	11,617,895	-	11,617,895
Local property taxes	4,873,491	-	4,873,491
State taxes and other revenues	488,497	-	488,497
Investment income - noncapital	87,207	-	87,207
Other nonoperating revenues	177,961	-	177,961
Debt services	(1,140,170)	-	(1,140,170)
<b>Total Nonoperating Revenues (Expenditures)</b>	<b>16,104,881</b>	<b>-</b>	<b>16,104,881</b>
<b>Income (Loss) Before Other Revenues and     Expenditures/Expenses</b>	<b>(827,625)</b>	<b>-</b>	<b>(827,625)</b>
<b>OTHER REVENUES AND EXPENDITURES</b>			
State revenue - capital	1,076,197	-	1,076,197
<b>Excess of Revenues Over (Under)     Expenditures/Expenses</b>	<b>248,572</b>	<b>-</b>	<b>248,572</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	1,213,511	-	1,213,511
Operating transfers out	(1,213,511)	-	(1,213,511)
Note proceeds	300,000	-	300,000
<b>Total Other Financing Sources (Uses)</b>	<b>300,000</b>	<b>-</b>	<b>300,000</b>
<b>Excess of Revenues and Other Financing Sources     Over (Under) Expenditures/Expenses and     Other Financing Uses</b>	<b>548,572</b>	<b>-</b>	<b>548,572</b>
<b>Fund Equity - Beginning of Year</b>	<b>3,761,035</b>	<b>-</b>	<b>3,761,035</b>
<b>Fund Equity - End of Year</b>	<b>\$ 4,309,607</b>	<b>\$ -</b>	<b>\$ 4,309,607</b>

See the accompanying notes to the supplementary information.

**RECONCILIATION OF FUND EQUITY  
TO NET ASSETS**

June 30, 2011

*Siskiyou Joint Community  
College District*

<b>Total Fund Equity - District Funds Included in the Reporting Entity</b>		<b>\$ 4,309,607</b>
Assets recorded within the Statement of Net Assets not included in the District fund financial statements:		
Deferred costs - net		979,717
Nondepreciable capital assets		2,812,234
Depreciable capital assets	\$ 38,411,019	
Accumulated depreciation	<u>(9,722,634)</u>	
		28,688,385
Liabilities recorded within the Statement of Net Assets not recorded in the District fund financial statements:		
Compensated absences		(350,520)
Long-term debt		(28,316,132)
Other postemployment benefit asset (obligation)		<u>(1,016,535)</u>
<b>Net Assets Reported Within the Statement of Net Assets</b>		<b>\$ 7,106,756</b>

*See the accompanying notes to the supplementary information.*

**RECONCILIATION OF CHANGE IN FUND  
EQUITY TO CHANGE IN NET ASSETS**

*Siskiyou Joint Community  
College District*

June 30, 2011

Change in fund equity - District funds included in the reporting entity	\$ 548,572
Compensated absence expense not reported within the GASB 35 Statements	(21,564)
Depreciation expense reported within the GASB 35 Statements	(1,143,181)
Accretion of general obligation bonds reported within the GASB 35 Statements	(349,179)
Amortization of debt issuance costs reported within the GASB 35 Statements	(53,462)
Amortization of bond premiums reported within the GASB 35 Statements	58,249
Capital outlay expense not reported within the GASB 35 Statements	1,480,338
Other postemployment benefits expense reported within the GASB 35 Statements	(271,875)
Note proceeds not reported within the GASB 35 Statements	(300,000)
Principal payments on debt not reported within the GASB 35 Statements	<u>215,073</u>
<b>Change in Net Assets Reported Within the Statement of Revenues, Expenses, and Changes in Net Assets</b>	<b><u>\$ 162,971</u></b>

*See the accompanying notes to the supplementary information.*

**1. PURPOSE OF SCHEDULES**

**Schedule of Workload Measures for State General Apportionment**

The Schedule of Workload Measures for State General Apportionment as of June 30, 2011, represents the basis of apportionment of the Siskiyou Joint Community College District's annual source of funding.

**Schedule of Expenditures of Federal and State Awards**

The audit of the Siskiyou Joint Community College District for the year ended June 30, 2011, was conducted in accordance with OMB Circular A-133, which requires disclosure of the financial activities of all federally funded programs. To comply with A-133 and state requirements, the Schedule of Expenditures of Federal Awards and Schedule of State Financial Awards were prepared for the Siskiyou Joint Community College District.

These schedules are prepared on the accrual basis of accounting.

**Reconciliation of Annual Financial and Budget Report With Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the District Accounting Records.

**OTHER REPORTS SECTION**

**INDEPENDENT AUDITORS' 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**

To the Board of Trustees  
Siskiyou Joint Community College District  
Weed, California

We have audited the financial statements of the business-type activities and the discretely presented component unit of the Siskiyou Joint Community College District (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 31, 2012. We conducted our audits 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; and the standards prescribed by the California Department of Finance.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

*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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness, see 11-1.

**INDEPENDENT AUDITORS' 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***

Continued

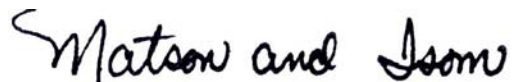
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

We noted certain matters that we reported to management of the District, in a separate letter dated August 31, 2012.

This report is intended solely for the information and use of the Board of Trustees, management, others within the entity, federal awarding agencies, California Community Colleges Chancellor's Office, California Department of Finance, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



August 31, 2012  
Redding, California

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Trustees  
Siskiyou Joint Community College District  
Weed, California

**Compliance**

We have audited Siskiyou Joint Community College District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement*, that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above, which could have a direct and material effect on a major federal program, occurred. An audit includes examining, on a test basis, evidence about the 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. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the 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, 2011.

**Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Continued

*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.

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 deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 11-2 and 11-3. A significant deficiency in internal control over compliance is a deficiency, or 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.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the audit committee, Board of Trustees, management, others within the entity, federal awarding agencies, Chancellor's Office, California Department of Finance, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Matson and Isom*

August 31, 2012  
Redding, California

**INDEPENDENT AUDITORS' REPORT ON  
STATE COMPLIANCE**

To the Board of Trustees  
Siskiyou Joint Community College District  
Weed, California

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Siskiyou Joint Community College District (the District), as of and for the year ended June 30, 2011, and have issued our report thereon dated August 31, 2012.

Our audit was conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the standards prescribed by the California Department of Finance and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit referred to above, we selected and tested transactions and records to determine the District's compliance with the following state laws and regulations in accordance with Section 400 of the Chancellor's Office's *California Community Colleges Contracted District Audit Manual (CDAM)*:

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SALARIES OF CLASSROOM INSTRUCTORS: 50 PERCENT LAW  
APPORTIONMENT FOR INSTRUCTIONAL SERVICE AGREEMENTS/CONTRACTS  
STATE GENERAL APPORTIONMENT REQUIRED DATA ELEMENTS  
RESIDENCY DETERMINATION FOR CREDIT COURSES  
STUDENTS ACTIVELY ENROLLED  
CONCURRENT ENROLLMENT OF K-12 STUDENTS IN COMMUNITY COLLEGE  
CREDIT COURSES  
GANN LIMIT CALCULATION  
ENROLLMENT FEE  
CALWORKS- USE OF STATE AND FEDERAL TANF FUNDING  
OPEN ENROLLMENT  
STUDENT FEES - INSTRUCTIONAL MATERIALS FEES AND HEALTH FEES  
ECONOMIC AND WORKFORCE DEVELOPMENT (EWD)  
EXTENDED OPPORTUNITY PROGRAMS AND SERVICES (EOPS)  
DISABLED STUDENT PROGRAMS AND SERVICES (DSPS)  
COOPERATIVE AGENCIES RESOURCES FOR EDUCATION (CARE)  
PREFERENCE FOR VETERANS AND QUALIFIED SPOUSES FOR FEDERALLY FUNDED  
QUALIFIED TRAINING PROGRAMS  
TO BE ARRANGED HOURS (TBA)

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**INDEPENDENT AUDITORS' REPORT ON  
STATE COMPLIANCE**

Continued

Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our audit.

Our audit was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the 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. Our audit does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, except for the findings 11-4 through 11-12, described in the accompanying schedule of findings and questioned costs, the District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2011.

The District responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the District's management, the Board of Trustees, audit committee, and others within the District, California Community Colleges Chancellor's Office, California Department of Finance, and the California Department of Education, and is not intended to be and should not be used by anyone other than these specified parties.

*Matson and Isom*

August 31, 2012  
Redding, California

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS SECTION**

**SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

June 30, 2011

*Siskiyou Joint Community  
College District*

**SECTION I  
SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued	Unqualified
Internal control over financial reporting	
Material weaknesses identified?	Yes
Significant deficiency identified not considered to be a material weakness?	No
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiency identified not considered to be a material weakness?	Yes
Type of auditors' report issued on compliance for major program	Unqualified
Audit findings disclosed relative to major federal award programs?	Yes
Identification of major programs	
CFDA Nos. 84.007, 84.268, 84.033, 84.063, 84.375	Student Financial Assistance Cluster
CFDA No. 84.042, 84.047	Trio Cluster
Threshold for distinguishing types A and B programs	\$300,000
Determined to be a low-risk auditee?	Yes

**STATE AWARDS**

Internal control over state programs	
Material weaknesses identified?	Yes
Significant deficiency identified not considered to be a material weakness?	Yes
Type of auditors' report issued on compliance for state programs	Qualified

**SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

June 30, 2011

*Siskiyou Joint Community  
College District*

**SECTION II FINDINGS  
FINANCIAL STATEMENT AUDIT**

**AUDIT ADJUSTMENTS**

(11-1)

**Condition**

During the current audit year, the District implemented a new accounting system. Issues in implementation with consultants and training led to financial statements that were not fully adjusted and ready for audit. In addition, District staff had issues obtaining information in reports that were necessary for the audit. As a result, several significant audit adjustments were necessary in order for the financial statements to be fairly presented in accordance with GAAP.

***Recommendation***

We recommend that the District take steps to ensure that District staff is fully trained in the accounting and reporting aspects of the new accounting system to ensure that all adjustments necessary for proper financial reporting are posted to the District's records prior to the audit.

***Response***

Banner consultants will be brought in to fully train staff in the accounting and reporting aspects of Banner.

**SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

June 30, 2011

*Siskiyou Joint Community  
College District*

**SECTION III FINDINGS  
FEDERAL AWARDS AUDIT**

**FEDERAL AWARD PROGRAM (STUDENT FINANCIAL AID)**

(11-2)

**Condition**

The District is not performing a reconciliation of the School Account Statement (SAS) data file to the internal financial records on a monthly basis.

**Criteria**

The Direct Loan Student Financial Aid program requires that the District reconcile the School Account Statement (SAS) data file to the internal financial records on a monthly basis.

**Effect**

Without a reconciliation process, there is the potential that discrepancies and errors between the District and the Department of Education would not be caught.

***Recommendation***

We recommend the District perform monthly reconciliations of the Direct Loan activity between the District's general ledger and the Direct Loan Servicing System through the COD system to ensure compliance.

***Response***

Training has been conducted and processes created to rectify this issue in FY 2011-2012.

**SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

June 30, 2011

*Siskiyou Joint Community  
College District*

**FEDERAL AWARD PROGRAM (STUDENT FINANCIAL AID)**

(11-3)

**Condition**

Due to a change in District staff, the District neglected to perform return of Title IV calculations on students that dropped out/decreased units during the year.

**Criteria**

The Direct Loan Student Financial Aid program requires that the District perform a calculation on any students who withdrew or dropped out during the year to determine if a return of funds (to the Federal government) is required within a specific time frame.

**Effect**

The District may owe the Federal government money (and the student's owe the District) for those students who withdrew or dropped out prior to the 60% mark.

***Recommendation***

We recommend the District perform this calculation immediately to see if any money should be remitted back to the Federal government; in addition, we recommend that this process take place timely in the future in order to meet the time-frame requirements of returning the money.

***Response***

Continued training and process implementation has been created to rectify this issue in FY 2011-2012. We have set up a procedure to check Title IV every two weeks from the start to the end of the semester.



**SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

June 30, 2011

*Siskiyou Joint Community  
College District*

**SECTION IV FINDINGS  
STATE AWARDS AUDIT**

**STATE COMPLIANCE (Full-Time Equivalent Students)**

(11-4)

**Condition**

The District incorrectly calculated and reported contact hours on the CCFS 320 for the following areas:

- A) Fieldtrips – the District claimed contact hours for fieldtrips held during the term on weekly and daily census type courses. The fieldtrips do not disqualify the course from weekly or daily census accounting, however the District may not claim any additional contact hours for these fieldtrips.
- B) Math 86 (all regular term sections) – This is a modular course with six possible modules taught under one course title. The student has the option to complete from one module up to six modules in a term. These modules are not scheduled as to a specific number of hours per day or per week. The District calculated contact hours for all regular term Math 86 courses under the Daily census method. As this course does not qualify for either the daily census or weekly census treatment, it should be calculated using the positive attendance method.
- C) Cancelled course – The District claimed FTES for a course that was cancelled prior to the start of the term.

**Criteria**

The Student Attendance Accounting Manual (SAAM) sets forth guidelines on the calculation of contact hours for apportionment attendance reporting. The California Community Colleges Chancellor's Office (Chancellor's Office) had increased their scrutiny of contact hour calculation and issued further guidance to assist districts in applying guidance in the SAAM.

**Effect**

The treatment of each of the above courses resulted in an overstatement of FTES as follows:

- A) Fieldtrips –3.5 FTES
- B) Math 86 –18.65 FTES
- C) Cancelled course – .60 FTES

***Recommendation***

We recommend that the District review the requirements in the Student Attendance Accounting Manual (SAAM) and update the attendance accounting methods accordingly.

**SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

June 30, 2011

*Siskiyou Joint Community  
College District*

***Response***

The District hired an outside consultant to work with staff on correcting the errors in the scheduling of courses and working with the client on knowledge of the proper methods of attendance accounting. Many of the courses that were reported inaccurately were set up incorrectly during the conversion from the legacy registration system to Banner. A Banner consultant has worked with the Math faculty to develop a more accurate accounting method for the Pre-Algebra module (MATH 86) as a positive attendance course in the future. The District has set up Argos reports to identify exceptions and ensure that all students are correctly dropped from cancelled courses prior to the start of the term.

District Staff also discovered that the Independent Study term length multiplier for Summer 2010 had been erroneously set to 10 rather than 17.5 as called for by Title 5 regulations. As a result, FTES for online classes was underreported. The total resident contact hours for these classes were reported as 21,520.00 but should have been reported as 37,988.50. The net difference represents an underreporting of 16,468.50 contact hours, or 31.37 FTES.

**SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

June 30, 2011

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (Active Enrollment)**

(11-5)

**Condition**

The District incorrectly reported the number of students claimed for apportionment on the CCFS 320 due to instructor census roster add/drops. When the instructor noted on the census certification that a student should be added or dropped prior to census day, the District dated this add/drop as of the date it was reported and did not date the add/drop prior to the census date. Therefore, the students reported as of the census date did not include these instructor add/drops and thus the FTES for these students were over/understated when reported.

**Criteria**

Title V Section 58003.1(b), (c) and 58752 states “Contact hours of enrollment shall not be counted for a student who is a “drop,” “no-show,” or a “withdrawl” at the cutoff point for the census day or date (not later than the end of business of the last college day immediately preceding the census day or date). Each college must establish an official procedure for insuring that data computed for the census day or date included only students who are actively enrolled as of that date.”

**Effect**

The condition is specific to instructor adds/drops. If the student personally added or dropped the course through Admissions & Records, the change became effective at that time. Due to this condition, the number of full-time equivalent students claimed on the CCFS 320 was overstated by 37.26 FTES.

***Recommendation***

We recommend the District implement a procedure to ensure that all instructor adds/drops are properly added or removed prior to census day.

***Response***

The District became aware of the error following the Fall 2010 term, therefore, retroactive add/drops were implemented from SP 2011 forward.

**SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

June 30, 2011

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (Full-Time Equivalent Students)**

(11-6)

**Condition**

The contact hours submitted by the District on the CCFS 320 were taken from a summary report generated by the Banner system, which did not agree to the contact hours on the detail report generated by the Banner system.

**Criteria**

As required by the 2010-2011 Contracted District Audit Manual, auditors must review detailed course section level documents rather than just summary documents.

**Effect**

The District reported amounts listed on the summary documents generated from the Banner system on the CCFS 320, but did not confirm that the summary documents agreed to any supporting detailed documents. The detail documents are the more accurate report and do not agree to the summary document, therefore the District incorrectly reported contact hours from the summary document. The overall effect of this condition is an overstatement of 2.88 FTES.

***Recommendation***

We recommend that the District revise CCFS 320 reporting procedures to ensure that all documentation supports the numbers submitted in the certified CCFS 320.

***Response***

The District was not aware that the Banner system generated a detail level report to support the summary documents, therefore, the District was unaware of the reporting discrepancy. In February 2012, the District updated the Banner system that corrected the discrepancy between the detail and summary reports. The District will verify all future detail documents agree to the summary numbers reported.

**SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

June 30, 2011

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (To Be Arranged Hours)**

(11-7)

**Condition**

The number of hours of instruction for To be Arranged Hours (TBA) courses were not listed in the course catalog or the official course outline for all five of the courses selected for testing.

**Criteria**

The California Community Colleges Chancellor's Office instructs districts that a clear description of the course, including the number of TBA hours required, must be published in the official general catalog and schedule of classes and/or addenda. In addition, specific instruction activities including those conducted during TBA hours, expected of all students enrolled in the course should be included in the official course outline; finally, all enrolled students should be informed of these instructional activities and expectations for completion should be included in the class syllabus or other document.

**Effect**

The courses may not be well publicized which may affect the students' selection of courses.

***Recommendation***

We recommend that the District update their catalog and outlines to include the number of TBA hours required for all TBA courses.

***Response***

The District was unaware that this was a requirement. Steps have been taken to ensure that TBA hours of instruction are documented on the official course outline of record and syllabi and they will be added to the 2014-16 catalog.

**SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

June 30, 2011

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (To Be Arranged Hours)**

(11-8)

**Condition**

Two of the five courses selected for testing hours “to be arranged” used the daily or weekly census attendance accounting method though the classes were not scheduled for regular hours each day or week.

**Criteria**

The Student Attendance Accounting Manual and California Education Code require that the students have regular contact with the instructor for the same length of time each scheduled day or week of class to use the daily or weekly census method of attendance accounting.

**Effect**

The contact hours claimed based on the daily or weekly census procedures could differ from the actual contact hours calculated using the positive attendance or alternative attendance method. The amount of the difference cannot be known because the actual attendance of each student was not tracked for every class meeting.

***Recommendation***

The District should evaluate the attendance method used for classes, which do not meet regularly to ensure the proper attendance accounting method is used. The FTES for courses using the incorrect attendance accounting method should not be claimed.

***Response***

The District has modified its practices to ensure that courses with irregular meeting patterns are assigned to the positive attendance accounting method. Further steps have been taken for training of faculty, schedulers, and curriculum staff to identify courses that are offered irregularly and to assign the correct attendance method to them.

**SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

June 30, 2011

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (Full-Time Equivalent Students/To Be Arranged Hours)**

(11-9)

**Condition**

The District used the incorrect attendance accounting method or incorrectly calculated contact hours for courses with partial To Be Arranged Hours (TBA).

**Criteria**

The Student Attendance Accounting Manual and California Education Code require that the students have regular contact with the instructor for the same length of time each scheduled day or week of class to use the daily or weekly census method of attendance accounting.

**Effect**

The contact hours claimed based on the daily or weekly census procedures differ from the actual contact hours calculated using the positive attendance or alternative attendance method. The overall effect of this condition is an overstatement of 4.72 FTES.

***Recommendation***

The District should evaluate the attendance method used for classes, which do not meet regularly to ensure the proper attendance accounting method is used. The FTES for courses using the incorrect attendance accounting method should not be claimed.

***Response***

Following training by the outside consultant, District staff are now aware of the limitations of the weekly census and daily census attendance methods, restricting them to classes that meet for the same number of hours each week or day, respectively.

**SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

June 30, 2011

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (Full-Time Equivalent Students)**

(11-10)

**Condition**

The District scheduled a course noted during review of courses with a To Be Arranged Hours (TBA) portion, for a 59-minute increment.

**Criteria**

The Student Attendance Accounting Manual requires that individual class schedules must be based on five-minute increments for starting and ending times.

**Effect**

The course is scheduled incorrectly, however, contact hours appear to be calculated accurately using the "Contact Hours Computation Table."

***Recommendation***

We recommend the District review their procedures related to scheduling and ensure that all courses are scheduled in five-minute increments.

***Response***

District is now aware that all courses must be scheduled with five-minute increments for starting and ending times, and all courses are being scheduled accordingly.



**SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

June 30, 2011

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (Full-Time Equivalent Students)**

(11-11)

**Condition**

The District was unable to provide a copy of the Board approved procedures for enrollment, attendance and disenrollment.

**Criteria**

CCR, Title 5 Sections 58020 through 58024 require the District to maintain a detailed documentation to substantiate the data reported on the "Apportionment Attendance Report" Form CCFS-320. The District's governing board is required to adopt procedures to document all course enrollment, attendance and disenrollment.

**Effect**

Without board-adopted procedures addressing Title 5 Sections 58020-58024, the District may be obtaining and reporting attendance calculations incorrectly.

***Recommendation***

We recommend the District review all enrollment, attendance and disenrollment procedures and obtain Board approval to address Title 5 Sections 58020 through 58024.

***Response***

The District was under the impression that enrollment, attendance, and disenrollment procedures needed to be stated in the catalog and in the Faculty Handbook. Administrative Procedure 5070 Attendance is in the process of being revised to address this requirement.

**SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

June 30, 2011

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (Instructional Service Agreements)**

(11-12)

**Condition**

The District's instructional service agreement with the Mercy Flights does not include three of the elements required by the Chancellor's Office. The agreement does not 1) state that the District did not receive full compensation for the direct education costs of the classes from any public or private agency, individual or group of individuals; 2) state that the contracting entity did not receive full compensation for the direct education costs of the classes from any public or private agency, individual or group of individuals; and 3) certify that the contractor activity is not fully funded by other sources.

**Criteria**

Districts must have written agreements with instructional service contractors that cover various certifications to ensure that the District and contractor are not receiving other funding for courses taught under instructional service agreements.

**Effect**

The District cannot substantiate that the entity did not receive full compensation from a source other than the District.

***Recommendation***

We recommended that the District develop a contract template utilizing the contract guide for instructional service agreements that was prepared by the California Community Colleges Chancellor's Office. This will ensure that the District receives the required certifications from all entities the District contracts with under instructional service agreements.

***Response***

The District has created an Instructional Services Agreement template, with assistance from legal counsel that incorporates all required elements.

**SUMMARY SCHEDULE OF PRIOR  
YEAR AUDIT FINDINGS**

June 30, 2011

*Siskiyou Joint Community  
College District*

**STATE COMPLIANCE (Open Enrollment)**

(10-1)

**Condition**

During our open enrollment testing, we noted that several courses were held on high school campuses during hours, which the campuses were closed to the general public; FTES in the amount of 15.88 were claimed for these courses.

**Criteria**

The District believed that MOU's with each of the high schools solidified open enrollment issues for classes held on those campuses

*California Education Code*, Section 76002(a) specifies that for purposes of receiving state apportionments, a community college district may include concurrently enrolled students who attend a community college with the District pursuant to *California Education Code*, Sections 48800 and 76001 in the District's report of full-time equivalent students (FTES).

**Effect**

The District is out of compliance with Section 435 of the CDAM.

***Recommendation***

The District should consider offering classes on high school campuses during hours that the campuses are open to the general public, or if classes are going to be held during hours a high school campus is closed to the general public, FTES should not be claimed.

***Current Status***

During the current year, we noted that not all courses offered on high school campuses during normal school hours were claimed for apportionment.