NEW ISSUE -- FULL BOOK-ENTRY

INSURED RATING: Standard & Poor's: "AA"
UNDERLYING RATINGS: Standard & Poor's: "A+"; Moody's: "A1"
See "RATINGS" herein.

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" with respect to tax consequences relating to the Bonds.

$12,740,000
SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT
(Siskiyou and Shasta Counties, California)
2014 General Obligation Refunding Bonds

Dated: Date of Delivery **Due: August 1, as shown below**

This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision. Capitalized terms used in this cover page and not otherwise defined shall have the meanings set forth herein.

The Siskiyou Joint Community College District (Siskiyou and Shasta Counties, California) 2014 General Obligation Refunding Bonds (the "Bonds"), in the aggregate principal amount of $12,740,000, are being issued by the Siskiyou Joint Community College District (the "District") to advance refund a portion of the District's outstanding Election of 2005 General Obligation Bonds, Series 2006A, and to pay the costs associated with the issuance of the Bonds.

The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes. The Boards of Supervisors of each of Siskiyou and Shasta Counties (collectively, the "Counties") are empowered and obligated to annually levy such *ad valorem* taxes for the payment of the principal of and interest on the Bonds upon all property subject to taxation by the District without limitation of rate or amount (except as to certain personal property which is taxable at limited rates).

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds.

The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery and be payable semiannually on February 1 and August 1 of each year, commencing February 1, 2015. The Bonds are issuable as fully registered Bonds in denominations of $5,000 principal amount or any integral multiple thereof.

Payments of principal of and interest on the Bonds will be made by U.S. Bank National Association, as the designated paying agent, bond registrar, transfer agent and authentication agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants (defined herein) who will remit such payments to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry Only System."

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY.

BAM
BUILD AMERICA MUTUAL

The Bonds are subject to optional redemption as further described herein.

MATURITY SCHEDULE

Base CUSIP†: 829689

$12,740,000 Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP†	Maturity (August 1)	Princi Amount	Interest Rate	Yield	CUSIP†
2015	$190,000	2.000%	0.220%	CE6	2024	$670,000	4.000%	2.550%	CM8
2016	35,000	3.000	0.430	CU0	2024	350,000	2.550	2.550	CW6
2017	35,000	3.000	0.710	CV8	2025	1,120,000	5.000	2.700(1)	CN6
2018	40,000	4.000	0.950	CF3	2026	1,240,000	4.000	3.000(1)	CP1
2019	40,000	4.000	1.250	CG1	2027	1,365,000	3.000	3.160	CQ9
2020	385,000	4.000	1.600	CH9	2028	1,480,000	3.000	3.260	CR7
2021	730,000	4.000	1.900	CJ5	2029	1,600,000	3.125	3.360	CS5
2022	820,000	4.000	2.160	CK2	2030	1,730,000	3.250	3.460	CT3
2023	910,000	5.000	2.380	CL0					

(1) Yield to call at par on August 1, 2024.

The Bonds are offered when, as and if issued, and received by the Underwriter subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel. Certain matters will be passed on for the Underwriter by Nossaman, LLP, Irvine, California. The Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about September 25, 2014.

PiperJaffray®

Dated: September 4, 2014

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Services. Neither the Underwriter nor the District is responsible for the selection or correctness of the CUSIP numbers set forth herein.

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Section 3(a)2 and 3(a)12, respectively, for the issuance and sale of municipal securities. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Certain information set forth herein has been obtained from sources outside the District which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

When used in this Official Statement and in any continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced in this Official Statement, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

"The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN SECURITIES DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

The District maintains a website. However, the information presented there is not part of this Official Statement, is not incorporated herein by any reference, and should not be relied upon in making an investment decision with respect to the Bonds.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "THE BONDS - Bond Insurance" and "APPENDIX F - Specimen Municipal Bond Insurance Policy."

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

Stradling Yocca Carlson & Rauth,
a Professional Corporation
San Francisco, California

Paying Agent

U.S. Bank National Association
San Francisco, California

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

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SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT
(Siskiyou and Shasta Counties, California)
2014 General Obligation Refunding Bonds

INTRODUCTION

This Official Statement, which includes the cover page and appendices hereto, provides information in connection with the sale of Siskiyou Joint Community College District (Siskiyou and Shasta Counties, California) 2014 General Obligation Refunding Bonds (the "Bonds").

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Bonds to potential investors is made only by means of the entire Official Statement.

Changes Since Date of Preliminary Official Statement

After the publication of the Preliminary Official Statement, the Board of Trustees of the District approved its 2014-15 Final Proposed Budget. The information included in the Official Statement under the columns entitled 2013-14 Unaudited Actuals and 2014-15 Adopted Budget in the table under the heading "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Budget Procedures", have been revised accordingly.

The District

The Siskiyou Joint Community College District (the "District") was established in 1957 and comprises of an area of approximately 268 acres located in Siskiyou and Shasta Counties (collectively, the "Counties"). The District operates a community college known as College of the Siskiyous, with campuses in the cities of Weed and Yreka, California. Shasta College is fully accredited by the Accrediting Commission for Community and Junior Colleges ("ACCJC"). For fiscal year 2014-15, the District has budgeted its full-time equivalent student ("FTES") count at 2,473.66 students. Taxable property within the District has a fiscal year 2013-14 assessed valuation of $4,184,640,353.

The governing board of the District is the Board of Trustees (the "Board"). The Board includes seven voting members elected by the voters of the District. The Trustees serve four-year terms. Elections for positions to the Board are held every two years, alternating between three and four available positions. The management and policies of the District are administered by a Superintendent/President appointed by the Board. Scotty R. Thomason is currently serving as the District's Superintendent/President.

See "TAX BASE FOR REPAYMENT OF BONDS" for more information regarding the District's assessed valuation, and "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA" and "SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT" for more information regarding the District generally.

Security and Sources of Payment for the Bonds

The Bonds are general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. The Boards of Supervisors of each of the Counties are empowered and obligated to annually levy such *ad valorem* taxes for the payment of the principal of and interest on the Bonds upon all property within the District subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates). See "THE BONDS – Security and Sources of Payment."

Purpose of Issue

The proceeds of the Bonds will be used to advance refund a portion of the District's outstanding Election of 2005 General Obligation Bonds, Series 2006A (the "Series 2006A Bonds"), and to pay certain costs associated with the issuance of the Bonds. The portion of the Series 2006A Bonds refunded with proceeds of the Bonds is referred to herein as the "Refunded Bonds."

Description of the Bonds

Form, Registration and Denomination. The Bonds will be issued in fully registered form only (without coupons), initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of interests in the Bonds (the "Beneficial Owners") through the book-entry only system maintained by DTC, only through brokers and dealers who are or act through DTC Participants (defined herein). Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See "THE BONDS – Book-Entry Only System." In event that the book-entry only system described herein is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution (defined herein). See "THE BONDS – Transfer and Exchange of Bonds."

Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in denominations of $5,000 principal amount or any integral multiple thereof.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the "Owners" or "Holders" of the Bonds (other than under the caption "TAX MATTERS," and in Appendix B) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

Redemption. The Bonds are subject to optional and mandatory sinking fund redemption prior to their stated maturity dates, as further described herein. See "THE BONDS– Redemption."

Payments. The Bonds will be issued as current interest bonds, such that interest thereon will accrue from their initial date of delivery, and be payable semiannually on each February 1 and August 1 (each a "Bond Payment Date"), commencing February 1, 2015. Principal on the Bonds is payable on August 1 in the amounts and years as set forth on the cover page hereof. Payments of the principal of and interest on the Bonds will be made by U.S. Bank National Association, the designated paying agent, bond registrar, authenticating agent and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement through DTC Participants to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry Only System."

Bond Insurance. The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), based on existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, interest (and original issued discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest (and original issued discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the State of California Government Code and other applicable law, and pursuant to a resolution adopted by the Board of Trustees of the District. See "THE BONDS – Authority for Issuance."

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to the validity by Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about September 25, 2014.

Continuing Disclosure

The District will covenant for the benefit of the Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated events, in order to assist Piper Jaffray & Co. (the "Underwriter") in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule"). See "LEGAL MATTERS – Continuing Disclosure." The specific nature of the information to be made available and of the notices of listed events required to be provided are summarized in APPENDIX C.

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Stradling Yocca Carlson & Rauth will receive compensation from the District contingent upon the sale and delivery of the Bonds. Certain matters will be passed on for the Underwriter by Nossaman, LLP, Irvine, California. Causey Demgen & Moore P.C., Denver, Colorado (the "Verification Agent"), is acting as verification agent for the Bonds. In addition to acting as Paying Agent for the Bonds, U.S. Bank National Association will act as Escrow Agent (defined herein) for the Refunded Bonds.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS,

PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Superintendent/President, Siskiyou Joint Community College District, 800 College Avenue, Weed, California 96094, telephone: (530) 983-5500. The District may impose a charge for copying, mailing and handling.

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each of such documents, statutes and constitutional provisions.

Certain information set forth herein, other than that provided by the District, has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolution.

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, commencing with Section 53550 *et seq.*, and other applicable law, and pursuant to a resolution adopted by the Board of Trustees of the District on August 5, 2014 (the "Resolution").

Security and Sources of Payment

The Bonds are general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. The Boards of Supervisors of the Counties are empowered and obligated to annually levy *ad valorem* taxes for the payment of the principal of and interest on the Bonds upon all property subject to taxation by the District without limitation as to rate or amount (except for certain personal property which is taxable at limited rates). Such taxes, when collected, will be deposited by the County into the "Siskiyou Joint Community College District 2014 General Obligation Refunding Bonds Debt Service Fund" (the "Debt Service Fund"), which is segregated and maintained by the County and which will be used for the payment of principal of and interest on the Bonds when due and for no other purpose. Although the Counties are obligated to levy an *ad valorem* tax for the payment of the Bonds, and the County will maintain the Debt Service Fund, the Bonds are not a debt of any of the Counties. See "TAX BASE FOR REPAYMENT OF BONDS."

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds, as the same become due and payable, will be transferred by the Treasurer-Tax Collector of the County (the "Treasurer") to the Paying Agent, who in turn will transfer such funds to DTC to pay the principal of and interest on the Bonds. DTC will thereupon make payment of principal of and interest on the Bonds to the DTC Participants who will thereupon make payments of such principal and interest to its Indirect Participants (as defined herein) for subsequent disbursement to the Beneficial Owners of the Bonds.

The rate of the annual *ad valorem* taxes levied by the Counties to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in land values, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State of California (the "State") and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, fire or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" and "TAX BASE FOR REPAYMENT OF BONDS."

Bond Insurance

Bond Insurance Policy. Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX F to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company. BAM is a New York domiciled mutual insurance corporation. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 1 World Financial Center, 27th Floor, 200 Liberty Street, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM.

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2014 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $477.8 million, $17.9 million and $459.9 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "THE BONDS – Bond Insurance."

Additional Information Available from BAM.

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/.

Obligor Disclosure Briefs. Subsequent to closing, BAM posts an Obligor Disclosure Brief on every issue insured by BAM, including the Bonds. BAM Obligor Disclosure Briefs provide information about the gross par insured by CUSIP, maturity and coupon; sector designation (e.g. general obligation, sales tax); a summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. The Obligor Disclosure Briefs are also easily accessible on BAM's website at buildamerica.com/obligor/.

Disclaimers. The Obligor Disclosure Briefs and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Obligor Disclosure Briefs and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Obligor Disclosure Briefs and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

Description of the Bonds

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for DTC. Beneficial Owners will not receive certificates representing their interests in the Bonds. See "THE BONDS – Book Entry Only System."

The Bonds will be issued as current interest bonds, such that interest thereon will be payable semiannually on each Bond Payment Date, commencing February 1, 2015. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Each Bond shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month immediately preceding any Bond Payment Date to and including such Bond Payment Date, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 2015, in which event it shall bear interest from its date. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof and mature on August 1 in the years and amounts set forth on the inside cover hereof.

The principal of the Bonds will be payable in lawful money of the United States of America to the registered Owner thereof, upon the surrender thereof at the principal office of the Paying Agent. The interest on the Bonds will be payable in lawful money to the person whose name appears on the bond registration books of the Paying Agent as the registered Owner thereof as of the close of business on the 15th day of the month preceding any Bond Payment Date (a "Record Date"), whether or not such day is a business day, such interest to be paid by check mailed on such Bond Payment Date to such registered Owner at such registered Owner's address as it appears on such registration books or at such address as the registered Owner may have filed with the Paying Agent for that purpose on or before such Record Date. The interest payments on the Bonds will be made in immediately available funds (e.g., by wire transfer) to any registered Owner of at least $1,000,000 of such outstanding Bonds who shall have requested in writing such method of payment of interest on such Bonds prior to the close of business on the Record Date immediately preceding any Bond Payment Date.

Book-Entry Only System

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "MMI Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated "AA+" by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds of the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 2024 are not subject to redemption. The Bonds maturing on or after August 1, 2025 are subject to redemption prior to their stated maturity dates, at the option of the District, from any source of available funds, in whole or in part on any date on or after August 1, 2024, at a redemption price equal to the principal amount of the Bonds called for redemption, without premium, together with interest accrued thereon to the date of redemption.

Selection of Bonds for Redemption. Whenever provision is made for the redemption of Bonds and less than all Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Bond to be redeemed in part shall be in integral multiples of $5,000 principal amount.

Notice of Redemption. When redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District, the Paying Agent will give notice (a "Redemption Notice") of the redemption of the Bonds. Each Redemption Notice will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

The Paying Agent will take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the bond register; (b) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, telephonically confirmed facsimile transmission, or overnight delivery service, to the Securities Depository; (c) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, or overnight delivery service, to one of the Information Services; and (d) as may be otherwise required by the Continuing Disclosure Certificate.

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 1 Cragwood Road, 2nd Floor, South Plainfield, New Jersey 07080, Attention: Editor; Mergent Inc., 585 Kingsley Park Drive, Fort Mill, South Carolina 29715, Attention: Called Bond Department; and Standard and Poor's J.J. Kenny Information Services' "Called Bond Record," 55 Water Street, 45th Floor, New York, New York 10041.

"Securities Depository" shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041, Fax (212) 855-1000 or Fax (212) 855-7320.

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided in the Resolution will be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given will affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds will bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Payment of Redeemed Bonds. When notice of redemption has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (principal, interest, and premium, if any) is irrevocably set aside in trust for that purpose, as described in "—Defeasance" herein, the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the notice of redemption, said Bonds will be redeemed and paid at the redemption price out of such funds. All unpaid interest payable at or prior to the redemption date will continue to be payable to the respective Owners, but without interest thereon.

Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent will execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in principal amounts to the unredeemed portion of the Bond surrendered. Such partial redemption is valid upon payment of the amount required to be paid to such Owner, and the District will be released and discharged thereupon from all liability to the extent of such payment.

Effect of Notice of Redemption. If on the applicable designated redemption date, money for the redemption of the Bonds to be redeemed, together with interest accrued to such redemption date, is held by an independent escrow agent selected by the District so as to be available therefor on such redemption date as described in "—Defeasance," and if a Redemption Notice thereof will have been given substantially as described above, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable.

Rescission of Notice of Redemption. With respect to any Redemption Notice in connection with the optional redemption of Bonds (or portions thereof) as described above, unless upon the giving of such notice such Bonds or portions thereof shall be deemed to have been defeased as described in "—Defeasance" herein, such Redemption Notice will state that such redemption will be conditional upon the receipt by an independent escrow agent selected by the District, on or prior to the date fixed for such redemption, of the moneys necessary and sufficient to pay the principal, and premium, if any, and interest on, such Bonds (or portions thereof) to be redeemed, and that if such moneys shall not have been so received said Redemption Notice will be of no force and effect, no portion of the Bonds will be subject to redemption on such date and such Bonds will not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption will not be made and the Paying Agent will within a reasonable time thereafter (but in no event later than the date originally set for redemption) give notice to the persons to whom and in the manner in which the Redemption Notice was given that such moneys were not so received. In addition, the District will have the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent will distribute a notice of such rescission in the same manner as the Redemption Notice was originally provided.

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be irrevocably held in trust for the payment of the redemption price of such Bonds or portions thereof, and, accrued interest thereon to the date fixed for redemption, then such Bonds will no longer be deemed outstanding and shall be surrendered to the Paying Agent for cancellation.

Transfer and Exchange of Bonds

Any Bond may be exchanged for Bonds of like tenor, maturity and principal amount, upon presentation and surrender at the designated office of the Paying Agent, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only upon presentation and surrender of the Bond at the designated office of the Paying Agent, together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall register, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 16th business day next preceding either any Bond Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or any day on which the applicable Redemption Notice is given or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

Defeasance

All or any portion of the outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which, together with amounts transferred from the Debt Service Fund, if any, is sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof, interest thereon and redemption premiums, if any), at or before their maturity date; or

(b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations, together with cash and amounts transferred from the Debt Service Fund, if any, in such amount as will, together with interest to accrue thereon, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof, interest thereon and redemption premiums, if any) at or before their maturity date;

then, notwithstanding that any such Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of the independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) above, to the Owners of such designated Bonds not so surrendered and paid all sums due with respect thereto.

"Government Obligations" means direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or "prerefunded" municipal obligations rated in the highest rating category by Moody's Investors Service ("Moody's") or Standard & Poor's Ratings Service, a Standard & Poor's Financial Services, LLC business ("S&P"). In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at least as high as direct and general obligations of the United States of America by S&P and Moody's.

REFUNDING PLAN

The proceeds from the sale of the Bonds will be used by the District to advance refund the Refunded Bonds and to pay certain costs associated with the issuance of the Bonds.

The net proceeds from the sale of the Bonds shall be deposited with U.S. Bank National Association, acting as escrow agent (the "Escrow Agent"), to the credit of the escrow fund (the "Escrow Fund") established pursuant to an escrow agreement (the "Escrow Agreement") by and between the District and the Escrow Agent. The amount deposited in the Escrow Fund will be used to purchase certain Federal Securities, as defined in the Escrow Agreement, the principal of and interest on which will be sufficient, together with any monies deposited in the Escrow Fund and held as cash, to enable the Escrow Agent to pay the principal of the Refunded Bonds first optional redemption date therefor, as well as the interest due on the Refunded Bonds on and before such date.

The sufficiency of the amounts on deposit in the Escrow Fund, together with realizable interest and earnings thereon, to pay the redemption price of the Refunded Bonds, and the accrued interest due on the Refunded Bonds, on the above-referenced date will be verified by the Verification Agent. As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the Verification Agent's computations, the Refunded Bonds will be defeased and the obligation of the Counties to levy *ad valorem* property taxes for payment of the Refunded Bonds will terminate.

Any accrued interest and surplus moneys in the Escrow Fund following the redemption of the Refunded Bonds shall be kept separate and apart in the Bonds Debt Service Fund and used by the District only for payment of principal of and interest on the Bonds. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued shall be transferred to the Bond Debt Service Fund and applied to the payment of principal of and interest on the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.

Moneys in the Debt Service Fund are expected to be invested through the Siskiyou County Treasury Pool. See "APPENDIX E - SISKIYOU COUNTY TREASURY POOL."

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Bonds are as follows:

Sources of Funds	
Principal Amount of the Bonds	$12,740,000.00
Original Issue Premium	720,721.35
Total Sources	$13,460,721.35
Uses of Funds	
Escrow Fund	$13,238,473.19
Bond Insurance Premium	15,870.29
Costs of Issuance(1)	206,377.87
Total Uses	$13,460,721.35

(1) Reflects initial costs of issuance, including but not limited to Underwriter's discount, demographics fees, filing fees, legal fees, fees of the Verification Agent, and the costs and fees of the Paying Agent and Escrow Agent.

DEBT SERVICE SCHEDULE

The following table shows the debt service schedule with respect to the Bonds (assuming no optional redemptions are made):

Year Ending (August 1)	Annual Principal Payment	Annual Interest Payment(1)	Total Annual Debt Service
2015	$190,000.00	$395,165.00	$585,165.00
2016	35,000.00	461,100.00	496,100.00
2017	35,000.00	460,050.00	495,050.00
2018	40,000.00	459,000.00	499,000.00
2019	40,000.00	457,400.00	497,400.00
2020	385,000.00	455,800.00	840,800.00
2021	730,000.00	440,400.00	1,170,400.00
2022	820,000.00	411,200.00	1,231,200.00
2023	910,000.00	378,400.00	1,288,400.00
2024	1,020,000.00	332,900.00	1,352,900.00
2025	1,120,000.00	297,175.00	1,417,175.00
2026	1,240,000.00	241,175.00	1,481,175.00
2027	1,365,000.00	191,575.00	1,556,575.00
2028	1,480,000.00	150,625.00	1,630,625.00
2029	1,600,000.00	106,225.00	1,706,225.00
2030	1,730,000.00	56,225.00	1,786,225.00
Total	$12,740,000.00	$5,294,415.00	$18,034,415.00

(1) Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing February 1, 2015.

See "SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT – District Debt Structure – General Obligation Bonds" for a schedule of the combined debt service requirements for all of the District's outstanding general obligation bonds.

TAX BASE FOR REPAYMENT OF BONDS

The information in this section describes ad valorem *property taxation, assessed valuation, and other measures of the tax base of the District. The Bonds are payable solely from* ad valorem *property taxes levied and collected by the Counties on taxable property in the District. The District's general fund is not a source for the repayment of the Bonds.*

Ad Valorem Property Taxation

District property taxes are assessed and collected by the Counties at the same time and on the same tax rolls as county, city and special district taxes. Assessed valuations are the same for both District and county taxing purposes.

Taxes are levied for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." A supplemental roll is developed when property changes hands or new construction is completed. Each county levies and collects all property taxes for property falling within that county's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently equalized in August. Property taxes are payable in two installments, due November 1 and February 1 respectively and become delinquent on December 10 and April 10 respectively. A 10% penalty attaches to any delinquent installment, plus a minimum $10 cost on the second installment, plus any additional amount determined by the respective county treasurer-tax collector. Property on the secured roll with delinquent taxes is declared tax-defaulted on or about June 30 of the calendar year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a $15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the tax-collecting authority of the relevant county.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent if they are not paid by August 31. In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1 of the fiscal year, and a lien may be recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. See also "—Tax Levies, Collections and Delinquencies."

State law exempts from taxation $7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

All property is assessed using full cash value as defined by Article XIIIA of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Future assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies, including school districts and community college districts (collectively, “K-14 school districts”) will share the growth of “base” revenues from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation in the following year.

Assessed Valuations

Property within the District has a total assessed valuation for fiscal year 2013-14 of $4,184,640,353. Shown in the following table are the total assessed valuations for the District for the period 2001-02 through 2013-14.

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ASSESSED VALUATIONS
Fiscal Years 2001-02 through 2013-14
Siskiyou Joint Community College District

	Local Secured[(1)]	Utility	Unsecured	Total
		Siskiyou County Portion only		
2001-02	$2,283,771,739	$21,415,541	$169,057,004	$2,474,244,284
2002-03	2,468,956,140	22,743,293	191,052,052	2,682,751,485
2003-04	2,606,813,826	23,646,526	192,929,025	2,823,389,377
2004-05	2,747,470,836	23,804,341	166,458,848	2,937,734,025
2005-06	2,989,067,464	22,655,293	176,857,162	3,188,579,919
2006-07	3,306,942,817	19,888,433	189,312,637	3,516,143,887
2007-08	3,646,686,845	17,424,679	203,609,782	3,867,721,306
2008-09	3,893,873,306	17,425,177	207,954,792	4,119,253,275
2009-10	3,987,392,441	17,704,564	206,382,168	4,211,479,173
2010-11	3,971,372,512	17,406,178	200,361,859	4,189,140,549
2011-12	3,911,814,031	17,406,178	201,046,916	4,130,267,125
2012-13	3,859,710,428	13,517,835	213,623,969	4,086,852,232
2013-14	3,898,307,655	13,517,835	226,125,304	4,137,950,794
		Shasta County Portion only		
2001-02	$30,372,809	$488,697	$371,619	$31,233,125
2002-03	31,563,966	471,071	342,049	32,377,086
2003-04	32,765,693	535,824	369,401	33,670,918
2004-05	34,746,764	664,854	296,440	35,708,058
2005-06	36,618,324	621,167	276,052	37,515,543
2006-07	39,988,288	513,397	301,908	40,803,593
2007-08	41,677,734	23,847	318,540	42,020,121
2008-09	44,150,310	23,908	232,412	44,406,630
2009-10	43,819,344	23,969	259,529	44,102,842
2010-11	46,011,202	23,758	249,819	46,284,779
2011-12	45,225,899	26,474	272,879	45,525,252
2012-13	45,331,097	26,202	284,617	45,641,916
2013-14	46,390,912	25,930	272,717	46,689,559
		Total District		
2001-02	$2,314,144,548	$21,904,238	$169,428,623	$2,505,477,409
2002-03	2,500,520,106	23,214,364	191,394,101	2,715,128,571
2003-04	2,639,579,519	24,182,350	193,298,426	2,857,060,295
2004-05	2,782,217,600	24,469,195	166,755,288	2,973,442,083
2005-06	3,025,685,788	23,276,460	177,133,214	3,226,095,462
2006-07	3,346,931,105	20,401,830	189,614,545	3,556,947,480
2007-08	3,688,364,579	17,448,526	203,928,322	3,909,741,427
2008-09	3,938,023,616	17,449,085	208,187,204	4,163,659,905
2009-10	4,031,211,785	17,728,533	206,641,697	4,255,582,015
2010-11	4,017,383,714	17,429,936	200,611,678	4,235,425,328
2011-12	3,957,039,930	17,432,652	201,319,795	4,175,792,377
2012-13	3,905,041,525	13,544,037	213,908,586	4,132,494,148
2013-14	3,944,698,567	13,543,765	226,398,021	4,184,640,353

[(1)] Local secured amounts includes utilities.
Source: California Municipal Statistics, Inc.

Economic and other factors beyond the District's control, such as general market decline in property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, fire or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the Counties to pay the debt service with respect to the Bonds. See "THE BONDS – Security and Sources of Payment."

Appeals and Adjustments of Assessed Valuations

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization ("SBE"), with the appropriate county board of equalization or assessment appeals board. County assessors may independently reduce assessed values as well based upon the above factors or reductions in the fair market value of the taxable property. In most cases, an appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution."

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

No assurance can be given that property tax appeals in the future will not significantly reduce the assessed valuation of property within the District.

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Assessed Valuation and Parcels by Land Use

The following shows a per-parcel analysis of the distribution of taxable property within the District by principal use, and the fiscal year 2013-14 assessed valuation of such parcels (excluding utility and unsecured assessed valuations).

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2013-14
Siskiyou Joint Community College District

Non-Residential:	**2013-14 Assessed Valuation[1]**	**% of Total**	**No. of Parcels**	**% of Total**
Agricultural/Rural	$520,295,701	13.19%	6,904	12.78%
Timber	70,391,935	1.78	1,806	3.34
Commercial	371,495,515	9.42	1,147	2.12
Vacant Commercial	32,302,572	0.82	711	1.32
Industrial	193,342,685	4.90	449	0.83
Vacant Industrial	12,424,157	0.31	207	0.38
Recreational	23,968,278	0.61	173	0.32
Government/Social/Institutional	3,350,340	0.08	7,865	14.56
Miscellaneous	434,252	0.01	668	1.24
Subtotal Non-Residential	$1,228,005,435	31.13%	19,930	36.90%
Residential:				
Single Family Residence	$2,336,914,198	59.24%	16,972	31.42%
Mobile Home	130,547,021	3.31	2,875	5.32
Mobile Home Park	21,942,765	0.56	57	0.11
2-4 Residential Units	44,658,175	1.13	316	0.59
5+ Residential Units/Apartments	19,809,650	0.50	73	0.14
Vacant Residential	162,821,323	4.13	13,785	25.52
Subtotal Residential	$2,716,693,132	68.87%	34,078	63.10%
Total	$3,944,698,567	100.00%	54,008	100.00%

[1] Local secured assessed valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

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Assessed Valuation of Single Family Homes

The following table displays the per-parcel analysis of single family residences within the District, in terms of their 2013-14 assessed valuation.

ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2013-14
Siskiyou Joint Community College District

	No. of Parcels	2013-14 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	16,972	$2,336,914,198	$137,692	$112,608

2013-14 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	1,070	6.305%	6.305%	$16,535,098	0.708%	0.708%
25,000 - 49,999	1,942	11.442	17.747	73,996,858	3.166	3.874
50,000 - 74,999	2,151	12.674	30.421	133,938,191	5.731	9.605
75,000 - 99,999	2,277	13.416	43.837	197,984,939	8.472	18.077
100,000 - 124,999	1,952	11.501	55.338	218,593,948	9.354	27.431
125,000 - 149,999	1,724	10.158	65.496	235,234,031	10.066	37.497
150,000 - 174,999	1,371	8.078	73.574	220,612,062	9.440	46.938
175,000 - 199,999	1,034	6.092	79.667	192,617,483	8.242	55.180
200,000 - 224,999	786	4.631	84.298	166,401,230	7.121	62.301
225,000 - 249,999	584	3.441	87.739	137,726,759	5.894	68.194
250,000 - 274,999	440	2.593	90.331	114,942,077	4.919	73.113
275,000 - 299,999	391	2.304	92.635	112,167,986	4.800	77.913
300,000 - 324,999	274	1.614	94.249	85,226,786	3.647	81.560
325,000 - 349,999	201	1.184	95.434	67,414,743	2.885	84.444
350,000 - 374,999	160	0.943	96.376	57,783,834	2.473	86.917
375,000 - 399,999	121	0.713	97.089	46,776,672	2.002	88.919
400,000 - 424,999	123	0.725	97.814	50,437,750	2.158	91.077
425,000 - 449,999	79	0.465	98.280	34,488,020	1.476	92.553
450,000 - 474,999	62	0.365	98.645	28,567,337	1.222	93.775
475,000 - 499,999	49	0.289	98.934	23,914,845	1.023	94.799
500,000 and greater	181	1.066	100.000	121,553,549	5.201	100.000
Total	16,972	100.000%		$2,336,914,198	100.000%	

[1] Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

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Assessed Valuation by Jurisdiction

The following is an analysis of the assessed valuation of property within the District by jurisdiction for fiscal year 2013-14.

ASSESSED VALUATION BY JURISDICTION(1)
Fiscal Year 2013-14
Siskiyou Joint Community College District

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Dorris	$25,295,574	0.60%	$25,295,574	100.00%
City of Dunsmuir	109,481,878	2.62	109,481,878	100.00
City of Etna	41,430,570	0.99	41,430,570	100.00
City of Fort Jones	39,136,528	0.94	39,136,528	100.00
City of Montague	59,459,703	1.42	59,459,703	100.00
City of Mount Shasta	337,294,205	8.06	337,294,205	100.00
City of Tulelake	23,057,578	0.55	23,057,578	100.00
City of Weed	210,614,954	5.03	210,614,954	100.00
City of Yreka	568,236,357	13.58	568,236,357	100.00
Unincorporated Siskiyou County	2,723,943,447	65.09	2,723,943,447	100.00
Unincorporated Shasta County	46,689,559	1.12	6,048,395,327	0.77
Total District	$4,184,640,353	100.00%		
Total Siskiyou County	$4,137,950,794	98.88%	$4,137,950,794	100.00%
Total Shasta County	46,689,559	1.12	$14,468,720,078	0.32%
Total District	$4,184,640,353	100.00%		

(1) Before deduction of redevelopment incremental valuation.
Source: California Municipal Statistics, Inc.

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Tax Levies, Collections and Delinquencies

The following table shows secured tax levies within the County, and amounts delinquent as of June 30, for the fiscal years shown below.

SECURED TAX CHARGES AND DELINQUENCIES
Fiscal Years 2008-09 through 2012-13
Siskiyou County

	Secured Tax Charge(1)	Amt. Del. June 30	% Del. June 30
2008-09	$44,213,892	$1,755,287	3.97%
2009-10	45,741,789	2,015,565	4.41
2010-11	46,104,754	1,712,927	3.72
2011-12	45,879,783	1,636,299	3.57
2012-13	45,291,606	1,424,703	3.15

(1) All taxes collected within the County.
Source: State of California Controller's Office via California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment – Teeter Plan

Under the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq*. of the State Revenue and Taxation Code, each participating local agency levying property taxes, including community college districts, receives from its county the amount of uncollected taxes credited to its fund, in the same manner as if the amount credited had been collected. In return, the county receives and retains delinquent payments, penalties and interest as collected, that would have been due the local agency. The Teeter Plan, once adopted by a county, remains in effect unless the county board of supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year, the board of supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the county. A board of supervisors may, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in the county when delinquencies for taxes levied by that agency exceed 3%.

The Teeter Plan applies to the 1% general purpose property tax levy. Whether or not the Teeter Plan also is applied to other tax levies for local agencies, such as the tax levy for general obligation bonds of a local agency, varies by county. Siskiyou County excludes special assessment districts and the unsecured and supplemental tax levies from the Teeter Plan

Under the Teeter Plan, the county funds the District its full tax levy allocation rather than funding only actual collections (levy less delinquencies). In exchange, the county receives the interest and penalties that accrue on delinquent payments, when the late taxes are collected. Each of the Counties has adopted the Teeter Plan and include the District's general purpose secured property tax levy and the secured *ad valorem* tax levy for the District's general obligation bonds under the Teeter Plan, but exclude the unsecured levies. **Therefore, the receipt of unsecured property taxes within each of the Counties with respect to the District's general obligation bonds, including the Bonds, are subject to delinquencies.**

Tax Rates

Representative tax rate areas (each a "TRA") located within the District are Tax Rate Area 6000 and Tax Rate Area 7000. The table below demonstrates the total *ad valorem* property tax rates, as a percentage of assessed value, levied by all taxing entities in each TRA during the five-year period from 2009-10 through 2013-14.

TYPICAL TAX RATE (TRA 6-000-SHASTA COUNTY)(1)
Fiscal Years 2009-10 through 2013-14
Siskiyou Joint Community College District

	2009-10	2010-11	2011-12	2012-13	2013-14
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Mount Shasta Elementary School District	.0135	.0175	.0175	.0175	.0175
Siskiyou Joint Community College District	.0250	.0329	.0329	.0352	.0352
Siskiyou Union High School District	.0194	.0293	.0293	.0325	.0325
Total	1.0579%	1.0797%	1.0797%	1.0852%	1.0852%

(1) 2013-14 assessed valuation for TRA 6-000 is $311,698,206 which is 7.4% of the district's total assessed valuation.
Source: California Municipal Statistics, Inc.

	2009-10	2010-11	2011-12	2012-13	2013-14
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Siskiyou Joint Community College District	.0250	.0329	.0329	.0352	.0352
Total	1.0250%	1.0329%	1.0329%	1.0352%	1.0352%

(1) 2013-14 assessed valuation for TRA 7-000 is $522,506.614 which is 12.5% of the district's total assessed valuation.
Source: California Municipal Statistics, Inc.

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Largest Property Owners

The following table lists the 20 largest local secured taxpayers in the District in terms of their 2013-14 secured assessed valuations.

LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2013-14
Siskiyou Joint Community College District

	Property Owner	Primary Land Use	2013-14 Assessed Valuation	% of Total[(1)]
1.	CG Roxane LLC	Water Bottling	$72,859,884	1.85%
2.	Roseburg Forest Products Co.	Forest Products	44,609,252	1.13
3.	Wal Mart Real Estate Business Trust	Commercial	18,976,392	0.48
4.	Wyntoon Estate LLC	Private Estate/Timber	16,751,028	0.42
5.	Yreka Junction Investors LP	Commercial	12,858,565	0.33
6.	Fruit Growers Supply Company	Food Processing	10,895,604	0.28
7.	Fairchild Professional Group LLC	Commercial	8,789,431	0.22
8.	Pilot Travel Centers LLC	Gas Station/Market	8,478,965	0.21
9.	Michael F. and Deborah Lynn Fahner	Agricultural	8,398,125	0.21
10.	Timber Products Co.	Food Processing	7,641,817	0.19
11.	Michigan California Timber Company LP	Timber	7,401,533	0.19
12.	Six CS Enterprises Inc.	Hotel/Motel	7,036,868	0.18
13.	HCP SH ELPI Properties LLC	Commercial	6,910,525	0.18
14.	TDHC Properties LLC	Industrial	6,492,096	0.16
15.	Sierra Pacific Industries	Timber	6,307,750	0.16
16.	Iron Horse Acres LLC	Agricultural	6,101,451	0.15
17.	Michelle Lynn Hill, Trustee	Residential Properties	6,095,857	0.15
18.	Miner Street Development Inc.	Hotel/Motel	5,690,088	0.14
19.	Ralph's Ranches Corp.	Agricultural	5,504,743	0.14
20.	Lee P. and Ferreline A. Wetzel	Residential Properties	4,985,858	0.13
			$272,785,832	6.92%

(1) 2013-14 local secured \assessed valuation: $3,944,698,567.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. effective as of August 1, 2014. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The table shows the percentage of each overlapping entity's assessed value located within the boundaries of the District. The table also shows the corresponding portion of the overlapping entity's existing debt payable from property taxes levied within the District. The total amount of debt for each overlapping entity is not given in the table.

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
Siskiyou Joint Community College District

2013-14 Assessed Valuation: $4,184,640,353

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 8/1/14
Siskiyou Community College District	**100.000%**	**$23,622,863**(1)
Siskiyou Union High School District	100.000	8,847,735
Mount Shasta Union School District	100.000	486,550
South Dunsmuir Sewer Assessment District No. 1998-1	100.000	102,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$33,059,148
OVERLAPPING GENERAL FUND DEBT:		
Shasta County General Fund Obligations	0.323%	$121,803
Siskiyou County Pension Obligations	100.000	15,415,000
TOTAL OVERLAPPING GENERAL FUND DEBT		$15,536,803
COMBINED TOTAL DEBT		$48,595,951(2)

Ratios to 2013-14 Assessed Valuation:

Direct Debt ($23,622,863)... 0.56%
Total Direct and Overlapping Tax and Assessment Debt..... 0.79%
Combined Total Debt 1.16%

(1) Excludes the Bonds, but includes the Refunded Bonds.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

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CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable from the proceeds of an ad valorem *property tax levied by the Counties for the payment thereof. See "THE BONDS – Security and Sources of Payment." Articles XIIIA, XIIIB, XIIIC and XIIID of the Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the Counties to levy taxes on behalf of the District and the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Bonds. The tax levied by the Counties for payment of the Bonds was approved by the District's voters in compliance with Article XIIIA, Article XIIIC, and all applicable laws.*

Article XIIIA of the California Constitution

Article XIIIA ("Article XIIIA") of the State Constitution limits the amount of *ad valorem* property taxes on real property to 1% of "full cash value" as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 bill under 'full cash value,' or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the "base year value." The full cash value is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIA has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the Counties to pay debt service on the Bonds. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations."

Article XIIIA requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIIIA exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b) as the result of an amendment approved by State voters on July 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. In addition, Article XIIIA requires the approval of two-thirds of all members of the state legislature to change any state taxes for the purpose of increasing tax revenues.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the relevant county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Both the United States Supreme Court and the California State Supreme Court have upheld the general validity of Article XIIIA.

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("unitary property"). Under the State Constitution, such property is assessed by the SBE as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

The California electric utility industry has been undergoing significant changes in its structure and in the way in which components of the industry are regulated and owned. Sale of electric generation assets to largely unregulated, nonutility companies may affect how those assets are assessed, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring, or whether any future litigation may affect ownership of utility assets or the State's methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District. So long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's school financing formula. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Major Revenues" and "SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT."

Article XIIIB of the California Constitution

Article XIIIB ("Article XIIIB") of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, community college district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIIIB defines

(a) "change in the cost of living" with respect to K-14 school districts to mean the percentage change in California per capita income from the preceding year, and

(b) "change in population" with respect to a K-14 school district means the percentage change in the average daily attendance of such K-14 school district from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIIIB, as amended.

The appropriations of an entity of local government subject to Article XIIIB limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain state subventions to that entity. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service such as the Bonds, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIIIB also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See "– Propositions 98 and 111" below.

Article XIIIC and Article XIIID of the California Constitution

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIIIC and XIIID (respectively, "Article XIIIC" and "Article XIIID"), which contain a number of provisions affecting the ability of local agencies, including school districts and community college districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts and community college districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the Counties pursuant to Article XIIIA of the California Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Propositions 98 and 111

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-14 school districts at a level equal to the greater of (a) the same percentage of General Fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, and (b) the amount actually appropriated to such districts from the General Fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which could be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Since the Accountability Act is unclear in some details, there can be no assurances that the Legislature or a court might not interpret the Accountability Act to require a different percentage of General Fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget.

On June 5, 1990, the voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limitations Act of 1990" ("Proposition 111") which further modified Article XIIIB and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

The most significant provisions of Proposition 111 are summarized as follows:

a. Annual Adjustments to Spending Limit. The annual adjustments to the Article XIIIB spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in California per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of such district's minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into such districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

c. Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the Legislature and the Governor, which expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

d. Recalculation of Appropriations Limit. The Article XIIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues ("Test 1") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment ("Test 2"). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test ("Test 3"), which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in California per capital personal income. Under Test 3, K-14 school districts will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 will become a "credit" (also referred to as a "maintenance factor") to K-14 school districts which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as Proposition 39) to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, community college districts, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% of the value of property. Property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to buy or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate levied as the result of any single election be no more than $60 (for a unified school district), $30 (for an elementary or high school district), or $25 (for a community college district), per $100,000 of taxable property value, when assessed valuation is projected to increase in accordance with Article XIIIA of the Constitution. These requirements are not part of this proposition and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Jarvis v. Connell

On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the California Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to K-14 school districts, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Proposition 1A allows the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to K-14 school districts or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's General Fund and transportation funds, the State's main funding source for school districts and community college districts, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the State Legislative Analyst's Office (the "LAO") on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was to be approximately $1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total General Fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's General Fund costs by approximately $1 billion annually for several decades. See also “FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – State Dissolution of Redevelopment Agencies.”

Proposition 30

On November 6, 2012, voters of the State approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as “Proposition 30”), which temporarily increases the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposes an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposes an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017, for storage, use, or other consumption in the State. This excise tax will be levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing on January 1, 2012 and ending in the taxable year commencing on December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $340,000 but less than $408,000 for joint filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $408,000 but less than $608,000 for joint filers), and (iii) 3% for taxable income over $500,000 for single filers (over $608,000 for joint filers).

The revenues generated from the temporary tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Propositions 98 and 111.”. From an accounting perspective, the revenues generated from the temporary tax increases will be deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the “EPA”). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 98, 39, 22, 26 and 30 were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District’s ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA

The information in this section concerning State funding of community colleges is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from State revenues. The Bonds are payable from the proceeds of an ad valorem *property tax required to be levied by the Counties in an amount sufficient for the payment thereof.*

Major Revenues

California community college districts (other than Basic Aid Districts, as described below) receive a majority of their funding from the State, and the balance from local and federal sources. State funds include general apportionment, categorical funds, capital construction, the lottery (which generally is less than 3 percent), and other minor sources. Local funds include property taxes, student fees, and miscellaneous sources.

A bill passed the State's legislature ("SB 361"), and signed by the Governor on September 29, 2006, established the present system of funding for community college districts. This system includes allocation of state general apportionment revenues to community college districts based on criteria developed by the Board of Governors of the California Community Colleges (the "Board of Governors") in accordance with prescribed statewide minimum requirements. In establishing these minimum requirements, the Board of Governors was required to acknowledge community college districts' need to receive an annual allocation based on the number of colleges and comprehensive centers in each respective district, plus funding received based on the number of credit and noncredit FTES in each district.

SB 361 also specified that, commencing with the 2006-07 fiscal year, the minimum funding per FTES would be: (a) not less than $4,367 per credit FTES; (b) at a uniform rate of $2,626 per noncredit FTES; and (c) set at $3,092 per FTES for a new instructional category of "career development and college preparation" ("CDCP") enhanced non-credit rate. Each such minimum funding rate is subject to cost of living adjustments (each, a "COLA"), if any, funded through the State budgeting legislation in each fiscal year. Pursuant to SB 361, the State Chancellor (the "Chancellor") developed criteria for one-time grants for districts that would have received more funding under the prior system or a then-proposed rural college access grant, than under the new system.

The table on the following page shows the District's FTES figures for the last five fiscal years, along with projected FTES for the current fiscal year.

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FULL TIME EQUIVALENT STUDENTS[1]
Fiscal Years 2009-10 through 2014-15
Siskiyou Joint Community College District

Fiscal Year	Funded FTES[2]	Unfunded FTES[2]	Total FTES
2009-10	2,533.85	69.24	2,603.09
2010-11[3]	2,250.08	--	2,250.08
2011-12[3]	2,150.42	--	2,150.42
2012-13	2,433.12	--	2,433.12
2013-14[3]	2,301.91	--	2,301.91
2014-15[4]	2,473.66	--	2,473.66

(1) One FTES is equivalent to 525 student contact hours, which is determined based on a State formula of one student multiplied by 15 weekly contact hours multiplied by 35 weeks. Accordingly, the number of FTES in the District may not equal the number of students enrolled in the District. Reflects resident FTES counts only; non-resident FTES are excluded from State funding formula calculations, and pay full tuition.
(2) In each fiscal year, the State budget will establish an enrollment cap on the maximum number of FTES, known as the "funded" FTES, for which a community college district will receive a revenue allocation, as determined by the program-based model. A district's enrollment cap is based on the previous fiscal year's reported FTES, plus the growth allowance provide for by the State budget, if any. All student hours in excess of the enrollment cap are considered "unfunded" FTES.
(3) In fiscal year 2011-12 and 2013-14, the District qualified for "stability" funding under Cal. Code Regs. tit. 5, Section 58776, pursuant to which community college districts, during the initial year of a decline in FTES, may receive funding in an amount equaling the revenue loss associated with the FTES reduction for that year.
(4) Projected.
Source: Siskiyou Joint Community College District.

Local revenues are first used to satisfy District expenditures. The major local revenue source is local property taxes that are collected from within District boundaries. Student enrollment fees from the local community college district generally account for the remainder of local revenues for the District. Property taxes and student enrollment fees are applied towards fulfilling the District's financial need. Once these sources are exhausted, State funds are used. State aid is subject to the appropriation of funds in the State's annual budget. Decreases in State revenues may affect appropriations made by the legislature to the District. The sum of the property taxes, student enrollment fees, and State aid generally comprise the District's total funding allocation.

"Basic Aid" community college districts are those districts whose local property tax and student enrollment fee collections, including EPA funds, exceed the revenue allocation determined by the program-based model. The current law in California allows these districts to keep the excess funds without penalty. Basic Aid districts do not receive any general apportionment funding from the State, though they are currently entitled to the minimum amount of Proposition 30 tax proceeds. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Proposition 30." The implication for Basic Aid districts is that the legislatively determined annual cost of living adjustment and other politically determined factors are less significant in determining such districts' primary funding sources. Rather, property tax growth and the local economy become the determinant factors. The District is not a Basic Aid district.

A small part of a community college district's budget is from local sources other than property taxes and student enrollment fees, such as interest income, donations and sales of property. Every community college district receives the same amount of lottery funds per pupil from the State, however, these are not categorical funds as they are not for particular programs or students. The initiative authorizing the lottery does require the funds to be used for instructional purposes, and prohibits their use for capital purposes.

Tax Shifts and Triple Flip

Assembly Bill No. 1755 ("AB 1755"), introduced March 10, 2003 and substantially amended June 23, 2003, requires the shifting of property taxes between redevelopment agencies and K-14 school districts. On July 29, 2003, the Assembly amended Senate Bill No. 1045 to incorporate all of the provisions of AB 1755, except that the Assembly reduced the amount of the required Education Revenue Augmentation Fund ("ERAF") shift to $135 million. Legislation commonly referred to as the "Triple Flip" was approved by the voters on March 2, 2004, as part of a bond initiative formally known as the "California Economic Recovery Act." This act authorized the issuance of $15 billion in bonds to finance the 2002-03 and 2003-04 State budget deficits, which are payable from a fund established by the redirection of tax revenues through the "Triple Flip." Under the "Triple Flip," one-quarter of local governments' 1% share of the sales tax imposed on taxable transactions within their jurisdiction is redirected to the State. In an effort to eliminate the adverse impact of the sales tax revenue redirection on local government, the legislation redirects property taxes in the ERAF to local government. Because the ERAF monies were previously earmarked for K-14 school districts, the legislation provides for K-14 school districts to receive other state general fund revenues.

Budget Procedure

On or before September 15, the Board of Trustees of the District is required under Section 58305 of the California Code of Regulations, Title V, to adopt a balanced budget. Each September, every State agency, including the Chancellor's Office of the California Community Colleges (the "Chancellor's Office") submits to the Department of Finance ("DOF") proposals for changes in the State budget. These proposals are submitted in the form of Budget Change Proposals ("BCPs"), involving analyses of needs, proposed solutions and expected outcomes. Thereafter, the DOF makes recommendations to the governor, and by January 10 a proposed State budget is presented by the governor to the legislature. The Governor's Budget is then analyzed and discussed in committees and hearings begin in the State Assembly and Senate. In May, based on the debate, analysis and changes in the economic forecasts, the governor issues a revised budget with changes he or she can support. The law requires the legislature to submit its approved budget by June 15, and by June 30 the governor should announce his or her line item reductions and sign the State budget. In response to growing concern for accountability and with enabling legislation (AB 2910, Chapter 1486, Statutes of 1986), the statewide governing board of the California community colleges (the "Board of Governors") and the Chancellor's Office have established expectations for sound district fiscal management and a process for monitoring and evaluating the financial condition to ensure the financial health of California's community college districts. In accordance with statutory and regulatory provisions, the Chancellor has been given the responsibility to identify districts at risk and, when necessary, the authority to intervene to bring about improvement in their financial condition. To stabilize a district's financial condition, the Chancellor may, as a last resort, seek an appropriation for an emergency apportionment.

The monitoring and evaluation process is designed to provide early detection and amelioration that will stabilize the financial condition of a district before an emergency apportionment is necessary. This is accomplished by (1) assessing the financial condition of districts through the use of various information sources and (2) taking appropriate and timely follow-up action to bring about improvement in a district's financial condition, as needed. A variety of instruments and sources of information are used to provide a composite of each district's financial condition, including quarterly financial status reports, annual financial and budget reports, attendance reports, annual district audit reports, district input and other financial records. In assessing each district's financial condition, the Chancellor will pay special attention to each district's general fund balance, spending pattern, and full-time equivalent student patterns. Those districts with greater financial difficulty will receive follow-up visits from the

Chancellor's Office where financial solutions to the district's problems will be addressed and implemented.

The table on the following page shows the District's general fund budgets for fiscal years 2011-12 through 2014-15, the District's ending results for fiscal years 2011-12 through 2013-14. See also "APPENDIX A – EXCERPTS FROM THE 2012-13 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT."

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GENERAL FUND BUDGETING
Fiscal Years 2011-12 Through 2014-15
Siskiyou Joint Community College District

	Fiscal Year 2011-12		Fiscal Year 2012-13		Fiscal Year 2013-14		Fiscal Year 2014-15
	Budgeted[1]	**Unaudited[1]**	**Budgeted[1]**	**Unaudited[1]**	**Budgeted[1]**	**Unaudited[2]**	**Budgeted[3]**
REVENUES:							
Federal	$1,112,999	$1,233,693	$837,650	$1,012,269	$870,728	$819,839	$944,779
State	12,918,591	11,862,990	10,086,572	11,881,385	12,465,469	12,485,149	11,786,035
Local	4,733,188	5,031,302	5,014,464	5,433,654	5,544,561	5,515,899	5,822,489
TOTAL REVENUES	18,764,778	18,127,985	15,938,686	18,327,308	18,880,758	$18,820,887	18,553,303
EXPENDITURES:							
Academic Salaries	6,770,268	6,798,072	5,682,937	7,433,187	7,420,504	6,338,456	5,719,208
Classified Salaries	4,097,656	3,752,262	3,312,110	2,999,157	3,152,638	3,012,243	3,363,728
Employee Benefits	4,762,475	4,357,847	3,554,568	3,793,578	3,661,766	3,383,754	4,005,471
Books and Supplies	503,936	561,660	478,300	657,841	535,128	513,198	511,069
Services and Other Operating Expenditures	2,567,306	2,755,691	2,351,404	2,481,982	2,780,557	3,917,899	4,121,140
Capital Outlay	207,392	402,900	145,872	374,640	319,681	523,459	196,310
TOTAL EXPENDITURES	18,909,033	18,628,432	15,525,191	17,740,385	17,870,274	17,689,008	17,916,926
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(144,255)	(500,447)	413,495	586,923	1,010,484	1,131,879	636,377
OTHER FINANCING SOURCES (USES)	--	475,296	29,400	60,310	90,783	54,215	61,230
OTHER OUTGO	(524,208)	(665,139)	(698,308)	(882,357)	(1,024,305)	(1,102,225)	(625,694)
NET INCREASE (DECREASE) IN FUND BALANCES	(668,463)	(690,290)	(255,413)	(235,124)	76,962	83,869	71,913
BEGINNING FUND BALANCE	1,968,245	1,968,245	1,334,698	1,334,698	1,098,315	1,098,315	1,182,184
Prior Year Adjustments	--	56,743	--	(1,259)	--		
ENDING FUND BALANCE	$1,229,782	$1,334,698	$1,079,285	$1,098,315	$1,175,277	$1,182,184	$1,254,097

(1) From the District's CCFS-311 Reports filed with the California Community Colleges Chancellor's Office. Unaudited results for fiscal years 2011-12 and 2012-13 in object-oriented format provided for comparison. For audited results of those fiscal years in revised reporting format, see "SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT – Comparative Financial Statements."

(2) Fiscal Year 2013-14 Unaudited Actuals and Fiscal Year 2014-15 budgeted figures taken from the District's Final Proposed Budget for fiscal year 2014-15, approved by the Board on September 2, 2014.

Source: Siskiyou Joint Community College District.

Minimum Funding Guarantees for California Community College Districts Under Propositions 98 and 111

General. In 1988, California voters approved Proposition 98, an initiative that amended Article XVI of the State Constitution and provided specific procedures to determine a minimum guarantee for annual K-14 funding. The constitutional provision links the K-14 funding formulas to growth factors that are also used to compute the State appropriations limit. Proposition 111 (Senate Constitutional Amendment 1), adopted in June 1990, among other things, changed some earlier school funding provisions of Proposition 98 relating to the treatment of revenues in excess of the State spending limit and added Test 3 to calculate the annual funding guarantee. This third calculation is operative in years in which general fund tax revenue growth is weak. The amendment also specified that under Test 2 (see below), the annual COLA for the minimum guarantee for annual K-14 funding would be the change in California's per-capita personal income, which is the same COLA used to make annual adjustments to the State appropriations limit (Article XIII B).

Calculating Minimum Funding Guarantee. There are currently three tests which determine the minimum level of K-14 funding. Under implementing legislation for Proposition 98 (AB 198 and SB 98 of 1989), each segment of public education (K-12 districts, community college districts, and direct elementary and secondary level instructional services provided by the State) has separately calculated amounts under the Proposition 98 tests. The base year for the separate calculations is the 1989-90 fiscal year. Each year, each segment is entitled to the greater of the amounts separately computed for each under Test 1 or 2. Should the calculated amount under Proposition 98 guarantee (K-14 aggregated) be less than the sum of the separate calculations, then the Proposition 98 guarantee amount shall be prorated to the three segments in proportion to the amount calculated for each. This statutory split has been suspended in every year beginning with 1992-93. In those years, community colleges received less than was required from the statutory split.

Test 1 guarantees that K-14 education will receive at least the same funding share of the State general fund budget it received in 1986-87. Initially, that share was just over 40%. Because of the major shifts of property tax from local government to community colleges and K-12 which began in 1992-93 and increased in 1993-94, the percentage dropped to 33.0%.

Test 2 provides that K-14 education will receive as a minimum, its prior-year total funding (including State general fund and local revenues) adjusted for enrollment growth and per-capita personal income COLA.

Test 3 provides an alternative calculation of the funding base in years in which State per-capita General Fund revenues grow more slowly than per-capita personal income. When this condition exists, K-14 minimum funding is determined based on the prior-year funding level, adjusted for changes in enrollment and COLA where the COLA is measured by the annual increase in per-capita general fund revenues, instead of the higher per-capita personal income factor. The total allocation, however, is increased by an amount equal to one-half of 1% of the prior-year funding level as a funding supplement.

In order to make up for the lower funding level under Test 3, in subsequent years K-14 education receives a maintenance allowance equal to the difference between what should have been provided if the revenue conditions had not been weak and what was actually received under the Test 3 formula. This maintenance allowance is paid in subsequent years when the growth in per-capita State tax revenue outpaces the growth in per-capita personal income.

The enabling legislation to Proposition 111, Chapter 60, Statutes of 1990 (SB 98, Garamendi), further provides that K-14 education shall receive a supplemental appropriation in a Test 3 year if the annual growth rate in non-Proposition 98 per-capita appropriations exceeds the annual growth rate in per-pupil total spending.

State Dissolution of Redevelopment Agencies

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos* ("*Matosantos*"), finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all Redevelopment Agencies in California ceased to exist as a matter of law on February 1, 2012. The Court in *Matosantos* also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 1A and Proposition 22." ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to K-14 school districts and county offices of education, totaling $1.7 billion statewide.

ABx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) ("AB 1484"), which, together with ABx1 26, is referred to herein as the "Dissolution Act." The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency under the California Community Redevelopment Law that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a "Successor Agency"). All property tax revenues that would have been allocated to a redevelopment agency, less the corresponding county auditor-controller's cost to administer the allocation of property tax revenues, are now allocated to a corresponding Redevelopment Property Tax Trust Fund ("Trust Fund"), to be used for the payment of pass-through payments to local taxing entities, and thereafter to bonds of the former redevelopment agency and any "enforceable obligations" of the Successor Agency, as well as to pay certain administrative costs. The Dissolution Act defines "enforceable obligations" to include bonds, loans, legally required payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations.

Among the various types of enforceable obligations, the first priority for payment is tax allocation bonds issued by the former redevelopment agency; second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; third is administrative costs of the Successor Agency, equal to at least $250,000 in any year, unless the oversight board reduces such amount for any fiscal year or a lesser amount is agreed to by the Successor Agency; then, fourth tax revenues in the Trust Fund in excess of such amounts, if any, will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the Controller and the Department of Finance that application of the foregoing will leave the Successor Agency with amounts insufficient to make scheduled payments on enforceable obligations. If the county auditor-controller verifies that the Successor Agency will have insufficient amounts to make scheduled payments on enforceable obligations, it shall report its findings to the Controller. If the Controller agrees there are insufficient funds to pay scheduled payments on enforceable obligations, the amount of such deficiency shall be deducted from the amount remaining to be distributed to taxing agencies, as described as the fourth distribution above, then from amounts available to the Successor Agency to defray administrative costs. In addition, if a taxing agency entered into an agreement pursuant to Health and Safety Code Section 33401 for payments from a redevelopment agency under which the payments were to be subordinated to certain obligations of the redevelopment agency, such subordination provisions shall continue to be given effect.

As noted above, the Dissolution Act expressly provides for continuation of pass-through payments to local taxing entities. Per statute, 100% of contractual and statutory two percent pass-throughs, and 56.7% of statutory pass-throughs authorized under the Community Redevelopment Law Reform Act of 1993 (AB 1290, Chapter 942, Statutes of 1993) (“AB 1290”), are restricted to educational facilities without offset against revenue limit apportionments by the State. Only 43.3% of AB 1290 pass-throughs are offset against State aid so long as the affected local taxing entity uses the moneys received for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance as provided under Education Code Section 42238(h).

ABX1 26 states that in the future, pass-throughs shall be made in the amount “which would have been received . . . had the redevelopment agency existed at that time,” and that the county auditor-controller shall “determine the amount of property taxes that would have been allocated to each redevelopment agency had the redevelopment agency not been dissolved pursuant to the operation of [ABX1 26] using current assessed values . . . and pursuant to statutory [pass-through] formulas and contractual agreements with other taxing agencies.”

Successor Agencies continue to operate until all enforceable obligations have been satisfied and all remaining assets of the Successor Agency have been disposed of. AB 1484 provides that once the debt of the Successor Agency is paid off and remaining assets have been disposed of, the Successor Agency shall terminate its existence and all pass-through payment obligations shall cease.

The District can make no representations as to the extent to which its base apportionments from the State may be offset by the future receipt of residual distributions or from unencumbered cash and assets of former redevelopment agencies or any other surplus property tax revenues pursuant to the Dissolution Act.

State Assistance

California community college districts' principal funding formulas and revenue sources are derived from the budget of the State of California. The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guaranty the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of or interest on the Bonds is payable from the General Fund of the District. The Bonds are payable solely from the proceeds of an ad valorem *property tax required to be levied by the Counties in an amount sufficient for the payment thereof.*

2014-15 Budget. On June 20, 2014, the Governor signed into law the State budget for fiscal year 2014-15 (the “2014-15 Budget”). The following information is drawn from the State Department of Finance's summary of the 2014-15 Budget and the LAO report entitled “The 2014-15 Budget: California Spending Plan,” and certain other sources relating to Proposition 44 (defined herein).

The 2014-15 Budget is based on revenue projections previously included in the Governor's May revision to the proposed budget for fiscal year 2014-15. For fiscal year 2013-14, the 2014-15 Budget projects total State general fund revenues of $102.2 billion, and total State general fund expenditures of

$100.7 billion. The 2014-15 Budget projects that the State will end the 2013-14 fiscal year with a $2.9 billion general fund surplus. For fiscal year 2014-15, the 2014-15 Budget projects total State general fund revenues of $109.5 billion and total State general fund expenditures of $108 billion, leaving the State with a projected general fund surplus for fiscal year 2014-15 of approximately $2.1 billion. This projected reserve is a combination of $449 million in the State's general fund traditional reserve, and an authorized deposit of $1.6 billion into the Budget Stabilization Account (the "BSA") established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

As part of implementing certain provisions of the 2014-15, a legislatively-referred constitutional amendment (Proposition 44), has been placed on the November 4, 2014 statewide ballot which, if approved by the requisite vote of the electors, would (i) require an annual deposit into the BSA of 1.5% of annual general fund revenues and an additional amount each year whenever capital gains revenues rise to more than 8% of general fund tax revenues; (ii) set the maximum size of the BSA at 10% of State general fund revenues; (iii) require half of each year's deposit into the BSA for the next 15 years be used for supplemental payments to pay fiscal obligations, such as budgetary loans and unfunded state-level pensions plans; (iv) allow the withdrawal of funds from the BSA only for a disaster or if spending remains at or below the highest level of spending from the past three years and limit the amount that could be withdrawn from the BSA in the first year of a recession to half of the BSA fund balance; (v) require the State to provide a multi-year budget forecast to help better manage the State's longer term finances; and (vi) create a Proposition 98 reserve, whereby spikes in funding would be deposited thereto to smooth school spending. This reserve would make no changes to the Proposition 98 calculations, and it would not begin to operate until the existing maintenance factor is fully paid off.

As a result of changes in State general fund revenues, local property tax collections and changes in student attendance, the 2014-15 Budget includes revised estimates to the minimum fund guarantees for fiscal years 2012-13 and 2013-14. The 2012-13 minimum guarantee is revised upward to $57.8 billion, an increase of $1.3 billion over the estimate included in the 2013-14 State budget. For fiscal year 2013-14, the 2014-15 Budget revises the minimum guarantee to be $58.3 billion, approximately $3 billion higher than that included in the 2013-14 State budget.

The 2014-15 Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2014-15 at $60.9 billion, including $44.5 billion of support from the State's general fund. This represents an increase of $2.6 billion over the estimates included in the Governor's May revision. The 2014-15 Budget also authorizes certain payments to reduce the State's outstanding maintenance factor, including $5.2 billion allocable to fiscal year 2012-13 and $2.6 billion allocable to fiscal year 2014-15. The State is expected to end fiscal year 2014-15 with an outstanding maintenance factor of approximately $4 billion.

Significant features of the 2014-15 Budget related to the funding of community college districts include the following:

- *State Pensions.* The 2014-15 Budget includes a plan to reduce the $74.4 billion unfunded STRS liability in approximately 30 years by increasing contribution rates among the State, K-14 school districts, and participating employees. For fiscal year 2014-15, these increases are expected to result in $276 million of additional contributions from all three entities. The plan also provides the STRS Board (as defined herein) with limited authority to (i) increase State, school district and community college district contributions based on changing conditions, and (ii) reduce school district and community college district contributions if they are no longer necessary. For additional information, see "SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT – Retirement Programs."

- *Implementing Statewide Performance Strategies* – $1.1 million of non-Proposition 98 funding to add nine positions for the State Chancellor's Office to develop leading indicators of student success and to monitor community college districts' performance. The 2014-15 Budget also provides $2.5 million of Proposition 98 funding to provide local technical assistance to support the implementation of effective practices across all community college districts, with a focus on underperforming districts.

- *Investing in Student Success* – $170 million in Proposition 98 funding to improve and expand student success programs and to strengthen efforts to assist underrepresented students. This amount is allocated as follows: (i) $100 million to increase orientation, assessment, placement, counseling and other education planning services for all matriculated students, and (ii) $70 million to close gaps in access and achievement in underrepresented student groups, as identified in local Student Equity Plans.

- *Apportionments* – An increase of $140.4 million in Proposition 98 funding for growth in general-purpose apportionments, which represents a 2.75% increase in enrollment, and which, according to the LAO, equates to an additional 30,000 full-time equivalent students. The 2014-15 Budget directs the State Board of Governors to adopt a growth formula beginning in fiscal year 2015-16 that gives first priority to the community college districts identified as having the greatest unmet need in adequately serving their community's higher educational needs. The 2014-15 Budget also provides $47.3 million of Proposition 98 funding for a 0.85% COLA.

- *Career Technical Education* – A one-time increase of $50 million in Proposition 98 funding to improve career technical education. The $50 million will support the Economic and Workforce Development program at the Chancellor's Office. Additionally, beginning in fiscal year 2015-16, the State Budget increases the funding rate for career development and college preparation noncredit courses to equal the funding rate for credit courses.

- *Technology Infrastructure* – A $1.4 million one-time increase in Proposition 98 funding and a $4.6 million ongoing increase in Proposition 98 funding to upgrade bandwidth and replace technology equipment at community college districts.

- *Disabled Student Programs and Services* – $30 million in Proposition 98 funding to provide support services to students with disabilities.

- *Eliminating Apportionment Deferrals* – $The 2014-15 Budget provides $5.2 billion to reduce outstanding apportionment deferrals, including $498 billion for community college districts. Under the budget plan, $992 million in deferrals, including $94 million for community college districts, are expected to remain outstanding at the end of fiscal year 2014-15. The 2014-15 Budget also provides for a trigger mechanism whereby potentially all outstanding deferrals would be repaid if the Proposition 98 minimum guarantee increases as a result of additional funding sources. Effectively, the 2014-15 Budget earmarks the first $992 million of additional State spending allocable to fiscal years 2013-14 and 2014-15 to the paydown of deferrals.

- *Mandates* – $49.5 million in one-time Proposition 98 funding to reimburse community college districts for the cost of State-mandated programs to be distributed on a per-student basis. For community colleges, the 2014-15 Budget repeals one mandate related to certain information included in infrastructure plans and adds to the block grant one mandate related to public contracts. The LAO notes that, the 2014-15 Budget does not increase funding for the block grant as the added costs are expected to be minimal.

- *Financial Stability for Apportionments* – An increase of $40.5 million in fiscal year 2013-14 and $37.8 million in fiscal year 2014-15 in Proposition 98 funding by shifting a portion of the revenues from former redevelopment agencies that are scheduled to be received in the final months of the fiscal year to the following fiscal year. Proposition 98 funding will backfill the difference between estimated total fiscal year redevelopment agency revenues and the amount the community college districts receive through April 15.

- *Investing in Deferred Maintenance and Instructional Equipment* – A one-time increase of $148 million in Proposition 98 funding for deferred maintenance or instructional equipment purchases. This program funds facility maintenance projects as well as replacement of instructional equipment and library materials.

- *Proposition 39.* Passed by voters in November 2012, Proposition 39 increases State corporate tax revenues and requires a five-year period, starting in fiscal year 2013-14, that a portion of these revenues be used to improve energy efficiency and expand the use of alternative energy in public buildings. The 2014-15 Budget provides $38 million in Proposition 98 funding for community college grants and $28 million of Proposition 98 funding for a revolving loan program for K-14 School Districts.

- *Quality Education Investment Act* – The 2014-15 Budget authorizes a final payment of $410 million to retire the State's obligation under the Quality Education Investment Act of 2006 (Stats. 2006, Chapter 751), which required the State to provide additional annual school district and community college district funding payments. Of this amount, $316 million is for continued funding of the QEIA program (including $48 million for community college districts) and $94 million is to pay down a separate State obligation related to school facility repairs

- *Pay Down of Remainder of Economic Recovery Bonds.* The 2014-15 Budget transfers 3% of general fund revenues – or $3.2 billion- to the BSA. Under Proposition 98, one-half of those revenues must be used to accelerate the repayment of the State's Economic Recovery Bonds. The $1.6 billion payment is expected to pay off the remaining principal amount of the Economic Recovery Bonds during fiscal year 2014-15. See "– Tax Shifts and Triple Flip" above.

- *Capital Outlay*. The 2014-15 Budget appropriates a total of $21 million in general obligation bond funding for one continuing community college project and seven new projects. The LAO notes that future State costs for these projects are expected to total an additional $102 million.

For additional information regarding the State's 2014-15 Budget, see the State Department of Finance website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

The information in this section concerning the operations of the District and the District's finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable only from the proceeds of an ad valorem *property tax levied by the Counties for the payment thereof. See "THE BONDS – Security and Sources of Payment.*"

Introduction

The District was established in 1957 and comprises of an area of approximately 268 acres located in the Counties. The District operates a community college known as College of the Siskiyous, with campuses in the cities of Weed and Yreka, California. Shasta College is fully accredited by the Accrediting Commission for Community and Junior Colleges ("ACCJC"). For fiscal year 2014-15, the District has budgeted its full-time equivalent student ("FTES") count at 2,473.66 students. Taxable property within the District has a fiscal year 2013-14 assessed valuation of $4,184,640,353.

Administration

The District is governed by the seven-member Board, each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between three and four available positions. Current members of the Board, together with their office and the date their term expires, are listed below:

Board Member	Office	Term Expires
Barry Ohlund	President	December 2016
Gregory Hanna	Vice President	December 2016
Carol Cupp	Trustee	December 2014
Alan Dyar	Trustee	December 2014
Jim Hardy	Trustee	December 2014
Penny Heilman	Trustee	December 2014
Robert Rice	Trustee	December 2016

The Superintendent/President of the District is appointed by the Board and reports to the Board. The Superintendent/President is responsible for management of the District's day-to-day operations and supervises the work of other key administrators.

Brief biographies of key administrators follow:

Scotty R. Thomason, Superintendent/President. Mr. Thomason began his tenure as the Superintendent/President of the District on July 21, 2014. Prior thereto, he served as the Interim Executive Vice President, Administrative Service at the District. Prior to joining the District, he served as the Interim Chief Business Officer at Ohlone Community College District from March 2011 until June 2012. Mr. Thomason has also served as a Business Officer Supervisor, Financial Aid Administrator, Interim Vice President of Student Services and Vice President of Administrative Services at Reedley College, Vice President of Student Services at West Hills College, and Vice President Administrative Services and Chief Business Officer at College of the Redwoods. Mr. Thomason has worked in California Community Colleges for over 31 years. He received a B.A. and an M.A. from California State University, Fresno.

Kent Gross, Controller. Kent Gross, Comptroller. Mr. Gross began his tenure at District on March 31, 2003, as the Controller and has filled that role for the past eleven years. Prior to joining the District, he was employed in the private sector in various accounting positions and industries that directly relate to his role as the current Controller. Mr. Gross has a BS in Business Administration/Accounting from Bloomsburg University of Pennsylvania and has also earned his Certified Public Accountant license.

Labor Relations

As of August 1, 2014, the District employed 34 full-time certificated professionals, 63 full-time classified employees and 18 managers. In addition, the District employs 131 part-time faculty and 75 part time staff. These employees, except management and some part-time employees, are represented by two bargaining units as noted below:

BARGAINING UNITS
Siskiyou Joint Community College District

Labor Organization	Number of Employees In Organization	Contract Expiration Date
California State Employee's Association	47	June 30, 2015
California Teachers' Association	34	June 30, 2015

Source: Siskiyou Joint Community College District.

Retirement Programs

The information set forth below regarding the CalSTRS and CalPERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Underwriter.

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "STRS Defined Benefit Program"). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, neither the employee, employer or State contribution rate to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State recently passed legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed A.B. 1469 ("A.B. 1469") in \to law as a part of the 2014-15 State Budget. A.B. 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the "2014 Liability"), within 32 years, by increasing member, K-14 school district and State contributions to STRS. Commencing on July 1, 2014, the employee contribution rates will increase over a three year phase in period in accordance with the following schedule:

MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	STRS Members Hired Prior to January 1, 2013	STRS Members Hired After January 1, 2013
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

Source: A.B. 1469.

Pursuant to A.B. 1469, K-14 school districts' contribution rate will increase over a seven year phase in period in accordance with the following schedule:

K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	K-14 school districts
July 1, 2014	8.880%
July 1, 2015	10.730
July 1, 2016	12.580
July 1, 2017	14.430
July 1, 2018	16.280
July 1, 2019	18.130
July 1, 2020	19.100

Source: A.B. 1469.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter, the STRS Teachers' Retirement Board (the "STRS Board") is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, A.B. 1469 also requires the STRS Board to report to the State legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

The District's contribution to CalSTRS was $451,804 for fiscal year 2011-12, $413,749 for fiscal year 2012-13, and is estimated to be $382,016 for fiscal year 2013-14. The District has budgeted $499,555 as its contribution to CalSTRS for fiscal year 2014-15.

The State also contributes to STRS, currently in an amount equal to 3.454% of teacher payroll for fiscal year 2014-15. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Pursuant to A.B. 1469, the State contribution rate will increase over the next three years to a total of 6.328% in fiscal year 2016-17. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2013 included 1,580 public agencies and schools (representing more than 2,500 entities). PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the PERS Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The District is currently required to contribute to PERS at an actuarially determined rate, which is 11.771% of eligible salary expenditures for fiscal year 2014-15. Participants enrolled in PERS prior to January 1, 2013 contribute 7% of their respective salaries, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 6% of their respective salaries for fiscal year 2013-14. See "—California Public Employees' Pension Reform Act of 2013."

The District's contribution to CalPERS was $394,818 for fiscal year 2011-12, $341,903 for fiscal year 2012-13, and is estimated to be $353,735 for fiscal year 2013-14. The District has budgeted $397,987 as its contribution to CalPERS for fiscal year 2014-15.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

FUNDED STATUS
STRS (Defined Benefit Program) and PERS
(Dollar Amounts in Millions) [(1)]
Fiscal Years 2010-11 through 2012-13

	STRS				PERS			
Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)[(2)]	Unfunded Liability (MVA)[(2)(3)]	Unfunded Liability (AVA)[(4)]	Accrued Liability	Value of Trust Assets (MVA)[(2)]	Unfunded Liability (MVA)[(2)]	Unfunded Liability (AVA)[(4)]
2010-11	$208,405	$147,140	$68,365	$64,475	$58,358	$45,901	$12,457	$6,811
2011-12	215,189	143,118	80,354	70,957	59,439	44,854	14,585	5,648
2012-13	222,281	157,176	74,374	73,667	--[(5)]	--[(5)]	--[(5)]	--[(5)]

(1) Amounts may not add due to rounding.
(2) Reflects market value of assets.
(3) Excludes SBPA reserve.
(4) Reflects actuarial value of assets.
(5) Actuarial valuation for fiscal year June 30, 2013 is not yet available. On April 16, 2014, the PERS Board (as defined herein) released certain actuarial information to be incorporated into the June 30, 2013 actuarial valuation to be released in late summer 2014. Based upon this information, as of June 30, 2013, the Schools Pool portion of the Public Employees Retirement Fund had an unfunded accrued actuarial liability of $12.0 billion with a funded ratio of 80.5% based on market value of assets.

Source: PERS State & Schools Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

Over the past two years, the PERS Board of Administration (the "PERS Board") has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

On March 14, 2012, the PERS Board voted to lower the PERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "PERS Discount Rate") from 7.75% to 7.5%. As one consequence of such decrease, the annual contribution amounts paid by PERS member public agencies, including the District, have been increased by 1 to 2% for miscellaneous plans and by 2 to 3% for safety plans beginning in fiscal year 2013-14. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The PERS Board has delayed the implementation of the new actuarial policies until fiscal year 2015-16 for the State, K-14 school districts and all other public agencies.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The cost of the revised assumptions shall be amortized over a 20-year period and related increases in public agency contribution rates shall be affected over a three year period, beginning in fiscal year 2014-15. The new demographic assumptions affect each of: the State, K-14 school districts and all other public agencies.

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those amounts required under A.B. 1469. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employee's Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

Post-Employment Health Care Benefits

Benefit Plan. The Siskiyou Joint Community College District Post-Retirement Health Benefits Plan (the "Plan") is a single-employer OPEB plan administered by the District. Administrators, academic, and administrative support management employees hired prior to July 1, 1992, classified employees hired prior to December 1, 1992, and Board members elected between January 1, 1981, and January 1, 1995, may receive benefits from age 55 to age 65 (the "Benefits"). The District pays 100% of the eligible retirees' medical plan premiums. Before receiving Benefits, academic, administrative support management, and classified employees must have ten years of service with the District. Board members must serve a minimum of 12 years with the District. All employees and board members with 20 or more years of service are eligible to receive District paid medical benefits from the date of retirement for the remainder of their lives.

As of June 30, 2014, the District has 24 active employees who are eligible for post-retirement health Benefits, and 62 retirees who receive post-retirement health Benefits.

Funding Policy. During fiscal year 2013-14, the District realized total expenditures of $481,026 for the Benefits for retired employees, all of which were used to pay current premiums. The District has budgeted $425,300 for such expenditures in fiscal year 2014-15, net of a projected deposit to the OPEB Trust (defined herein) of $135,255, which when combined, would result in the funding of the ARC (defined below) for the current fiscal year**.**

The District has established an irrevocable trust (the "Trust") with Union Bank of California through the Retiree Health Benefit Program Joint Powers Authority to begin funding the Benefits. As of August 1, 2014, the District had contributed $1,000,000 to the Trust and the value of assets in the Trust was $875,532.

Accrued Liability. The District has implemented *Governmental Accounting Standards Board Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans* ("GASB 45"), pursuant to which the District has commissioned and received several actuarial studies of its accrued liability with respect to the Benefits. The most recent of these studies, dated as of May 22, 2014, concluded that the District's unfunded actuarial accrued liability ("AAL") in respect of the Benefits, as of the December 1, 2013 valuation date, was $7,266,224, and that the annual required contribution (the "ARC") was $560,529 beginning December 1, 2013. In calculating the ARC, the actuary took into account the $718,136 actuarial value of plan assets in the Trust as of November 30, 2013. The ARC is the amount that would be necessary to fund the value of future benefits earned by current employees during each fiscal year (the "Normal Cost") and the amount necessary to amortize the UAAL, in accordance with the Governmental Accounting Standards Board Statements Nos. 43 and 45.

As of June 30, 2013, the District recognized a long-term obligation (the "Net OPEB Obligation") of $1,888,949 with respect to its accrued liability for the Benefits. The Net OPEB Obligation is based on the District's contributions towards the ARC during fiscal year 2012-13, plus interest on the prior year's Net OPEB Obligation and minus any adjustments to reflect the amortization thereof. See "APPENDIX A – EXCERPTS FROM THE FISCAL YEAR 2012-13 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT —Note 11."

Risk Management

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

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

The District has a self-insured health insurance plan, which covers all eligible employees. Annual expenses in excess of the District's self-insured retention of $100,000 per employee up to $1,900,000 per employee are covered by excess insurance through a stop loss carrier. Subsequent to the end of fiscal year 2012-13, the District became fully insured for its medical and prescription plans.

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California Community College Budget and Accounting Manual. This manual, according to Section 84030 of the California Education Code, is to be followed by all California community college districts. GASB has released Statement No. 34, which makes changes in the annual financial statements for all governmental agencies in the United States, especially in recording of fixed assets and their depreciation, and in the way the report itself is formatted. These requirements became effective on May 15, 2002 for the District, as well as for any other governmental agency with annual revenues of between $10 million and $100 million. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

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Comparative Financial Statements

The following table reflects the District's audited revenues, expenditures and changes in net assets from fiscal years 2008-09 through 2012-13:

SUMMARY OF AUDITED REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
Fiscal Years 2008-09 through 2012-13
Siskiyou Joint Community College District

	Fiscal Year 2008-09	Fiscal Year 2009-10	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13
OPERATING REVENUES					
Tuition and Fees	$2,400,272	$2,825,476	$3,101,206	$3,460,006	$4,360,904
Less: Scholarship discount and allowances	(771,693)	(921,505)	(1,062,279)	(1,025,142)	(1,657,584)
Net tuition and fees	1,628,579	1,903,971	2,038,927	2,434,864	2,703,320
Grants and Contracts, non-capital:					
Federal	4,406,012	6,311,856	10,219,349	10,058,575	859,820
State	2,060,534	2,074,512	1,969,768	2,016,533	1,584,772
Local	518,642	556,386	134,324	208,645	429,365
Auxiliary enterprise sales and charges	789,707	769,411	674,877	640,951	580,390
Total operating revenues	9,403,474	11,616,136	15,037,245	15,359,568	6,157,667
OPERATING EXPENSES					
Salaries	11,801,182	11,751,875	11,344,518	10,800,394	10,673,538
Employee benefits	4,857,313	5,382,303	5,121,575	4,294,223	4,563,459
Supplies, materials and other operating expenses and services	4,589,888	4,198,922	4,152,842	4,134,008	4,210,967
Payments to students	3,735,583	5,142,254	9,311,113	9,331,911	179,721
Utilities	688,953	787,599	849,669	801,517	763,977
Depreciation and amortization expense	879,625	1,180,044	1,143,181	1,283,508	1,590,011
Total operating expenses	26,552,544	28,442,997	31,922,898	30,645,561	21,981,673
OPERATING LOSS	(17,149,070)	(16,826,861)	(16,885,653)	(15,285,993)	(15,824,006)
NON-OPERATING REVENUES (EXPENSES)					
State apportionments, non-capital	12,195,078	11,660,338	11,617,895	9,967,231	8,129,363
Local property taxes	4,408,227	4,584,286	4,873,491	4,792,074	3,374,844
State taxes and other revenues	475,585	507,134	488,497	441,563	2,661,859
Federal other revenues	--	--	--	--	--
Investment income, non-capital	435,023	119,371	84,075	98,290	28,393
Investment income, capital	--	--	--	--	--
Interest expense - capital asset-related debt	(1,340,881)	(1,200,349)	(1,269,492)	(1,531,257)	--
Loss/Gain on disposal of capital assets	--	--	--	--	--
Financial aid revenues – federal	--	--	--	--	7,521,988
Financial aid revenues – state	--	--	--	--	166,813
Financial aid expenses	--	--	--	--	(7,881,162)
Other non-operating revenue (expenses)	517,573	456,823	177,961	135,590	99,353
Total non-operating revenues (expenses)	16,690,605	16,127,603	15,972,427	13,903,491	14,101,451
INCOME (LOSS) BEFORE OTHER REVENUES & EXPENSES	(458,465)	(699,258)	(913,226)	(1,382,502)	(1,722,555)
State apportionments, capital	150,000	--	1,076,197	10,480,138	779,612
Local property taxes and revenues, capital	--	--	--	--	1,509,155
Interest expense – capital asset related debt	--	--	--	--	(1,554,172)
CHANGE IN NET ASSETS	(308,465)	(699,258)	162,971	9,097,636	(987,960)
NET ASSETS, BEGINNING OF YEAR	7,951,508	7,643,043	6,943,785	6,674,460[(1)]	16,634,952[(2)]
NET ASSETS, END OF YEAR	$7,643,043	$6,943,785	$7,106,756	$15,772,096	$15,646,992

(1) The net assets as of the beginning of fiscal year 2011-12 were restated as a result of the discovery that accretion on the 2005 General Obligation Bonds, Series B and C had been under accrued in the amount of $432,296.
(2) As a result of the implantation of GASB Statement No. 62, the beginning net position was increased $1,789,109 as a result of capitalizing interest on bond projects that were previously expensed. In addition, as a result of the implementation of GASB Statement No. 65, prior year deferred bond issuance costs of $926,253 have been removed and treated as a reduction of beginning net position.
Source: Siskiyou Joint Community College District.

Educational Foundation

The College of the Siskiyous Auxiliary Foundation (the "Foundation") is a not-for-profit public benefit corporation organized under Section 501(c)(3) of the Code. The Foundation was established in 1992 to support the District and its students, specifically by providing scholarships to students and contributing directly to the District Under GASB rules, the Foundation is a component unit of the District for financial reporting purposes. As of June 30, 2013, the Foundation had net assets valued at $3,160,588. For fiscal years 2012-13 and 2013-14, the Foundation contributed to $29,400 and $54,215, respectively, to the District, which were deposited into the unrestricted general fund.

District Debt Structure

Short-Term Debt. On July 16, 2014, the District issued its 2014-15 Tax and Revenue Anticipation Notes in an aggregate principal amount of $1,510,000 (the "TRANs") to fund seasonal cashflow deficits of the District. The TRANs mature on June 30, 2015, and bear interest at a rate of 2.00%. The TRANs are an obligation of the District payable from taxes, income, revenue (including, but not limited to, revenue from state and federal governments), cash receipts and other moneys (including moneys deposited in inactive or term deposits, but excepting certain moneys encumbered for a special purpose) which are generally available for the payment of current expenses and other obligations of the District.

Long-Term Debt. General long-term debt as of June 30, 2013 consisted of the following:

	Balance Beginning of Year	**Additions**	**Reductions**	**Balance End of Year**
Long-term Debt:				
General obligation bonds				
Dorm revenue	$70,000	--	$11,000	$59,000
Measure A – Series A	15,246,991	$63,194	175,000	15,135,185
Measure A – Series B and C	12,259,248	493,828	80,000	12,673,076
Bond anticipation note	1,164,302	42,013	--	1,206,315
Software financing	216,582	--	216,582	--
Science building equipment lease	--	1,090,514	154,706	935,808
Copier leases	57,834	--	16,772	41,062
Total Long-Term Debt	29,014,957	1,689,549	654,060	30,050,446
Other Long-term Liabilities:				
Compensated absences	294,640	273,342	286,809	281,173
Other postemployment benefits	1,566,105	322,844	--	1,888,949
Total	$30,875,702	$2,285,735	$940,869	$32,220,568

Bond Anticipation Notes. On February 4, 2010, the District issued its 2010 General Obligation Bond Anticipation Notes (the "2010 Notes") in an aggregate principal amount of $998,754.75. The 2010 Notes matured on December 1, 2013 and accreted in value at a rate of 5.410%. The 2010 Notes were issued to finance the repair, upgrading, construction and equipping of certain District sites and facilities, in anticipation of the issuance of bonds pursuant to the Authorization. The 2010 Notes were general obligations of the District, which were repaid on their maturity date from unspent proceeds of the 2010 Notes and from general funds of the District lawfully available for the purpose of repaying the 2010 Notes.

General Obligation Bonds. On May 18, 2006 the District issued its Election of 2005 General Obligation Bonds, Series 2006A in the aggregate principal amount of $14,997,975.70 (the "Series A Bonds"). On April 10, 2008, the District issued its General Obligation Bonds, Election of 2005 , Series B in the aggregate principal amount of $1,964,343.75 (the "Series B Bonds") and its General Obligation Bonds, Election of 2005 Series C in the aggregate principal amount of $8,034,344.20 (the "Series C Bonds"). There is currently $6,403,336.35 or authorized but unissued bonds under the Authorization.

The following table displays the annual debt service requirements of the District for all outstanding general obligation bonds, including the Bonds (and assuming no optional redemptions):

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT
General Obligation Bonds – Consolidated Debt Service Schedule

Year Ending (August 1)	Series A Bonds[1]	Series B Bonds	Series C Bonds	The Bonds	Total Annual Debt Service
2015	$381,828.76	$133,900.00	$126,500.00	$585,165.00	$1,227,393.76
2016	426,828.76	130,925.00	126,500.00	496,100.00	1,180,353.76
2017	471,828.76	127,525.00	126,500.00	495,050.00	1,220,903.76
2018	519,828.76	124,125.00	126,500.00	499,000.00	1,269,453.76
2019	570,066.26	120,725.00	126,500.00	497,400.00	1,314,691.26
2020	276,660.00	117,325.00	126,500.00	840,800.00	1,361,285.00
2021	--	113,818.76	126,500.00	1,170,400.00	1,410,718.76
2022	--	105,100.00	126,500.00	1,231,200.00	1,462,800.00
2023	--	101,500.00	126,500.00	1,288,400.00	1,516,400.00
2024	--	92,500.00	126,500.00	1,352,900.00	1,571,900.00
2025	--	83,750.00	126,500.00	1,417,175.00	1,627,425.00
2026	--	75,250.00	126,500.00	1,481,175.00	1,682,925.00
2027	--	62,000.00	126,500.00	1,556,575.00	1,745,075.00
2028	--	54,250.00	126,500.00	1,630,625.00	1,811,375.00
2029	--	36,750.00	126,500.00	1,706,225.00	1,869,475.00
2030	--	--	126,500.00	1,786,225.00	1,912,725.00
2031	--	1,975,000.00	126,500.00	--	2,101,500.00
2032	--	100,000.00	2,071,500.00	--	2,171,500.00
2033	--	--	2,246,500.00	--	2,246,500.00
2034	--	--	2,321,500.00	--	2,321,500.00
2035	--	--	2,401,500.00	--	2,401,500.00
2036	--	--	2,481,500.00	--	2,481,500.00
2037	--	--	2,566,500.00	--	2,566,500.00
2038	--	--	2,656,500.00	--	2,656,500.00
2039	--	-	2,745,000.00	--	2,745,000.00
2040	--	--	2,835,000.00	--	2,835,000.00
2041	--	--	2,935,000.00	--	2,935,000.00
2042	--	--	3,035,000.00	--	3,035,000.00
2043	--	--	3,135,000.00	--	3,135,000.00
2044	--	--	3,245,000.00	--	3,245,000.00
2045	--	--	3,355,000.00	--	3,355,000.00
2046	--	--	3,470,000.00	--	3,470,000.00
2047	--	--	3,585,000.00	--	3,585,000.00
Total	$2,647,041.30	$3,554,443.76	$47,236,000.00	$18,034,415.00	$71,471,900.06

(1) Excludes debt service on Refunded Bonds.
Source: Siskiyou Joint Community College District.

Dormitory Revenue Bonds. In 1968, the District issued Dormitory Revenue Bonds in the aggregate principal amount of $336,000. These bonds are secured by a first lien on and pledge of the net revenues to be derived from the operation and ownership of two dormitories. As of June 30, 2013,

$59,000 principal amount of the Dormitory Revenue Bonds remains outstanding. The Dormitory Revenue Bonds mature through 2018 and bear interest at 3%.

Equipment Lease. On September 27, 2012, the District executed and delivered a Master Equipment Lease-Purchase Agreement (the "Equipment Lease") pursuant to which the District is financing the acquisition of certain equipment for installation at a science building at the College of the Siskiyous. The Equipment Lease is payable from 60 consecutive monthly installments of $19,399.22, and for which the District is required to appropriate sufficient funds in each fiscal year. Rental payments are payable from any legally available source. Rent payments payable under the Equipment Lease evidence principal in the amount of $1,090,514.00, with interest with respect thereto accruing at a rate of 2.59%.

Capital Lease Obligations. The District leases equipment at a cost of $1,172,382, with related accumulated depreciation of $43,871, under agreements which provide for title to pass upon expiration of the lease period. The amount of interest cost incurred during the year ended June 30, 2013, was $25,711, all of which was charged to expenses. Amortization expense under capital leases has been included with depreciation expense in the statement of revenue, expenses, and changes in net position.

Future minimum lease payments are as follows:

Year Ending June 30	**Lease Payments**
2014	$255,382
2015	254,377
2016	233,782
2017	233,038
2018	58,198
Total	1,034,777
Less: Amount representing interest	(57,907)
Present Value of Net Minimum Lease Payments	$976,870

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. Bond Counsel notes that, with respect to corporations, interest on the Bonds may be included as an adjustment in the calculation of alternative minimum taxable income which may affect the alternative minimum tax liability of corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax.

The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS, THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE INTEREST ON THE BONDS OR THE MARKET VALUE OF THE BONDS. LEGISLATIVE CHANGES HAVE BEEN PROPOSED IN CONGRESS, WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME TAX BEING IMPOSED ON CERTAIN OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THE INTRODUCTION OR ENACTMENT OF ANY OF SUCH CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT, SUBSEQUENT TO THE ISSUANCE OF THE BONDS, SUCH CHANGES (OR OTHER CHANGES) WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING

POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of bond counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) on the Bonds for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) on the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

A copy of the proposed form of opinion of Bond Counsel for the Bonds is attached hereto as APPENDIX B.

LEGAL MATTERS

Continuing Disclosure

Current Undertaking. The District has covenanted for the benefit of Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than nine months following the end of the District's fiscal year (the District's fiscal year ends on June 30), commencing with the report for the 2013-14 fiscal year, and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of listed events will be filed in accordance with the requirements of the Rule. The specific nature of the information to be made available and to be contained in the notices of listed events is described in the form of Continuing Disclosure Certificate attached hereto as APPENDIX C. These covenants have been made in order to assist the Underwriter in complying with the Rule.

Prior Undertakings. Within the past five years, the District has failed to file in a timely manner annual reports for fiscal years 2008-09 through 2011-12 and a portion of its annual report for 2012-13, as required by its existing continuing disclosure undertakings. All such reports have since been filed for such years. Within the past five years, the District has also failed to file certain notices of listed events, as required by its existing continuing disclosure undertakings. Within the past five years, the District has never filed a notice of a failure to provide annual financial information, on or before the date specified in its prior continuing disclosure agreements.

Legality for Investment in California

Under provisions of the California Financial Code, the Bonds are legal investments for commercial banks in California to the extent that the Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and under provisions of the California Government Code, are eligible for security for deposits of public moneys in the State.

Absence of Material Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* property taxes to collect other revenues or contesting the District's ability to issue and retire the Bonds.

Currently, there are no lawsuits or claims pending against the District.

Information Reporting Requirements

On May 17, 2006, the President signed the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"). Under Section 6049 of the Code, as amended by TIPRA, interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

Legal Opinion

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Bond Counsel. A copy of the proposed form of such legal opinion is attached to this Official Statement as APPENDIX B.

Verification

Upon delivery of the Bonds, the Verification Agent, will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to them by the Underwriter (defined herein) relating to (a) the adequacy of the maturing principal of and interest on the Federal Securities in the Escrow Fund, together with any moneys held therein as cash, to pay the redemption price of and interest on the Refunded Bonds and (b) the computations of yield of the Bonds and the Federal Securities in the Escrow Fund which support Bond Counsel's opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes.

Financial Statements

Portions of the financial statements with supplemental information for the year ended June 30, 2013, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report dated December 6, 2013 of Matson and Isom (the "Auditor"), are included in this Official Statement as APPENDIX A. In connection with the inclusion of portions of the financial statements and the report of the Auditor thereon in APPENDIX A to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

RATINGS

The Bonds have been assigned a rating of "AA," with a "Stable" outlook, by S&P, based upon the issuance of the Policy by BAM. Moody's and Standard & Poor's, have assigned underlying ratings of "A1" and "A+," respectively, to the Bonds. Such ratings reflect only the views of such organization and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, 7 World Trade Center at 250 Greenwich, New York, New York 10007 and Standard & Poor's, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the respective rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price for the Bonds.

UNDERWRITING

The Bonds are being purchased by Piper Jaffray & Co., as Underwriter. The Underwriter has agreed to purchase the Bonds at a price of $13,377,911.35 (reflecting the principal amount of the Bonds of $12,740,000.00, plus original issue premium of $720,721.35, and less the Underwriter's discount of $82,810.00). The purchase contract for the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said agreement, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the cover page hereof. The offering prices may be changed from time to time by the Underwriter.

The Underwriter has provided the following language for inclusion in this Official Statement: The Underwriter has entered into a distribution agreement (the "Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co") that enables CS&Co to distribute certain new issue municipal securities underwritten by or allocated to the Underwriter which could include the Bonds. Under the Distribution Agreement, the Underwriter will share with CS&CO a portion of the fee or commission paid to the Underwriter.

ADDITIONAL INFORMATION

Quotations from and summaries and explanations of the Bonds, the Resolution providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

Some of the data contained herein has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. This Official Statement has been approved by the District's Board of Trustees.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended only as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners, beneficial or otherwise, of any of the Bonds.

This Official Statement and the delivery thereof have been duly approved and authorized by the District.

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

By /s/ Scotty R. Thomason
Superintendent/President

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APPENDIX A

EXCERPTS FROM THE 2012-13 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

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MATSON & ISOM

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

Weed, California

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION WITH INDEPENDENT AUDITORS' REPORTS

June 30, 2013

	Page Number

OTHER REPORTS SECTION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS SECTION

INDEPENDENT AUDITORS' REPORT

MATSON & ISOM

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Siskiyou Joint Community College District (the District) as of and for the year ended June 30, 2013, 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

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 and the discretely presented component unit of the Siskiyou Joint Community College District, as of June 30, 2013, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
Continued

Change in Accounting Principles

As discussed in note 14, the District adopted new accounting guidance, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements.* The beginning net position was increased by $1,789,109, as a result of capitalizing interest costs of bond projects that were previously expensed. Our opinion is not modified with respect to this matter.

The District also adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities.* The beginning net position was decreased by $926,253, as a result of expensing the costs associated with the issuance of bonds. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 15 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 schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the financial information listed as supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

INDEPENDENT AUDITORS' REPORT
Continued

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 6, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Matson and Isom

December 6, 2013
Redding, California

MANAGEMENT’S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

USING THIS ANNUAL REPORT

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

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities by $15.6 million in 2012-13 and $16.6 million in 2011-12.
- At the close of the 2012 and 2013 fiscal years, the balance designated for economic uncertainties and the undesignated fund balance for the General Fund exceeded the State Chancellor's Office guideline of five percent of the General Fund expenditures.
- Full-Time Equivalent Students (FTES) for 2012-13 and 2011-12 were 2,457 and 2,150, respectively.
- For the 2013 and 2012 fiscal years, total student financial aid offered to qualifying students throughout the District exceeded $7.8 million and $9.1 million, respectively, and is provided through grants and loans from the Federal government, State Chancellor's Office, and local funding.
- Costs of employee salaries have decreased for 2012-13 due mainly to attrition and negotiated wage reductions from previous year State budget reductions. However, total salary expenditures do include increased instructional salary expense from the addition of two Instructional Service Agreements.

- The District continues to make its scheduled payments on the Dorm Revenue Bond and its capital equipment leases. The District issued Bond Anticipation Notes (BAN) in February 2010 to finance the completion of the Rural Health Sciences Institute. There are no required payments on the BAN until December 2013. Interest accretes on the balance over the life of the note.
- The occupancy rate for our lodges exceeded 83 percent for 2012-13, and the District continues to add new program activities to more fully engage students. The fall 2013 semester had the lodges at 100 percent occupancy with additional students being housed at a local motel in Weed at the beginning of the semester and has averaged 90% occupancy through November 2013.

Condensed district-wide financial information is as follows:

NET POSITION AS OF JUNE 30

	2013	2012
ASSETS		
Current Assets		
Cash, investments, and short-term receivables	$ 4,759,889	$ 2,701,187
Inventory and other assets	5,956,507	5,431,518
Total Current Assets	10,716,396	8,132,705
Non-Current Assets		
Restricted cash and investments	1,697,432	1,226,876
Capital assets, net of depreciation	41,733,189	30,472,553
Non-depreciable capital assets	223,139	12,300,426
Total Non-Current Assets	43,653,760	43,999,855
Total Assets	$ 54,370,156	$ 52,132,560
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 2,315,884	$ 3,325,455
Deferred revenue	1,411,712	1,296,451
Short-term debt – TRAN	2,775,000	-
Long-term liabilities – current portion	1,775,256	370,872
Total Current Liabilities	8,277,852	4,992,778
Non-Current Liabilities		
Long-term liabilities	30,445,312	30,504,830
Total Liabilities	38,723,164	35,497,608
NET POSITION		
Net investment in capital assets	12,101,319	16,094,716
Nonexpendable	2,512,511	2,115,175
Expendable	1,033,162	(1,574,939)
Total Net Position	15,646,992	16,634,952
Total Liabilities and Net Position	$ 54,370,156	$ 52,132,560

This schedule has been prepared from the District's Statement of Net Position (page 17), which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

Cash and short-term investments consist primarily of funds held in the Siskiyou County Treasury and U. S. Bank. The changes in the cash position are explained in the Statement of Cash Flows (pages 19 and 20).

Long-term liabilities consist of the 2005 General Obligation Bonds, the 2010 Bond Anticipation Notes, and the Dorm Revenue Bond. A Capital Lease arrangement for several copiers was entered into in 2011-12. In addition, the District obtained an interim note for the financing of the new Science Building. The current portion represents the amount of principal to be paid within the next year.

OPERATING RESULTS
FOR THE YEAR ENDED JUNE 30

	2013	2012
OPERATING REVENUES		
Tuition and fees, net of scholarship discount and allowance	$ 2,703,320	$ 2,434,864
Grants and contracts	2,873,957	3,249,087
Auxiliary services	580,390	640,951
Total Operating Revenues	6,157,667	6,324,902
OPERATING EXPENSES		
Salaries and benefits	15,236,997	15,094,617
Supplies and maintenance	5,154,665	5,092,816
Depreciation	1,590,011	1,283,508
Total Operating Expenses	21,981,673	21,470,941
OPERATING LOSS	(15,824,006)	(15,146,039)
NON-OPERATING REVENUE		
State apportionments	8,129,363	9,967,231
Property taxes	4,883,999	4,792,074
Other state revenue	2,661,859	441,563
Financial aid revenues	7,688,801	9,034,666
Financial aid expenses	(7,881,162)	(9,174,620)
Interest expense (net)	(1,525,779)	(1,432,967)
Other non-operating revenues and transfers	99,353	135,590
Total Non-Operating Revenues	14,056,434	13,763,537
OTHER REVENUES		
State revenues, capital	779,612	10,480,138
NET INCREASE (DECREASE) IN NET POSITION	$ (987,960)	$ 9,097,636

This schedule has been prepared from the Statement of Revenues, Expenses, and Changes in Net Position (page 18).

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

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

For 2013 and 2012, the District is recording the depreciation expense related to capital assets. The detail of the changes in capital assets for the year is included in the notes to the financial statements as Note 4.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30

The Statement of Cash Flows provides information about cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and any potential need for external financing. This schedule is prepared from the Statement of Cash Flows presented on pages 19 and 20.

	2013	2012
CASH PROVIDED BY (USED) IN		
Operating activities	$ (14,214,061)	$ (13,026,915)
Noncapital financing activities	13,206,660	13,745,242
Capital financing activities	3,513,820	(388,884)
Investing activities	22,839	102,586
Net Increase (Decrease) in Cash and Cash Equivalents	$ 2,529,258	$ 432,029

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

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

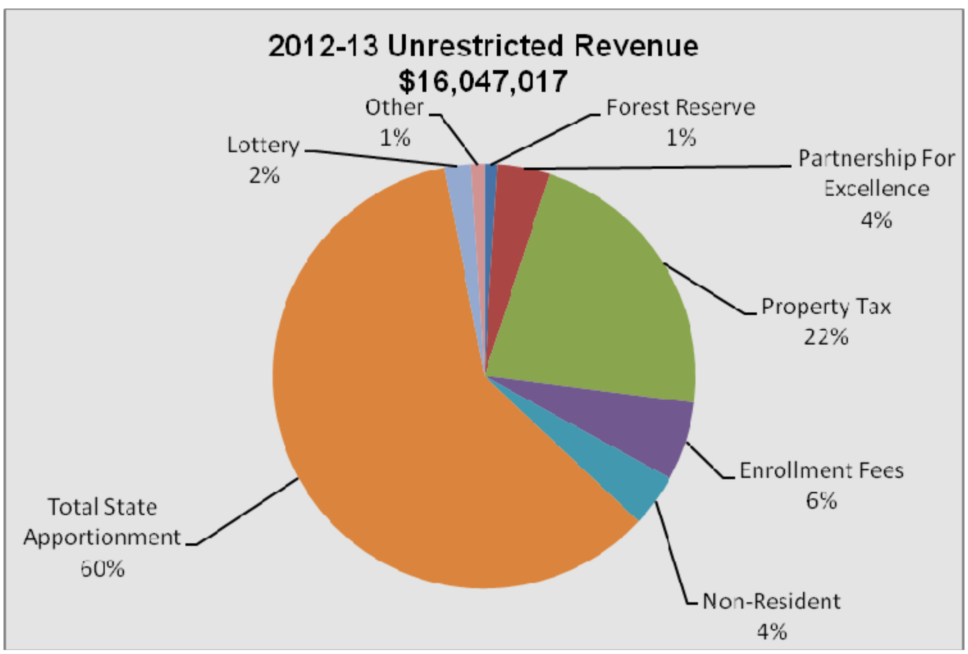
UNRESTRICTED GENERAL FUND SELECTED FINANCIAL INFORMATION

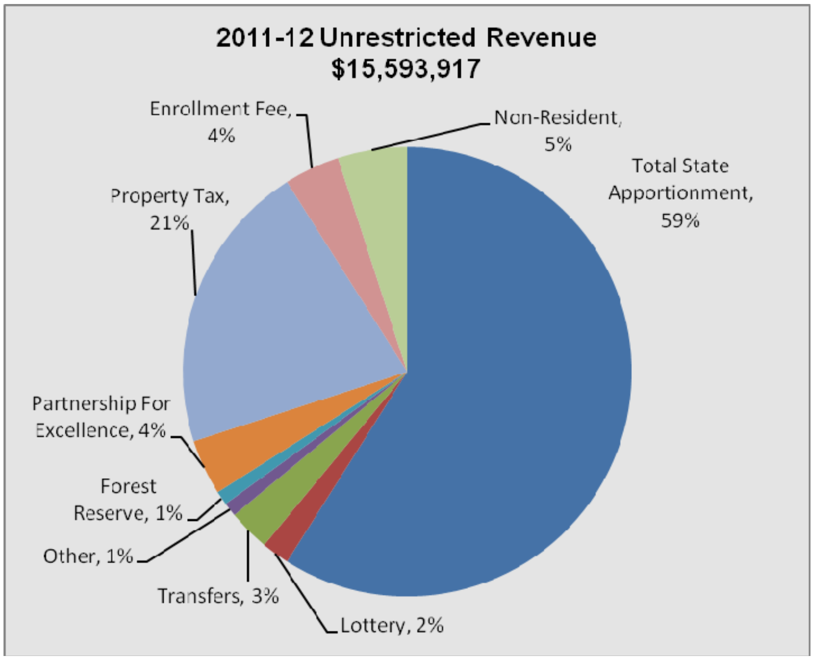
Revenues

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

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

In fiscal years 2013 and 2012, the District's actual unrestricted General Fund revenues totaled $16,047,017 and $15,593,917, respectively.





	Fiscal Year 2013	Fiscal Year 2012
General Apportionment	$ 6,243,893	$ 9,098,879
Education Protection Account	2,257,916	-
Restoration/Decline	1,015,731	-
Subtotal General Apportionment	9,517,540	9,098,879
Property Taxes	3,500,351	3,291,146
Enrollment Fees	983,241	552,232
Total Apportionment Revenues	14,001,132	12,942,257
Partnership for Excellence	675,000	675,000
Lottery	252,721	291,888
Nonresident Tuition	673,701	797,149
Part-time Faculty Compensation	51,209	51,209
Forest Reserve	161,095	202,970
Transfers	29,400	400,000
Other *	202,759	233,444
Total Other Revenue	2,045,885	2,651,660
Total Unrestricted General Fund Revenue	$ 16,047,017	$ 15,593,917

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

Part-time faculty funding, specific for the improvement of part-time salaries and benefits, was $51,209 for both 2012-13 and 2011-12. However, while no COLA adjustment was added to the base funding level, there are annual incremental cost increases associated with the funding, part-time faculty rates for years of service and fringe benefits costs continue to rise each fiscal year.

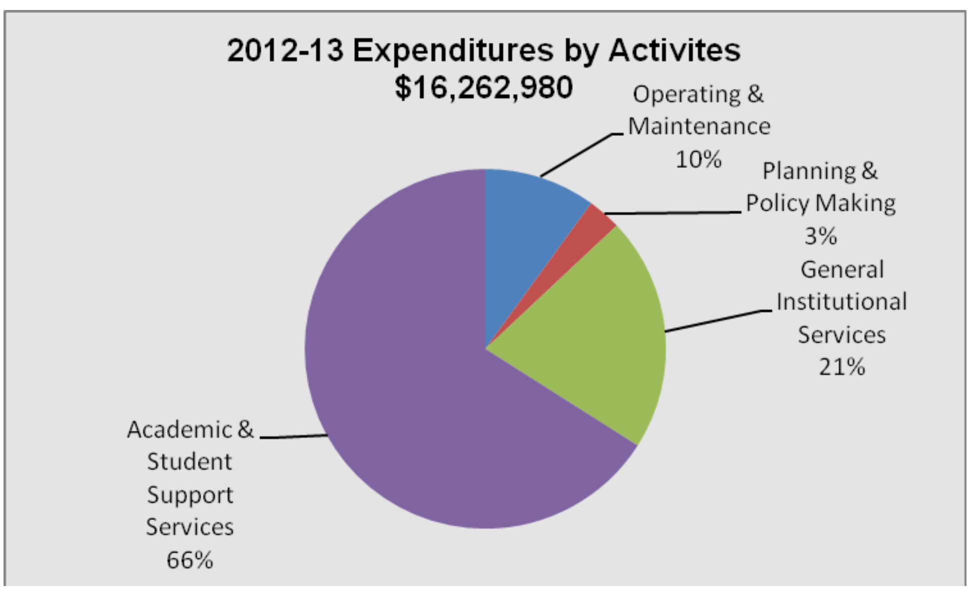
Expenditures

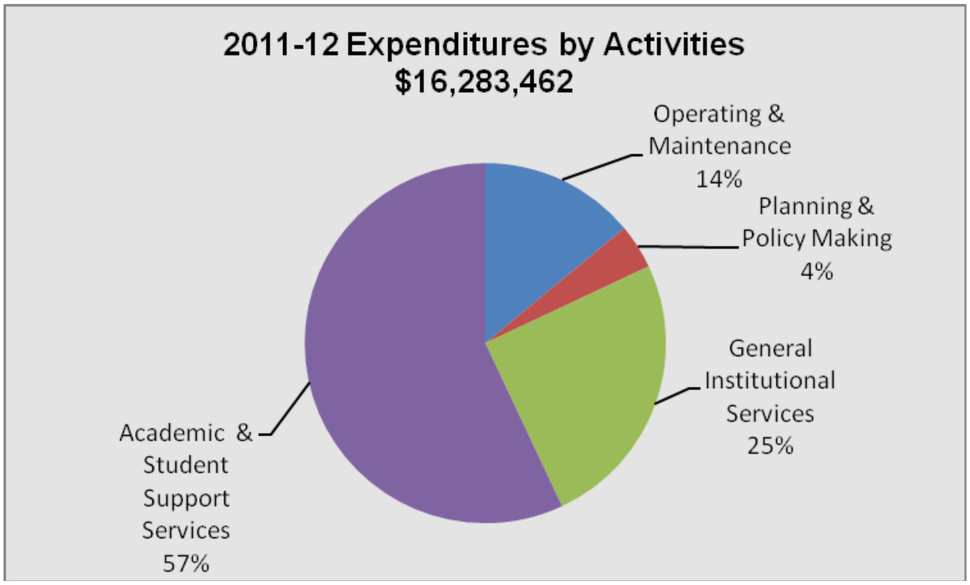
The District expenditures in the unrestricted General Fund were to provide classroom instruction, counseling and student support services, physical plant related activities, administration, and general support services. For the fiscal years ending June 30, 2013 and 2012, the expenditures totaled $16,262,980 and $16,283,462, respectively.

Expenditure by Activity

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

The pie chart, *"Expenditures by Activities,"* summarizes program outlays under this definition for the 2012-13 and 2011-12 periods.





Expenditure Comparison by Category

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

	Fiscal Year 2013	Fiscal Year 2012
Academic Salaries	$ 7,094,749	$ 6,440,034
Classified Salaries	2,453,133	3,118,518
Benefits	3,369,528	3,861,574
Subtotal Salaries and Benefits	12,917,410	13,420,126
Books and Supplies	273,550	330,991
Services and Operating Expenses	2,217,744	1,943,522
Capital Outlay	144,866	122,505
Other Outgo	709,410	466,318
Subtotal	3,345,570	2,863,336
Total Expenditures	$ 16,262,980	$ 16,283,462

- Net expenditures for academic salaries increased from 2012 to 2013 from the addition of two new Instructional Services Agreements (ISA) with the San Francisco Police Academy and the FIELD ESL program. The ISA's were instrumental in restoring the Districts FTES levels from the recent declines in 2012 and 2011. The classified salaries include a negotiated decrease for the ASM and Classified groups as well as not replacing the employees who participated in the Early Retirement Incentive program offered in the spring of 2011-12.

- A partial implementation of a hard cap on health benefit costs created a decrease in fringe benefit costs from 2012 to 2013. In addition, the decrease includes savings from the associated health benefit packages that were not expensed for the positions related to the previous year's Early Retirement Incentive offering.
- Expenditures for services and other operating expenditures increased by approximately 14 percent from 2012 to 2013 primarily from increased contract and consulting services, insurance, legal, and audit expenses. Utility and maintenance costs were relatively flat from 2012 to 2013, but the District is expecting continuing increases in these areas in future years.
- Expenditures in "Other Outgo" include transfers to the Capital Outlay Fund (41) for scheduled maintenance and additional one-time improvement projects as well as transfers to the Debt Service Fund (21) for the existing loan and lease payments. The increase is due to the interim financing to complete the Science Building project.

Net Position and Net Position Classifications

	Fiscal Year 2013	Fiscal Year 2012
Net Investment in Capital Assets	$ 12,101,319	$ 16,094,716
Nonexpendable	2,512,511	2,115,175
Expendable	1,033,162	(1,574,939)
Ending Net Position	$ 15,646,992	$ 16,634,952

COLLEGE OF THE SISKIYOUS AUXILIARY FOUNDATION

The Auxiliary Foundation was established as a 501(c) (3) non-profit charitable organization in 1992 to provide a vehicle for financial support from the community and beyond. It supports the mission and values of College of the Siskiyous by fostering community relationships and raising funds to enhance exceptional learning environments. This is accomplished through fund raising events, soliciting donations and contributions, and dispensing funds to support the College of the Siskiyous students and programs.

Throughout the year the Foundation conducts or assists campus personnel in a variety of friend-raising and fund-raising activities including the Campus Employee Campaign, Annual Campaign, Scholarship Fundraising Dinner, Golf Tournament, and Country Christmas Holiday Craft Fair. Additionally, the Foundation serves as fiscal sponsor for numerous campus clubs, manages the Scholarship program, and coordinates and funds the Performing Arts Series and the campus Mini-Grant Program.

The Foundation manages fiscal sponsorships that generate income for the Foundation which include the Eagle's Nest Resale Shop, a grant through the California Department of Social Services' Office of Child Abuse Prevention (known as the Matrix Outcome Module—MOM Grant), and COS Extension (Community Education) course offerings. The Eagle's Nest Resale Shop has a paid manager and is staffed by numerous volunteers and student employees at a downtown Weed location. The Shop generates unrestricted funding of over $35,000 for the Foundation, provides a training site for students, and meets the retail needs of Weed. The MOM grant provides grant staffing while the Foundation provides financial oversight and employee supervision, receiving approximately $34,000 annually in indirect fund support. COS Extension program duties are the responsibility of the Foundation Executive Director, and generates approximately $10,000 annually.

The Foundation manages approximately 35 endowed scholarships valued at over $900,000, as well as the Rural Health Sciences Institute Program endowment, valued at $1.4 million. The RHSI endowment was funded through a variety of sources: a 2006 Title III federal grant; funds contributed by local foundations; and COS Foundation fundraising activities from individuals and businesses. The endowment helps support the annual technology and maintenance needs of the RHSI, providing $29,400 in the first year (2012-13) and $54,215 (2013-14) in the second year.

ECONOMIC FACTORS AFFECTING THE SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

The economic position of College of the Siskiyous is closely tied to the State of California as State apportionments and property taxes allocated to the District represent approximately 86 percent of the total unrestricted resources of revenues received by the District. The District experienced a decrease in student enrollment and the State's apportionment has been limited due to the workload reduction measures limiting growth apportionment. The results for 2012-13 have allowed the District to maintain an appropriate reserve in anticipation of potential cuts from the State's budget.

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

Under current California law, the State of California is prohibited from disbursing any funds to the community colleges until the State budget is passed. At the beginning of each fiscal year, the District will need to rely on its reserves and annual participation in the CCCFA TRAN program to ensure that it can continue to operate each summer until a State budget is ratified. When Prop 30 passage in November 2012 saved the California community college system from severe cuts, it created additional apportionment deferrals throughout the year. Forty percent of these revenues will be deferred until June 2013. For the 2013-14 fiscal year, the Prop 30 funding will be distributed on a quarterly basis, which will help ease the cash flow burden of the District. The District joined with many other community colleges and the California Community College League mid-year TRAN program during 2012-13 to secure the necessary funds to meet its on-going obligations through the deferral periods.

The College recognizes that as programs and facilities are added, financial responsibilities also increase. We also understand that state funding may not completely meet these added responsibilities. As a result, the College's Auxiliary Foundation has developed an endowment fund for the Rural Health Sciences Institute. In October of 2006, the College received a federal Title III grant. One part of that grant came in the form of a challenge grant for this endowment. The Title III grant provided $370,000 over a five-year period that was matched dollar for dollar with new funds raised after October 1, 2006. One-half of the net earnings produced by the endowment each year may be used to support facility and program needs of the Rural Health Sciences Institute. The College of the Siskiyous' Auxiliary Foundation has successfully met the requirements of the match for the first five years and continues in its support of the Title III grant as well as serving the College and the community through various programs and events. The first contribution of this endowment was included in the District's 2012-13 budget in the amount of $29,400. The second endowment contribution of $54,215 was made to the 2013-14 budget.

FINANCIAL SECTION

STATEMENT OF NET POSITION

Siskiyou Joint Community College District

June 30, 2013	District	Foundation
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,847,961	$ 198,172
Restricted cash and cash equivalents	2,911,928	-
Accounts receivable - net	5,652,432	155,176
Due from Foundation	88,110	-
Inventory and prepaids	215,965	3,151
Total Current Assets	10,716,396	356,499
NONCURRENT ASSETS		
Restricted cash and cash equivalents	1,697,432	-
Investments	-	2,627,715
Beneficial interest in remainder trusts	-	309,112
Depreciable capital assets - net	41,733,189	-
Nondepreciable capital assets	223,139	-
Total Noncurrent Assets	43,653,760	2,936,827
Total Assets	$ 54,370,156	$ 3,293,326
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	$ 1,961,381	$ 44,658
Advances from grantors and students	1,411,712	-
Due to District	-	88,110
Amounts held for others	89,941	-
Estimated liability for claims and claims adjustment expense	264,562	-
Compensated absences - current portion	28,117	-
Short-term debt	2,775,000	
Long-term debt - current portion	1,747,139	-
Total Current Liabilities	8,277,852	132,768
NONCURRENT LIABILITIES		
Compensated absences - noncurrent portion	253,056	-
Other postemployment benefits obligation	1,888,949	-
Long-term debt - noncurrent portion	28,303,307	-
Total Noncurrent Liabilities	30,445,312	-
Total Liabilities	38,723,164	132,768
NET POSITION		
Net investment in capital assets	12,101,319	-
Restricted:		
Nonexpendable	-	551,592
Expendable	2,512,511	2,343,403
Unrestricted	1,033,162	265,563
Total Net Position	15,646,992	3,160,558
Total Liabilities and Net Position	$ 54,370,156	$ 3,293,326

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

Year Ended June 30, 2013	District	Foundation
OPERATING REVENUES		
Tuition and fees	$ 4,360,904	$ 272,069
Less: Scholarship discounts and allowances	1,657,584	-
Tuition and Fees - Net	2,703,320	272,069
Grants and contracts - noncapital:		
Federal	859,820	369,461
State	1,584,772	-
Local	429,365	-
Auxiliary enterprise sales and charges	580,390	-
Total Operating Revenues	6,157,667	641,530
OPERATING EXPENSES		
Salaries	10,673,538	50,672
Employee benefits	4,563,459	19,313
Supplies, materials, and other operating expenditures and services	4,210,967	524,203
Payments to students	179,721	23,226
Utilities	763,977	-
Depreciation	1,590,011	-
Total Operating Expenses	21,981,673	617,414
Operating Income (Loss)	(15,824,006)	24,116
NONOPERATING REVENUES (EXPENSES)		
State apportionment - noncapital	8,129,363	-
Local property taxes - noncapital	3,374,844	-
State taxes and other revenues - noncapital	2,661,859	-
Investment income - noncapital	28,393	288,379
Financial aid revenues - federal	7,521,988	
Financial aid revenues - state	166,813	
Financial aid expenses	(7,881,162)	
Other nonoperating revenues	99,353	-
Total Nonoperating Revenues (Expenses)	14,101,451	288,379
Income (Loss) Before Other Revenues and Expenses	(1,722,555)	312,495
OTHER REVENUES, EXPENSES, GAINS, OR LOSSES		
State revenue - capital	779,612	-
Local property taxes and revenues - capital	1,509,155	
Interest expense - capital asset-related debt	(1,554,172)	-
Total Other Revenues, Expenses, Gains, or Losses	734,595	-
Change in Net Position	(987,960)	312,495
Net Position - Beginning of Year, As Restated	16,634,952	2,848,063
Net Position - End of Year	$ 15,646,992	$ 3,160,558

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

Year Ended June 30, 2013	District	Foundation
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 2,434,424	$ 399,226
Federal grants and contracts	693,731	215,894
State grants and contracts	2,539,269	-
Local grants and contracts	425,359	-
Payments to/on behalf of employees	(11,105,585)	(50,672)
Payments for benefits	(4,171,840)	(19,313)
Payments to suppliers	(4,824,108)	(569,331)
Payments for utilities	(763,977)	-
Payments for scholarships and grants	(179,721)	(23,226)
Auxiliary enterprise sales and charges	524,912	-
Other receipts (payments)	213,475	39,472
Net Cash Provided (Used) by Operating Activities	(14,214,061)	(7,950)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State apportionment - noncapital	7,306,546	-
Local property taxes - noncapital	3,374,844	-
State taxes and other revenues - noncapital	2,627,028	-
Financial aid receipts - federal	7,521,988	-
Financial aid receipts - state	166,813	-
Financial aid disbursements	(7,881,162)	-
Other receipts	90,603	-
Net Cash Provided by Noncapital Financing Activities	13,206,660	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State revenue - capital	779,612	-
Local property taxes - capital	1,509,155	-
Proceeds of debt issued	3,865,514	-
Purchases of capital assets	(1,031,264)	-
Interest on capital debt	(955,137)	-
Principal paid on capital debt	(654,060)	-
Net Cash Provided by Capital and Related Financing Activities	3,513,820	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	-	(181,455)
Proceeds from sale of investments	-	148,638
Interest on investments	22,839	68,973
Cash Provided (Used) by Investing Activities	22,839	36,156
Net Change in Cash and Cash Equivalents	2,529,258	28,206
Cash and Cash Equivalents Balance - Beginning of Year	3,928,063	169,966
Cash and Cash Equivalents Balance - End of Year	$ 6,457,321	$ 198,172

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

Year Ended June 30, 2013	District	Foundation
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	$ 1,847,961	$ 198,172
Restricted cash and cash equivalents - current	2,911,928	-
Restricted cash and cash equivalents - noncurrent	1,697,432	-
Total Cash and Cash Equivalents	$ 6,457,321	$ 198,172
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	$ (15,824,006)	$ 24,116
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	1,590,011	-
(Gain) loss on disposal of equipment	257,904	-
Changes in:		
Accounts receivables - net	293,352	(26,410)
Due from Foundation/District	(39,472)	-
Inventory and prepaids	41,668	-
Accounts payable	(1,073,389)	(45,128)
Advances from grantors and students	166,676	-
Amounts held for others	(4,957)	-
Due to Foundation/District	-	39,472
Estimated liability for claims and claims adjustment expense	68,775	-
Compensated absences	(13,467)	-
Other postemployment benefits obligation	322,844	-
Net Cash Provided (Used) by Operating Activities	$ (14,214,061)	$ (7,950)

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

For financial reporting purposes, the District includes all funds, agencies, and authorities that are controlled by or dependent on the District's executive and legislative branches. Control by or dependence on the District was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the District, obligations of the District to finance any deficits that may occur, or receipt of significant subsidies from the District.

As a result, the financial statements of the District include the financial activities of the District and the combined totals of the trust and agency funds, which represent the various scholarships and student organizations within the District.

The District identified the College of the Siskiyous Foundation (the Foundation) as its only potential component unit. The District and the Foundation have financial and operational relationships that meet the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) for inclusion of the Foundation as a component unit of the District. Accordingly, the financial activities of the Foundation as a component unit have been included in the financial statements of the District.

The following are those aspects of the relationship between the District and the Foundation as the component unit that satisfies the GASB:

Accountability: The District is able to impose its will upon the Foundation. The Foundation provides specific financial benefits or imposes specific financial burdens on the District.

Scope of Public Service: The Foundation is a nonprofit public benefit corporation incorporated under the laws of the State of California. The Foundation was formed to promote and assist the educational services of the District.

Discrete Presentation: For financial presentation purposes, the Foundation's financial activities have been discretely presented with the financial activities of the District.

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

The basic financial statements of the Siskiyou Joint Community College District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

Exceptions to the accrual basis of accounting are as follows:

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

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

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

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

Accounts Receivable Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of California. Accounts receivable also include amounts due from the federal government, state, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. The allowance was estimated at $172,419 for the year ended June 30, 2013.

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

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

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

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

Advances From Grantors and Students Advances include amount received for tuition, fees, and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Advances also include amounts received from grant and contract sponsors that have not yet been earned.

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

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

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

Long-Term Liabilities Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which does not differ materially from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year incurred. Amortization of bond premium and discount costs was $58,249 for the year ended June 30, 2013.

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

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

Restricted Net Position – Nonexpendable: Consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may be expended or added to principal depending on donor stipulations.

Restricted Net Position – Expendable: Restricted expendable net position represents resources which are legally or contractually obligated to be spent in accordance with restrictions imposed by external third parties.

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

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense toward restricted resources, and then toward unrestricted resources.

Classification of Revenues The District has classified its revenues as either operating or nonoperating, according to the following criteria:

Operating Revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as: (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises; and (3) some federal, state, and local grants contracts and federal appropriations.

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

Scholarship Discounts and Allowances Student tuition and fee revenue are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances represent the difference between stated charges for goods and services provided by the District and the amount that is paid by students and/or third parties making payments on the students' behalf.

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

Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

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

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

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

On-Behalf Payments GASB Statement 24 requires that direct on-behalf payments for fringe benefits and salaries made by an entity to a third-party recipient for the employees of another, legally separate entity, be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) on behalf of all community college districts in California. The payment amounts have not been reported in the basic financial statements as management believes they are immaterial to the financial statements taken as a whole.

DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION

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

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

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

> *Unrestricted:* Net position that is not subject to donor-imposed stipulations.
>
> *Restricted – Expendable:* (Temporary restricted net position) Net position that is subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net position is reclassified to unrestricted net position.
>
> *Restricted – Nonexpendable:* (Permanently restricted net position) Net position that is subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

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

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

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

The Board of Trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net position (nonexpendable net position): (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net position is classified as temporarily restricted net position (expendable net position) until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the institution and the endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies: The Foundation has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, which is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4-7% of the Foundation's Scholarship Endowments, while growing the funds, if possible. Therefore, the Foundation expects its endowment assets, overtime, to produce an average rate of return of 4-7% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy: The Foundation has a policy of appropriating for distribution each year 4-7% of its endowment fund's fair market value as of the calendar year-end proceeding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to grow at a nominal annual rate, which is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

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

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

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

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

The Foundation receives donated administrative services from the District. The value of these services was estimated at $161,163 for the year ended June 30, 2013.

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

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

FASB ASC 740-10 clarifies the accounting for uncertainty in income taxes recognized in the Foundation's financial statements in accordance with FASB ASC 740, and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC 740-10 also provides guidance on derecognition and measurement of a tax position taken or expected to be taken in a tax return.

The Foundation files income tax returns in the U.S. federal jurisdiction, and the State of California. The Foundation's federal income tax returns for tax years 2009 and beyond remain subject to examination by the Internal Revenue Service. The Foundation's California income tax returns for tax years 2008 and beyond remain subject to examination by the Franchise Tax Board.

The Foundation did not have unrecognized tax benefits as of June 30, 2013, and does not expect this to change significantly over the next 12 months. In connection with the adoption of FASB ASC 740-10, the Foundation will recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. As of June 30, 2013, the Foundation did not accrue interest or penalties related to uncertain tax positions.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The following is a summary of cash and investments at June 30, 2013:

	District	Foundation
Cash and cash equivalents - current	$ 1,847,961	$ 198,172
Restricted cash and cash equivalents - current	2,911,928	-
Restricted cash and cash equivalents - noncurrent	1,697,432	-
Investments	-	2,627,715
Total Cash and Cash Equivalents and Investments	$ 6,457,321	$ 2,825,887

Deposits

At June 30, 2013, the carrying amount of the District's and Foundation's deposits is summarized as follows:

	District	Foundation
Cash in County treasury	$ 5,344,087	$ 197,972
Cash in banks	1,110,299	-
Cash on hand	2,935	200
Total	$ 6,457,321	$ 198,172

As provided for by *California Education Code*, Section 41001, a significant portion of the District's cash balances of most funds is deposited with the Siskiyou County Treasurer for the purpose of increasing interest earned through County investment activities. The County Treasury's Pooled Money Investment account's weighted average maturities was 2.49 years at June 30, 2013. The pooled treasury has regulatory oversight from the Siskiyou County Treasury Oversight Committee in accordance with *California Government Code* requirements. The District is considered to be an involuntary participant in the external investment pool. Copies of the County's audited financial statements can be obtained from the Siskiyou County Auditor-Controller's Office, 311 4th Street, Yreka, California 96097.

The *California Government Code* requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110% of an entity's deposits. California law also allows financial institutions to secure an entity's deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits.

All cash held by financial institutions is collateralized by securities that are held by the broker or dealer, or by its trust department or agent, but not in the District's name. In addition, $250,000 of the bank balances (per institution) at June 30, 2013, are insured.

Investments

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

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

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

As of June 30, 2013, the investments consisted of:

	District	Foundation
Mutual funds and debt securities	$ -	$ 2,595,180
Art and gems	-	32,535
Total Investments	$ -	$ 2,627,715

Risk Information

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

Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g., financial institution, broker-dealer) to a transaction, a government will not be able to recover the value of its cash and investments or collateral securities that are in the possession of another party. For deposits, the *California Government Code* requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110% of an entity's deposits. California law also allows financial institutions to secure an entity's deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. For investments, the District and Foundation do not have policies to address this risk.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2013:

	District	Foundation
Tuition and fees	$ 1,214,413	$ -
Less: Allowance for doubtful accounts	172,419	-
Tuition and Fees - Net	1,041,994	-
Federal grants and contracts	301,798	-
State grants and contracts	233,496	153,567
Local grants and contracts	28,051	-
Auxiliary enterprise sales and charges	248,046	-
State taxes and other revenues	198,038	1,609
State apportionment	3,595,455	-
Investment income - noncapital	5,554	-
Total	$ 5,652,432	$ 155,176

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013, is as follows:

	Balance July 1, 2012	Additions/ Transfers	Deductions	Balance June 30, 2013
NONDEPRECIATED CAPITAL ASSETS				
Land	$ 199,350	$ -	$ -	$ 199,350
Construction in progress	12,101,076	(11,819,383)	257,904	23,789
DEPRECIATED CAPITAL ASSETS				
Land improvements	9,869,123	87,259	-	9,956,382
Buildings	27,815,970	12,229,425	-	40,045,395
Vehicles	260,882	-	-	260,882
Equipment	3,699,270	533,963	-	4,233,233
Total Capital Assets	53,945,671	1,031,264	257,904	54,719,031
Less: Accumulated depreciation	11,172,692	1,590,011	-	12,762,703
Total Capital Assets - Net	$ 42,772,979	$ (558,747)	$ 257,904	$ 41,956,328

5. ACCOUNTS PAYABLE

Accounts payable at June 30, 2013, consisted of the following:

	District	Foundation
Accrued payroll and related liabilities	$ 337,368	$ -
Interest payable	356,047	-
Other	1,267,966	44,658
Total	$ 1,961,381	$ 44,658

6. SHORT-TERM DEBT

The District participated in the California Community College Financing Authority 2013 Tax and Revenue Anticipation Bond program, depositing the proceeds (to the extent of participation) in its general fund. Short-term debt is necessary for the District to maintain proper working cash levels. The debt remaining at the end of the year is from the mid-year Tax Revenue Anticipation Note due on December 27, 2013. The interest rate on the debt balance is 2.0%.

Short-term debt activity for the year ended June 30, 2013, was as follows:

	Balance June 30, 2012	Drawn	Repaid	Balance June 30, 2013
Participation in California Community College Financing Authority 2013 Tax and Revenue Anticipation Bonds	$ -	$ 4,865,000	$ 2,090,000	$ 2,775,000

7. LONG-TERM LIABILITIES

The long-term liability activity for the year ended June 30, 2013, is as follows:

	Beginning Balance	Additions/ Accretions	Reductions	Ending Balance	Current Portion
Long-term debt:					
General obligation bonds:					
Dorm revenue	$ 70,000	$ -	$ 11,000	$ 59,000	$ 11,000
Measure A - Series A	15,246,991	63,194	175,000	15,135,185	220,000
Measure A - Series B and C	12,259,248	493,828	80,000	12,673,076	80,000
Bond anticipation note	1,164,302	42,013	-	1,206,315	1,206,315
Software financing	216,582	-	216,582	-	-
Science building equipment lease	-	1,090,514	154,706	935,808	211,009
Copier leases	57,834	-	16,772	41,062	18,815
Total Long-Term Debt	29,014,957	1,689,549	654,060	30,050,446	1,747,139
Other long-term liabilities:					
Compensated absences	294,640	273,342	286,809	281,173	28,117
Other postemployment benefits	1,566,105	322,844	-	1,888,949	-
Total	$ 30,875,702	$ 2,285,735	$ 940,869	$ 32,220,568	$ 1,775,256

The dormitory Revenue Bonds were issued in 1968 in the amount of $336,000 for the construction of a two-story dormitory. The bonds are secured by a first lien on and pledge of the net revenues to be derived from the operation and ownership of the Juniper and Ponderosa dormitories. The bonds mature through 2018 and accrue interest at 3%.	$ 59,000
2005 General Obligation Bonds, Series A, were issued in May 2006 in the original amount of $14,997,976, and include both current interest bonds and capital appreciation bonds. The bonds are for the purpose of financing the acquisition, construction, modernization and renovation of the District facilities. The bonds are payable solely from the proceeds of ad valorem taxes. Final maturity of all bonds is 2030. The interest rate ranges from 4% to 5%.	14,785,374
2005 General Obligation Bonds, Series B and C, were issued in April 2008 in the original amount of $9,998,688, and include both current interest bonds and capital appreciation bonds. The bonds are for the purpose of financing the acquisition, construction, modernization and renovation of the District facilities. The bonds are payable solely from the proceeds of ad valorem taxes. Final maturity of all bonds is 2047. The interest rate ranges from 3% to 6%.	12,092,649
Balance Forward	$ 26,937,023

Balance Brought Forward	$ 26,937,023
2010 General Obligation Bond Anticipation Notes were issued in February 2010 in the original amount of $998,755. The notes were repaid in November 2013 with available cash as the Series D bonds were never issued.	1,197,833
Capital lease with Office Equipment Leasing entered into in July 2010 in the original amount of $81,868. The borrowed funds were for the purpose of purchasing copier equipment. Payments in the amount of $1,800 are due monthly, including interest at 11.5%. The lease matures in June 2015.	38,439
Capital lease with Office Equipment Leasing entered into in September 2011 in the original amount of $3,644. The borrowed funds were for the purpose of purchasing copier equipment. Payments in the amount of $83 are due monthly, including interest at 12.82%. The lease matures in September 2016.	2,623
Capital lease with Bank of America Leasing entered into in September 2012 in the original amount of $1,090,514. The borrowed funds were for the purpose of purchasing equipment for the Science building. Payments in the amount of $19,399, are due monthly, including interest at 2.59%. The lease matures in September 2017.	935,808
Premium on 2005 General Obligation Bonds (Series A)	349,811
Premium on 2005 General Obligation Bonds (Series B and C)	580,427
Premium on 2010 General Obligation Bond Anticipation Notes	8,482
Long-Term Debt - Net	30,050,446
Less: Current portion	1,747,139
Total Long-Term Debt - Noncurrent Portion	$ 28,303,307

Accretion

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

Interest Expense

During the year, interest expense on debt excluding capital leases totaled $1,554,172.

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

Year Ending June 30	Bonds and Notes Payable Principal	Interest	Total	Bond Premium	Total
2014	$ 1,309,755	$ 1,071,696	$ 2,381,451	$ 46,375	$ 2,427,826
2015	194,802	838,021	1,032,823	37,893	1,070,716
2016	203,069	1,038,734	1,241,803	37,893	1,279,696
2017	205,104	1,078,152	1,283,256	37,893	1,321,149
2018	498,000	818,996	1,316,996	37,893	1,354,889
2019-2023	3,500,000	3,696,609	7,196,609	189,465	7,386,074
2024-2028	5,810,000	2,654,581	8,464,581	189,465	8,654,046
2029-2033	5,523,788	5,454,753	10,978,541	146,052	11,124,593
2034-2038	1,971,473	9,080,155	11,051,628	73,150	11,124,778
2039-2043	4,161,143	11,361,131	15,522,274	73,150	15,595,424
2044-2048	1,787,285	13,623,692	15,410,977	69,491	15,480,468
Total	$ 25,164,419	$ 50,716,520	75,880,939	938,720	76,819,659
Less: Interest (excluding accretion of $2,970,438)			47,746,083	-	47,746,083
Principal - Net			$ 28,134,856	$ 938,720	$ 29,073,576

Capital Lease Obligations

The District leases equipment at a cost of $1,172,382, with related accumulated depreciation of $43,871, under agreements which provide for title to pass upon expiration of the lease period. The amount of interest cost incurred during the year ended June 30, 2013, was $25,711, all of which was charged to expenses. Amortization expense under capital leases has been included with depreciation expense in the statement of revenue, expenses, and changes in net position. Future minimum lease payments are as follows:

Year Ending June 30	Lease Payments
2014	$ 255,382
2015	254,377
2016	233,782
2017	233,038
2018	58,198
Total	1,034,777
Less: Amount representing interest	57,907
Present Value of Net Minimum Lease Payments	$ 976,870

Other Postemployment Benefits (OPEB)

The District's actuarially determined annual required contribution for the year ended June 30, 2013, was $943,606, and contributions made by the District during the year ended June 30, 2013, were $604,183. This resulted in a net OPEB obligation of $1,888,949 at June 30, 2013. See note 11 for additional information regarding the OPEB obligation and the postemployment benefit plan.

8. EMPLOYEE RETIREMENT SYSTEMS

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

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing, multiple-employer, public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 100 Waterfront Place, Sacramento, California 95605.

Funding Policy

Active plan members are required to contribute 8.0% of their gross salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Board based upon recommendations made by the consulting actuary. The required employer contribution rate for the fiscal years ended June 30, 2013, 2012, and 2011, was 8.25% of annual payroll. State statutes establish the contribution requirements of the plan members. The District's contributions to CalSTRS for the fiscal years ended June 30, 2013, 2012, and 2011, were $413,749, $451,804, and $476,418, respectively, and equaled 100% of the required contributions each year.

California Public Employees Retirement System (CalPERS)

Plan Description

The District contributes to the California School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing, multiple-employer, public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from CalPERS, 400 Q Street, Sacramento, California 95811.

Funding Policy

Active plan members are required to contribute 6.0% or 7.0% (based on date of hire) of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal years ended June 30, 2013, 2012, and 2011, was 11.417%, 10.923%, and 10.707%, respectively, of annual payroll. State statutes establish the contribution requirements of the plan members. The District's contributions to CalPERS for the fiscal years ended June 30, 2013, 2012, and 2011, were $341,903, $394,818, and $393,918, respectively, and equaled 100% of the required contributions each year.

9. STATE AND FEDERAL ALLOWANCES, AWARDS, AND GRANTS

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

10. RISK MANAGEMENT

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

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

The District has a self-insured health insurance plan, which covers all eligible employees. Annual expenses in excess of the District's self-insured retention of $100,000 per employee up to $1,900,000 per employee are covered by excess insurance through a stop loss carrier. Subsequent to fiscal year end, the District became fully insured for its medical and prescription plans.

11. OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB)

Plan Description

The Siskiyou Joint Community College District Post-Retirement Health Benefits Plan (the Plan) is a single-employer OPEB plan administered by the District. Administrators, academic, and administrative support management employees hired prior to July 1, 1992, classified employees hired prior to December 1, 1992, and Board members elected between January 1, 1981, and January 1, 1995, may receive benefits from age 55 to age 65. The District pays 100% of the eligible retirees' medical plan premiums. Before receiving benefits, academic, administrative support management, and classified employees must have ten years of service with the District. Board members must serve a minimum of 12 years with the District. All employees and board members with 20 or more years of service are eligible to receive District paid medical benefits from the date of retirement for the remainder of their lives.

As of June 30, 2013, the District has 25 active employees who are eligible for post-retirement health benefits, and 66 retiree who receive post-retirement health benefits.

Funding Policy

The contribution requirements are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually. Additionally, the District has established an irrevocable trust (the "Trust") with Union Bank of California through the Retiree Health Benefit Program Joint Powers Authority to prefund a portion of the retiree health benefit costs. For the year ended June 30, 2013, the District contributed $604,183 to the Plan.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) or funding costs over a period of 30 years. The following table shows the components of the District's annual OPEB cost, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation to the Plan for the year ended June 30, 2013:

Annual required contribution (ARC)	$ 943,606
Adjustment to ARC	(126,207)
Interest on net OPEB obligation	109,628
Annual OPEB Cost	927,027
Contributions	(604,183)
Change in Net OBEP Obligation	322,844
Net OPEB Obligation - Beginning of Year	1,566,105
Net OPEB Obligation - End of Year	$ 1,888,949

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal years 2011, 2012, and 2013 is as follows:

Year Ended	**Annual OPEB Cost**	**Actual Employer Contributions**	**Percentage Contributed**	**Net Ending OPEB Obligation (Deferred Charge)**
June 30, 2011	$ 749,809	$ 477,934	64%	$ 1,016,535
June 30, 2012	$ 932,845	$ 383,275	41%	$ 1,566,105
June 30, 2013	$ 927,027	$ 604,183	65%	$ 1,888,949

Funded Status and Funding Progress

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

	December 1, 2011
Actuarial accrued liability (AAL)	$ 11,486,032
Actuarial value of plan assets	1,036,544
Unfunded Actuarial Accrued Liability (UAAL)	$ 10,449,488
Funded ratio (actuarial value of plan assets/AAL)	9.02%
Covered payroll (active members)	$ 1,474,949
UAAL as a Percentage of Covered Payroll	708.46%

During the year ended June 30, 2009, the District set aside $1,052,325 in an external trust fund. The fair value of the trust fund was $777,872 at June 30, 2013.

Actuarial Methods and Assumptions

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

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

In the December 1, 2011, actuarial valuation, the entry-age normal cost method was used. The actuarial assumptions included a 7.0% discount rate based on the assumption that a substantial portion of the ARC is funded. A 3.0% price inflation and a 3.0% wage inflation assumptions were used as well as an annual cost trend rate of 4.0%. Unfunded actuarial accrued liabilities are amortized over a 30-year period using the flat dollar amount method. The actuarial value of assets was determined using a 15-year smoothing formula subject to a 20% corridor around market value.

12. EMPLOYEE RETIREMENT INCENTIVE PLAN

In 2012, the District offered retirement incentives to eligible employees. The incentive provided $2,000 for each full-time year of service with the District but no more than 50% of the employee’s last annual base salary up to a maximum of $50,000. Seven employees accepted this offer. The total cost to the District was $197,554. Of this amount, $19,748 was paid during the year ended June 30, 2012 and $177,806 was paid during the year ended June 30, 2013.

13. CHANGE IN ACCOUNTING PRINCIPLES

The District adopted the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*, effective July 1, 2012. The beginning net position was increased by $1,789,109 as a result of capitalizing interest on the bond projects that were previously expensed. In addition, building fixed assets and accumulated depreciation were increased by $1,970,674 and $181,565, respectively.

The District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective July 1, 2012. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The District has implemented this reporting for the year ended June 30, 2013. The components of net position were renamed to reflect the requirements of this statement.

The District adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective July 1, 2012. This statement improves financial reporting by clarifying the appropriate use of the financial elements deferred outflows of resources and deferred inflows of financial resources to ensure consistency in financial reporting. The District implemented this statement in the year ended June 30, 2013. As a result, prior year deferred bond issuance costs of $926,253 have been removed and treated as a reduction of beginning net position.

	Net Assets
Net position - July 1, 2012 - as previously reported	$ 15,772,096
GASB 62 adjustment	1,789,109
GASB 65 adjustment	(926,253)
Net Position - July 1, 2012 - as Restated	$ 16,634,952

14. IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. This statement will improve accounting and financial reporting by state and local governments for defined benefit pensions and defined contribution pensions. The statement will also improve information provided by state and local governmental employers about financial support for pensions that are provided by other entities. The District's management has not yet determined the impact that implementation of these standards, which is required on July 1, 2014, will have on the District's financial statements, if any.

15. BENEFICIAL INTEREST IN REMAINDER TRUSTS - FOUNDATION

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

The Foundation has been named as the irrevocable remainder beneficiary of two charitable remainder trusts (the trusts are administered by a third party). At June 30, 2013, the present value of the future benefits was calculated using a discount rate of 1.2%, estimated rate of return of 1.2%, and applicable mortality tables.

Assets held in all charitable remainder trusts at June 30, 2013, totaled $309,112, and are reported at fair value in the Foundation's statement of financial position.

16. INVESTMENT INCOME – FOUNDATION

A summary of return on investments consisted of the following for the year ended June 30, 2013:

Interest and dividends	$ 68,973
Change in value of CRAT	(8,835)
Net realized and unrealized gain (loss)	228,241
Total Investment Income (Loss)	$ 288,379

17. SPECIAL EVENTS – FOUNDATION

The following is a summary of special events:

Year Ended June 30, 2013	**Dinner Auction**	**Golf Tournament**	**Craft Fair**	**Total**
Gross revenue	$ 10,270	$ 9,490	$ 4,845	$ 24,605
Expenses	2,213	4,701	1,056	7,970
Total	$ 8,057	$ 4,789	$ 3,789	$ 16,635

18. TEMPORARILY RESTRICTED NET POSITION - FOUNDATION

Temporarily restricted net position is available for the following purposes:

Scholarships	$ 450,590
Title III	1,422,290
Beneficial interest in remainder trusts	309,112
Other programs	161,411
Total	$ 2,343,403

19. PERMANENTLY RESTRICTED NET POSITION – FOUNDATION

Permanently restricted net position is invested for the following purposes:

Scholarships	$ 551,592

20. ENDOWMENTS – FOUNDATION

Endowment composition by type of fund as of June 30, 2013, is as follows:

	Unrestricted	Temporarily Unrestricted	Permanently Unrestricted	Total Net Endowment Assets
Donor-restricted endowment funds:				
Scholarships	$ -	$ 450,590	$ 551,592	$ 1,002,182
Title III	-	1,422,290	-	1,422,290
Board-designated endowment funds	16,793	-	-	16,793
Total Endowment Funds	$ 16,793	$ 1,872,880	$ 551,592	$ 2,441,265
Endowment assets - beginning of year	$ 16,074	$ 1,636,756	$ 529,781	$ 2,182,611
Contributions	12,707	500	21,811	35,018
Investment income	59	85,457	-	85,516
Net appreciation (depreciation)	660	179,567	-	180,227
Amounts appropriated for expenditure	(12,707)	(29,400)	-	(42,107)
Endowment Assets - End of Year	$ 16,793	$ 1,872,880	$ 551,592	$ 2,441,265

21. ENDOWMENTS – FOUNDATION

Donor-restricted scholarship endowment funds consist of permanently restricted contributions received for various scholarship programs. Earnings on these endowments are used for the payment of scholarships under the various programs. Donor-restricted Title III endowment funds are federal grant receipts (and matching contributions) which are to be held for a period of 20 years. Earnings on these funds are to be spent on maintenance of the Rural Health Science Institute. At the end of the 20 year period, the grant proceeds and matching contributions are available to be used to pay various Rural Health Science Institute related expenditures.

22. FAIR VALUE MEASUREMENTS – FOUNDATION

Fair values of assets measured on a recurring basis at June 30, 2013, are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds and debt securities	$ 2,595,180	$ 2,595,180	$ -	$ -
Beneficial interest in CRAT	309,112	-	-	309,112
Total	$ 2,904,292	$ 2,595,180	$ -	$ 309,112

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

Beginning of Year - July 1, 2012	$ 317,947
Total gains or losses (realized/unrealized)	(8,835)
Purchases, issuance, and settlements	-
Transfers in and/or out of Level 3	-
End of Year - June 30, 2013	$ 309,112

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APPENDIX B

FORM OF OPINION OF BOND COUNSEL

Upon issuance of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Bonds in substantially the following form:

September 25, 2014

Board of Trustees
Siskiyou Joint Community College District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $12,740,000 Siskiyou Joint Community College District (Siskiyou and Shasta Counties, California) 2014 General Obligation Refunding Bonds (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution (the "Resolution") of the Board of Trustees of the Siskiyou Joint Community College District (the "District").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that, with respect to corporations, such interest may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of corporations.

4. Interest on the Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of

the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

6. The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of bond counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases, and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

Stradling Yocca Carlson & Rauth

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Siskiyou Joint Community College District (the "District") in connection with the issuance of $12,740,000 of the District's 2014 General Obligation Refunding Bonds (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the District adopted on August 5, 2014 (the "Resolution"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean initially the District, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"Holders" shall mean registered owners of the Bonds.

"Listed Events" shall mean any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org/, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the

2013-14 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than 30 days (nor more than 60 days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than 15 Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided.

SECTION 4. <u>Content and Form of Annual Reports</u>.

(a) The District's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

(A) State funding received by the District for the last completed fiscal year;

(B) Full time equivalent student counts of the District for the last completed fiscal year;

(C) Outstanding District indebtedness;

(D) Summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year; and

(E) Assessed valuation of taxable property within the District for the current year.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format accompanied by identifying information prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. defeasances.

4. rating changes.

5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).

6. unscheduled draws on the debt service reserves reflecting financial difficulties.

7. unscheduled draws on credit enhancement reflecting financial difficulties.

8. substitution of the credit or liquidity providers or their failure to perform.

9. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.

2. modifications to rights of Bondholders.

3. optional, contingent or unscheduled Bond calls.

4. unless described under Section 5(a)(5) above, adverse tax opinions, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

5. release, substitution or sale of property securing repayment of the Bonds.

6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

7. appointment of a successor or additional paying agent with respect to the Bonds or the change of name of such paying agent.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a) or Section 5(b), as applicable.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon 15 days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: September 25, 2014

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

By ____
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

Name of Bond Issue: 2014 General Obligation Refunding Bonds

Date of Issuance: September 25, 2014

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____________.

Dated:_______________________

SISKIYOU JOINT COMMUNITY COLLEGE DISTRICT

By ______[form only; no signature required]_________

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APPENDIX D

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITIES OF WEED AND YREKA AND COUNTIES OF SISKIYOU AND SHASTA

The following information regarding economic activity within Siskiyou County (the "County"), in which a majority of the District is located, the Shasta County, and the Cities of Weed and Yreka are provided as background information only to describe the general economic health of the region. However, the Bonds are not an obligation of any of Siskiyou County, Shasta County, Weed or Yreka. In addition, the Bonds will be payable from an ad valorem *property tax levied on all taxable property within the District.*

The City of Weed. The City of Weed is located at the base of Mount Shasta in the Cascade Mountains and is half way between San Francisco and Portland. It is a one-hour drive north of Redding on Interstate 5 where there are abundant lakes and rivers, forests, wildlife, scenic drives, local art, festivals and live music. Weed is surrounded by mountains, expansive views and outdoor recreation locations. The City is a historic lumber town, which has retained much of its early 1900's history, while transitioning into a tourist destination.

The City of Yreka. Yreka is a small town located 22 miles south of the Oregon border in California and 98 miles north of Redding on Interstate 5. Yreka is the Siskiyou County seat which was created March 22, 1852, and named after the mountain range. Yreka was founded during the gold rush era when in 1851, prospectors found gold nuggets in the roots of plants churned up by their pack animals. This discovery took place in present day "Discovery Park" in Yreka. Amenities in Yreka's eight parks include hiking, biking, playgrounds and historic monuments. The City was officially formed in 1857 and has become a hub for tourism, business and government in the area.

Siskiyou County. Siskiyou County is adjacent to Oregon in the northern region of California. Surrounding counties include Del Norte, Humboldt and Trinity to the west and southwest, Shasta to the south and Modoc to the east. As one of the largest counties in the state, more than sixty percent of Siskiyou County's land is managed by federal and state government agencies. These include the USDA Forest Service, the Bureau of Land Management, the U.S. Fish and Wildlife Service and the California Department of Fish and Game. Siskiyou County has expansive peaks, wildlife, agricultural settings and lush rivers. Next to the Appalachian region, Siskiyou County is one of the most ecologically diverse regions in the world. It houses the "meeting" of several western mountain ranges and the transitional mixing of various habitat types. Geographically, it has considerable vertical variance in elevation and hydrological and soil conditions. Portions of the County are heavily influenced by volcanic forces and portions that were unaffected by ancient glacial flooding.

Shasta County. Located in the northern Sacramento Valley, Shasta County is surrounded by Siskiyou and Modoc counties to the north, Trinity to the west, Lassen to the east and Tehama and Plumas to the south. Mountains line the County on the east, north and west. The Sacramento River flows through the center of the mountains on the north. Shasta County has extensive forests, which cover over one-half of the land area, with commercially productive forest systems. Redding is the Shasta County seat.

Population

The following table shows population figures for Weed, Yreka and Siskiyou and Shasta Counties from 2000 through 2014.

POPULATION
City of Weed, City of Yreka, County of Siskiyou and County of Shasta
2000-2014

	City of Weed		City of Yreka		County of Siskiyou		County of Shasta	
Year[1]	Population	% Change	Population	% Change	Population	% Change	Population	% Change
2000[2]	2,978	--	7,290	--	44,301	--	163,256	--
2001	2,970	-0.3%	7,311	0.3%	44,331	0.1%	165,590	1.4%
2002	3,002	1.1	7,332	0.3	44,331	0.0	168,304	1.6
2003	2,998	-0.1	7,450	1.6	44,491	0.4	170,782	1.5
2004	2,965	-1.1	7,484	0.5	44,691	0.4	172,729	1.1
2005	2,946	-0.6	7,482	0.0	44,865	0.4	173,862	0.7
2006	2,896	-1.7	7,448	-0.5	44,918	0.1	174,747	0.5
2007	2,981	2.9	7,542	1.3	44,877	-0.1	175,546	0.5
2008	2,989	0.3	7,687	1.9	44,952	0.2	176,240	0.4
2009	2,988	0.0	7,750	0.8	44,996	0.1	176,756	0.3
2010[2]	2,967	-0.7	7,765	0.2	44,900	-0.2	177,223	0.3
2011	2,986	0.6	7,788	0.3	44,839	-0.1	177,516	0.2
2012	2,970	-0.5	7,780	-0.1	44,812	-0.1	178,107	0.3
2013	2,975	0.2	7,800	0.3	44,965	0.3	178,953	0.5
2014	2,956	-0.6	7,840	0.5	45,231	0.6	179,412	0.3

(1) As of January 1.
(2) April 1 data.
Source: California Department of Finance.

Employment

The following table summarizes the labor force, employment and unemployment figures for Weed, Yreka, Siskiyou and Shasta Counties and the State from 2009 through 2013.

CIVILIAN LABOR FORCE, EMPLOYMENT, UNEMPLOYMENT AND UNEMPLOYMENT RATE
City of Weed, City of Yreka, County of Siskiyou, County of Shasta and State of California
2009-2013

Year(1)	Area	Labor Force	Employment(2)	Unemployment	Unemployment Rate (%)(3)
2009	City of Weed	1,240	960	280	22.4%
	City of Yreka	3,290	2,870	420	12.9
	County of Siskiyou	19,660	16,800	2,860	14.5
	County of Shasta	84,100	71,800	12,300	14.6
	State of California	18,220,100	16,155,000	2,065,100	11.3
2010	City of Weed	1,280	960	320	25.3%
	City of Yreka	3,350	2,860	500	14.8
	County of Siskiyou	20,060	16,720	3,330	16.6
	County of Shasta	84,200	70,900	13,300	15.8
	State of California	18,336,300	16,068,400	2,267,900	12.4
2011	City of Weed	1,270	950	320	25.3%
	City of Yreka	3,320	2,830	490	14.8
	County of Siskiyou	19,880	16,580	3,30	16.6
	County of Shasta	82,500	70,200	12,300	14.9
	State of California	18,417,900	16,249,600	2,168,300	11.8
2012	City of Weed	1,220	930	290	23.5%
	City of Yreka	3,230	2,790	440	13.6
	County of Siskiyou	19,310	16,360	2,950	15.3
	County of Shasta	81,600	70,800	10,800	13.3
	State of California	18,519,000	16,589,700	1,929,300	10.4
2013	City of Weed	1,150	910	230	20.3%
	City of Yreka	3,080	2,730	360	11.5
	County of Siskiyou	18,370	15,970	2,400	13.0
	County of Shasta	80,900	72,100	8,800	10.9
	State of California	18,596,800	16,933,300	1,663,500	8.9

Note: Data is not seasonally adjusted.
(1) Annual averages, unless otherwise specified.
(2) Includes persons involved in labor-management trade disputes.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2014 Benchmark.

Industry

The following tables summarize the average annual industry employment in Siskiyou and Shasta Counties from 2009 through 2013.

LABOR FORCE AND INDUSTRY EMPLOYMENT ANNUAL AVERAGES
County of Siskiyou
2009-2013

Type of Employment	2009	2010	2011	2012	2013
Farm	730	700	710	760	730
Mining, Logging & Construction	470	450	450	460	510
Manufacturing	730	740	690	630	620
Transportation, Warehousing & Utilities	370	200	1,960	2,000	2,010
Wholesale Trade	290	290	230	240	250
Retail Trade	1,650	1,520	1,500	1,520	1,510
Information	200	180	180	150	140
Financial Activities	370	370	360	350	320
Professional & Business Services	660	700	720	730	690
Educational & Health Services	1,970	1,870	1,850	1,750	1,820
Leisure & Hospitality	1,600	1,630	1,480	1,520	1,540
Other Services	280	280	290	320	370
Government	4,080	4,310	4,420	4,280	4,120
Total All Industries	13,380	13,240	13,090	12,950	12,850

Note: Items may not add to total due to independent rounding.
Source: California Employment Development Department, Labor Market Information Division. March 2014 Benchmark.

LABOR FORCE AND INDUSTRY EMPLOYMENT ANNUAL AVERAGES
County of Shasta
2009-2013

Type of Employment	2009	2010	2011	2012	2013
Farm	700	700	800	800	800
Mining, Logging & Construction	2,900	2,700	2,800	2,700	2,700
Manufacturing	2,400	2,300	2,200	2,200	2,200
Transportation, Warehousing & Utilities	1,700	1,700	1,700	1,700	1,700
Wholesale Trade	1,500	1,500	1,500	1,500	1,600
Retail Trade	8,900	8,700	8,600	8,600	8,700
Information	700	600	600	600	600
Financial Activities	2,600	2,500	2,400	2,400	2,500
Professional & Business Services	5,400	5,000	4,900	5,000	5,300
Educational & Health Services	11,900	12,300	12,200	12,400	13,400
Leisure & Hospitality	6,300	6,100	5,800	6,300	6,500
Other Services	2,400	2,300	2,400	2,500	2,600
Government	12,800	12,800	12,600	12,500	12,600
Total All Industries	60,200	59,300	58,500	59,100	61,100

Note: Items may not add to total due to independent rounding.
Source: California Employment Development Department, Labor Market Information Division. March 2014 Benchmark.

Major Employers

Siskiyou County's varied natural resources support recreation and tourism industries, strongly affecting local employment trends. The following table sets forth the major employers located in Siskiyou County.

MAJOR EMPLOYERS
County of Siskiyou
As of 2014

Employer	Industry
Accenture Limited	Business Management Consultants
College of the Siskiyous	Schools-Universities & Colleges Academic
County Coroner	Government Offices-County
County Sheriff	Sheriff
Electro-Guard Inc	Manufacturers
Fairchild Medical Clinic	Clinics
Fairchild Medical Ctr	Hospitals
Forestry & Fire Protection	Government-Forestry Services
Jackson Street Elementary Schl	Schools
Klamath National Forest	Government-Forestry Services
Mercy Medical Ctr Mt Shasta	Hospitals
Mt Shasta Resort	Resorts
Roseburg Forest Products	Plywood & Veneers
Siskiyou County Alcohol & Drug	Government Offices-County
Siskiyou County Coroner	Sheriff
Siskiyou County Road Dept	Grading Contractors
Siskiyou County Sheriff	Sheriff
Siskiyou County Sheriffs Ofc	Police Departments
Siskiyou Golden Fair	Associations
Siskiyou Lake Llc	Resorts
Timber Products Co	Lumber-Wholesale
Union Pacific Railroad Co	Railroads
US Forest Svc	Services NEC
US Forestry Dept	Government-Forestry Services
Walmart Supercenter	Department Stores

Source: California Employment Development Department Labor Market Information, Major Employers in Siskiyou County.

Shasta County's varied landscape provides numerous recreational areas for camping, hiking, boating, and other outdoor opportunities, while also supporting an active agricultural community. The following table sets forth the major employers located in Shasta County.

MAJOR EMPLOYERS
County of Shasta
As of 2014

Employer	Industry
Ave's Audio Visual Equipment	Audio-Visual Equipment & Supls (Whls)
Bethel Church	Churches
Blue Shield-Ca	Insurance
Bridge Bay Resort & Marina	Resorts
Fall River School District	Schools
J F Shea Co	Home Builders
Lassen Canyon Nursery Inc	Nurserymen
Mayers Memorial Hosp-Burney	Hospitals
Mayers Memorial Hospital	Hospitals
Mercy Medical Ctr Redding	Hospitals
North State Grocery Inc	Grocers-Retail
Oakdale Heights Mgmt Corp	Business Management Consultants
Record Searchlight	Newspapers (Publishers/Mfrs)
Redding Lumber Transport Inc	Trucking
Shascade Community Svc	Business Services NEC
Shasta College	Schools
Shasta Nursery	Nurserymen
Shasta Regional Medical Ctr	Hospitals
State Compensation Ins Fund	Insurance
Transportation Department	State Government-Transportation Programs
US Post Office	Post Offices
Vibra Hospital of Northern Ca	Rehabilitation Services
Victor Treatment Ctr	Residential Care Homes
Walmart Supercenter	Department Stores
Win-River Casino	Casinos

Source: California Employment Development Department Labor Market Information, Major Employers in Shasta County.

Commercial Activity

Summaries of annual taxable sales for Weed, Yreka and Siskiyou and Shasta Counties are shown in the following tables from 2008 through 2012.

TAXABLE SALES
City of Weed
2008-2012
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2008	69	$49,061	125	$52,594
2009	83	41,970	113	43,233
2010	87	41,923	116	42,909
2011	87	76,225	120	76,834
2012	88	88,517	122	89,182

Note: In 2009, retail permits expanded to include permits for food services.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

TAXABLE SALES
City of Yreka
2008-2012
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2008	203	$132,720	420	$159,967
2009	241	117,570	395	136,643
2010	251	118,178	398	134,948
2011	248	120,039	383	139,067
2012	261	124,584	399	141,612

Note: In 2009, retail permits expanded to include permits for food services.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

TAXABLE SALES
County of Siskiyou
2008-2012
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2008	872	$336,375	1,898	$510,284
2009	1,162	287,194	1,780	421,643
2010	1,203	292,311	1,815	432,493
2011	1,203	336,999	1,804	507,781
2012	1,246	360,729	1,847	520,670

Note: In 2009, retail permits expanded to include permits for food services.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

TAXABLE SALES
County of Shasta
2008-2012
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2008	2,717	$1,859,828	5,896	$2,640,786
2009	3,428	1,611,868	5,373	2,307,100
2010	3,506	1,675,578	5,452	2,486,118
2011	3,522	1,798,045	5,460	2,543,985
2012	3,821	1,915,713	5,773	2,642,280

Note: In 2009, retail permits expanded to include permits for food services.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

Income

The following table shows per capita personal income for Siskiyou and Shasta Counties, the State and the United States from 2003 through 2012.

PER CAPITA PERSONAL INCOME(1)
County of Siskiyou, County of Shasta, State of California and United States
2003-2012

Year	County of Siskiyou	County of Shasta	State of California	United States
2003	$26,285	$28,688	$35,298	$32,676
2004	28,149	30,231	37,150	34,300
2005	28,554	31,436	38,969	35,888
2006	30,550	33,631	41,627	38,127
2007	32,106	35,067	43,157	39,804
2008	33,668	37,946	43,609	40,873
2009	32,402	34,372	41,569	39,357
2010	32,729	35,063	42,297	40,163
2011	34,989	36,507	44,666	42,298
2012	36,487	37,593	46,477	43,735

(1) Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Building Activity

In addition to annual building permit valuations, the numbers of permits for new dwelling units issued each year from 2009 through 2013 are shown in the following tables for Weed, Yreka and Siskiyou and Shasta Counties.

BUILDING PERMIT VALUATIONS
City of Weed
2011-2013
(Dollars in Thousands)

	2011	2012	2013
Valuation ($000's)			
Residential	$0	$175	$50
Non-Residential	944	1,223	501
Total	$944	$1,398	$ 551
Units			
Single Family	0	0	0
Multiple Family	0	0	0
Total	0	0	0

Note: Totals may not add to sum due to rounding.
Source: Construction Industry Research Board.

BUILDING PERMIT VALUATIONS
City of Yreka
2011-2013
(Dollars in Thousands)

	2011	2012	2013
Valuation ($000's)			
Residential	$145	$1,844	$423
Non-Residential	11,292	6,187	2,110
Total	$11,437	$8,031	$2,533
Units			
Single Family	1	2	0
Multiple Family	0	0	0
Total	1	2	0

Note: Totals may not add to sum due to rounding.
Source: Construction Industry Research Board.

BUILDING PERMIT VALUATIONS
County of Siskiyou
2011-2013
(Dollars in Thousands)

	2011	2012	2013
Valuation ($000's)			
Residential	$10,120	$8,230	$9,592
Non-Residential	27,936	13,839	7,355
Total	$38,056	$22,069	$16,947
Units			
Single Family	44	22	24
Multiple Family	4	1	10
Total	48	23	34

Note: Totals may not add to sum due to rounding.
Source: Construction Industry Research Board.

BUILDING PERMIT VALUATIONS
County of Shasta
2009-2013
(Dollars in Thousands)

	2009	2010	2011	2012	2013
Valuation ($000's)					
Residential	$53,677	$53,641	$36,012	$42,678	$48,817
Non-Residential	43,173	40,323	28,115	34,452	48,013
Total	$96,850	$93,964	$64,127	$77,130	$96,830
Units					
Single Family	217	165	100	180	204
Multiple Family	26	84	41	20	0
Total	243	249	141	200	204

Note: Totals may not add to sum due to rounding.
Source: Construction Industry Research Board.

APPENDIX E

SISKIYOU COUNTY TREASURY POOL

The following information concerning the Siskiyou County Treasury Pool (the "Treasury Pool") has been provided by the Treasurer, and has not been confirmed or verified by the District or the Underwriter. The District and the Underwriter have not made an independent investigation of the investments in the Treasury Pool and have made no assessment of the current County investment policy. The value of the various investments in the Treasury Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein. Finally, neither the District nor the Underwriter make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Treasurer Pool may be obtained from the Treasurer at http://www.co.siskiyou.ca.us/page/treasurer-tax-collector; however, the information presented on such website is not incorporated herein by any reference.

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SISKIYOU COUNTY

TREASURY INVESTMENT REPORT

by

Wayne Hammar
Siskiyou County Treasurer-Tax Collector

August 31, 2014

Distribution:

Treasury Oversight Committee Members
Board of Supervisors Members
Clerk of the Board
County Administrator

Audits:

Monthly: County Auditor

Annually: Private Audit Firm

SISKIYOU COUNTY TREASURY
Portfolio Management
Portfolio Summary
August 31, 2014

SISKIYOU COUNTY
311 4TH STREET
Yreka, Yreka, CA 96097
(530)842-8347

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Managed Pool Investments	33,291,845.30	33,301,763.80	33,291,845.30	32.26	1	1	0.236	0.239
Money Markets	1,907,914.61	1,907,914.61	1,907,914.61	1.85	1	1	0.088	0.089
Federal Agency Issues - Coupon	68,000,000.00	67,674,460.00	68,008,565.00	65.89	1,826	1,395	1.316	1.334
Investments	**103,199,759.91**	**102,884,138.41**	**103,208,324.91**	**100.00%**	**1,203**	**920**	**0.945**	**0.958**

Total Earnings	August 31 Month Ending	Fiscal Year To Date
Current Year	86,996.92	170,751.41
Average Daily Balance	101,724,588.90	101,399,628.54
Effective Rate of Return	1.01%	0.99%

The Siskiyou County Treasurer's portfolio, with an "Average Days to Maturity" of 920 days, has an effective rate of return of .99%. In comparison, LAIF, with an average maturity of 232 days has a quarter to date yield of .25% before administrative costs.

The securities held in this portfolio are in direct compliance with the Siskiyou County Investment Policy. It is the opinion of the Treasurer that the next six (6) months of expenditures can be met. We have thirty-five (35) investments that are in excess of one year. Copies of the report are filed with the Board of Supervisors Clerk, Board Members, County Administrative Officer, and the Treasury Oversight Committee. The market values are obtained from Union Bank Custody Services.

Wayne Hammar 9-2-14

WAYNE HAMMAR, TREASURER-TAX COLLECTOR

Reporting period 08/01/2014-08/31/2014

Run Date: 09/02/2014 - 10:30

Portfolio SICO
RC
PM (PRF_PM1) 7.3.0
Report Ver. 7.3.5

SISKIYOU COUNTY TREASURY
Portfolio Management
Portfolio Details - Investments
August 31, 2014

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Managed Pool Investments												
SYS1240	1240	California Asset Mgmt Program			91,845.30	91,845.30	91,845.30	0.050		0.050	1	
SYS1002	1002	Local Agency Investment Fund			32,638,503.46	32,648,254.21	32,638,503.46	0.240		0.240	1	
SYS1002A	1002A	L A I F Solid Waste			561,496.54	561,664.29	561,496.54	0.240		0.240	1	
		Subtotal and Average	**29,988,619.49**		**33,291,845.30**	**33,301,763.80**	**33,291,845.30**			**0.239**	**1**	
Money Markets												
SYS1070	1070	AIM Money Market			100,000.00	100,000.00	100,000.00	0.010		0.010	1	
SYS1266	1266	UBS Global Asset Mgmt Fund			150,000.00	150,000.00	150,000.00	0.020		0.020	1	
SYS1385	1385	Union High Yield Sweep Account			1,657,914.61	1,657,914.61	1,657,914.61	0.100		0.100	1	
		Subtotal and Average	**2,406,033.44**		**1,907,914.61**	**1,907,914.61**	**1,907,914.61**			**0.089**	**1**	
Federal Agency Issues - Coupon												
3133ECQ56	1622	Federal Farm Credit Bank Calla		05/22/2013	2,000,000.00	1,981,040.00	2,000,000.00	1.080		1.080	1,359	05/22/2018
3133EDFY3	1636	Federal Farm Credit Bank Calla		02/26/2014	2,000,000.00	2,010,440.00	1,998,500.00	1.740		1.771	1,639	02/26/2019
313381LC7	1606	Fed. Home Loan Bank		12/28/2012	2,000,000.00	1,979,920.00	2,000,000.00	0.950		0.960	1,214	12/28/2017
313381M69	1607	Fed. Home Loan Bank		01/16/2013	2,000,000.00	1,982,120.00	2,000,000.00	1.000		1.000	1,233	01/16/2018
313381Y58	1609	Fed. Home Loan Bank		02/12/2013	2,000,000.00	1,983,240.00	2,000,000.00	1.050		1.050	1,260	02/12/2018
3133826R9	1611	Fed. Home Loan Bank		02/20/2013	2,000,000.00	1,979,740.00	2,000,000.00	1.100		1.100	1,268	02/20/2018
313383A68	1624	Fed. Home Loan Bank		06/13/2013	2,000,000.00	1,975,580.00	2,000,000.00	1.080		1.080	1,381	06/13/2018
313383AW1	1625	Fed. Home Loan Bank		06/13/2013	2,000,000.00	1,979,220.00	2,000,000.00	1.150		1.150	1,381	06/13/2018
313383EP2	1626	Fed. Home Loan Bank		06/20/2013	2,000,000.00	1,982,320.00	2,000,000.00	1.250		1.250	1,388	06/20/2018
313383CR0	1627	Fed. Home Loan Bank		06/20/2013	2,000,000.00	1,977,720.00	2,000,000.00	1.125		1.125	1,388	06/20/2018
3130A0WU0	1634	Fed. Home Loan Bank		02/25/2014	2,000,000.00	2,003,660.00	2,000,000.00	1.830		1.830	1,638	02/25/2019
3130A0WU0	1635	Fed. Home Loan Bank		02/25/2014	2,000,000.00	2,003,660.00	2,000,000.00	1.830		1.830	1,638	02/25/2019
3130A1GQ5	1638	Fed. Home Loan Bank		04/15/2014	2,000,000.00	2,000,100.00	2,000,000.00	2.070		2.070	1,687	04/15/2019
3130A1GQ5	1639	Fed. Home Loan Bank		04/15/2014	2,000,000.00	2,000,100.00	1,999,040.00	2.070		2.080	1,687	04/15/2019
3133823A9	1615	Fed. Home Loan Bank (Callable)		02/22/2013	2,000,000.00	1,985,500.00	2,000,000.00	1.150		1.032	1,270	02/22/2018
313382HR7	1618	Fed. Home Loan Bank (Callable)		03/27/2013	2,000,000.00	1,973,660.00	2,000,000.00	1.130		1.130	1,303	03/27/2018
3134G3T42	1603	Fed. Home Loan Mtg.		11/13/2012	2,000,000.00	2,004,140.00	2,009,900.00	1.500		1.092	1,169	11/13/2017
3134G36X3	1619	Fed. Home Loan Mtg.		03/28/2013	2,000,000.00	1,986,560.00	2,000,000.00	1.125		1.125	1,304	03/28/2018
3134G37H7	1620	Fed. Home Loan Mtg.		04/25/2013	2,000,000.00	1,981,680.00	2,000,000.00	1.150		1.150	1,332	04/25/2018
3134G43V8	1621	Fed. Home Loan Mtg.		05/15/2013	2,000,000.00	1,979,660.00	2,000,000.00	1.050		1.050	1,352	05/15/2018
3134G47M4	1628	Fed. Home Loan Mtg.		06/26/2013	2,000,000.00	2,001,760.00	2,000,000.00	1.500		1.500	1,394	06/26/2018
3134G4A99	1629	Fed. Home Loan Mtg.		06/26/2013	2,000,000.00	1,998,060.00	2,000,000.00	1.300		1.300	1,394	06/26/2018
3134G4WL8	1637	Fed. Home Loan Mtg.		03/19/2014	2,000,000.00	2,010,380.00	2,000,000.00	1.750		1.750	1,660	03/19/2019

SISKIYOU COUNTY TREASURY
Portfolio Management
Portfolio Details - Investments
August 31, 2014

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Federal Agency Issues - Coupon												
3134G52J3	1640	Fed. Home Loan Mtg.		04/24/2014	2,000,000.00	2,005,460.00	2,000,000.00	2.100		2.100	1,696	04/24/2019
3134G5CA1	1642	Fed. Home Loan Mtg.		07/30/2014	2,000,000.00	2,003,680.00	2,000,000.00	1.875		1.875	1,793	07/30/2019
3135G0NR0	1598	Fed Natl Mtge Assoc (Callable)		08/28/2012	2,000,000.00	2,001,320.00	2,000,000.00	1.100		1.100	1,092	08/28/2017
3136G05F4	1605	Fed Natl Mtge Assoc (Callable)		11/29/2012	2,000,000.00	1,986,640.00	2,000,000.00	1.030		1.030	1,185	11/29/2017
3135G0TK9	1608	Fed Natl Mtge Assoc (Callable)		01/30/2013	2,000,000.00	1,984,740.00	2,000,000.00	1.050		1.050	1,247	01/30/2018
3135G0UH4	1614	Fed Natl Mtge Assoc (Callable)		02/22/2013	2,000,000.00	1,990,620.00	2,000,000.00	1.200		1.200	1,270	02/22/2018
3135G0UX9	1616	Fed Natl Mtge Assoc (Callable)		02/28/2013	2,000,000.00	1,989,960.00	2,000,000.00	1.200		1.200	1,276	02/28/2018
3135GOVL4	1617	Fed Natl Mtge Assoc (Callable)		03/20/2013	2,000,000.00	1,984,080.00	2,000,000.00	1.125		1.125	1,296	03/20/2018
3135G0XK4	1623	Fed Natl Mtge Assoc (Callable)		05/30/2013	2,000,000.00	1,978,660.00	2,000,000.00	1.050		1.050	1,362	05/25/2018
3136G0RT0	1597	Fed. Nat. Mtg. Assln.		07/26/2012	2,000,000.00	1,998,640.00	2,001,125.00	1.150		1.131	1,059	07/26/2017
3136G23T2	1643	Fed. Nat. Mtg. Assln.		08/27/2014	1,000,000.00	995,060.00	1,000,000.00	2.000		2.000	1,821	08/27/2019
3136G23W5	1644	Fed. Nat. Mtg. Assln.		08/28/2014	1,000,000.00	995,340.00	1,000,000.00	2.000		2.000	1,822	08/28/2019
		Subtotal and Average	69,329,935.97		68,000,000.00	67,674,460.00	68,008,565.00			1.334	1,395	
		Total and Average	101,724,588.90		103,199,759.91	102,884,138.41	103,208,324.91			0.958	920	

APPENDIX F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $_________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

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