COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2015

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FINANCIAL SECTION

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

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, the aggregate discretely presented component unit (College of the Sequoias Foundation), and the aggregate remaining fund information of College of the Sequoias Community College District (the District) as of and for the year ended June 30, 2015, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of the District as of June 30, 2015, and the respective changes in financial position and cash flows thereof 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, in 2015, the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. 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, the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 67, the Schedule of the District's Proportionate Share of the Net Pension Liability on pages 68, and the Schedule of District Contributions on page 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was 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 audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 98 through 104 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 December 29, 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.

Vavrinek, Trine, Day & Co., LLP

Fresno, California
December 29, 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.

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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, Education Protection Account, local property taxes, and student enrollment fees. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). During the 2014-2015 fiscal year, the District's actual FTES were comprised of 9,054.36 credit FTES and 415.19 non-credit FTES for a total of 9,469.55 FTES, which was an increase from the prior year FTES. During the 2013-2014 fiscal year, the District's actual FTES were comprised of 8,914.78 credit FTES and 534.20 non-credit FTES for a total of 9,448.98 FTES, which was a planned increase 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 $7.1 million. 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 $21.5 million. This aid is provided through grants, and loans from the Federal government, State System's Office, and local funding.

Condensed financial information is as follows (in thousands):

NET POSITION
As of June 30, 2015 and 2014

	2015	2014 (as restated)	Change
ASSETS			
Current Assets			
Cash, investments, and short term receivables	$ 41,997	$ 38,450	$ 3,547
Inventory and prepaids	656	890	(234)
Total Current Assets	42,653	39,340	3,313
Non-Current Assets			
Other non-current assets	5,861	5,410	451
Capital assets, net of depreciation	198,487	203,419	(4,932)
Total Assets	247,001	248,169	(1,168)
DEFERRED OUTFLOWS OF RESOURCES			
Current year pension contribution	2,846	2,724	122
LIABILITIES			
Current Liabilities			
Accounts payable	2,165	3,444	(1,279)
Unearned revenue	6,093	3,648	2,445
Long-term liabilites - current portion	3,010	2,438	572
Total Current Liabilites	11,268	9,530	1,738
Non-Current Liabilities			
Long-term liabilites	143,005	151,354	(8,349)
Total Non-Current Liabilities	154,273	160,884	(6,611)
DEFERRED INFLOWS OF RESOURCES			
Difference between projected and actual earnings on pension plan investments	9,868	-	9,868
NET POSITION			
Net investment in capital assets	94,489	100,902	(6,413)
Restricted for expendable purposes	17,751	16,678	1,073
Unrestricted	(26,534)	(27,571)	1,037
Total Net Position	$ 85,706	$ 90,009	$ (4,303)

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.

The District implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions – and amendment of GASB No. 27, which required the district to recognize its proportionate share of the unfunded pension obligation for CalSTRS and CalPERS. The implementation resulted in a reduction of beginning net position of $42,354,502. As of June 30, 2015, the District reported Deferred Outflows from pension activities of $2,846,288. Deferred Inflows from pension activities of $9,867,513 and a Net Pension Liability of $35,595,017. We present more detailed information regarding our net pension liability in the Notes to Financial Statements.

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).

Operating Results for the Years Ended June 30, 2015 and 2014 (in thousands)

	2015	2014	Difference
OPERATING REVENUES			
Tuition and fees, net	$ 2,678	$ 2,999	$ (321)
Auxiliary sales and charges	1,383	1,235	148
Total Operating Revenues	4,061	4,234	(173)
OPERATING EXPENSES			
Salaries and benefits	48,489	46,075	2,414
Other expenses	14,634	10,656	3,978
Depreciation	5,117	4,518	599
Total Operating Expenses	68,240	61,249	6,991
NET LOSS ON OPERATIONS	(64,179)	(57,015)	(7,164)
NONOPERATING REVENUES AND (EXPENSES)			
State apportionments	33,304	31,221	2,083
Property taxes	17,186	16,299	887
State revenues	2,089	1,455	634
Grants and contracts	10,636	9,196	1,440
Interest income	404	406	(2)
Interest expense	(5,784)	(3,811)	(1,973)
Other non-operating revenues	1,557	2,961	(1,404)
Total Nonoperating Revenues	59,392	57,727	1,665
OTHER REVENUES			
State revenues, capital	199	1,105	(906)
Local revenues, capital	285	1,981	(1,696)
Total Other Revenues	484	3,086	(2,602)
NET INCREASE (DECREASE) IN NET POSITION	$ (4,303)	$ 3,798	$ (8,101)

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 decrease in the District's net position of $4.3 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.

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 10 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, 2015

	Salaries	Employee Benefits	Supplies Material and Other Expenses and Services	Other Outgo [1]	Depreciation	Total
Instructional activities	$ 18,853,037	$ 6,880,546	$ 1,961,754	$ -	$ -	$ 27,695,337
Academic support	2,883,533	928,298	-	-	-	3,811,831
Student services	5,570,697	1,944,348	1,972,423	82,958	-	9,570,426
Plant operations and maintenance	1,509,666	832,521	3,843,328	-	-	6,185,515
Instructional support services	4,963,139	2,342,556	3,732,065	-	-	11,037,760
Community services and economic development	354,674	69,679	138,609	-	-	562,962
Ancillary services and auxiliary operations	1,004,336	352,029	1,199,734	101	-	2,556,200
Student Aid	-	-	-	21,519,440	-	21,519,440
Physical property and related acquisitions	-	-	1,786,409	5,848,610	-	7,635,019
Depreciation expense	-	-	-	-	5,117,412	5,117,412
Total	$ 35,139,082	$ 13,349,977	$ 14,634,322	$ 27,451,109	$ 5,117,412	$ 95,691,902

[1] 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.

June 30, 2014

	Salaries	Employee Benefits	Supplies Material and Other Expenses and Services	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	-	-	1,040,446	29,444,057	-	30,484,503
Depreciation expense	-	-	-	-	4,456,147	4,456,147
Total	$ 35,251,745	$ 10,823,457	$ 10,656,611	$ 52,913,586	$ 4,518,162	$ 114,163,561

[1] 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, 2015 and 2014 (in thousands)

	2015	2014	Difference
CASH PROVIDED BY (USED IN)			
Operating activities	$ (56,361)	$ (56,605)	$ 244
Noncapital financing activities	67,547	68,220	(673)
Capital financing activities	(4,252)	(16,291)	12,039
Investing activities	404	873	(469)
Net Increase (Decrease) in Cash and Cash Equivalents	$ 7,338	$ (3,803)	$ 11,141

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.

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 2014-2015 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 2.75 percent estimated Access funding and 0.85 percent COLA in FTES rates. The college adopted fiscal year 2014-2015 budget at 2.75 percent Access and 0.85 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 50 percent of the Health & Welfare annual increase for fiscal year 2014-2015. Management and confidentials also received an increase to benefits cap to cover 50 percent of the health & welfare annual increase for fiscal year 2014-2015. College of Sequoias and COSTA settled a PERB hearing on validity of imposed benefits cap during fiscal year 2014-2015 with COSTA receiving an increase to Health & Welfare cap equal to cap of CSEA effective April 1, 2015, and a one-time cash payment of $1,000 to each COSTA member.

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, 2015

ASSETS	
Current Assets	
Cash and investments	$ 13,181,604
Restricted investments	22,523,626
Accounts receivable	3,576,259
Student loans receivable, net	2,706,875
Due from fiduciary funds	8,271
Prepaid expenses	503,354
Inventories	71,162
Other current assets (note receivable)	81,078
Total Current Assets	42,652,229
Noncurrent Assets	
Unamortized costs of issuance and discounts	36,214
Net Plan Asset - OPEB Trust	5,824,756
Nondepreciable capital assets	12,752,572
Depreciable capital assets	226,877,522
Less: Accumulated depreciation	(41,142,705)
Total Noncurrent Assets	204,348,359
TOTAL ASSETS	247,000,588
DEFERRED OUTFLOWS OF RESOURCES	
Current year pension contribution	2,846,288
LIABILITIES	
Current Liabilities	
Accounts payable	2,164,786
Unearned revenue	6,093,115
Long-term liabilities	3,009,902
Total Current Liabilities	11,267,803
Noncurrent Liabilities	
Compensated absences/banked leave	1,886,547
Aggregate net pension obligation	35,595,017
Long-term liabilities	105,523,614
Total Noncurrent Liabilities	143,005,178
TOTAL LIABILITIES	154,272,981
DEFERRED INFLOWS OF RESOURCES	
Difference between projected and actual earnings on pension plan investments	9,867,513
NET POSITION	
Net investment in capital assets	94,489,636
Restricted for:	
Debt service	15,845,501
Capital projects	1,398,217
Other activities	506,792
Unrestricted	(26,533,764)
TOTAL NET POSITION	$ 85,706,382

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, 2015

OPERATING REVENUES	
Tuition and Fees, net	$ 3,415,468
Auxiliary Sales and Charges	
Cafeteria	645,598
Farm	736,934
TOTAL OPERATING REVENUES	4,798,000
OPERATING EXPENSES	
Salaries	35,139,082
Employee benefits	13,349,977
Supplies, materials, and other operating expenses and services	14,634,322
Depreciation	5,117,412
TOTAL OPERATING EXPENSES	68,240,793
OPERATING LOSS	(63,442,793)
NON-OPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	33,304,198
Local property taxes, levied for general purposes	11,212,857
Taxes levied for other specific purposes	5,973,141
State taxes and other local revenues	2,088,801
Grants and Contracts, noncapital:	
Federal	3,332,221
State	7,303,388
Investment income	404,386
Interest expense on capital related debt	(5,784,227)
Other non-operating revenues	820,735
TOTAL NON-OPERATING REVENUES (EXPENSES)	58,655,500
INCOME (LOSS) BEFORE OTHER REVENUES	(4,787,293)
OTHER REVENUES	
State revenues, capital	198,644
Local revenues, capital	285,359
TOTAL OTHER REVENUES	484,003
CHANGE IN NET POSITION	(4,303,290)
NET POSITION, BEGINNING OF YEAR	132,364,174
PRIOR PERIOD RESTATEMENT	(42,354,502)
NET POSITION, END OF YEAR	$ 85,706,382

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, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 2,468,316
Payments to vendors for supplies and services	1,382,532
Payments to or on behalf of employees	(47,347,652)
Auxiliary enterprise sales and charges	(12,864,283)
Net Cash Flows Used In Operating Activities	(56,361,087)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State apportionments	37,672,485
Noncapital grants and contracts	10,559,828
Property taxes - non debt related	17,185,998
State taxes and other apportionments	1,535,642
Other nonoperating	593,403
Net Cash Flows From Noncapital Financing Activities	67,547,356
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	(2,029,584)
Proceeds from capital debt	3,689,280
State revenue, capital projects	198,644
Local revenue, capital projects	285,359
Proceeds from sale/disposal of capital assets	1,750,455
Deferred cost on issuance	1,811
Principal paid on capital debt	(2,364,061)
Interest and cost of issuance paid on capital debt	(5,784,227)
Net Cash Flows Used In Capital Financing Activities	(4,252,323)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received from investments	404,386
Net Cash Flows From Investing Activities	404,386
NET CHANGE IN CASH AND CASH EQUIVALENTS	7,338,332
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	28,366,898
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 35,705,230

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

STATEMENT OF CASH FLOWS – PRIMARY GOVERNMENT, Continued
FOR THE YEAR ENDED JUNE 30, 2015

RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Loss	$ (63,442,793)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:	
Depreciation expense	5,117,412
Changes in Assets and Liabilities:	
Receivables	735,249
Inventories	221,993
Prepaid expenses and deferred charges	8,109
Accounts payable	106,626
Unearned revenue	525,297
Difference between projected and actual earnings on pension plan investments	9,867,513
Compensated absences, early retirement, and pension obligations	(9,378,403)
Current year pension contributions	(122,090)
Total Adjustments	7,081,706
Net Cash Flows From Operating Activities	$ (56,361,087)
NON CASH TRANSACTIONS	
On behalf payments for benefits	$ 1,265,400

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

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

	Agency Funds	Trust Funds
ASSETS		
Deposits and investments	$ 583,046	$ 1,187,018
Receivables	25,457	16,449
Student loans receivable, net	-	212,346
Total Assets	608,503	1,415,813
LIABILITIES		
Accounts payable	42,799	273
Due to primary government	8,271	-
Unearned revenue	125,491	180,969
Total Liabilities	176,561	181,242
NET POSITION		
Restricted	431,942	1,234,571
Total Net Position	$ 431,942	$ 1,234,571

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, 2015

	Agency Funds	Trust Funds
ADDITIONS		
Federal revenues	$ 19,272,031	$ -
State revenues	1,919,409	-
Local revenues	268,083	363,504
Total Revenues	21,459,523	363,504
DEDUCTIONS		
Current Expenditures		
Classified salaries	50,914	10,591
Employee benefits	30,040	6,076
Books and supplies	114,113	43,946
Services and operating expenditures	49	218,940
Student financial aid	21,519,440	-
Debt service - principal	-	27,026
Debt service - interest and other	-	37,973
Total Expenditures	21,714,556	344,552
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(255,033)	18,952
OTHER FINANCING SOURCES (USES)		
Operating transfers in	367,156	1,776
Operating transfers out	(40,932)	(15,000)
Total Other Financing Sources (Uses)	326,224	(13,224)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	71,191	5,728
NET POSITION, BEGINNING OF YEAR	360,751	1,228,843
NET POSITION, END OF YEAR	$ 431,942	$ 1,234,571

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, 2015

ASSETS		
Current Assets:		
Cash and cash equivalents	$	1,317,530
Short-term investments		8,254,237
Accounts receivable - current portion		300
TOTAL CURRENT ASSETS		9,572,067
Noncurrent Assets:		
Nondepreciable capital assets		329,478
TOTAL ASSETS	$	9,901,545
LIABILITIES		
TOTAL LIABILITIES	$	-
NET ASSETS		
Unrestricted		6,928,777
Temporarily restricted		1,538,901
Permanently restricted		1,433,867
TOTAL NET ASSETS		9,901,545
TOTAL LIABILITIES AND NET ASSETS	$	9,901,545

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

DISCRETELY PRESENTED COMPONENT UNIT - COLLEGE OF THE SEQUOIAS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Unrestricted	Restricted	Restricted	Total
PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS:				
Contributions	$ 381,376	$ 119,280	$ -	$ 500,656
Revenues:				
Investment income	262,662	-	-	262,662
Fundraisers	294,747	-	-	294,747
Program fees	289,309	-	-	289,309
Contribution from Building Trade Foundation	-	198,117	-	198,117
Loss on sale of assets	(25,853)	-	-	(25,853)
Transfers	(109,200)	109,200	-	-
Total Support and Revenue	1,093,041	426,597	-	1,519,638
EXPENSES:				
Scholarships	426,480	-	-	426,480
College enhancement	918,952	-	-	918,952
General administrative	59,198	-	-	59,198
Total Expenses	1,404,630	-	-	1,404,630
CHANGE IN NET ASSETS	(311,589)	426,597	-	115,008
NET ASSETS, BEGINNING OF YEAR	7,240,366	1,112,304	1,433,867	9,786,537
NET ASSETS, END OF YEAR	$ 6,928,777	$ 1,538,901	$ 1,433,867	$ 9,901,545

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, 2015

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	115,008
Adjustments to reconcile net assets provided by operating activities:		
Change in investment balance		(44,414)
Decrease in operating assets:		
Accounts receivable		1,436
Decrease in operating liabilities:		
Accounts payable		(1,512)
NET CHANGE IN CASH AND CASH EQUIVALENTS		70,518
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		1,247,012
CASH AND CASH EQUIVALENTS, END OF YEAR	$	1,317,530

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

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.

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, No. 38, and No. 39. 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.

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments,* and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,* as amended by GASB Statements No. 37, No. 38, and No. 39. 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, 2015, 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 $2,062,758 for the fiscal year ending June 30, 2015. This allowance is based upon management's estimates and analysis. Management has analyzed these accounts and believes the net amounts are fully collectable.

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for current year pension contributions.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for the difference between projected and actual earnings on pension plan investments specific to the net pension liability.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

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.

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, pensions, 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.

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.*

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 Primary Government and Fiduciary Funds' financial statements, respectively.

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.

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 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 nonemployer 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, nonemployer 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 and 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).

- 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 nonemployer entity has a legal requirement to make contributions directly to a pension plan.

The District has implemented the Provisions of this Statement for the year ended June 30, 2015.

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.

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 District has implemented the Provisions of this Statement for the year ended June 30, 2015.

As the result of implementing GASB Statement No. 68, the District has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2014, by $42,354,502. The decrease results from recognizing the net pension liability, net of related deferred outflows of resources. The restatement does not include deferred inflows of resources, as this information was not available.

New Accounting Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of State and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

This Statement also clarifies the application of certain provisions of Statements No. 67 and No. 68 with regard to the following issues:

- Information that is required to be presented as notes to the ten-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported.
- Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions.
- Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of State and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.

- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.

- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by State and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) 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 Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of State and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to 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 defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of State and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier implementation is permitted.

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.

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, 2015, consist of the following:

Primary government	$ 35,705,230
Fiduciary funds	1,770,064
Total Deposits and Investments	$ 37,475,294

Cash on hand and in banks	$ 1,764,255
Cash in revolving	50,000
Investments	35,661,039
Total Deposits and Investments	$ 37,475,294

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	$ 35,562,163	$ -	$ -	$ 35,562,163	$ -
State Investment Pool	167,000	167,000	-	-	-
Held by Trustee:					
GASB 45 Trust-Balanced Portfolio	5,974,983	5,974,983	-	-	-
Total	$ 41,704,146	$ 6,141,983	$ -	$ 35,562,163	$ -

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	$ 5,974,983

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, 2015, the District's bank balance of $2,437,200 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 $5,974,983, the District has a custodial credit risk exposure of $5,974,983 because the related securities are uninsured, unregistered, and held by the brokerage firm which is also the counterparty for these securities.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2015, consisted of intergovernmental grants, entitlements, interest, and other local sources and are as follows:

	Primary Government	Fiduciary Funds	Total
Federal Government			
Categorical aid	$ 450,629	$ 1,995	$ 452,624
State Government			
Categorical aid	938,336	-	938,336
Other state sources	4,600	-	4,600
Local Sources	2,182,694	39,912	2,222,606
Subtotal	3,576,259	41,907	3,618,166
Student loans and grants receivable, net	2,706,875	212,345	2,919,220
Total	$ 6,283,134	$ 254,252	$ 6,537,386

Discretely Presented Component Unit

The Foundation's accounts receivable consist primarily of short-term donations and totaled $300. In the opinion of management, all amounts have been deemed to be fully collectable.

NOTE 5 - PREPAID EXPENDITURES

Prepaid expenditures at June 30, 2015, consist of the following:

	Primary Government
Vendor payments	$ 503,354

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, are as follows:

	Beginning of Year	Additions	Deductions	End of Year
Capital Assets Not Being Depreciated				
Land	$ 11,002,016	$ 312,787	$ -	$ 11,314,803
Construction in progress	86,676,358	1,089,001	86,327,590	1,437,769
Total Capital Assets Not Being Depreciated	97,678,374	1,401,788	86,327,590	12,752,572
Capital Assets Being Depreciated				
Land improvements	9,752,382	-	-	9,752,382
Buildings and improvements	121,274,702	86,336,909	-	207,611,611
Furniture and equipment	11,516,080	524,905	2,527,456	9,513,529
Total Capital Assets Being Depreciated	142,543,164	86,861,814	2,527,456	226,877,522
Total Capital Assets	240,221,538	88,263,602	88,855,046	239,630,094
Less Accumulated Depreciation				
Land improvements	4,064,589	402,393	-	4,466,982
Buildings and improvements	25,748,926	4,038,120	-	29,787,046
Furniture and equipment	6,988,779	676,899	777,001	6,888,677
Total Accumulated Depreciation	36,802,294	5,117,412	777,001	41,142,705
Net Capital Assests	$ 203,419,244	$ 83,146,190	$ 88,078,045	$ 198,487,389

Depreciation expense for the year was $5,117,412. There was no interest capitalized during the year but $300,096 of depreciation expense was recognized related to prior capitalized interest.

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2015, consist of the following:

	Primary Government	Fiduciary Funds	Total
Vendor invoices	$ 1,080,541	$ 43,072	$ 1,123,613
State apportionment	322,063	-	322,063
Benefits	340,116	-	340,116
Deferred payroll	422,066	-	422,066
Total	$ 2,164,786	$ 43,072	$ 2,207,858

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2015, consists of the following:

	Primary Government	Fiduciary Funds	Total
Federal financial assistance	$ 1,008,781	$ -	$ 1,008,781
State categorical aid	1,722,690	1,921	1,724,611
Student fees	2,292,981	304,539	2,597,520
Other local	1,068,663	-	1,068,663
Total	$ 6,093,115	$ 306,460	$ 6,399,575

NOTE 9 - 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.

NOTE 10 - LONG-TERM OBLIGATIONS OTHER THAN PENSIONS

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

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	Due in One Year
Certificates of participation 2004	$ 3,060,000	$ -	$ 100,000	$ 2,960,000	$ 100,000
General Obligation Bonds 2006, A (Hanford):					
Current interest	13,540,000	-	-	13,540,000	-
Capital appreciation	1,976,166	188,608	200,000	1,964,774	245,000
General Obligation Bonds 2008, B (Hanford):					
Current interest	4,295,000	-	315,000	3,980,000	335,000
Capital appreciation	3,617,037	267,188	-	3,884,225	-
General Obligation Bonds 2008, A (Tulare):					
Current interest	14,205,000	-	-	14,205,000	-
Capital appreciation	6,392,243	622,411	610,000	6,404,654	665,000
General Obligation Bonds 2008, B (Tulare):					
Current interest	3,650,000	-	-	3,650,000	-
Capital appreciation	8,184,297	678,658	-	8,862,955	220,000
General Obligation Bonds 2008, C (Tulare):					
Current interest	1,425,000	-	-	1,425,000	-
Capital appreciation	2,108,172	146,214	-	2,254,386	-
General Obligation Bonds 2008, A (Visalia):					
Current interest	13,750,000	-	-	13,750,000	-
Capital appreciation	5,441,218	568,960	580,000	5,430,178	630,000
General Obligation Bonds, 2008, B (Visalia):					
Current interest	4,650,000	-	-	4,650,000	-
Capital appreciation	556,768	65,670	-	622,438	-
General Obligation Bonds 2008, C (Visalia):					
Current interest	3,755,000	-	-	3,755,000	-
Capital appreciation	1,692,597	164,597	-	1,857,194	-
Unamortized premium on bonds	6,124,212	-	289,180	5,835,032	289,180
Lease Revenue Bonds, Series 2010A	2,975,000	-	90,000	2,885,000	95,000
Bond Anticipation Note 2013 (Tulare)	5,349,984	83,904	-	5,433,888	-
Capital leases	179,881	903,070	179,881	903,070	150,000
Early retirement incentive	-	280,722	-	280,722	280,722
Total	$ 106,927,575	$ 3,970,002	$ 2,364,061	$ 108,533,516	$ 3,009,902
Accumulated vacation/banked leave - net	$ 1,785,632	$ 100,915	$ -	$ 1,886,547	$ -
Discounts	$ 38,025	$ -	$ 1,811	$ 36,214	$ -

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 Lease Revenue Bonds, Bond Anticipation Note and capital leases are made by the General Fund. The accumulated vacation, banked leave, and the early retirement incentive will be paid by the fund for which the employee worked.

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
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	120,000	119,075	239,075
2021-2025	685,000	509,889	1,194,889
2026-2030	865,000	331,551	1,196,551
2031-2034	860,000	104,500	964,500
Total	$ 2,960,000	$ 1,586,235	$ 4,546,235

Bonded Debt

The District's bonded debt is summarized as follows:

Year Issued	Campus	Maturity Date	Interest Rate %	Original Issue	Bonds Outstanding July 1, 2014	Accreted/ Issued	Redeemed	Bonds Outstanding June 30, 2015
General obligation bonds:								
2006	Hanford	2/1/2033	3.58-4.25	$ 14,999,982	$ 15,516,166	$ 188,608	$ 200,000	$ 15,504,774
2008	Hanford	2/1/2034	1.85-6.99	6,995,778	7,912,037	267,188	315,000	7,864,225
2008	Tulare	8/1/2033	2.4-6.36	19,998,219	20,597,243	622,411	610,000	20,609,654
2011	Tulare	8/1/2040	3.28-7.62	10,004,927	11,834,297	678,658	-	12,512,955
2013	Tulare	8/1/2042	2.09-5.20	3,401,460	3,533,172	146,214	-	3,679,386
2008	Visalia	8/1/2033	2.4-6.22	17,997,404	19,191,218	568,960	580,000	19,180,178
2010	Visalia	8/1/2039	5.1-6.610	4,999,652	5,206,768	65,670	-	5,272,438
2011	Visalia	8/1/2036	4.12-7.74	4,995,439	5,447,597	164,597	-	5,612,194
Lease revenue bonds:								
2010	Hanford	6/1/2035	3.00-5.28	3,310,000	2,975,000	-	90,000	2,885,000
Bond Anticipation Note:								
2013	Tulare	7/1/2016	1.57	5,276,844	5,349,984	83,904	-	5,433,888
	Total				$ 97,563,482	$ 2,786,210	$ 1,795,000	$ 98,554,692

2006 Hanford Series A, Current Interest General Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2016	$ -	$ 677,000	$ 677,000
2017	-	677,000	677,000
2018	-	677,000	677,000
2019	-	677,000	677,000
2020	-	677,000	677,000
2021-2025	2,135,000	3,288,000	5,423,000
2026-2030	5,925,000	2,326,250	8,251,250
2031-2033	5,480,000	517,625	5,997,625
Total	$ 13,540,000	$ 9,516,875	$ 23,056,875

2006 Hanford Series A, Capital Appreciation General Obligation Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2016	$ 245,000	$ 245,000	$ -
2017	290,000	262,160	27,840
2018	335,000	273,762	61,238
2019	390,000	288,132	101,868
2020	440,000	293,920	146,080
2021-2022	1,050,000	601,800	448,200
Total	$ 2,750,000	$ 1,964,774	$ 785,226

2008 Hanford Series B, Current Interest General Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
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	435,000	120,650	555,650
2021-2024	2,065,000	267,000	2,332,000
Total	$ 3,980,000	$ 1,006,327	$ 4,986,327

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	$ 1,782,960	$ 2,777,040
2033	2,205,000	690,165	1,514,835
2034	5,855,000	1,411,100	4,443,900
Total	$ 12,620,000	$ 3,884,225	$ 8,735,775

2008 Tulare Series A, Current Interest General Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2016	$ -	$ 764,313	$ 764,313
2017	-	764,313	764,313
2018	-	764,313	764,313
2019	-	764,313	764,313
2020	-	764,313	764,313
2021-2025	-	3,821,565	3,821,565
2026-2030	6,785,000	3,333,315	10,118,315
2031-2034	7,420,000	866,800	8,286,800
Total	$ 14,205,000	$ 11,843,245	$ 26,048,245

2008 Tulare Series A, Capital Appreciation General Obligation Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2016	$ 665,000	$ 665,000	$ -
2017	725,000	654,530	70,470
2018	785,000	639,775	145,225
2019	845,000	621,751	223,249
2020	910,000	604,604	305,396
2021-2025	5,605,000	2,731,465	2,873,535
2026	1,355,000	487,529	867,471
Total	$ 10,890,000	$ 6,404,654	$ 4,485,346

2008 Tulare Series B, Current Interest General Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2016	$ -	$ 178,625	$ 178,625
2017	-	178,625	178,625
2018	-	178,625	178,625
2019	-	178,625	178,625
2020	295,000	178,625	473,625
2021-2025	950,000	726,819	1,676,819
2026-2030	1,370,000	528,419	1,898,419
2031-2032	1,035,000	85,731	1,120,731
Total	$ 3,650,000	$ 2,234,094	$ 5,884,094

2008 Tulare Series B, Capital Appreciation General Obligation Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2016	$ 220,000	$ 220,000	$ -
2017	230,000	204,700	25,300
2018	250,000	198,000	52,000
2019	270,000	190,350	79,650
2033-2037	11,880,000	2,285,636	9,594,364
Total	$ 12,850,000	$ 3,098,686	$ 9,751,314

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	$ 12,737,439	$ 2,177,169	$ 10,560,270

Final Maturity:

Year Ending June 30,	Value at Maturity
2041	$ 14,285,000

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
2022	$ 5,500,000	$ 3,587,100	$ 1,912,900

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

Year Ending June 30,	Principal	Interest	Total
2021-2025	$ -	$ 1,196,250	$ 1,196,250
2026-2030	-	1,993,750	1,993,750
2031-2035	-	1,993,750	1,993,750
2036-2040	1,410,000	1,891,525	3,301,525
2041	4,090,000	296,525	4,386,525
Total	$ 5,500,000	$ 7,371,800	$ 12,871,800

2008 Tulare Series C, Current Interest General Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2016	$ -	$ 63,075	$ 63,075
2017	-	63,075	63,075
2018	-	63,075	63,075
2019	65,000	63,075	128,075
2020	65,000	61,775	126,775
2021-2025	275,000	284,275	559,275
2026-2030	160,000	235,063	395,063
2031-2035	10,000	212,975	222,975
2036-2040	-	212,500	212,500
2041-2043	850,000	127,500	977,500
Total	$ 1,425,000	$ 1,386,388	$ 2,811,388

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	$ 688,842	$ 1,441,158
2042	4,920,000	1,565,544	3,354,456
Total	$ 7,050,000	$ 2,254,386	$ 4,795,614

2008 Visalia Series A, Current Interest General Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2016	$ -	$ 738,300	$ 738,300
2017	-	738,300	738,300
2018	-	738,300	738,300
2019	-	738,300	738,300
2020	-	738,300	738,300
2021-2025	-	3,691,500	3,691,500
2026-2030	7,180,000	3,016,876	10,196,876
2031-2034	6,570,000	764,500	7,334,500
Total	$ 13,750,000	$ 11,164,376	$ 24,914,376

2008 Visalia Series A, Capital Appreciation General Obligation Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2016	$ 630,000	$ 630,000	$ -
2017	685,000	613,212	71,788
2018	745,000	597,043	147,957
2019	805,000	577,507	227,493
2020	865,000	555,503	309,497
2021-2025	5,345,000	2,456,913	2,888,087
Total	$ 9,075,000	$ 5,430,178	$ 3,644,822

2008 Visalia Series B, Current Interest General Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2016	$ -	$ 232,500	$ 232,500
2017	-	232,500	232,500
2018	-	232,500	232,500
2019	-	232,500	232,500
2020	-	232,500	232,500
2021-2025	-	1,162,500	1,162,500
2026-2030	-	1,162,500	1,162,500
2031-2035	-	1,162,500	1,162,500
2036-2040	4,650,000	1,055,000	5,705,000
Total	$ 4,650,000	$ 5,705,000	$ 10,355,000

2008 Visalia Series B, Capital Appreciation General Obligation Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2034-2038	$ 5,820,000	$ 622,438	$ 5,197,562

2008 Visalia Series C, Current Interest General Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2016	$ -	$ 206,525	$ 206,525
2017	-	206,525	206,525
2018	-	206,525	206,525
2019	-	206,525	206,525
2020	-	206,525	206,525
2021-2025	-	1,032,625	1,032,625
2026-2030	-	1,032,625	1,032,625
2031-2035	-	1,032,625	1,032,625
2036-2037	3,755,000	314,600	4,069,600
Total	$ 3,755,000	$ 4,445,100	$ 8,200,100

2008 Visalia Series C, Capital Appreciation General Obligation Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2018	$ 20,000	$ 15,840	$ 4,160
2019-2023	360,000	191,664	168,336
2024-2028	1,185,000	353,490	831,510
2029-2031	1,170,000	228,576	941,424
2035	4,520,000	1,067,624	3,452,376
Total	$ 7,255,000	$ 1,857,194	$ 5,397,806

Lease Revenue Bonds

2010 Series A, Lease Revenue Bonds:

Year Ending June 30,	Principal	Interest	Total
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	110,000	120,569	230,569
2021-2025	620,000	530,219	1,150,219
2026-2030	770,000	371,655	1,141,655
2031-2035	985,000	155,800	1,140,800
Total	$ 2,885,000	$ 1,696,117	$ 4,581,117

Bond Anticipation Notes - Tulare

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2016	$ 5,520,000	$ 5,433,888	$ 86,112

Premiums on Issuances

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

Issuance	Campus	Unamortized Premium
2006, Series B	Hanford	$ 291,558
2008, Series A	Tulare	2,051,826
2008, Series B	Tulare	595,554
2008, Series A	Visalia	1,914,647
2008, Series B	Visalia	599,566
2008, Series C	Visalia	381,881
Total unamortized premium		$ 5,835,032

Capital Leases

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

Year Ending June 30,	Lease Payment
2016	$ 150,000
2017	150,000
2018	150,000
2019	150,000
2020	150,000
2021-2025	153,070
Total	$ 903,070

Balance, July 1, 2014	$ 179,881
Additions	903,070
Payments	179,881
Balance, June 30, 2015	$ 903,070

Early Retirement Incentive

The District has adopted an early retirement incentive program, pursuant to *Education Code* Sections 22714 and 44929, whereby the service credit to eligible employees is increased by two years. Eligible employees must have five or more years of service under the State Teachers' Retirement System and retire during a period of not more than 120 days or less than 60 days from the date of the formal action taken by the District. The District entered into agreements with 13 employees and the final obligation totaled $280,722 as of June 30, 2015, and will be paid in full during the fiscal year ending June 30, 2016.

Accumulated Unpaid Employee Compensation

The long-term portion of accumulated unpaid employee compensation and banked leave for the District at June 30, 2015, amounted to $1,886,547.

NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) ASSET

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 88 retirees and beneficiaries currently receiving benefits and approximately 345 active plan members. Separate financial statements are not prepared for the Trust.

Contribution Information

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 2014-2015, the District contributed $1,226,406 to the Plan, all of which was used for current premiums (approximately 81 percent of total premiums). Plan members receiving benefits contributed $287,982, or approximately 19 percent of total premiums. The annual required contribution (ARC) for the District as of July 1, 2014, was $921,001. The net amount of the Trust's investment returns/losses and the cumulative balance of the ARC has left a Net Plan Asset totaling $5,824,756 as of June 30, 2015.

Annual OPEB Cost and Net OPEB Asset

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 asset to the Plan.

Annual required contribution	$ (921,001)
Interest adjustment	(218,712)
Adjustment to annual required contribution	365,702
Annual OPEB cost (expense)	(774,011)
Contributions made	1,226,406
Change in net OPEB asset	452,395
Net OPEB asset, beginning of year	5,372,361
Net OPEB asset, end of year	$ 5,824,756

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
2015	$ 774,011	$ 1,226,406	158%	$ 5,824,756
2014	663,347	1,000,488	151%	5,372,361
2013	917,296	1,139,705	124%	5,035,220

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)
November 1, 2014	$ 6,056,322	$ 11,342,602	$ 5,286,280	53.4%	$ 36,000,000	14.7%

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.

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 November 1, 2014, 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, 2015, was 30 years. The actuarial value of assets was $6,056,322 in this actuarial valuation. At June 30, 2015, the Trust held assets in the amount of $5,974,983, which consisted of deposits with U.S. Bank in the Retiree Health Benefits Funding Program JPA.

NOTE 12 - 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, 2015, 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, 2015, 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.

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of CalSTRS and classified employees are members of CalPERS.

The District implemented GASB Statements No. 68 and No. 71 for the fiscal year ended June 30, 2015. As a result, the District reported its proportionate share of the net pension liabilities, pension expense, and deferred inflow of resources for each of the above plans and a deferred outflow of resources for each of the above plans as follows:

Pension Plan	Proportionate Share of Net Pension Liability	Deferred Outflow of Resources	Proportionate Share of Deferred Inflow of Resources	Proportionate Share of Pension Expense
CalSTRS	$ 24,273,400	$ 1,705,993	$ 5,977,279	$ 2,095,578
CalPERS	11,321,617	1,140,295	3,890,234	1,006,260
Total	$ 35,595,017	$ 2,846,288	$ 9,867,513	$ 3,101,838

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers' Retirement Plan (STRP) administered by CalSTRS. STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The STRP provides retirement, disability, and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2015, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a precentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	8.15%	8.15%
Required employer contribution rate	8.88%	8.88%
Required state contribution rate	5.95%	5.95%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2015, are presented above, and the District's total contributions were $1,705,993.

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

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:	
District's proportionate share of net pension liability	$ 24,273,400
State's proportionate share of the net pension liability associated with the District	14,657,327
Total	$ 38,930,727

The net pension liability was measured as of June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. At June 30, 2015, the District's proportion was 0.0415 percent.

For the year ended June 30, 2015, the District recognized pension expense of $2,095,578. In addition, the District recognized revenue and pension expense of $1,265,401 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,705,993	$ -
Difference between projected and actual earnings on pension plan investments	-	5,977,279
Total	$ 1,705,993	$ 5,977,279

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The deferred inflow of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2016	$ 1,494,320
2017	1,494,320
2018	1,494,320
2019	1,494,319
Total	$ 5,977,279

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary investment practice, a best estimate range was determined assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentile for the long-term distribution of annualized returns. The assumed asset allocation is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of ten-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.50%
Private equity	12%	6.20%
Real estate	15%	4.35%
Inflation sensitive	5%	3.20%
Fixed income	20%	0.20%
Cash/liquidity	1%	0.00%

Discount Rate

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

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.60%)	$ 37,835,883
Current discount rate (7.60%)	$ 24,273,400
1% increase (8.60%)	$ 12,964,755

California Public Employees' Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or age 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2015, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a precentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.000%
Required employer contribution rate	11.771%	11.771%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2015, are presented above, and the total District contributions were $1,140,295.

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

As of June 30, 2015, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $11,321,617. The net pension liability was measured as of June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. At June 30, 2015, the District's proportion was 0.0997 percent.

For the year ended June 30, 2015, the District recognized pension expense of $1,006,260. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,140,295	$ -
Difference between projected and actual earnings on pension plan investments	-	3,890,234
Total	$ 1,140,295	$ 3,890,234

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The deferred inflow of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2016	$ 972,559
2017	972,559
2018	972,559
2019	972,557
Total	$ 3,890,234

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.50%
Investment rate of return	7.50%
Consumer price inflation	2.75%
Wage growth	3.00%

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	5.25%
Global fixed income	19%	0.99%
Private equity	12%	6.83%
Real estate	11%	4.50%
Inflation sensitive	6%	0.45%
Infrastructure and Forestland	3%	4.50%
Liquidity	2%	-0.55%

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount rate	Net Pension Liability
1% decrease (6.50%)	$ 19,860,700
Current discount rate (7.50%)	$ 11,321,617
1% increase (8.50%)	$ 4,186,352

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, 2015, 2014, and 2013, which amounted to $1,067,991, $864,330, and $1,042,836, respectively, (5.679 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, 2015, 2014, and 2013. 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 2014-2015 was 2.3 percent of annual payroll. The contribution requirements of the plan members are established by State statute.

NOTE 14 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the Tulare County Schools Insurance Group, Tulare County Schools Self Insurance Authority, 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.

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, 2015, the District made payments of $694,317, $594,163, and $6,869,598, to the Tulare County Schools Insurance Group, Tulare County Schools Self Insurance Authority, and the Central Valley Trust, respectively.

NOTE 15 - 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, 2015.

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, 2015.

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, 2015, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Solar	$ 395,633	12/31/2015
Live Oak mold remediation	1,330,814	5/31/2016
Total	$ 1,726,447	

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

NOTE 16 - RESTATEMENT OF PRIOR YEAR NET POSITION

The District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the current year. As a result, the effect on the current fiscal year is as follows:

Primary Government	
Net Position - Beginning	$ 132,364,174
Restatement of long-term obligations for implementation of GASB Statement No. 68	(42,354,502)
Net Position - Beginning, as Restated	$ 90,009,672

REQUIRED SUPPLEMENTARY INFORMATION

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2015

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)
November 1, 2014	$ 6,056,322	$ 11,342,602	$ 5,286,280	53.4%	$ 36,000,000	14.7%
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%

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2015

	2015
CalSTRS	
District's proportion of the net pension liability (asset)	0.0415%
District's proportionate share of the net pension liability (asset)	$ 24,273,400
State's proportionate share of the net pension liability (asset) associated with the District	14,657,327
Total	$ 38,930,727
District's covered - employee payroll	$ 18,895,418
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	128.46%
Plan fiduciary net position as a percentage of the total pension liability	77%
CalPERS	
District's proportion of the net pension liability (asset)	0.0997%
District's proportionate share of the net pension liability (asset)	$ 11,321,616
District's covered - employee payroll	$ 9,094,691
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	124.49%
Plan fiduciary net position as a percentage of the total pension liability	83%

Note : In the future, as data become available, ten years of information will be presented.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2015

	2015
CalSTRS	
Contractually required contribution	$ 1,705,993
Contributions in relation to the contractually required contribution	1,705,993
Contribution deficiency (excess)	$ -
District's covered - employee payroll	$ 19,211,633
Contributions as a percentage of covered - employee payroll	8.88%
CalPERS	
Contractually required contribution	$ 1,140,295
Contributions in relation to the contractually required contribution	1,140,295
Contribution deficiency (excess)	$ -
District's covered - employee payroll	$ 9,687,325
Contributions as a percentage of covered - employee payroll	11.771%

Note : In the future, as data become available, ten years of information will be presented.

SUPPLEMENTARY INFORMATION

DISTRICT ORGANIZATION
JUNE 30, 2015

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

MEMBER	OFFICE	TERM EXPIRES
Mrs. Lori Cardoza	President	2016
Mr. John. A. Zumwalt	Vice President	2018
Mr. Earl Mann	Clerk	2016
Mr. Kenneth Nunes	Member	2018
Mr. Greg Sherman	Member	2018
Ms. Jennifer Cho	Student Trustee	2015

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, 2015

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	$ 259,711
Supplemental Educational Opportunity Grants Administration	84.007	14,565
Federal Work Study	84.033	280,221
TANF 50% Federal Calworks	84.033	42,156
Federal Work Study Administration	84.033	12,679
Pell Grant	84.063	19,012,320
Pell Grant Administration	84.063	31,139
Total Student Financial Assistance Cluster		19,652,791
Title V - Higher Education Institutional Aid, Hispanic Serving Institute Sequoias	84.031S	384,257
Title V - Higher Education Institutional Aid, Hispanic Serving Institute PASEO	84.031S	685,663
TRIO Upward Bound Math/Science	84.047M	279,582
TRIO/SSS	84.047M	243,088
Math, Science, Engineering Improvement Program	84.120A	183,174
Vocational and Applied Technology Education Act (VTEA)		
Title II, Part C Student Support	84.048	387,511
Wildlife and Fish	N/A	641
Subtotal		2,163,916
U.S. DEPARTMENT OF VETERAN AFFAIRS		
Veteran's Education	64.112	4,503
Subtotal		4,503
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Foster Care Education	93.658	118,875
MediCal Administrative Activities	93.778	13,452
Subtotal		132,327
U.S. DEPARTMENT OF LABOR		
Workforce Investment Act	17.258	148,998
Trade Adjustment Assistance Community College and Career Training	17.282	479,806
Subtotal		628,804

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Program Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
Schools and Roads Programs:		
Flood Control	10.665	$ 480
Forest Reserve	10.665	21,431
Total Schools and Roads Programs		21,911
Subtotal		21,911
Total Federal Expenditures		$ 22,604,252

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, 2015

	Program Entitlements		
Program	Current Year	Prior Year	Total Entitlement
STATE PROJECTS			
BFAP Administration Allowance	$ 417,634	$ -	$ 417,634
Block Grant Instructional Materials	276,873	1,269	278,142
Basic Skills	116,692	244,934	361,626
Cal Works	362,388	-	362,388
Cal Grant	1,920,226	1,104	1,921,330
CARE	127,487	-	127,487
Career Technical Education - Transitions	43,269	-	43,269
Career Technical Education - Pathway #6	-	192,158	192,158
Disabled Students Programs and Services	1,200,564	-	1,200,564
Department of Rehabilitation Workability III	113,372	-	113,372
Economic Development DSN/CTE Health Service	300,000	120,083	420,083
Economic Development DSN/CTE Advanced Manufacturing	300,000	172,983	472,983
Extended Opportunity Program and Services	859,235	-	859,235
Lottery Prop 20	384,967	288,887	673,854
Independent Living	22,500	-	22,500
Matriculation	1,262,102	-	1,262,102
Matriculation Non-Credit	22,262	-	22,262
Part Time Faculty Office Hours	1,981	-	1,981
Part Time Faculty Parity	172,899	-	172,899
Staff Diversity	5,106	-	5,106
TANF 50% State	42,156	-	42,156
Scheduled Maintenance and Repair	911,872	-	911,872
YESS Transition Aged Foster Youth	10,000	-	10,000
Total State Programs	$ 8,873,585	$ 1,021,418	$ 9,895,003

See accompanying note to supplementary information.

Program Revenues					
Cash Received	Prior Year Carryforward	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
$ 417,634	$ -	$ -	$ -	$ 417,634	$ 417,634
276,873	1,269	-	-	278,142	278,142
116,692	244,934	-	247,140	114,486	114,486
362,388	-	-	-	362,388	362,388
1,920,226	1,104	-	1,921	1,919,409	1,919,409
127,487	-	-	-	127,487	127,487
12,997	-	30,272	-	43,269	43,269
192,158	-	-	-	192,158	192,158
1,200,564	-	-	-	1,200,564	1,200,564
49,000	-	39,900	-	88,900	88,900
-	20,084	300,833	-	320,917	320,917
-	72,983	227,170	-	300,153	300,153
859,235	-	-	-	859,235	859,235
60,911	288,887	324,056	462,438	211,416	211,416
10,678	-	11,822	-	22,500	22,500
1,262,102	-	-	299,884	962,218	962,218
22,262	-	-	-	22,262	22,262
1,981	-	-	-	1,981	1,981
172,899	-	-	-	172,899	172,899
5,106	-	-	-	5,106	5,106
42,156	-	-	-	42,156	42,156
911,872	-	-	713,228	198,644	198,644
5,717	-	4,283	-	10,000	10,000
$ 8,030,938	$ 629,261	$ 938,336	$ 1,724,611	$ 7,873,924	$ 7,873,924

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2015

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2014 only)			
1. Noncredit**	-	-	-
2. Credit	42.61	-	42.61
B. Summer Intersession (Summer 2015 - Prior to July 1, 2015)			
1. Noncredit**	7.24	-	7.24
2. Credit	397.21	-	397.21
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	7,413.82	-	7,413.82
(b) Daily Census Contact Hours	257.53	-	257.53
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit**	407.95	-	407.95
(b) Credit	287.23	-	287.23
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Contact Hours	465.40	-	465.40
(b) Daily Census Contact Hours	190.56	-	190.56
D. Total FTES	9,469.55	-	9,469.55
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Noncredit**	400.17	-	400.17
2. Credit	408.09	-	408.09

** 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, 2015

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 11,136,561	$ -	$ 11,136,561	$ 11,136,561	$ -	$ 11,136,561
Other	1300	5,463,474	-	5,463,474	5,463,474	-	5,463,474
Total Instructional Salaries		16,600,035	-	16,600,035	16,600,035	-	16,600,035
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	3,781,486	-	3,781,486
Other	1400	-	-	-	246,339	-	246,339
Total Noninstructional Salaries		-	-	-	4,027,825	-	4,027,825
Total Academic Salaries		16,600,035	-	16,600,035	20,627,860	-	20,627,860
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	7,458,941	-	7,458,941
Other	2300	-	-	-	387,434	-	387,434
Total Noninstructional Salaries		-	-	-	7,846,375	-	7,846,375
Instructional Aides							
Regular Status	2200	419,496	-	419,496	419,496	-	419,496
Other	2400	319,690	-	319,690	319,690	-	319,690
Total Instructional Aides		739,186	-	739,186	739,186	-	739,186
Total Classified Salaries		739,186	-	739,186	8,585,561	-	8,585,561
Employee Benefits	3000	4,543,669	-	4,543,669	10,063,854	-	10,063,854
Supplies and Material	4000	-	-	-	799,931	-	799,931
Other Operating Expenses	5000	8,282	-	8,282	5,344,416	-	5,344,416
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		21,891,172	-	21,891,172	45,421,622	-	45,421,622

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, 2015

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Exclusions							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ 686,320	$ -	$ 686,320	$ 686,320	$ -	$ 686,320
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	30,691	-	30,691
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	752,336	-	752,336
Objects to Exclude							
Rents and Leases	5060	-	-	-	769,417	-	769,417
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	-	-	-	83,931	-	83,931
Total Supplies and Materials		-	-	-	83,931	-	83,931

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, 2015

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ 1,270,147	$ -	$ 1,270,147
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		686,320	-	686,320	3,592,842	-	3,592,842
Total for ECS 84362, 50 Percent Law		$ 21,204,852	$ -	$ 21,204,852	$ 41,828,780	$ -	$ 41,828,780
Percent of CEE (Instructional Salary Cost/Total CEE)		50.69%		50.69%	100.00%		100.00%
50% of Current Expense of Education					$ 20,914,390		$ 20,914,390

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, 2015

Activity Classification	**Object Code**			**Unrestricted**	
EPA Proceeds:	8630				$ 8,599,288
Activity Classification	**Activity Code**	**Salaries and Benefits (Obj 1000-3000)**	**Operating Expenses (Obj 4000-5000)**	**Capital Outlay (Obj 6000)**	**Total**
Instructional Activities	1000-5900	$ 8,599,288	-	-	$ 8,599,288
Total Expenditures for EPA		$ 8,599,288	-	-	$ 8,599,288
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, 2015

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

	Internal Service
FUND BALANCE	
Balance, June 30, 2015, (CCFS-311)	$ 1,322,988
Post closing adjustments	
Increase in:	
Accounts payable - prior years	(848,660)
Accounts payable - current year	(9,188)
Balance, June 30, 2015, Audited	$ 465,140

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, 2015

Amounts Reported in the Statement of Net Position are Different Because:		
Total Fund Balance - All District Funds		$ 33,414,473
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	$ 237,798,785	
Accumulated depreciation is	(40,218,088)	197,580,697
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.		36,214
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.		5,824,756
Expenditures relating to contributions made to pension plans were recognized on the modified accrual basis, but are not recognized on the accrual basis.		2,846,288
Difference between projected and actual earnings on pension plan investments are not recognized on the modified accrual basis, but are recognized on the accrual basis as an adjustment to pension expense.		(9,867,513)
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	104,389,724	
Certificates of participation	2,960,000	
Capital leases payable	903,070	
Early retirement incentive	280,722	
Net pension obligation	35,595,017	(144,128,533)
Total Net Position		**$ 85,706,382**

See accompanying note to supplementary information.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2015

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.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2015

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, the aggregate discretely presented component unit, and the aggregate remaining fund information of College of the Sequoias Community College District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 29, 2015.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 to the financial statements, in 2015, the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit 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.

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

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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control 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.

Vavrinek, Trine, Day & Co., LLP

Fresno, California
December 29, 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 the OMB *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, 2015. 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, 2015.

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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 in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Vavrinek, Trine, Day & Co., LLP

Fresno, California
December 29, 2015

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

VALUE THE DIFFERENCE

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 August 2014 that could have a direct and material effect on each of the District's programs as noted below for the year ended June 30, 2015.

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 August 2014.

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, 2015.

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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 440	Intersession Extension Programs
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

The District did not participate in any Intersession Extension Programs; therefore, the compliance tests within this section were not applicable.

The District did not receive any funds from Proposition 1D State Bond Funded Projects; therefore, the compliance tests within this section were not applicable.

Vavrinek, Trine, Day & Co., LLP

Fresno, California
December 29, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2015

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

CFDA Numbers	Name of Federal Program or Cluster
84.007, 84.033, 84.063	Student Financial Assistance Cluster
84.047M	TRIO Upward Bound Math/Science
84.047M	TRIO SSS
84.048	Vocational and Applied Technology Education Act (VTEA) - Title II, Part C Student Support

Dollar threshold used to distinguish between Type A and Type B programs:	$ 678,128
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

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

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2015

None reported.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

None reported.

ADDITIONAL SUPPLEMENTARY INFORMATION (UNAUDITED)

GOVERNMENTAL FUNDS
BALANCE SHEETS
JUNE 30, 2015

	General	Other Special Revenue	Bond Interest and Redemption
ASSETS			
Cash and cash equivalents	$ 8,884,119	$ 521,126	$ 15,804,965
Investments	-	-	-
Accounts receivable	2,516,200	34,616	40,536
Student loans receivable	2,723,324	-	-
Due from other funds	271,863	18,437	-
Prepaid expenses	493,882	-	-
Total Assets	$ 14,889,388	$ 574,179	$ 15,845,501
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	$ 3,080,159	$ 31,995	$ -
Due to other funds	26,833	35,392	-
Unearned revenue	4,673,230	-	-
Total Liabilities	7,780,222	67,387	-
Fund Balances			
Restricted	-	506,792	15,845,501
Unassigned	7,109,166	-	-
Total Fund Balance	7,109,166	506,792	15,845,501
Total Liabilities and Fund Balance	$ 14,889,388	$ 574,179	$ 15,845,501

See accompanying note to additional supplementary information.

Capital Outlay Projects	Revenue Bond Construction	Farm Construction	Total Governmental Fund (Memorandum Only)
$ 1,942,494	$ 4,255,041	$ -	$ 31,407,745
-	-	2,437,625	2,437,625
909,148	-	-	3,500,500
-	-	-	2,723,324
-	-	-	290,300
9,172	-	-	503,054
$ 2,860,814	$ 4,255,041	$ 2,437,625	$ 40,862,548
$ 42,712	$ -	$ -	$ 3,154,866
-	-	-	62,225
1,419,885	-	-	6,093,115
1,462,597	-	-	9,310,206
1,398,217	4,255,041	2,437,625	24,443,176
-	-	-	7,109,166
1,398,217	4,255,041	2,437,625	31,552,342
$ 2,860,814	$ 4,255,041	$ 2,437,625	$ 40,862,548

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	General	Other Special Revenue	Bond Interest and Redemption
REVENUES			
Federal revenues	$ 3,332,221	$ -	$ -
State revenues	42,389,760	-	-
Local revenues	15,503,124	371,206	6,113,167
Total Revenues	61,225,105	371,206	6,113,167
EXPENDITURES			
Current Expenditures			
Academic salaries	22,519,318	169,963	-
Classified salaries	11,931,154	174,104	-
Employee benefits	12,859,219	75,320	-
Books and supplies	1,622,480	24,459	-
Services and operating expenditures	6,999,093	80,682	-
Student financial aid	435,906	-	-
Capital outlay	1,554,160	5,387	-
Debt service - principal	342,854	-	1,705,000
Debt service - interest and other issuance costs	248,536	-	3,036,851
Total Expenditures	58,512,720	529,915	4,741,851
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,712,385	(158,709)	1,371,316
OTHER FINANCING SOURCES (USES)			
Operating transfers in	126,446	-	-
Operating transfers out	(439,345)	-	-
Other sources	-	-	-
Total Other Financing Sources (Uses)	(312,899)	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	2,399,486	(158,709)	1,371,316
FUND BALANCE, BEGINNING OF YEAR	4,709,680	665,501	14,474,185
FUND BALANCE, END OF YEAR	$ 7,109,166	$ 506,792	$ 15,845,501

See accompanying note to additional supplementary information.

Capital Outlay Projects	Revenue Bond Construction	Farm Construction	Total Governmental Fund (Memorandum Only)
$ -	$ -	$ -	$ 3,332,221
307,862	-	-	42,697,622
309,662	47,443	35,075	22,379,677
617,524	47,443	35,075	68,409,520
-	-	-	22,689,281
-	-	-	12,105,258
-	-	-	12,934,539
-	2,707	-	1,649,646
589,403	32,942	1,000,000	8,702,120
-	-	-	435,906
1,071,355	167,629	312,787	3,111,318
-	-	-	2,047,854
-	-	-	3,285,387
1,660,758	203,278	1,312,787	66,961,309
(1,043,234)	(155,835)	(1,277,712)	1,448,211
-	-	-	126,446
-	-	-	(439,345)
903,070	-	-	903,070
903,070	-	-	590,171
(140,164)	(155,835)	(1,277,712)	2,038,382
1,538,381	4,410,876	3,715,337	29,513,960
$ 1,398,217	$ 4,255,041	$ 2,437,625	$ 31,552,342

PROPRIETARY FUNDS
BALANCE SHEETS
JUNE 30, 2015

	Enterprise Funds				Internal Service Fund
	Bookstore	**Cafeteria**	**Farm**	**Total**	
ASSETS					
Cash and cash equivalents	$ -	$ (3,684)	$ -	$ (3,684)	$ 1,322,988
Investments	-	5,538	535,018	540,556	-
Accounts receivable	-	-	59,310	59,310	-
Due from other funds	-	8,395	-	8,395	-
Prepaid expenses	-	-	300	300	-
Inventories	-	5,457	65,705	71,162	-
Note receivable	-	-	81,078	81,078	-
Furniture and equipment (net)	-	323,891	582,801	906,692	-
Total Assets	$ -	$ 339,597	$ 1,324,212	$ 1,663,809	$ 1,322,988
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts payable	$ -	$ 1,092	$ 37,527	$ 38,619	$ 857,848
Due to other funds	60,092	156,792	11,315	228,199	-
Total Liabilities	60,092	157,884	48,842	266,818	857,848
Fund Equity					
Retained earnings	(60,092)	181,713	1,275,370	1,396,991	465,140
Total Liabilities and Fund Equity	$ -	$ 339,597	$ 1,324,212	$ 1,663,809	$ 1,322,988

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, 2015

	Enterprise Funds			
	Bookstore	Cafeteria	Farm	Total
OPERATING REVENUES				
Sales revenues	$ -	$ 645,598	$ -	$ 645,598
OPERATING EXPENSES				
Classified salaries	15,184	261,872	58,299	335,355
Employee benefits	-	111,008	16,954	127,962
Books and supplies	-	252,976	161,092	414,068
Services and other operating expenditures	-	44,352	530,807	575,159
Capital outlay	-	19,359	-	19,359
Total Operating Expenses	15,184	689,567	767,152	1,471,903
Operating Loss	(15,184)	(43,969)	(767,152)	(826,305)
NONOPERATING REVENUES (EXPENSES)				
Interest income	-	39	5,006	5,045
Miscellaneous revenues	25,902	-	736,934	762,836
Operating transfers out	-	-	-	-
Total Nonoperating Revenues (Expenses)	25,902	39	741,940	767,881
NET INCOME (LOSS)	10,718	(43,930)	(25,212)	(58,424)
RETAINED EARNINGS, BEGINNING OF YEAR	(70,810)	225,643	1,300,582	1,455,415
RETAINED EARNINGS, END OF YEAR	$ (60,092)	$ 181,713	$ 1,275,370	$ 1,396,991

See accompanying note to additional supplementary information.

Internal Service Fund
$ -
9,188
-
-
-
-
9,188
(9,188)
14,325
-
(101)
14,224
5,036
460,104
$ 465,140

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

FIDUCIARY FUNDS
BALANCE SHEETS
JUNE 30, 2015

	Agency Funds		
	Associated Students	Student Financial Aid	Scholarship and Loan
ASSETS			
Cash and cash equivalents	$ 475,525	$ 38,422	$ 69,099
Accounts receivable	42	1,995	23,420
Student loans receivable, net	-	-	-
Total Assets	$ 475,567	$ 40,417	$ 92,519
LIABILITIES AND NET POSITION			
Liabilities			
Accounts payable	$ 508	$ 42,171	$ 120
Due to other funds	8,271	-	-
Unearned revenue	123,570	1,921	-
Total Liabilities	132,349	44,092	120
Net Position			
Restricted	343,218	(3,675)	92,399
Total Net Position	343,218	(3,675)	92,399
Total Liabilities and Net Position	$ 475,567	$ 40,417	$ 92,519

See accompanying note to additional supplementary information.

Total Agency Funds	Trust Funds	Total Fiduciary Funds
$ 583,046	$ 1,187,018	$ 1,770,064
25,457	16,449	41,906
-	212,346	212,346
$ 608,503	$ 1,415,813	$ 2,024,316
$ 42,799	$ 273	$ 43,072
8,271	-	8,271
125,491	180,969	306,460
176,561	181,242	357,803
431,942	1,234,571	1,666,513
431,942	1,234,571	1,666,513
$ 608,503	$ 1,415,813	$ 2,024,316

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

FIDUCIARY FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Agency Funds		
	Associated Students	Student Financial Aid	Scholarship and Loan
REVENUES			
Federal revenues	$ -	$ 19,272,031	$ -
State revenues	-	1,919,409	-
Local revenues	267,755	-	328
Total Revenues	267,755	21,191,440	328
EXPENDITURES			
Current Expenditures			
Classified salaries	50,914	-	-
Employee benefits	30,040	-	-
Books and supplies	114,113	-	-
Services and operating expenditures	49	-	-
Student financial aid	-	21,519,440	-
Debt service - principal	-	-	-
Debt service - interest and other	-	-	-
Total Expenditures	195,116	21,519,440	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	72,639	(328,000)	328
OTHER FINANCING SOURCES (USES)			
Operating transfers in	39,156	328,000	-
Operating transfers out	(40,932)	-	-
Total Other Financing Sources (Uses)	(1,776)	328,000	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	70,863	-	328
NET POSITION, BEGINNING OF YEAR	272,355	(3,675)	92,071
NET POSITION, END OF YEAR	$ 343,218	$ (3,675)	$ 92,399

See accompanying note to additional supplementary information.

Total Agency Funds	Trust Funds	Total Fiduciary Funds
$ 19,272,031	$ -	$ 19,272,031
1,919,409	-	1,919,409
268,083	363,504	631,587
21,459,523	363,504	21,823,027
50,914	10,591	61,505
30,040	6,076	36,116
114,113	43,946	158,059
49	218,940	218,989
21,519,440	-	21,519,440
-	27,026	27,026
-	37,973	37,973
21,714,556	344,552	22,059,108
(255,033)	18,952	(236,081)
367,156	1,776	368,932
(40,932)	(15,000)	(55,932)
326,224	(13,224)	313,000
71,191	5,728	76,919
360,751	1,228,843	1,589,594
$ 431,942	$ 1,234,571	$ 1,666,513

NOTE TO ADDITIONAL SUPPLEMENTARY INFORMATION
JUNE 30, 2015

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.