

**COLLEGE OF THE SEQUOIAS
COMMUNITY COLLEGE DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2014

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
College of the Sequoias Community College District
Visalia, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit (College of the Sequoias Foundation) of College of the Sequoias Community College District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component unit of the District as of June 30, 2014, and the changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 to the financial statements, the District has elected to change its method of accounting for cost of debt issuance as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 5 through 11 and the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 56 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 audits 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.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information, including the Schedule of Expenditures of Federal Awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The additional supplementary information on pages 84 through 90 has been presented at the request of District management for purposes of additional analysis. We have applied certain limited procedures to the additional supplementary information which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries. We do not express an opinion or provide any assurance on this information because of the limited procedures do not provide us with significant evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2015, 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, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Vannink, Trine, Day & Co, LLP

Fresno, California
January 8, 2015



In June 1999, the Government Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, which established a new reporting format for annual financial statements of governmental entities. In November 1999, GASB issued Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, which applies these new reporting standards to public colleges and universities such as the College of the Sequoias Community College District (the District). The following discussion and analysis provides an overview of the District's financial activity. This report presents this information in a comparative format. Responsibility for the completeness and fairness of this information rests with the District.

USING THIS ANNUAL REPORT

As required by 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 Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The focus of the Statement of Net Position is designed to be similar to bottom line results for the District. This statement combines and consolidates current financial resources (net short-term spendable resources) with capital assets and long-term obligations. The Statement of Revenues, Expenses, and Changes in Net Position focuses on the costs of the District's operational activities, which are supported mainly by property taxes and by State 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.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

FINANCIAL HIGHLIGHTS

- The District's primary funding source is SB361. SB361 provides funding for Credit FTES, Non-credit FTES, Enhanced non-credit FTES (limited at this time) and foundation grants for COS and Tulare campuses. Funding is comprised of State apportionment, local property taxes, and student enrollment fees. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). During the 2013-14 fiscal year, the District's actual FTES were comprised of 9,028.81 credit FTES and 539.42 non-credit FTES for a total of 9,568.23 FTES, which was a planned increase from the prior year FTES. During the 2012-13 fiscal year, the District's actual FTES were comprised of 8,266.40 credit FTES and 311.23 non-credit FTES for a total of 8,577 FTES, which was a planned reduction from the prior year FTES. These FTES are generated at the District's Visalia College campus, as well as various satellite locations.
- The District ended the year with a General Fund balance of \$4,709,680. The State System's Office recommends reserve levels of five percent of unrestricted General Fund expenditures be set aside for economic uncertainties. The District met this requirement for the current year.
- The primary expenditure of the District is for the salaries and benefits of the Academic, Classified, and Administrative District employees. In addition to the costs for current employees' insurance coverage, the District provides insurance benefits to retirees meeting plan eligibility requirements.
- The District has continued construction on the new Tulare College Center and the first phases were completed in time for classes to be held Spring 2013. The Visalia Campus completed modernization of the Administrative North wing and the first story of the Kern (Business) Building.
- The District provides student financial aid to qualifying students of the District in the amount of approximately \$20.7 million. This aid is provided through grants, and loans from the Federal government, State System's Office, and local funding.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014

Condensed financial information is as follows (in thousands):

NET POSITION

As of June 30, 2014 and 2013

	2014	2013	Change
ASSETS			
Current Assets			
Cash, investments, and short term receivables	\$ 38,450	\$ 47,764	\$ (9,314)
Inventory and prepaids	890	574	316
Total Current Assets	<u>39,340</u>	<u>48,338</u>	<u>(8,998)</u>
Non-Current Assets			
Other non-current assets	5,410	8,023	(2,613)
Capital assets, net of depreciation	203,419	202,734	685
Total Assets	<u>\$ 248,169</u>	<u>\$ 259,095</u>	<u>\$ (10,926)</u>
LIABILITIES			
Current Liabilities			
Accounts payable and amount held in trust	3,444	3,527	(83)
Unearned revenue	3,648	5,784	(2,136)
Long-term liabilities - current portion	2,438	13,320	(10,882)
Total Current Liabilities	<u>9,530</u>	<u>22,631</u>	<u>(13,101)</u>
Non-Current Liabilities			
Long-term liabilities	106,275	105,430	845
Total liabilities	<u>115,805</u>	<u>128,061</u>	<u>(12,256)</u>
NET POSITION			
Net investment in capital assets	100,902	100,955	(53)
Restricted for expendable purposes	16,678	15,025	1,653
Unrestricted	14,784	15,054	(270)
Total Net Position	<u>132,364</u>	<u>131,034</u>	<u>1,330</u>
Total Liabilities and Net Position	<u>\$ 248,169</u>	<u>\$ 259,095</u>	<u>\$ (10,926)</u>

This schedule has been prepared from the District's Statement of Net Position (page 12), which is presented on an accrual basis of accounting whereby capital assets are capitalized and depreciated.

Cash and short-term investments consist primarily of funds held in the Tulare County Treasury. The changes in the cash position are explained in the Statement of Cash Flows (pages 14 and 15).

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

Operating Results for the Years Ended June 30, 2014 and 2013 (in thousands)

	2014	2013	Difference
OPERATING REVENUES			
Tuition and fees, net	\$ 2,999	\$ 2,568	\$ 431
Auxiliary sales and charges	1,235	1,639	(404)
Total Operating Revenues	4,234	4,207	27
OPERATING EXPENSES			
Salaries and benefits	46,075	46,273	(198)
Other expenses	10,656	37,805	(27,149)
Depreciation	4,518	2,298	2,220
Total Operating Expenses	61,249	86,376	(25,127)
NET LOSS ON OPERATIONS	(57,015)	(82,169)	25,154
NONOPERATING REVENUES AND (EXPENSES)			
State apportionments	31,221	30,247	974
Property taxes	16,299	16,397	(98)
State revenues	1,455	1,647	(192)
Grants and contracts	9,196	28,828	(19,632)
Interest income	406	429	(23)
Interest expense	(3,811)	(3,301)	(510)
Other non-operating revenues	2,961	9,058	(6,097)
Total Nonoperating Revenues	57,727	83,305	(25,578)
OTHER REVENUES			
State revenues, capital	1,105	10,225	(9,120)
Local revenues, capital	1,981	588	1,393
Total Other Revenues	3,086	10,813	(7,727)
NET INCREASE (DECREASE) IN NET POSITION	3,798	11,949	\$ (8,151)

This schedule has been prepared from the Statement of Revenues, Expenses and Changes in Net Position presented on page 13.

The operating revenue for the District is specifically defined as revenues from users of the colleges' facilities and programs. Excluded from the operating revenues are the components of the primary source of District funding - the State apportionment process. These components include the State apportionment and local property taxes. As these sources of revenue are from the general population of the State of California, and not from the direct users of the educational services, they are considered to be nonoperating. There was an overall increase in the District's net position of \$3.8 million.

Auxiliary revenue consists of Farm and Food Service revenues. The Food Service operation provides meals to the students and faculty of the college. The Farm operation provides educational opportunities for students in agriculture.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

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.

The interest income is primarily the result of cash held at the Tulare County Treasurer. The interest expense relates to interest payments on the long-term obligations which are described in Note 11 of the financial statements.

The District has recorded the depreciation expense related to capital assets. The detail of the changes in capital assets for the year is included in the Notes to Financial Statements as Note 6.

In accordance with requirements set forth by the California State System's Office, the District reports operating expenses by object code. Operating expenses by functional classification are as follows:

June 30, 2014

	Salaries	Employee Benefits	Supplies Material and Other Expenses and Services ¹	Other Outgo ¹	Depreciation	Total
Instructional activities	\$ 19,618,114	\$ 4,067,966	\$ 1,513,298	\$ -	\$ -	\$ 25,199,378
Academic support	2,645,692	1,127,167	-	-	-	3,772,859
Student services	5,337,011	1,868,498	1,083,286	81,261	-	8,370,056
Plant operations and maintenance	1,534,308	849,712	2,447,939	1,752,884	-	6,584,843
Instructional support services	4,782,038	2,494,369	3,171,122	-	-	10,447,529
Community services and economic development	225,849	24,750	162,189	2,554	-	415,342
Ancillary services and auxiliary operations	1,108,733	390,995	1,238,331	-	62,015	2,800,074
Student Aid	-	-	-	21,632,830	-	21,632,830
Physical property and related acquisitions	-	-	3,004,753	29,444,057	-	32,448,810
Depreciation expense	-	-	-	-	4,456,147	4,456,147
Total	<u>\$ 35,251,745</u>	<u>\$ 10,823,457</u>	<u>\$ 12,620,918</u>	<u>\$ 52,913,586</u>	<u>\$ 4,518,162</u>	<u>\$ 116,127,868</u>

¹ Adjustments have not been made regarding GASB 35 conversion from the fund information presented by the District. Additionally, student financial aid payments are made through the Fiduciary Funds and are not included within the expenditures on the Statement of Revenues, Expenses and Changes in Net Position.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

June 30, 2013:

	Salaries	Employee Benefits	Supplies Material and Other Expenses and Services ¹	Other Outgo ¹	Depreciation	Total
Instructional activities	\$ 19,047,600	\$ 4,280,407	\$ 1,239,730	\$ -	\$ -	\$ 24,567,737
Academic support	2,915,348	1,062,126	-	-	-	3,977,474
Student services	5,173,633	1,997,139	5,065,788	67,859	-	12,304,419
Plant operations and maintenance	1,490,609	821,439	2,477,446	-	-	4,789,494
Instructional support services	4,671,873	2,750,714	2,698,540	-	-	10,121,127
Community services and economic development	435,034	57,144	452,194	-	-	944,372
Ancillary services and auxiliary operations	1,147,527	422,579	1,407,606	-	63,073	3,040,785
Student Aid	-	-	-	20,469,962	-	20,469,962
Physical property and related acquisitions	-	-	14,737,341	4,422,025	-	19,159,366
Depreciation expense	-	-	-	-	2,235,027	2,235,027
Total	\$ 34,881,624	\$ 11,391,548	\$ 28,078,645	\$ 24,959,846	\$ 2,298,100	\$ 101,609,763

¹ Adjustments have not been made regarding GASB 35 conversion from the fund information presented by the District. Additionally, student financial aid payments are made through the Fiduciary Funds and are not included within the expenditures on the Statement of Revenues, Expenses and Changes in Net Position.

Statement of Cash Flows for the Years Ended June 30, 2014 and 2013 (in thousands)

	2014	2013	Difference
CASH PROVIDED BY (USED IN)			
Operating activities	\$ (56,605)	\$ (78,268)	\$ 21,663
Noncapital financing activities	68,220	85,792	(17,572)
Capital financing activities	(16,291)	(6,775)	(9,516)
Investing activities	873	462	411
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (3,803)</u>	<u>\$ 1,211</u>	<u>\$ (5,014)</u>

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 its need for external financing.

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, as well as District administrators.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

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 nonoperating revenue as it come 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.

ECONOMIC FACTORS AFFECTING THE FUTURE OF COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

As the economy of the State goes, so goes the economic fate of the California Community Colleges, and fiscal year 2013-2014 with the passage of Proposition 30 by the voters in November 2012 allowed the State to continue recovery from the devastating cuts of fiscal 2009-2010 through fiscal year 2011-2012. The Governor's May Revise included a 1.63 percent estimated Access funding and 1.57 percent COLA in FTES rates. The college adopted fiscal year 2013-2014 budget at 1.63 percent Access and 1.57 percent COLA. State funding allocations continue to include inter-year deferments which caused additional interest costs to the District. College of the Sequoias settled negotiations with CSEA implementing an increase to benefits cap to cover the Health & Welfare annual increase for fiscal year 2013-2014. Management and confidentials also received an increase to benefits cap to cover the health & welfare annual increase for fiscal year 2013-2014. College of Sequoias and COSTA await a PERB hearing on validity of imposed benefits cap.

With the passage of Proposition 30 by the voters in November 2012, the State of California was able to continue recovery from the devastating budget cuts of fiscal years 2009-2010 through 2011-2012. The Governor's May Revise budget for 2013-2014 included a 1.63 percent estimated increase to Access funding and a 1.57 percent COLA for FTES funding rates. The District adopted the 2013-2014 budget with 1.63 percent Access and 1.57 percent COLA. State funding allocations continue to include inter-year deferments which bring additional interest costs for the District, however, those were less in 2013-2014 than 2012-2013. The College of the Sequoias settled negotiations with CSEA, implementing an increase to the health benefits cap for 2013-2014. Management and confidentials also received an increase to the health benefits cap for 2013-2014. College of the Sequoias and COSTA (faculty) await a PERB hearing on the validity of the imposed benefits cap.

There are currently no other known facts, decisions, or conditions that will have a significant effect on the financial position (net assets) or results of operations (revenues, expenses, and changes in net assets) of the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Christine Statton, Vice President, Administration Services at the College of the Sequoias Community College District, 915 South Mooney Blvd., Visalia, California 93277, or e-mail at christines@cos.edu.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION – PRIMARY GOVERNMENT JUNE 30, 2014

ASSETS

Current Assets

Cash and investments	\$ 6,682,112
Restricted investments	21,684,786
Accounts receivable	7,811,869
Student loans receivable	2,230,750
Due from other funds-trust and agency accounts	40,903
Prepaid expenses - current portion	511,463
Inventories	293,155
Other current assets -current portion	85,192
Total Current Assets	39,340,230

Noncurrent Assets

Unamortized costs of issuance and discounts	38,025
Net Plan Asset - OPEB Trust	5,372,361
Nondepreciable capital assets	97,678,374
Depreciable capital assets	142,543,164
Less: Accumulated depreciation	(36,802,294)
Total Noncurrent Assets	208,829,630
TOTAL ASSETS	248,169,860

LIABILITIES

Current Liabilities

Accounts payable	3,444,565
Unearned revenue	3,647,914
Long-term liabilities - current portion	2,437,893
Total Current Liabilities	9,530,372

Noncurrent Liabilities

Compensated absences/banked leave - noncurrent portion	1,785,632
Long-term liabilities - noncurrent portion	104,489,682
Total Noncurrent Liabilities	106,275,314
TOTAL LIABILITIES	115,805,686

NET POSITION

Net investment in capital assets	100,902,545
Restricted for:	
Debt service	14,474,185
Capital projects	1,538,381
Other activities	665,501
Unrestricted	14,783,562
TOTAL NET POSITION	\$ 132,364,174

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

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PRIMARY GOVERNMENT FOR THE YEAR ENDED JUNE 30, 2014

OPERATING REVENUES

Tuition and Fees, net	\$ 2,999,598
Auxiliary Sales and Charges	
Cafeteria	689,315
Farm	545,746
TOTAL OPERATING REVENUES	4,234,659

OPERATING EXPENSES

Salaries	35,251,746
Employee benefits	10,823,457
Supplies, materials, and other operating expenses and services	10,656,611
Depreciation	4,518,162
TOTAL OPERATING EXPENSES	61,249,976

OPERATING LOSS

NON-OPERATING REVENUES (EXPENSES)

State apportionments, noncapital	31,220,627
Local property taxes, levied for general purposes	10,641,065
Taxes levied for other specific purposes	5,658,271
State taxes and other local revenues	1,455,143
Grants and Contracts, noncapital:	
Federal	3,210,259
State	5,985,797
Investment income	406,252
Interest expense on capital related debt	(3,811,293)
Other non-operating revenues	2,960,773
TOTAL NON-OPERATING REVENUES (EXPENSES)	57,726,894

INCOME (LOSS) BEFORE OTHER REVENUES AND EXPENSES

OTHER REVENUES

State revenues, capital	1,105,045
Local revenues, capital	1,981,620
TOTAL OTHER REVENUES AND EXPENSES	3,086,665

CHANGE IN NET POSITION

NET POSITION, BEGINNING OF YEAR AS RESTATED

NET POSITION, END OF YEAR

3,798,242
128,565,932
\$ 132,364,174

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

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS – PRIMARY GOVERNMENT FOR THE YEAR ENDED JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 3,361,531
Payments to vendors for supplies and services	(14,723,169)
Payments to or on behalf of employees	(45,932,810)
Auxiliary enterprise sales and charges	689,315
Net Cash Flows Used In Operating Activities	(56,605,133)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State apportionments	36,872,501
Noncapital grants and contracts	9,196,056
Property taxes - non debt related	16,299,336
State taxes and other apportionments	2,418,261
Other nonoperating	3,434,048
Net Cash Flows From Noncapital Financing Activities	68,220,202

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Purchase of capital assets	(5,072,423)
Proceeds from capital debt	11,343,796
State revenue, capital projects	3,086,665
Proceeds from sale/disposal of capital assets	15,062
Deferred cost on issuance	14,813
Principal paid on capital debt	(21,456,531)
Interest and cost of issuance paid on capital debt	(4,222,424)
Net Cash Flows Used In Capital Financing Activities	(16,291,042)

CASH FLOWS FROM INVESTING ACTIVITIES

Promissory note-project house	467,117
Interest received from investments	406,252
Net Cash Flows From Investing Activities	873,369

NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,802,604)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	32,169,502
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 28,366,898

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

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS – PRIMARY GOVERNMENT, Continued FOR THE YEAR ENDED JUNE 30, 2014

RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Operating Loss	<u>\$ (57,015,317)</u>
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:	
Depreciation expense	4,518,162
Changes in Assets and Liabilities:	
Receivables	3,246,773
Note receivable	467,117
Inventories	12,536
Prepaid expenses and deferred charges	(2,814,033)
Accounts payable	(1,401,111)
Unearned revenue	(2,135,831)
Funds held for others	<u>(1,483,429)</u>
Total Adjustments	<u>410,184</u>
Net Cash Flows From Operating Activities	<u><u>\$ (56,605,133)</u></u>

NON CASH TRANSACTIONS

On behalf payments for benefits	<u><u>\$ 864,330</u></u>
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The accompanying notes are an integral part of these financial statements.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2014

	Agency Funds	Trust Funds
ASSETS		
Deposits and investments	\$ 200,296	\$ 1,169,745
Receivables	25,832	238,953
Total Assets	<u>226,128</u>	<u>1,408,698</u>
LIABILITIES		
Accounts payable	(202,494)	195
Due to primary government	7,579	33,324
Unearned revenue	60,294	146,335
Total Liabilities	<u>(134,621)</u>	<u>179,854</u>
NET POSITION		
Restricted	360,749	1,228,844
Total Net Position	<u>\$ 360,749</u>	<u>\$ 1,228,844</u>

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

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED JUNE 30, 2014

	Agency Funds	Trust Funds
ADDITIONS		
Federal revenues	\$ 19,151,647	\$ -
State revenues	1,555,876	-
Local revenues	223,940	2,784,913
Total Revenues	<u>20,931,463</u>	<u>2,784,913</u>
DEDUCTIONS		
Current Expenditures		
Classified salaries	27,587	32,875
Employee benefits	16,696	16,819
Books and supplies	108,526	48,884
Services and operating expenditures	-	2,572,355
Student financial aid	21,031,773	-
Debt service - principal	-	25,804
Debt service - interest and other	-	39,196
Total Expenditures	<u>21,184,582</u>	<u>2,735,933</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(253,119)</u>	<u>48,980</u>
OTHER FINANCING SOURCES (USES)		
Operating transfers in	361,533	4,227
Operating transfers out	(38,956)	(15,000)
Other uses	-	(1,500)
Total Other Financing Sources (Uses)	<u>322,577</u>	<u>(12,273)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	69,458	36,707
NET POSITION, BEGINNING OF YEAR	291,291	1,192,137
NET POSITION, END OF YEAR	<u><u>\$ 360,749</u></u>	<u><u>\$ 1,228,844</u></u>

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

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

DISCRETELY PRESENTED COMPONENT UNIT - COLLEGE OF THE SEQUOIAS FOUNDATION STATEMENT OF FINANCIAL POSITION JUNE 30, 2014

ASSETS

Current Assets:

Cash and cash equivalents	\$ 1,247,012
Short-term investments	8,209,823
Accounts receivable - current portion	1,736
Nondepreciable capital assets	329,478

TOTAL ASSETS	\$ 9,788,049
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LIABILITIES

TOTAL LIABILITIES	\$ 1,512
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NET ASSETS

Unrestricted	7,240,366
Temporarily restricted	1,112,304
Permanently restricted	1,433,867

TOTAL NET ASSETS	9,786,537
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TOTAL LIABILITIES AND NET ASSETS	\$ 9,788,049
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The accompanying notes are an integral part of these financial statements.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

DISCRETELY PRESENTED COMPONENT UNIT - COLLEGE OF THE SEQUOIAS FOUNDATION STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS:				
Contributions	\$ 410,790	\$ 240,601	\$ -	\$ 651,391
Revenues:				
Investment income	234,747	-	-	234,747
Fundraisers	270,202	-	-	270,202
Program fees	250,316	-	-	250,316
Miscellaneous	(404)	-	404	-
Gain on sale of assets	799,080	-	-	799,080
Transfers	(124,552)	124,552	-	-
Total Support and Revenue	1,840,179	365,153	404	2,205,736
EXPENSES:				
Scholarships	358,320	-	-	358,320
College enhancement	839,190	-	-	839,190
General administrative	52,646	-	-	52,646
Total Expenses	1,250,156	-	-	1,250,156
CHANGE IN NET ASSETS	590,023	365,153	404	955,580
NET ASSETS, BEGINNING OF YEAR	6,650,343	747,151	1,433,463	8,830,957
NET ASSETS, END OF YEAR	\$ 7,240,366	\$ 1,112,304	\$ 1,433,867	\$ 9,786,537

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

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

DISCRETELY PRESENTED COMPONENT UNIT - COLLEGE OF THE SEQUOIAS FOUNDATION STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 955,580
Adjustments to reconcile net assets provided by operating activities:	
Interest revenue	(234,747)
Realized gain on sale of investments	(799,080)
(Increase)/Decrease in operating assets:	
Accounts receivable	31,698
Increase/(decrease) in operating liabilities:	
Accounts payable	(27,638)
Net Cash (Used)/Provided by Operating Activities	<u>(74,187)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Net sale of investments	<u>822,611</u>
Net Cash (Used)/Provided by Investing Activities	<u>822,611</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS

748,424

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

498,588

CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 1,247,012

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

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 1 - ORGANIZATION

The College of the Sequoias Community College District (the District) was established in 1926 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of Tulare and Kings Counties. The District operates under a locally elected five member-Board of Trustees form of government, which establishes the policies and procedures by which the District operates. Currently, the District operates one college with three campuses located in the County of Tulare, State of California. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The District has adopted GASB Statement No. 61, *Determining Whether Certain Organizations are Component Units*. This statement amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government, the District, and the following component units:

- **College of the Sequoias Foundation**

The College of the Sequoias Foundation (the Foundation) is a legally separate, tax-exempt component unit of the District. The Foundation acts primarily as a fundraising organization to provide grants and scholarships to students and support to employees, programs, and departments of the District. The 38 member board of the Foundation consists of community members, alumni, and other supporters of the Foundation. Although the District does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds and invests are restricted to the activities of the District by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the District, the Foundation is considered a component unit of the District with the inclusion of the statements as a discretely presented component unit. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Foundation is a not-for-profit organization under Internal Revenue Code (IRC) Section 501(c)(3) that reports its financial results in accordance with Financial Accounting Standards Codifications. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the District's financial reporting entity for these differences.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Complete financial statements for the Foundation can be obtained from the Foundation's Business Office at 915 South Mooney Blvd., Visalia, CA 93277.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37 and No. 38. This presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, operating revenues consist primarily of student fees and auxiliary activities through the bookstore and cafeteria.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain Federal and State grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent students (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State grants and entitlements are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

Operating expenses are costs incurred to provide instructional services including support costs, auxiliary services, and depreciation of capital assets. All other expenses not meeting this definition are reported as nonoperating. Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

The District reports are based on all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The District has not elected to apply FASB pronouncements after that date.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussions and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussions and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37 and No. 38. The business-type activities model followed by the District requires the following components of the District's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements for the District as a whole including:
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Net Position
 - Statement of Cash Flows
- Notes to the Financial Statements

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term unrestricted investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include unrestricted cash with county treasury balances for purposes of the statement of Cash Flows. Restricted cash and cash equivalents represented balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2014, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Restricted Assets

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets represent investments required by debt covenants to be set aside by the District for the purpose of satisfying certain requirements of the bonded debt issuance.

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also 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. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. The allowance for the student related accounts receivable is \$1,908,565 for the fiscal year ending June 30, 2014. This allowance is based upon management's estimates and analysis. Management has analyzed these accounts and believes the net amounts are fully collectable.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Prepaid Expenses

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services and that will benefit periods beyond June 30. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures when incurred.

Inventories

Inventories consists primarily of farm livestock and cafeteria food and supplies held for resale to the students and faculty of the colleges. Inventories are stated at cost, utilizing the weighted average method. The cost is recorded as an expense as the inventory is consumed.

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, leasehold improvements, and equipment. The District maintains an initial unit cost capitalization threshold of \$5,000 and an estimated useful life greater than one year. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure. Donated capital assets are recorded at estimated fair market value at the date of donation. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction in progress as the projects are constructed.

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 25 to 50 years; improvements, 25 to 50 years; equipment, 5 to 10 years; vehicles 5 to 10 years.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the entity-wide financial statements.

Debt Premiums and Discounts

Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs, are amortized over the life of the bonds using the straight-line method.

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The amounts have been recorded in the fund from which the employees, who have accumulated the leave, are paid. The District also participates in "load-banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized. Unearned revenue includes (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met.

Noncurrent Liabilities

Noncurrent liabilities include bonds and certificates of participation, compensated absences, capital lease obligations and lease revenue bonds with maturities greater than one year.

Net Position

GASB Statements No. 34 and No. 35 report equity as "Net Position" and represent the difference between assets and liabilities. The net position is classified according to imposed restrictions or availability of assets for satisfaction of District obligations according to the following net asset categories:

Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. To the extent debt has been incurred, but not yet expended for capital assets, such accounts are not included as a component invested in capital assets – net of related debt.

Restricted: Net position is reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

None of the District's restricted net position has resulted from enabling legislation adopted by the District.

Unrestricted: Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for economic uncertainties.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed.

State Apportionments

Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year. When known and measurable, these recalculations and corrections are accrued in the year in which the FTES are generated.

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 on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The Counties of Tulare, Kings, and Fresno bill and collect the taxes on behalf of the District. Local property tax revenues are recorded when received.

The voters of the District passed numerous General Obligation Bonds for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected as noted above and remitted to the District when collected.

Board of Governors Grants (BOGG) and Fee Waivers

Student tuition and fee revenue is reported net of allowances and fee waivers approved by the Board of Governors through BOGG fee waivers in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf. To the extent that fee waivers have been used to satisfy tuition and fee charges, the District has recorded a scholarship discount and allowance.

Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, and Stafford Loan programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. These programs are audited in accordance with the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget's revised Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the related *Compliance Supplement*.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

On Behalf Payments

GASB Statement No. 24 requires direct on behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees for another legally separate entity be recognized as revenues and expenditures by the employer entity. The State of California makes direct on behalf payments to the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) on behalf of all community colleges in California. The California Department of Education has issued a fiscal advisory instructing districts not to record the revenue and expenditures for the on behalf payments within the funds and accounts of a district. The amount of the on behalf payments made for the District for the year ended June 30, 2014, was \$864,330 for CalSTRS. There were no on-behalf contributions made to CalPERS. These amounts are reflected in the District's audited financial statements.

Estimates

The preparation of the 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 financial statements and accompanying notes. Actual results may differ from those estimates.

Interfund Activity

Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the entity-wide financial statements.

Foundation Financial Statement Presentation

The College of the Sequoias Foundation presents its financial statements in accordance with Statement of Financial Accounting Codifications. Under these reporting requirements, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the codification, the Foundation does not use fund accounting.

Permanently Restricted Net 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 related investments for general or specific purposes

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that will be met by actions of the Foundation and/or the passage of time.

Unrestricted Net Assets – Net assets not subject to donor-imposed restrictions.

Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting. Revenues are reported as increases in the unrestricted net assets classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions for in-kind gifts from outside sources are recorded at their fair market value on the date of the donation.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Investments are reported at fair value in accordance with FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*.

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and related California Franchise Tax Codes.

Change in Accounting Principles

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement No. 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, requires a deferred inflow of resources to be reported by a transferor government in a qualifying service concession arrangement. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement No. 4. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

The District has implemented the provisions of this Statement for the year ended June 30, 2014.

As the result of implementing GASB Statement No. 65, the District has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2013, by \$2,467,570. The decrease results from no longer deferring and amortizing bond issuance costs.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

New Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for pensions. It also improves information provided by State and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of State and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

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- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes, but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a non-employer entity has a legal requirement to make contributions directly to a pension plan.

This Statement is effective for fiscal years beginning after June 15, 2014. Early implementation is encouraged.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a State or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement No. 68 requires a State or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a State or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a State or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement No. 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement No. 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

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This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

NOTE 3 - DEPOSITS AND INVESTMENTS

Policies and Practices

The District is authorized under *California Government Code* to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section (ECS) 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Investment in the State Investment Pool - The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by *California Government Code* Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in the pool is reported in the accompanying financial statement at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Summary of Deposits and Investments

Deposits and investments as of June 30, 2014, consist of the following:

Governmental activities	\$ 28,366,898
Fiduciary funds	1,370,041
Total Deposits and Investments	<u>\$ 29,736,939</u>
Cash on hand and in banks	\$ 1,057,334
Cash in revolving	50,000
Investments	28,629,605
Total Deposits and Investments	<u>\$ 29,736,939</u>

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool and having the Pool purchase a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Segmented Time Distribution

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

Investment Type	Fair Value	12 Months or Less	13 - 24 Months	25 - 60 Months	More Than 60 Months
County Pool	\$ 28,562,425	\$ -	\$ 28,562,425	\$ -	\$ -
State Investment Pool	167,000	167,000	-	-	-
Held by Trustee:					
GASB 45 Trust-Balanced Portfolio	5,855,235	5,855,235	-	-	-
Total	<u>\$ 34,584,660</u>	<u>\$ 6,022,235</u>	<u>\$ 28,562,425</u>	<u>\$ -</u>	<u>\$ -</u>

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. Investments in any one issuer that represent five percent or more of the total investments are as follows:

Issuer	Investment Type	Reported Amount
GASB 45 Trust-Balanced Portfolio	Balanced Portfolio	<u>\$ 5,855,235</u>

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2014, the District's bank balance of \$1,198,892 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. Of the investment in the GASB 45 Trust-balanced portfolio of \$5,855,235, the District has a custodial credit risk exposure of \$5,855,235 because the related securities are uninsured, unregistered, and held by the brokerage firm which is also the counterparty for these securities.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2014, consisted of intergovernmental grants, entitlements, interest, and other local sources and are as follows:

	Governmental Funds	Fiduciary Funds	Total
Federal Government			
Categorical aid	\$ 436,647	\$ 2,149	\$ 438,796
State Government			
Apportionment	5,754,692	-	5,754,692
Categorical aid	618,264	-	618,264
Lottery	274,459	-	274,459
Other state sources	17,296		17,296
Local Sources	710,511	40,122	750,633
Subtotal	7,811,869	42,271	7,854,140
Student loans and grants receivable, net	2,230,750	222,514	2,453,264
Total	<u>\$ 10,042,619</u>	<u>\$ 264,785</u>	<u>\$ 10,307,404</u>

Discretely Presented Component Unit

The Foundation's accounts receivable consist primarily of short-term donations. In the opinion of management, all amounts have been deemed to be fully collectable.

NOTE 5 - PREPAID EXPENDITURES

Prepaid expenditures at June 30, 2014, consist of the following:

Vendor payments	<u>\$ 511,463</u>
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COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, are as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$ 11,002,016	\$ -	\$ -	\$ 11,002,016
Construction in progress	84,937,216	1,739,142	-	86,676,358
Total Capital Assets Not Being Depreciated	95,939,232	1,739,142	-	97,678,374
Capital Assets Being Depreciated				
Land improvements	9,752,382	-	-	9,752,382
Buildings and improvements	118,672,259	2,602,443	-	121,274,702
Furniture and equipment	10,974,516	730,838	189,274	11,516,080
Total Capital Assets Being Depreciated	139,399,157	3,333,281	189,274	142,543,164
Total Capital Assets	235,338,389	5,072,423	189,274	240,221,538
Less Accumulated Depreciation				
Land improvements	3,620,216	444,373	-	4,064,589
Buildings and improvements	22,645,574	3,103,352	-	25,748,926
Furniture and equipment	6,164,226	824,553	-	6,988,779
Total Accumulated Depreciation	32,430,016	4,372,278	-	36,802,294
Net Capital Assests	<u>\$ 202,908,373</u>	<u>\$ 700,145</u>	<u>\$ 189,274</u>	<u>\$ 203,419,244</u>

Depreciation expense for the year was \$4,372,278.

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2014, consist of the following:

	Governmental Funds	Fiduciary Funds	Total
Vendor invoices	\$ 1,349,855	\$ (202,299)	\$ 1,147,556
State apportionment	1,708,468	-	1,708,468
Deferred payroll	386,242	-	386,242
Total	<u>\$ 3,444,565</u>	<u>\$ (202,299)</u>	<u>\$ 3,242,266</u>

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2014, consists of the following:

	Governmental Funds	Fiduciary Funds	Total
Federal financial assistance	\$ 121,484	\$ -	\$ 121,484
State categorical aid	690,083	-	690,083
State other	-	1,104	1,104
Student fees	2,043,513	205,525	2,249,038
Other local	792,834	-	792,834
Total	<u>\$ 3,647,914</u>	<u>\$ 206,629</u>	<u>\$ 3,854,543</u>

NOTE 9 - TAX AND REVENUE ANTICIPATION NOTES

On July 17, 2013, the District issued \$5,000,000 of Tax and Revenue Anticipation Notes bearing interest at 2.00 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on June 25, 2014. By April 2014, the District had placed 100 percent of principal and interest with the County Treasury for the sole purpose of satisfying the notes. The District was not required to make any additional payments on the notes.

	Outstanding Beginning of Year	Additions	Deletions	Outstanding End of Year
2013 2.00% TRANS	<u>\$ -</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ -</u>

NOTE 10 - INTERFUND TRANSACTIONS

Interfund Receivables and Payable (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the governmental funds and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 11 - LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during the year consisted of the following:

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014	Due in One Year
Certificates of participation 2002	\$ 2,455,000	\$ -	\$ 2,455,000	\$ -	\$ -
Certificates of participation 2004	3,155,000	-	95,000	3,060,000	100,000
General Obligation Bonds 2006, A (Hanford):					
Current interest	13,540,000	-	-	13,540,000	-
Capital appreciation	1,931,554	189,612	145,000	1,976,166	200,000
General Obligation Bonds 2008, B (Hanford):					
Current interest	4,505,000	-	210,000	4,295,000	315,000
Capital appreciation	3,368,900	248,137	-	3,617,037	-
General Obligation Bonds 2008, A (Tulare):					
Current interest	14,205,000	-	-	14,205,000	-
Capital appreciation	6,331,200	621,043	560,000	6,392,243	610,000
General Obligation Bonds 2008, B (Tulare):					
Current interest	3,650,000	-	-	3,650,000	-
Capital appreciation	7,561,151	623,146	-	8,184,297	-
General Obligation Bonds 2008, C (Tulare):					
Current interest	-	1,425,000	-	1,425,000	-
Capital appreciation	-	2,108,172	-	2,108,172	-
General Obligation Bonds 2008, A (Visalia):					
Current interest	13,750,000	-	-	13,750,000	-
Capital appreciation	5,401,149	570,069	530,000	5,441,218	580,000
General Obligation Bonds, 2008, B (Visalia):					
Current interest	4,650,000	-	-	4,650,000	-
Capital appreciation	497,713	59,055	-	556,768	-
General Obligation Bonds 2008, C (Visalia):					
Current interest	3,755,000	-	-	3,755,000	-
Capital appreciation	1,543,019	149,578	-	1,692,597	-
Unamortized premium on bonds	6,642,633	-	518,421	6,124,212	518,421
Lease Revenue Bonds, Series 2010A	3,065,000	-	90,000	2,975,000	90,000
Bond Anticipation Note (Tulare)	11,501,011	-	11,501,011	-	-
Bond Anticipation Note 2013 (Tulare)	-	5,349,984	-	5,349,984	-
Capital leases	531,980	-	352,099	179,881	24,472
Total	<u>\$ 112,040,310</u>	<u>\$ 11,343,796</u>	<u>\$ 16,456,531</u>	<u>\$ 106,927,575</u>	<u>\$ 2,437,893</u>
Accumulated vacation/banked leave - net	<u>\$ 1,710,824</u>	<u>\$ 74,808</u>	<u>\$ -</u>	<u>\$ 1,785,632</u>	<u>\$ -</u>
Discounts	<u>\$ 52,838</u>	<u>\$ -</u>	<u>\$ 14,813</u>	<u>\$ 38,025</u>	<u>\$ -</u>

Payments on the Certificates of Participation are paid by the General Fund and the Student Center Trust. Payments on the General Obligation Bonds are made by the Bond Interest and Redemption Fund with local property tax revenues. Payments on the capital leases are made by the General Fund.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

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Certificates of Participation

In January 2005, the College of the Sequoias Community College District, through the California School Board Association Financing Corporation, issued certificates of participation in the amount of \$3,945,000 with interest rates ranging from 2.00 percent to 4.35 percent. The proceeds of the sale were used to finance the renovation of the bookstore and student center facility.

The certificates mature through 2034 as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 100,000	\$ 140,505	\$ 240,505
2016	100,000	136,505	236,505
2017	105,000	132,505	237,505
2018	110,000	128,305	238,305
2019	115,000	123,905	238,905
2020-2024	655,000	539,901	1,194,901
2025-2029	825,000	370,739	1,195,739
2030-2034	1,050,000	154,375	1,204,375
Total	<u>\$ 3,060,000</u>	<u>\$ 1,726,740</u>	<u>\$ 4,786,740</u>

Bonded Debt

The District's bonded debt is summarized as follows:

Year Issued	Campus	Maturity Date	Interest Rate %	Original Issue	Bonds Outstanding July 1, 2013	Accreted/ Issued	Redeemed	Bonds Outstanding June 30, 2014
General obligation bonds:								
2006	Hanford	2/1/2033	3.58-4.25	\$ 14,999,982	\$ 15,471,554	\$ 189,612	\$ 145,000	\$ 15,516,166
2008	Hanford	2/1/2034	1.85-6.99	6,995,778	7,873,900	248,137	210,000	7,912,037
2008	Tulare	8/1/2033	2.4-6.36	19,998,219	20,536,200	621,043	560,000	20,597,243
2011	Tulare	8/1/2040	3.28-7.62	10,004,927	11,211,151	623,146	-	11,834,297
2013	Tulare	8/1/2042	2.09-5.20	3,401,460	-	3,533,172	-	3,533,172
2008	Visalia	8/1/2033	2.4-6.22	17,997,404	19,151,149	570,069	530,000	19,191,218
2010	Visalia	8/1/2039	5.1-6.610	4,999,652	5,147,713	59,055	-	5,206,768
2011	Visalia	8/1/2036	4.12-7.74	4,995,439	5,298,019	149,578	-	5,447,597
Lease revenue bonds:								
2010	Hanford	6/1/2035	3.00-5.28	3,310,000	3,065,000	-	90,000	2,975,000
Bond Anticipation Note:								
2012	Tulare	9/1/2013	3.00	11,501,011	11,501,011	-	11,501,011	-
2013	Tulare	7/1/2016	1.57	5,276,844		5,349,984	-	5,349,984
Total					<u>\$ 99,255,697</u>	<u>\$ 11,343,796</u>	<u>\$ 13,036,011</u>	<u>\$ 97,563,482</u>

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

2006 Hanford Series A, Current Interest General Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2015	\$ -	\$ 677,000	\$ 677,000
2016	-	677,000	677,000
2017	-	677,000	677,000
2018	-	677,000	677,000
2019	-	677,000	677,000
2020-2024	1,325,000	3,354,250	4,679,250
2025-2029	5,270,000	2,589,750	7,859,750
2030-2033	6,945,000	864,875	7,809,875
Total	<u>\$ 13,540,000</u>	<u>\$ 10,193,875</u>	<u>\$ 23,733,875</u>

2006 Hanford Series A, Capital Appreciation General Obligation Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2015	\$ 200,000	\$ 200,000	\$ -
2016	245,000	221,480	23,520
2017	290,000	236,988	53,012
2018	335,000	247,498	87,502
2019	390,000	260,520	129,480
2020-2022	1,490,000	809,680	680,320
Total	<u>\$ 2,950,000</u>	<u>\$ 1,976,166</u>	<u>\$ 973,834</u>

2008 Hanford Series B, Current Interest General Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 315,000	\$ 181,238	\$ 496,238
2016	335,000	171,788	506,788
2017	355,000	161,738	516,738
2018	385,000	149,313	534,313
2019	405,000	135,838	540,838
2020-2024	2,500,000	387,650	2,887,650
Total	<u>\$ 4,295,000</u>	<u>\$ 1,187,565</u>	<u>\$ 5,482,565</u>

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

2008 Hanford Series B, Capital Appreciation General Obligation Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2030	\$ 4,560,000	\$ 1,667,136	\$ 2,892,864
2033	2,205,000	644,742	1,560,258
2034	5,855,000	1,305,159	4,549,841
Total	<u>\$ 12,620,000</u>	<u>\$ 3,617,037</u>	<u>\$ 9,002,963</u>

2008 Tulare Series A, Current Interest General Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2015	\$ -	\$ 764,313	\$ 764,313
2016	-	764,313	764,313
2017	-	764,313	764,313
2018	-	764,313	764,313
2019	-	764,313	764,313
2020-2024	-	3,821,565	3,821,565
2025-2029	4,820,000	3,586,365	8,406,365
2030-2034	9,385,000	1,378,063	10,763,063
Total	<u>\$ 14,205,000</u>	<u>\$ 12,607,558</u>	<u>\$ 26,812,558</u>

2008 Tulare Series A, Capital Appreciation General Obligation Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2015	\$ 610,000	\$ 610,000	\$ -
2016	665,000	600,362	64,638
2017	725,000	590,875	134,125
2018	785,000	577,603	207,397
2019	845,000	561,418	283,582
2020-2024	5,245,000	2,554,935	2,690,065
2025-2026	2,625,000	897,050	1,727,950
Total	<u>\$ 11,500,000</u>	<u>\$ 6,392,243</u>	<u>\$ 5,107,757</u>

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

2008 Tulare Series B, Current Interest General Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2015	\$ -	\$ 178,625	\$ 178,625
2016	-	178,625	178,625
2017	-	178,625	178,625
2018	-	178,625	178,625
2019	-	178,625	178,625
2020-2024	1,130,000	772,706	1,902,706
2025-2029	1,085,000	584,026	1,669,026
2030-2032	1,435,000	162,862	1,597,862
Total	<u>\$ 3,650,000</u>	<u>\$ 2,412,719</u>	<u>\$ 6,062,719</u>

2008 Tulare Series B, Capital Appreciation General Obligation Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2016	\$ 220,000	\$ 195,800	\$ 24,200
2017-2019	750,000	527,808	222,192
2033-2037	11,880,000	2,102,822	9,777,178
Total	<u>\$ 12,850,000</u>	<u>\$ 2,826,430</u>	<u>\$ 10,023,570</u>

2008 Tulare Series B, Capital Appreciation Term General Obligation Bonds:

Mandatory sinking fund requirements:

Year Ending June 30,	Value at Mandatory Redemption Date	Accreted Obligation	Interest to Accrete
2038-2041	<u>\$ 12,737,439</u>	<u>\$ 2,017,167</u>	<u>\$ 10,720,272</u>

Final Maturity:

Year Ending June 30,	Value at Maturity
2041	<u>\$ 14,285,000</u>

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

2008 Tulare Series B, Convertible Capital Appreciation Term General Obligation Bonds:

Capital Appreciation Term Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
<u>2022</u>	<u>\$ 5,500,000</u>	<u>\$ 3,340,700</u>	<u>\$ 2,159,300</u>

Upon maturity of capital appreciation term bonds, current interest bond payment requirements:

Year Ending June 30,	Principal	Interest	Total
2023-2027	\$ -	\$ 1,993,750	\$ 1,993,750
2028-2032	-	1,993,750	1,993,750
2033-2037	-	1,993,750	1,993,750
2038-2041	5,500,000	1,390,550	6,890,550
Total	<u>\$ 5,500,000</u>	<u>\$ 7,371,800</u>	<u>\$ 12,871,800</u>

2008 Tulare Series C, Current Interest General Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2015	\$ -	\$ 60,797	\$ 60,797
2016	-	63,075	63,075
2017	-	63,075	63,075
2018	-	63,075	63,075
2019	65,000	63,075	128,075
2020-2024	290,000	293,100	583,100
2025-2029	190,000	244,088	434,088
2030-2034	30,000	214,400	244,400
2035-2039	-	212,500	212,500
2040-2043	850,000	170,000	1,020,000
Total	<u>\$ 1,425,000</u>	<u>\$ 1,447,185</u>	<u>\$ 2,872,185</u>

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

2008 Tulare Series C, Convertible Capital Appreciation Term General Obligation Bonds:

Capital Appreciation Term Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2039	\$ 2,130,000	\$ 644,964	\$ 1,485,036
2042	4,920,000	1,463,208	3,456,792
Total	<u>\$ 7,050,000</u>	<u>\$ 2,108,172</u>	<u>\$ 4,941,828</u>

2008 Visalia Series A, Current Interest General Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2015	\$ -	\$ 738,300	\$ 738,300
2016	-	738,300	738,300
2017	-	738,300	738,300
2018	-	738,300	738,300
2019	-	738,300	738,300
2020-2024	-	3,691,500	3,691,500
2025-2029	5,430,000	3,301,951	8,731,951
2030-2034	8,320,000	1,217,725	9,537,725
Total	<u>\$ 13,750,000</u>	<u>\$ 11,902,676</u>	<u>\$ 25,652,676</u>

2008 Visalia Series A, Capital Appreciation General Obligation Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2015	\$ 580,000	\$ 580,000	\$ -
2016	630,000	563,976	66,024
2017	685,000	548,959	136,041
2018	745,000	534,463	210,537
2019	805,000	516,971	288,029
2020-2024	4,995,000	2,295,170	2,699,830
2025	1,215,000	401,679	813,321
Total	<u>\$ 9,655,000</u>	<u>\$ 5,441,218</u>	<u>\$ 4,213,782</u>

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

2008 Visalia Series B, Current Interest General Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2015	\$ -	\$ 232,500	\$ 232,500
2016	-	232,500	232,500
2017	-	232,500	232,500
2018	-	232,500	232,500
2019	-	232,500	232,500
2020-2024	-	1,162,500	1,162,500
2025-2029	-	1,162,500	1,162,500
2030-2034	-	1,162,500	1,162,500
2035-2039	2,150,000	1,162,500	3,312,500
2040	2,500,000	125,000	2,625,000
Total	<u>\$ 4,650,000</u>	<u>\$ 5,937,500</u>	<u>\$ 10,587,500</u>

2008 Visalia Series B, Capital Appreciation General Obligation Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2034-2038	<u>\$ 5,820,000</u>	<u>\$ 556,768</u>	<u>\$ 5,263,232</u>

2008 Visalia Series C, Current Interest General Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2015	\$ -	\$ 206,525	\$ 206,525
2016	-	206,525	206,525
2017	-	206,525	206,525
2018	-	206,525	206,525
2019	-	206,525	206,525
2020-2024	-	1,032,625	1,032,625
2025-2029	-	1,032,625	1,032,625
2030-2034	-	1,032,625	1,032,625
2035-2037	3,755,000	521,125	4,276,125
Total	<u>\$ 3,755,000</u>	<u>\$ 4,651,625</u>	<u>\$ 8,406,625</u>

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

2008 Visalia Series C, Capital Appreciation General Obligation Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2018	\$ 20,000	\$ 14,100	\$ 5,900
2019-2023	360,000	170,555	189,445
2024-2028	1,185,000	314,608	870,392
2029-2031	1,170,000	203,454	966,546
2035	4,520,000	989,880	3,530,120
Total	<u>\$ 7,255,000</u>	<u>\$ 1,692,597</u>	<u>\$ 5,562,403</u>

Lease Revenue Bonds

2010 Series A, Lease Revenue Bonds:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 90,000	\$ 136,806	\$ 226,806
2016	95,000	134,106	229,106
2017	100,000	131,256	231,256
2018	100,000	128,006	228,006
2019	105,000	124,506	229,506
2020-2024	595,000	555,563	1,150,563
2025-2029	735,000	407,899	1,142,899
2030-2034	940,000	203,762	1,143,762
2035	215,000	11,019	226,019
Total	<u>\$ 2,975,000</u>	<u>\$ 1,832,923</u>	<u>\$ 4,807,923</u>

Bond Anticipation Notes - Tulare

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2014	\$ -	\$ -	\$ -
2015	-	-	-
2016	5,520,000	5,349,984	170,016
Total	<u>\$ 5,520,000</u>	<u>\$ 5,349,984</u>	<u>\$ 170,016</u>

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Premiums on Issuances

The following premiums on the District' bonds will be amortized over the life of the obligation:

<u>Issuance</u>	<u>Campus</u>	<u>Unamortized Premium</u>
2006, Series B	Hanford	\$ 306,903
2008, Series A	Tulare	2,159,817
2008, Series B	Tulare	618,460
2008, Series A	Visalia	2,015,417
2008, Series B	Visalia	623,548
2008, Series C	Visalia	400,067
Total unamortized premium		<u><u>\$ 6,124,212</u></u>

Capital Leases

The District's liability on capital lease agreements with options to purchase is summarized below:

<u>Year Ending June 30,</u>	<u>Lease Payment</u>
2015	\$ 32,121
2016	32,121
2017	32,121
2018	32,121
2019	32,121
2020	48,181
Total	<u>208,786</u>
Less: Amount Representing Interest	<u>28,905</u>
Present Value of Minimum Lease Payments	<u><u>\$ 179,881</u></u>
Balance, July 1, 2013	\$ 531,980
Payments	<u>352,099</u>
Balance, June 30, 2014	<u><u>\$ 179,881</u></u>

Accumulated Unpaid Employee Compensation

The long-term portion of accumulated unpaid employee compensation and banked leave for the District at June 30, 2014, amounted to \$1,785,632.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 12 - MUNICIPAL LEASE-LINE OF CREDIT

The District has a line of credit with Valley Business Bank totaling \$5,000,000 with a current rate as of June 30, 2014, of 1.9175 percent. The District had no outstanding balance as of June 30, 2014.

NOTE 13 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

The District provides postemployment health care benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District.

Plan Description

The Retiree Health Benefits Funding Program Plan (the Plan) is a single-employer defined benefit healthcare plan administered by College of the Sequoias Community College District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of approximately 95 retirees and beneficiaries currently receiving benefits and approximately 336 active plan members. Separate financial statements are not prepared for the Trust.

Funding Policy

The contribution requirements of plan members and the District 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 through agreements between the District and the bargaining units. For fiscal year 2013-2014, the District contributed \$1,000,488 to the Plan, all of which was used for current premiums (approximately 82 percent of total premiums). Plan members receiving benefits contributed \$218,234, or approximately 18 percent of total premiums. The annual required contribution (ARC) for the District as of July 1, 2013, was \$1,294,724. The net amount of the Trust's investment returns/losses and the cumulative balance of the ARC has left a Net Plan Asset totaling \$5,372,361 as of June 30, 2014.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with the payments of 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 not to exceed 30 years. The table presented in the Required Supplementary Information section of this report shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation to the Plan.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Annual required contribution	\$ 1,294,724
Interest adjustment	(309,282)
Adjustment to annual required contribution	(322,095)
Annual OPEB cost (expense)	663,347
Contributions made	(1,000,488)
Change in net OPEB asset/prepaid	337,141
Net OPEB asset, beginning of year	5,035,220
Net OPEB asset, end of year	<u>\$ 5,372,361</u>

Trend Information

Trend information for the annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the past three years is as follows:

Year Ended June 30,	Annual OPEB Cost	Contribution	Percentage Contributed	Net OPEB Asset
2014	\$ 663,347	\$ 1,000,488	151%	\$ 5,372,361
2013	917,296	1,139,705	124%	5,035,220
2012	774,280	1,139,705	147%	4,812,811

Funding Status and Funding Progress

A schedule of funding progress as of the most recent actuarial valuation is as follows:

Actuarial Valuation Date	Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
December 31, 2012	\$ 5,357,242	\$ 13,236,467	\$ 7,879,225	40.5%	\$ 36,000,000	21.9%

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Other Postemployment Benefits Funding Progress, presented as required supplementary information, follows the notes to the financial statements and presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the 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 values of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2012, actuarial valuation, the entry age normal method was used. The actuarial assumptions included a 7.0 percent investment rate of return (net of administrative expenses), based on the Plan being funded in an irrevocable employee benefit trust fund invested in a long-term fixed income portfolio. The healthcare cost trend rate was 4.0 percent. The UAAL is being amortized at a level dollar method. The remaining amortization period at July 1, 2014, was 29 years. The actuarial value of assets was \$5,357,242 in this actuarial valuation. At June 30, 2014, the Trust held assets in the amount of \$5,855,235, which consisted of deposits with U.S. Bank in the Retiree Health Benefits Funding Program JPA.

NOTE 14 - RISK MANAGEMENT

Health and Welfare

Employee health coverage benefits are covered by the Central Valley Trust joint powers agency through contribution made by the District. The District provides health insurance benefits to District employees, their families, and retired employees of the District.

Property and Liability

During fiscal year ending June 30, 2014, the District contracted with the Tulare County Schools Self Insurance Authority Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

During fiscal year ending June 30, 2014, the District participated in the Tulare County Schools Insurance Group, an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 15 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

CalSTRS

Plan Description

The District contributes to CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to beneficiaries. As a result of the Public Employee Pension Reform Act of 2013 (PEPRA), changes have been made to the defined benefit pension plan effective January 1, 2013. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 100 Waterfront Place, West Sacramento, California 95605.

Funding Policy

Due to the implementation of the PEPRA, new members must pay at least 50 percent of the normal costs of the plan, which can fluctuate from year to year. For 2013-2014, the required contribution rate for new members is 8.0 percent. "Classic" plan members are also required to contribute 8.0 percent of their salary. 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 CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2013-2014 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalSTRS for the fiscal years ended June 30, 2014, 2013, and 2012, were \$1,558,872, \$1,551,493, and \$1,570,296, respectively, and equal 100 percent of the required contributions for each year.

CalPERS

Plan Description

The District contributes to the School Employer Pool under CalPERS a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to plan members and beneficiaries. As a result of the PEPRA, changes have been made to the defined benefit pension plan effective January 1, 2013. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. 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, CA 95811.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Funding Policy

As a result of the implementation of the PEPRA, new members must pay at least 50 percent of the normal costs of the plan, which can fluctuate from year to year. For 2013-2014, the normal cost is 11.85 percent, which rounds to a 6.0 percent contribution rate. "Classic" plan members continue to contribute 7.0 percent. 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 fiscal year 2013-2014 was 11.442 percent of covered payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ended June 30, 2014, 2013, and 2012, were \$1,677,243, \$1,652,591, and \$1,627,886, respectively, and equal 100 percent of the required contributions for each year.

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal years ended June 30, 2014, 2013, and 2012, which amounted to \$864,330, \$1,042,836, and \$921,292, respectively, (5.541 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the years ended June 30, 2014, 2013, and 2012. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

APPLE

Active plan members are required to contribute 5.2 percent of their salary and the College of the Sequoias Community College District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the APPLE Board of Administration. The required employer contribution rate for fiscal year 2013-2014 was 2.3 percent of annual payroll. The contribution requirements of the plan members are established by State statute.

NOTE 16 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the Tulare County Schools Insurance Group, Schools Excess Liability Fund, and the Central Valley Trust public entity risk pools. The District pays an annual premium to each entity for its health, property and liability and workers' compensation coverage. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, transactions between the entities and the District are included in these statements. Audited financial statements are available from the respective entities.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

The District has appointed no Board members to the Governing Board of the Tulare County Schools Insurance Group, Tulare County Schools Self Insurance Authority, and Central Valley Trust.

The District's share of year-end assets, liabilities, or fund equity has not been calculated.

During the year ended June 30, 2014, the District made payments of \$652,147, \$552,842, and \$6,384,551, to the Tulare County Schools Insurance Group, Tulare County Schools Self Insurance Authority, and the Central Valley Trust, respectively.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2014.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2014.

Operating Leases

The District has entered into various operating leases for buildings and equipment with lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date.

Construction Commitments

As of June 30, 2014, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment
Exterior Site Lighting Year 1	\$ 14,299

The projects are funded through a combination of general obligation bonds and capital project apportionments from the California State Chancellor's Office.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 18 - RESTATEMENT OF PRIOR YEAR NET POSITION

The District's prior year beginning net position has been restated as of June 30, 2014.

Effective in fiscal year 2013-2014, the District implemented GASB 65 resulting the bond issuance costs no longer being deferred or amortized. The implementation of this standard required a change in accounting principle and restatement of the beginning net position of the District by \$2,467,570.

Primary Government	
Net Position - Beginning	\$ 131,033,502
Elimination of cost of issuance in accordance with GASB Statement No. 65	(2,467,570)
Net Position - Beginning, as Restated	<u>\$ 128,565,932</u>

REQUIRED SUPPLEMENTARY INFORMATION

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)
FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2014**

Actuarial Valuation Date	Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
December 31, 2012	\$ 5,357,242	\$ 13,236,467	\$ 7,879,225	40.5%	\$ 36,000,000	21.9%
September 1, 2010	\$ 4,569,691	\$ 11,194,114	\$ 6,624,423	40.8%	\$ 36,201,781	18.3%
May 1, 2008	\$ 3,877,849	\$ 10,739,299	\$ 6,861,450	36.1%	\$ 39,020,868	17.6%

SUPPLEMENTARY INFORMATION

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION

JUNE 30, 2014

The College of the Sequoias Community College District is located in Visalia, California. The College was established in 1926 and serves communities in Tulare and Kings Counties. There have been no changes to the District boundaries during the year. The District's main campus, Hanford Satellite Campus and Tulare College Center are each accredited by the Western Association of Schools and Junior Colleges.

BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Mrs. Lori Cardoza	President	2016
Mr. John. A. Zumwalt	Vice President	2014
Mr. Earl Mann	Clerk	2016
Mr. Kenneth Nunes	Member	2014
Mr. Greg Sherman	Member	2014
Ms. Diana Garcia	Student Trustee	2014

ADMINISTRATION

Mr. Stan Carrizosa	Superintendent/President
Mrs. Jennifer Vega-LaSerna, Ph.D.	Vice President, Academic Services
Mr. Brent Calvin	Vice President, Student Services
Mrs. Christine Statton	Vice President, Administrative Services

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION		
Student Financial Aid Cluster:		
Supplemental Educational Opportunity Grants	84.007	\$ 227,927
Supplemental Educational Opportunity Grants Administration	84.007	9,795
Federal Work Study	84.033	298,525
TANF 50% Federal Calworks	84.033	41,978
Federal Work Study Administration	84.033	14,185
Pell Grant	84.063	18,923,720
Pell Grant Administration	84.063	45,603
Total Student Financial Assistance Cluster		<u>19,561,733</u>
Title V - Higher Education Institutional Aid, Hispanic Serving Institute ATD	84.031S	239,362
Title V - Higher Education Institutional Aid, Hispanic Serving Institute PASEO	84.031S	552,769
TRIO Upward Bound Math/Science	84.047M	238,960
TRIO/SSS	84.047M	218,973
Math, Science, Engineering Improvement Program	84.120A	50,645
Vocational and Applied Technology Education Act (VTEA) Title II, Part C Student Support	84.048	404,277
Subtotal		<u>1,704,986</u>
U.S. DEPARTMENT OF VETERAN AFFAIRS		
Veteran's Education	64.112	2,521
Subtotal		<u>2,521</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed Through the California Department of Education:		
Foster Care Education	93.658	118,305
Subtotal		<u>118,305</u>
U.S. DEPARTMENT OF LABOR		
Workforce Investment Act	17.258	336,600
Trade Adjustment Assistance Community College and Career Training	17.282	637,761
Subtotal		<u>974,361</u>
Total Federal Expenditures		<u><u>\$ 22,361,906</u></u>

See accompanying note to supplementary information.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2014

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
STATE PROJECTS			
BFAP Administration Allowance	\$ 442,509	\$ -	\$ 442,509
Block Grant Instructional Materials	109,713	9,174	118,887
Basic Skills	134,125	216,034	350,159
Cal Works	337,503	-	337,503
Cal Grant	1,556,980	-	1,556,980
CARE	127,487	-	127,487
Career Technical Education - Transitions	44,025	-	44,025
Career Technical Education - Pathway #5	-	265,101	265,101
Career Technical Education - Pathway #6	-	314,203	314,203
Career Technical Education - Nursing Education	89,900	-	89,900
Disabled Students Programs and Services	847,580	336	847,916
Department of Rehabilitation Workability III	113,372	-	113,372
Economic Development DSN/CTE Health Service	300,000	-	300,000
Economic Development DSN/CTE Advanced Manufacturing	300,000	-	300,000
Economic Development Responsive Training	102,459	94,214	196,673
Extended Opportunity Program and Services	859,235	-	859,235
Lottery Prop 20	294,970	-	294,970
Independent Living	22,500	-	22,500
Matriculation	548,379	-	548,379
Matriculation Non-Credit	21,466	-	21,466
Part Time Faculty Office Hours	1,981	-	1,981
Part Time Faculty Parity	172,899	-	172,899
Staff Development	-	2,187	2,187
Staff Diversity	5,349	-	5,349
TANF 50% State	41,978	-	41,978
Scheduled Maintenance and Repair	109,705	-	109,705
YESS Transition Aged Foster Youth	15,000	-	15,000
Total State Programs	<u>\$ 6,599,115</u>	<u>\$ 901,249</u>	<u>\$ 7,500,364</u>

See accompanying note to supplementary information.

Program Revenues					
Cash Received	Prior Year Carryforward	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
\$ 442,509	\$ -	\$ -	\$ -	\$ 442,509	\$ 442,509
109,713	9,174	-	1,269	117,618	117,618
134,125	216,035	-	247,044	103,116	103,116
337,503	-	-	-	337,503	337,503
1,556,980	3,671	-	4,040	1,556,611	1,556,611
127,487	-	-	-	127,487	127,487
16,243	-	27,782	-	44,025	44,025
230,301	-	34,800	-	265,101	265,101
-	-	122,046	-	122,046	122,046
75,516	-	14,384	-	89,900	89,900
847,916	-	-	-	847,916	847,916
76,757	-	36,524	-	113,281	113,281
120,000	-	78,838	18,922	179,916	179,916
120,000	-	45,379	38,362	127,017	127,017
-	94,214	102,459	-	196,673	196,673
859,235	-	-	-	859,235	859,235
153,383	-	141,586	288,886	6,083	6,083
12,830	-	9,670	-	22,500	22,500
548,379	-	-	-	548,379	548,379
21,466	-	-	-	21,466	21,466
1,981	-	-	-	1,981	1,981
172,899	-	-	-	172,899	172,899
-	2,187	-	-	2,187	2,187
5,349	-	-	-	5,349	5,349
41,978	-	-	-	41,978	41,978
109,705	-	-	91,560	18,145	18,145
10,204	-	4,796	-	15,000	15,000
<u>\$ 6,132,459</u>	<u>\$ 325,281</u>	<u>\$ 618,264</u>	<u>\$ 690,083</u>	<u>\$ 6,385,921</u>	<u>\$ 6,385,921</u>

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2014

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2013 only)			
1. Noncredit**	-	-	-
2. Credit	269.67	-	269.67
B. Summer Intersession (Summer 2014 - Prior to July 1, 2014)			
1. Noncredit**	-	-	-
2. Credit	488.57	-	488.57
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	6,927.77	-	6,927.77
(b) Daily Census Contact Hours	251.83	-	251.83
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit**	539.42	-	539.42
(b) Credit	412.64	-	412.64
3. Alternative Attendance Accounting Procedure			
(a) Weekly Census Contact Hours	450.86	-	450.86
(b) Daily Census Contact Hours	227.47	-	227.47
D. Total FTES	<u>9,568.23</u>	<u>-</u>	<u>9,568.23</u>
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)			
H. Basic Skills Courses and Immigrant Education			
1. Noncredit**	531.17	-	531.17
2. Credit	434.26	-	434.26

** Including Career Development and College Preparation (CDCP) FTES.

See accompanying note to supplementary information.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2014**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 10,835,105	\$ -	\$ 10,835,105	\$ 10,835,105	\$ -	\$ 10,835,105
Other	1300	5,605,303	-	5,605,303	5,605,303	-	5,605,303
Total Instructional Salaries		16,440,408	-	16,440,408	16,440,408	-	16,440,408
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	3,702,475	-	3,702,475
Other	1400	-	-	-	237,853	-	237,853
Total Noninstructional Salaries		-	-	-	3,940,328	-	3,940,328
Total Academic Salaries		16,440,408	-	16,440,408	20,380,736	-	20,380,736
<u>Classified Salaries</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	7,328,128	-	7,328,128
Other	2300	-	-	-	345,467	-	345,467
Total Noninstructional Salaries		-	-	-	7,673,595	-	7,673,595
Instructional Aides							
Regular Status	2200	400,962	-	400,962	400,962	-	400,962
Other	2400	319,019	-	319,019	319,019	-	319,019
Total Instructional Aides		719,981	-	719,981	719,981	-	719,981
Total Classified Salaries		719,981	-	719,981	8,393,576	-	8,393,576
Employee Benefits	3000	4,110,745	-	4,110,745	9,475,024	-	9,475,024
Supplies and Material	4000	-	-	-	824,255	-	824,255
Other Operating Expenses	5000	17,200	-	17,200	4,387,547	-	4,387,547
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		21,288,334	-	21,288,334	43,461,138	-	43,461,138

See accompanying note to supplementary information.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, Continued
FOR THE YEAR ENDED JUNE 30, 2014

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	\$ 649,124	\$ -	\$ 649,124	\$ 649,124	\$ -	\$ 649,124
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	27,264	-	27,264
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	1,229,101	-	1,229,101
Objects to Exclude							
Rents and Leases	5060	-	-	-	750,090	-	750,090
Lottery Expenditures							-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	105,488	-	105,488
Total Supplies and Materials		-	-	-	105,488	-	105,488

See accompanying note to supplementary information.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, Continued
FOR THE YEAR ENDED JUNE 30, 2014

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	\$ -	\$ -	\$ -	\$ 956,097	\$ -	\$ 956,097
Capital Outlay							
Library Books	6000	-	-	-	-	-	-
Equipment	6300	-	-	-	-	-	-
Equipment - Additional	6400	-	-	-	-	-	-
Equipment - Replacement	6410	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		649,124	-	649,124	3,717,164	-	3,717,164
Total for ECS 84362, 50 Percent Law		\$ 20,639,210	\$ -	\$ 20,639,210	\$ 39,743,974	\$ -	\$ 39,743,974
Percent of CEE (Instructional Salary Cost/Total CEE)		51.93%		51.93%	100.00%		100.00%
50% of Current Expense of Education					\$ 19,871,987		\$ 19,871,987

See accompanying note to supplementary information.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

**PROPOSITION 30 EDUCATION PROTECTION ACT (EPA) EXPENDITURE REPORT
FOR THE YEAR ENDED JUNE 30, 2014**

Activity Classification	Object Code			Unrestricted	
EPA Proceeds:	8630				\$ 6,954,448
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000- 5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	\$ 6,954,448	-	-	\$ 6,954,448
Total Expenditures for EPA		\$ 6,954,448	-	-	\$ 6,954,448
Revenues Less Expenditures					\$ -

See accompanying note to supplementary information.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH FUND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report (CCFS-311) and the audited financial statements.

	<u>Self Insurance</u>
FUND BALANCE	
Balance, June 30, 2014, (CCFS-311)	\$ 1,308,764
Post closing adjustments	
Increase in:	
Accounts payable - prior years	(842,369)
Accounts payable - current year	<u>(6,291)</u>
Balance, June 30, 2014, Audited	<u><u>\$ 460,104</u></u>

See accompanying note to supplementary information.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION JUNE 30, 2014

Amounts Reported in the Statement of Net Position are Different Because:

Total Fund Balance - All District Funds		\$ 31,429,481
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 238,390,229	
Accumulated depreciation is	<u>(35,938,347)</u>	202,451,882
Bond discounts associated with the District's debt issuances are reflected as expenditures in the governmental statements but are reflected as prepaid expenses and are amortized over the life of the debt.		38,025
In accordance with GASB 45, the amount funded by the District in excess of cumulative required contributions is reflected on the entity-wide statements as a Net Plan Asset - OPEB Trust but is not reported in the Fund financial statements.		5,372,361
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year end consist of:		
Bonds payable	103,687,694	
Certificates of participation	3,060,000	
Capital leases payable	<u>179,881</u>	<u>(106,927,575)</u>
Total Net Position		<u>\$ 132,364,174</u>

See accompanying note to supplementary information.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2014

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

This schedule provides information about the District's governing board members and administration members.

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Schedule of Expenditures of State Awards

The accompanying Schedule of Expenditures of State Awards includes the State grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The information in this schedule is presented to comply with reporting requirements of the California State Chancellor's Office.

Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance

FTES is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds, including restricted categorical funding, are made to community college districts. This schedule provides information regarding the annual attendance measurements of students throughout the District.

Reconciliation of Education Code Section 84362 (50 Percent Law) Calculation

ECS 84362 requires the District to expend a minimum of 50 percent of the unrestricted General Fund monies on salaries of classroom instructors. This is reported annually to the State Chancellor's Office. This schedule provides a reconciliation of the amount reported to the State Chancellor's Office and the impact of any audit adjustments and/or corrections noted during the audit.

Proposition 30 Education Protection Act (EPA) Expenditure Report

This schedule provides the District's summary of receipts and uses of the monies received through the EPA.

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

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the District's internal fund financial statements.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION

JUNE 30, 2014

Reconciliation of Governmental Funds to the Statement of Net Position

This schedule provides a reconciliation of the adjustments necessary to bring the District's internal fund financial statements, prepared on a modified accrual basis, to the entity-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

INDEPENDENT AUDITOR'S REPORTS



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

Board of Trustees
College of the Sequoias Community College District
Visalia, California

We have audited, 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, the basic financial statements of the business-type activities of College of the Sequoias Community College District (the District) and its discretely presented component unit as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 8, 2015.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 to the financial statements, the District has elected to change its method of accounting for cost of debt issuance as prescribed by GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Vannink, Trine, Day & Co, LLP

Fresno, California
January 8, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Trustees
College of the Sequoias Community College District
Visalia, California

Report on Compliance for Each Major Federal Program

We have audited College of the Sequoias Community College District's (the District) compliance with the types of compliance requirements described in 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, 2014. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

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

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

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

Vannink, Trine, Day & Co, LLP

Fresno, California
January 8, 2015



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
College of the Sequoias Community College District
Visalia, California

Report on State Compliance

We have audited College of the Sequoias Community College District's (the District) compliance with the types of compliance requirements as identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in December 2013 that could have a direct and material effect on each of the District's programs as noted below for the year ended June 30, 2014.

Management's Responsibility

Management is responsible for compliance with the requirements identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in December 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. 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 and procedures identified in the California Community Colleges Chancellor's Office *District Audit Manual*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider 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.

Unmodified Opinion for Each of the Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2014.

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with State laws and regulations applicable to the following:

Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Instructional Service Agreements/Contracts
Section 424	State General Apportionment Funding System
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Concurrent Enrollment of K-12 Students in Community College Credit Courses
Section 430	Schedule Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 438	Student Fees – Health Fees and Use of Health Fee Funds
Section 439	Proposition 39 Clean Energy
Section 474	Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE)
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged (TBA) Hours
Section 490	Proposition 1D State Bond Funded Projects
Section 491	Proposition 30 Education Protection Account Funds

Vannink, Trine, Day & Co, LLP

Fresno, California
January 8, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

SUMMARY OF AUDITOR'S RESULTS FOR THE YEAR ENDED JUNE 30, 2014

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	
Identification of major Federal programs:	<u>No</u>

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.007, 84.033, 84.063</u>	<u>Student Financial Assistance Cluster</u>
<u>84.031S</u>	<u>Higher Education Institutional Aid</u>
<u>17.258</u>	<u>Workforce Investment Act</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Type of auditor's report issued on compliance for State programs:	<u>Unmodified</u>
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COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2014**

None reported.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

None reported.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

None reported.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

None reported.

ADDITIONAL SUPPLEMENTARY INFORMATION
(UNAUDITED)

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUNDS

BALANCE SHEETS

JUNE 30, 2014

	General	Other Special Revenue	Bond Interest and Redemption
ASSETS			
Cash and cash equivalents	\$ 1,484,652	\$ 583,154	\$ 14,436,949
Investments	-	-	-
Accounts receivable	7,479,229	56,283	37,236
Student loans receivable	2,247,189	-	-
Due from other funds	252,684	28,280	-
Prepaid expenses	493,939	-	-
Total Assets	\$ 11,957,693	\$ 667,717	\$ 14,474,185
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ 4,056,699	\$ 2,216	\$ -
Due to other funds	135,401	-	-
Unearned revenue	3,055,913	-	-
Total Liabilities	7,248,013	2,216	-
Fund Balances			
Restricted	-	665,501	14,474,185
Unassigned	4,709,680	-	-
Total Fund Balance	4,709,680	665,501	14,474,185
Total Liabilities and Fund Balance	\$ 11,957,693	\$ 667,717	\$ 14,474,185

See accompanying note to additional supplementary information.

Capital Outlay Projects	Revenue Bond Construction	Farm Construction	Total Governmental Fund (Memorandum Only)
\$ 2,017,687	\$ 4,646,996	\$ -	\$ 23,169,438
-	-	3,715,337	3,715,337
-	-	-	7,572,748
-	-	-	2,247,189
100,234	-	-	381,198
17,524	-	-	511,463
<u>\$ 2,135,445</u>	<u>\$ 4,646,996</u>	<u>\$ 3,715,337</u>	<u>\$ 37,597,373</u>
\$ 5,063	\$ 236,120	\$ -	\$ 4,300,098
-	-	-	135,401
592,001	-	-	3,647,914
<u>597,064</u>	<u>236,120</u>	<u>-</u>	<u>8,083,413</u>
1,538,381	4,410,876	3,715,337	24,804,280
-	-	-	4,709,680
<u>1,538,381</u>	<u>4,410,876</u>	<u>3,715,337</u>	<u>29,513,960</u>
<u>\$ 2,135,445</u>	<u>\$ 4,646,996</u>	<u>\$ 3,715,337</u>	<u>\$ 37,597,373</u>

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Other Special Revenue</u>	<u>Bond Interest and Redemption</u>
REVENUES			
Federal revenues	\$ 3,210,259	\$ -	\$ -
State revenues	38,367,703	-	-
Local revenues	16,368,008	477,494	5,774,630
Total Revenues	<u>57,945,970</u>	<u>477,494</u>	<u>5,774,630</u>
EXPENDITURES			
Current Expenditures			
Academic salaries	23,196,418	176,529	-
Classified salaries	11,574,159	40,695	-
Employee benefits	11,009,255	25,035	-
Books and supplies	1,605,401	31,244	-
Services and operating expenditures	5,897,852	109,662	-
Student financial aid	276,807	-	-
Capital outlay	1,325,756	3,072	-
Debt service - principal	511,295	-	12,946,011
Debt service - interest and other issuance costs	485,136	-	3,603,323
Total Expenditures	<u>55,882,079</u>	<u>386,237</u>	<u>16,549,334</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,063,891</u>	<u>91,257</u>	<u>(10,774,704)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	118,203	-	12,082,901
Operating transfers out	(425,034)	(2,554)	-
Other sources	-	-	188,872
Total Other Financing Sources (Uses)	<u>(306,831)</u>	<u>(2,554)</u>	<u>12,271,773</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>1,757,060</u>	<u>88,703</u>	<u>1,497,069</u>
FUND BALANCE, BEGINNING OF YEAR	<u>2,952,620</u>	<u>576,798</u>	<u>12,977,116</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,709,680</u>	<u>\$ 665,501</u>	<u>\$ 14,474,185</u>

See accompanying note to additional supplementary information.

Capital Outlay Projects	Revenue Bond Construction	Farm Construction	Total Governmental Fund (Memorandum Only)
\$ -	\$ -	\$ -	\$ 3,210,259
1,398,909	-	-	39,766,612
1,995,528	62,741	26,376	24,704,777
<u>3,394,437</u>	<u>62,741</u>	<u>26,376</u>	<u>67,681,648</u>
-	-	-	23,372,947
-	-	-	11,614,854
-	-	-	11,034,290
-	888	-	1,637,533
80,557	439,368	-	6,527,439
-	-	-	276,807
1,603,201	961,294	-	3,893,323
-	2,455,000	-	15,912,306
-	-	-	4,088,459
<u>1,683,758</u>	<u>3,856,550</u>	<u>-</u>	<u>78,357,958</u>
<u>1,710,679</u>	<u>(3,793,809)</u>	<u>26,376</u>	<u>(10,676,310)</u>
109,705	-	-	12,310,809
(1,752,884)	(10,439,722)	-	(12,620,194)
-	8,383,895	-	8,572,767
<u>(1,643,179)</u>	<u>(2,055,827)</u>	<u>-</u>	<u>8,263,382</u>
67,500	(5,849,636)	26,376	(2,412,928)
1,470,881	10,260,512	3,688,961	31,926,888
<u>\$ 1,538,381</u>	<u>\$ 4,410,876</u>	<u>\$ 3,715,337</u>	<u>\$ 29,513,960</u>

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

PROPRIETARY FUNDS

BALANCE SHEETS

JUNE 30, 2014

	Enterprise Funds				Internal Service Fund
	Bookstore	Cafeteria	Farm	Total	
ASSETS					
Cash and cash equivalents	\$ -	\$ 10,569	\$ -	\$ 10,569	\$ 1,308,764
Investments	-	5,533	157,257	162,790	-
Accounts receivable	-	-	222,682	222,682	-
Due from other funds	-	6,886	-	6,886	-
Inventories	-	6,445	286,710	293,155	-
Other current assets	-	-	85,192	85,192	-
Furniture and equipment (net)	-	343,250	624,112	967,362	-
Total Assets	<u>\$ -</u>	<u>\$ 372,683</u>	<u>\$ 1,375,953</u>	<u>\$ 1,748,636</u>	<u>\$ 1,308,764</u>
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts payable	\$ -	\$ 14,679	\$ 66,760	\$ 81,439	\$ 848,660
Due to other funds	70,810	132,360	8,610	211,780	-
Total Liabilities	<u>70,810</u>	<u>147,039</u>	<u>75,370</u>	<u>293,219</u>	<u>848,660</u>
Fund Equity					
Retained earnings	(70,810)	225,644	1,300,583	1,455,417	460,104
Total Liabilities and Fund Equity	<u>\$ -</u>	<u>\$ 372,683</u>	<u>\$ 1,375,953</u>	<u>\$ 1,748,636</u>	<u>\$ 1,308,764</u>

See accompanying note to additional supplementary information.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS FOR THE YEAR ENDED JUNE 30, 2014

	Enterprise Funds			
	Bookstore	Cafeteria	Farm	Total
OPERATING REVENUES				
Sales revenues	\$ -	\$ 689,315	\$ -	\$ 689,315
OPERATING EXPENSES				
Classified salaries	-	261,925	74,846	336,771
Employee benefits	-	99,659	26,649	126,308
Books and supplies	-	293,275	83,318	376,593
Services and other operating expenditures	-	44,975	557,619	602,594
Capital outlay	-	18,625	-	18,625
Total Operating Expenses	-	718,459	742,432	1,460,891
Operating Income (Loss)	-	(29,144)	(742,432)	(771,576)
NONOPERATING REVENUES (EXPENSES)				
Interest income	-	62	5,248	5,310
Miscellaneous revenues	30,627	-	545,746	576,373
Total Nonoperating Revenues (Expenses)	30,627	62	550,994	581,683
NET INCOME (LOSS)	30,627	(29,082)	(191,438)	(189,893)
RETAINED EARNINGS, BEGINNING OF YEAR	(101,437)	254,726	1,492,021	1,645,310
RETAINED EARNINGS, END OF YEAR	\$ (70,810)	\$ 225,644	\$ 1,300,583	\$ 1,455,417

See accompanying note to additional supplementary information.

Internal Service Fund	
<u>\$ -</u>	
	6,291
	-
	-
	-
	-
	<u>6,291</u>
	<u>(6,291)</u>
	12,403
	-
	<u>9,984</u>
	3,693
	<u>456,411</u>
	<u>\$ 460,104</u>

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

FIDUCIARY FUNDS BALANCE SHEETS JUNE 30, 2014

	Agency Funds		
	Associated Students	Student Financial Aid	Scholarship and Loan
ASSETS			
Cash and cash equivalents	\$ 348,935	\$ (216,879)	\$ 68,240
Accounts receivable	33	2,149	23,650
Student loans receivable, net	-	-	-
Total Assets	<u>\$ 348,968</u>	<u>\$ (214,730)</u>	<u>\$ 91,890</u>
LIABILITIES AND NET POSITION			
Liabilities			
Accounts payable	\$ 9,845	\$ (212,159)	\$ (180)
Due to other funds	7,579	-	-
Unearned revenue	59,190	1,104	-
Total Liabilities	<u>76,614</u>	<u>(211,055)</u>	<u>(180)</u>
Net Position			
Restricted	<u>272,354</u>	<u>(3,675)</u>	<u>92,070</u>
Total Net Position	<u>272,354</u>	<u>(3,675)</u>	<u>92,070</u>
Total Liabilities and Net Position	<u>\$ 348,968</u>	<u>\$ (214,730)</u>	<u>\$ 91,890</u>

See accompanying note to additional supplementary information.

Total Agency Funds	Trust Funds	Total Trust Funds	Total Fiduciary Funds
\$ 200,296	\$ 1,169,745	\$ 1,169,745	\$ 1,370,041
25,832	16,439	16,439	42,271
-	222,514	222,514	222,514
<u>\$ 226,128</u>	<u>\$ 1,408,698</u>	<u>\$ 1,408,698</u>	<u>\$ 1,634,826</u>
\$ (202,494)	\$ 195	\$ 195	\$ (202,299)
7,579	33,324	33,324	40,903
60,294	146,335	146,335	206,629
<u>(134,621)</u>	<u>179,854</u>	<u>179,854</u>	<u>45,233</u>
360,749	1,228,844	1,228,844	1,589,593
<u>360,749</u>	<u>1,228,844</u>	<u>1,228,844</u>	<u>1,589,593</u>
<u>\$ 226,128</u>	<u>\$ 1,408,698</u>	<u>\$ 1,408,698</u>	<u>\$ 1,634,826</u>

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

FIDUCIARY FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2014

	Agency Funds		
	Associated Students	Student Financial Aid	Scholarship and Loan
REVENUES			
Federal revenues	\$ -	\$ 19,151,647	\$ -
State revenues	-	1,555,876	-
Local revenues	223,222	-	718
Total Revenues	223,222	20,707,523	718
EXPENDITURES			
Current Expenditures			
Classified salaries	27,587	-	-
Employee benefits	16,696	-	-
Books and supplies	108,526	-	-
Services and operating expenditures	-	-	-
Student financial aid	-	21,031,773	-
Debt service - principal	-	-	-
Debt service - interest and other	-	-	-
Total Expenditures	152,809	21,031,773	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	70,413	(324,250)	718
OTHER FINANCING SOURCES (USES)			
Operating transfers in	37,283	324,250	-
Operating transfers out	(38,956)	-	-
Other uses	-	-	-
Total Other Financing Sources (Uses)	(1,673)	324,250	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	68,740	-	718
NET POSITION, BEGINNING OF YEAR	203,614	(3,675)	91,352
NET POSITION, END OF YEAR	\$ 272,354	\$ (3,675)	\$ 92,070

See accompanying note to additional supplementary information.

Total Agency Funds	Trust Funds	Total Fiduciary Funds
\$ 19,151,647	\$ -	\$ 19,151,647
1,555,876	-	1,555,876
223,940	2,784,913	3,008,853
<u>20,931,463</u>	<u>2,784,913</u>	<u>23,716,376</u>
27,587	32,875	60,462
16,696	16,819	33,515
108,526	48,884	157,410
-	2,572,355	2,572,355
21,031,773	-	21,031,773
-	25,804	25,804
-	39,196	39,196
<u>21,184,582</u>	<u>2,735,933</u>	<u>23,920,515</u>
<u>(253,119)</u>	<u>48,980</u>	<u>(204,139)</u>
361,533	4,227	365,760
(38,956)	(15,000)	(53,956)
-	(1,500)	(1,500)
<u>322,577</u>	<u>(12,273)</u>	<u>310,304</u>
69,458	36,707	106,165
291,291	1,192,137	1,483,428
<u>\$ 360,749</u>	<u>\$ 1,228,844</u>	<u>\$ 1,589,593</u>

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

NOTE TO ADDITIONAL SUPPLEMENTARY INFORMATION

JUNE 30, 2014

NOTE 1 - PURPOSE OF SCHEDULES

Fund Financial Statements

The accompanying financial statements report the governmental, proprietary, and fiduciary fund activities of College of the Sequoias Community College District and are presented on the modified accrual basis of accounting. Therefore, some amounts presented in these financial statements may differ from amounts presented in, or used in, the preparation of the basic financial statements.