PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 1, 2019

NEW ISSUE -- FULL BOOK-ENTRY **RATINGS: Moody's: "Aa1"; S&P: "AA"**
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. 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" herein with respect to tax consequences relating to the Bonds.

$80,000,000*
SIERRA JOINT COMMUNITY COLLEGE DISTRICT
Election of 2018 General Obligation Bonds, Series A
(School Facilities Improvement District No. 4)
(Placer, El Dorado and Sacramento Counties, California)

Dated: Date of Delivery **Due: August 1, as shown on the inside cover**

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 Sierra Joint Community College District Election of 2018 General Obligation Bonds, Series A (School Facilities Improvement District No. 4) (Placer, El Dorado and Sacramento Counties, California) (the "Bonds") were authorized at an election of the registered voters of the Sierra Joint Community College District School Facilities Improvement District No. 4 (the "Improvement District") held on June 5, 2018 at which the requisite 55% of the persons voting on the proposition voted to authorize the issuance and sale of $350,000,000 principal amount of general obligation bonds. The Bonds are being issued by the Sierra Joint Community College District (the "District") to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities within the Improvement District, and (ii) pay the costs of issuing 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 Placer, El Dorado and Sacramento Counties are empowered and obligated to annually levy such *ad valorem* property taxes for the payment of the principal of and interest on the Bonds upon all property within the Improvement 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).

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, but will receive credit balances on the books of their respective nominees.

The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the date of delivery thereof and be payable semiannually on February 1 and August 1 of each year, commencing August 1, 2019. 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 The Bank of New York Mellon Trust Company, N.A., as the designated Paying Agent, to DTC for subsequent disbursement to DTC Participants (as defined herein) who will remit such payments to the Beneficial Owners of the Bonds.

The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as further described herein.*

MATURITY SCHEDULE

(see inside front cover)

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*The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel. Certain matters will be passed on for the District by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel, and by Kutak Rock LLP, Denver, Colorado for the Underwriter. The Bonds, in book-entry form, will be available through the facilities of The Depository Trust Company in New York, New York, on or about March 6, 2019.**

PiperJaffray

Dated: February ___, 2019

* Preliminary, subject to change.

MATURITY SCHEDULE*

Base CUSIP(†):

$___________
SIERRA JOINT COMMUNITY COLLEGE DISTRICT
Election of 2018 General Obligation Bonds, Series A
(School Facilities Improvement District No. 4)
(Placer, El Dorado and Sacramento Counties, California)

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP(†) Suffix

$__________ - ___% Term Bonds due August 1, 20__; Yield: ___%; CUSIP(†) Suffix:

* Preliminary, subject to change.

(†) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ 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 the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. None of the District, the Municipal Advisor or the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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 Sections 3(a)2 and 3(a)12, respectively, for the issuance and sale of such municipal securities. The Bonds are not registered under the securities laws of any state. 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 provided the following sentence for inclusion in this Official Statement:

> "The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction, 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 INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

The District maintains a website and certain social media accounts. However, the information presented on the District's website and such social medical accounts is not incorporated into this Official Statement by any reference, and should not be relied upon in making investment decisions with respect to the Bonds.

<u>SIERRA JOINT COMMUNITY COLLEGE DISTRICT</u>

District Administration

William H. Duncan, IV, *Superintendent/President*
Erik Skinner, *Assistant Superintendent/ Vice President, Administrative Services*

<u>PROFESSIONAL SERVICES</u>

Bond Counsel and Disclosure Counsel

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

Municipal Advisor

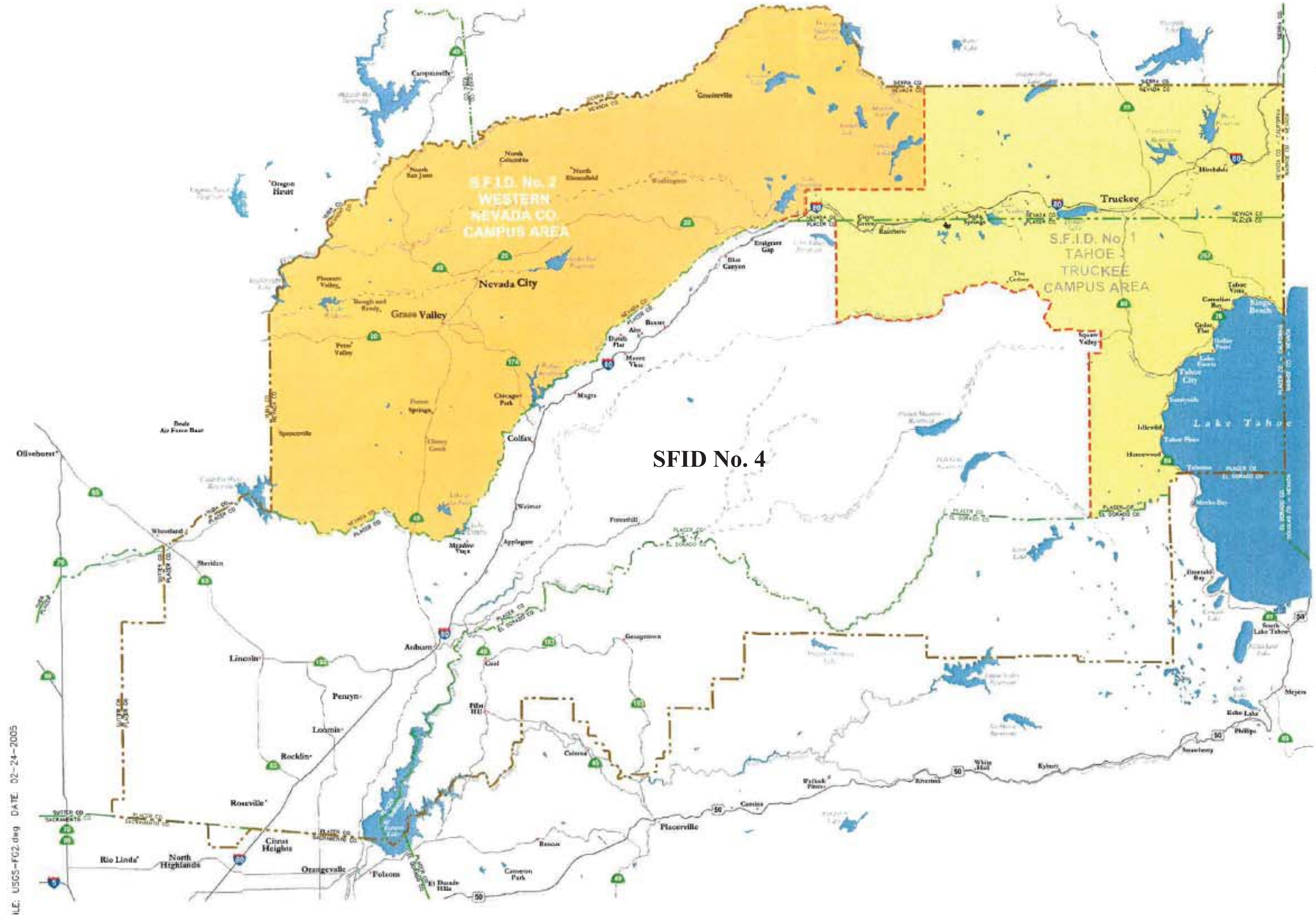
Capitol Public Finance Group
Roseville, California

Paying Agent

The Bank of New York Mellon Trust Company, N.A.
Dallas, Texas

SIERRA JOINT COMMUNITY COLLEGE DISTRICT

SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 4



SFID 4 consists of all territory of the Sierra Joint Community College District located in Placer, Sacramento and El Dorado Counties that is not located in SFID 1 and SFID 2. SFID 1's boundaries are shown in yellow and SFID 2's boundaries are shown in orange.

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TABLE OF CONTENTS

TABLE OF CONTENTS (cont'd)

$80,000,000*
SIERRA JOINT COMMUNITY COLLEGE DISTRICT
Election of 2018 General Obligation Bonds, Series A
(School Facilities Improvement District No. 4)
(Placer, El Dorado and Sacramento Counties, California)

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of the Sierra Joint Community College District Election of 2018 General Obligation Bonds, Series A (School Facilities Improvement District No. 4) (Placer, El Dorado and Sacramento Counties, California) (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, inside 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 the Bonds to potential investors is made only by means of the entire Official Statement.

The District

The Sierra Joint Community College District (the "District") provides collegiate level instruction in grades 13 and 14. The District encompasses approximately 3,200 square miles and includes most of Placer County (the "County"), as well as small portions of El Dorado County, Nevada County, Sacramento County and Yuba County. The District was formed in 1936.

The District operates Sierra College, which has its main campus on a 300-acre site in Rocklin, as well as three satellite instructional centers in Roseville, Truckee and Grass Valley. Sierra College is fully accredited by the Accrediting Commission for Community and Junior Colleges (the "ACCJC"). For fiscal year 2018-19, the District has budgeted a full-time equivalent students ("FTES") count of 14,984.

The governing board of the District is the Board of Trustees (the "Board"). The Board includes seven voting members elected at-large by the voters of the District to serve seven trustee areas. Each member of the Board serves a four-year term. 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. William H. Duncan, IV currently serves as the District's Superintendent/President.

For more information about the District generally, see "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA" and "SIERRA JOINT COMMUNITY COLLEGE DISTRICT" herein. The District's audited financial statements for fiscal year ended June 30, 2018 are attached hereto as APPENDIX B and should be read in their entirety.

The Improvement District

The Sierra Joint Community College District School Facilities Improvement District No. 4 (the "Improvement District") includes those portions of the District located in Placer, El Dorado and Sacramento Counties, California (collectively, the "Counties"), and which were not included in two other

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* Preliminary, subject to change.

school facilities improvement districts previously formed by the District. See "SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 4" herein. For fiscal year 2018-19, the assessed valuation of taxable property within the boundaries of the Improvement District is $66,070,223,739, with approximately 92.9% located in the County, 1.4% located in El Dorado County, and 5.7% located in Sacramento County. The assessed valuation of taxable property in the Improvement District accounts for approximately 65.95% of the total fiscal year 2018-19 assessed valuation of taxable property in the District.

For more information about the Improvement District generally, see "SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 4" herein. For more information regarding the Improvement District's assessed valuation, see "TAX BASE FOR REPAYMENT OF BONDS" herein.

Purpose of Issue

The proceeds of the Bonds will be used to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities within the Improvement District, and (ii) pay the costs of issuing the Bonds.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the Government Code and other applicable law, and pursuant to a resolution adopted by the Board on December 11, 2018 (the "Resolution"). See "THE BONDS – Authority for Issuance" herein.

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 the Counties are empowered and obligated to annually levy such *ad valorem* property taxes for the payment of the principal of and interest on the Bonds upon all property within the Improvement 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" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered form only, without coupons, and will mature on August 1 in the years indicated on the inside cover page hereof. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds purchased, but will instead receive credit balances on the books of their respective nominees. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. See "THE BONDS – General Provisions" and "THE BONDS – Book-Entry Only System" herein. In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution. See "THE BONDS – Discontinuation of Book-Entry Only System; Payment to Beneficial Owners" herein.

So long as Cede & Co. is the registered Owner of the Bonds, as nominee of DTC, references herein to the "Owners," "Bond Owners" or "Holders" of the Bonds (other than under the captions "INTRODUCTION – Tax Matters" and "TAX MATTERS" herein, and in "APPENDIX A" attached hereto) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

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

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

Payments. The Bonds will be issued as current interest bonds, such that interest thereon will accrue from their initial date of delivery (the "Date of Delivery"), and be payable semiannually on each February 1 and August 1 (each, a "Bond Payment Date"), commencing August 1, 2019. Principal of the Bonds is payable on August 1 in the amounts and years set forth on the inside cover page hereof.

Payments of the principal of and interest on the Bonds will be made by The Bank of New York Mellon Trust Company, N.A., as paying agent, bond registrar and transfer agent for the Bonds (the "Paying Agent") to DTC for subsequent disbursement through DTC Participants (as defined herein) to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry Only System" herein.

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 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. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California (the "State") personal income tax. See "TAX MATTERS" herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York on or about March 6, 2019.*

Bond Owner's Risks

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes which may be levied without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates) on all property within the Improvement District subject to taxation by the District, as further described herein. For more complete information regarding the taxation of property within the Improvement District, and certain other information, see "TAX BASE FOR REPAYMENT OF BONDS" and "LIMITATION ON REMEDIES; BANKRUPTCY" herein.

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* Preliminary, subject to change.

Continuing Disclosure

Pursuant to the Continuing Disclosure Certificate relating to the Bonds, 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 listed events, in order to assist Piper Jaffray & Co. (the "Underwriter") in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be made available and of the notices of listed events required to be provided, is summarized in "LEGAL MATTERS – Continuing Disclosure" herein and "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein.

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 and Capitol Public Finance Group, Roseville, California, is acting as Municipal Advisor to the District, each with respect to the Bonds. Bond Counsel, Disclosure Counsel and the Municipal Advisor 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 Kutak Rock LLP, Denver, Colorado. The Bank of New York Mellon Trust Company, N.A., Dallas, Texas will act as Paying Agent for the Bonds. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the District or the 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," "intend" "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 and Improvement 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 Assistant Superintendent/Vice President, Administrative Services, Sierra Joint Community College District, 5100 Sierra College Boulevard, Rocklin, California 95677. 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 of the 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 being issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, Article XIIIA of the State Constitution and pursuant to the Resolution.

The District received authorization at an election held on June 5, 2018, by the requisite 55% or more of the votes cast by eligible voters within the Improvement District, to issue $350,000,000 aggregate principal amount of general obligation bonds (the "2018 Authorization"). The Bonds represent the first series of bonds issued under the 2018 Authorization, and, following the issuance thereof, $270,000,000* of the 2018 Authorization will remain unissued.

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 such *ad valorem* property taxes for the payment of the principal of and interest on the Bonds upon all property within the Improvement 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).

Such *ad valorem* property taxes will be levied annually in addition to all other taxes during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest thereon when due. The levy may include an allowance for an annual reserve, established for the purpose of

* Preliminary, subject to change.

avoiding fluctuating tax levies. However, the Counties are not obligated to establish or maintain such a reserve, and the District can make no representations that the Counties will do so. Such taxes, when collected, will be placed by the Counties in the Debt Service Fund (as defined herein) established by the Resolution, which is required to be segregated and maintained by the County and which is designated for the payment of the Bonds and interest thereon when due, and for no other purpose. Pursuant to the Resolution, the District has pledged funds on deposit in the Debt Service Fund to the payment of the Bonds. Although the Counties are obligated to levy *ad valorem* property taxes for the payment of the Bonds as described above, and the County will maintain the Debt Service Fund, the Bonds are not a debt of any of the Counties.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds, as the same becomes due and payable, will be transferred by the County to the Paying Agent. The Paying Agent will in turn remit the funds to DTC for remittance of such principal and interest to its Participants (as defined herein) for subsequent disbursement to the respective Beneficial Owners of such Bonds.

The rate of the annual *ad valorem* property taxes levied by the Counties to pay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the Improvement District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service due on the Bonds and the assessed value of taxable property in the Improvement District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in real property 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 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, drought, fires (including wildfires), toxic contamination or flooding could cause a reduction in the assessed value of taxable property within the Improvement District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the Improvement 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" herein.

Statutory Lien

Pursuant to California Government Code Section 53515, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

This statutory lien, by its terms, secures not only the Bonds, but also any other bonds of the District issued after January 1, 2016 and payable, both as to principal and interest, from the proceeds of *ad valorem* property taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. The statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of such *ad valorem* property taxes are insufficient to pay all amounts then due and owing that are secured by the statutory lien.

General Provisions

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 physical certificates representing their interests in the Bonds, but will instead receive credit balances on the books of their respective nominees. See "– Book Entry Only System" herein.

The Bonds will be issued as current interest bonds, such that interest thereon will be payable semiannually on each Bond Payment Date, commencing August 1, 2019. Interest on the Bonds will be computed on the basis of a 360-day year of twelve, 30-day months. Each Bond will 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 will bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2019, in which event it will bear interest from the Date of Delivery. 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 page hereof.

Payment of interest on any Bond on any Bond Payment Date shall be made to the person appearing on the registration books of the Paying Agent as the Owner thereof as of 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 wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal, and redemption premiums, if any, payable on the Bonds shall be payable upon maturity or redemption upon surrender at the principal corporate trust office of the Paying Agent. The principal of, premiums, if any, and interest on, the Bonds shall be payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof

So long as the Bonds are held in the book-entry system of DTC, all payments of principal of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered owner of the Bonds. See also "—Book-Entry Only System" below.

Redemption

Optional Redemption.* The Bonds maturing on or before August 1, 20__ are not subject to redemption. The Bonds maturing on or after August 1,__ are subject to redemption prior to their respective 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, 20__, at a redemption price equal to the principal amount of such Bonds selected for redemption, together with interest accrued thereon to the date of redemption, without premium.

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* Preliminary, subject to change.

Mandatory Redemption.* The Bonds maturing on August 1, 20__ (the "Term Bonds") are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20__, at a redemption price equal to the principal amount thereof, plus interest accrued to the date set for such redemption, without premium. The principal amount represented by such School District Term Bonds to be so redeemed, the redemption dates therefor, and the final principal payment date are as indicated in the following table:

Redemption Date (August 1)	**Principal Amount to be Redeemed**

(1) Maturity.

In the event that a portion of the Term Bonds are optionally redeemed prior to maturity, the remaining mandatory sinking fund payments with respect thereto shall be reduced proportionately or as otherwise directed by the District, in integral multiples of $5,000 principal amount, in respect of the portion of such Term Bonds optionally redeemed.

Selection of Bonds for Redemption. Whenever provision is made for the optional redemption of Bonds and less than all outstanding 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 with respect to redemption by lot, the portion of any Bond to be redeemed in part shall be in the principal amount of $5,000 or any integral multiple thereof.

Notice of Redemption. When redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District, shall give notice (a "Redemption Notice") of the redemption of the Bonds. Such Redemption Notice shall 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, (g) in the case of any Bond to be redeemed in part only, the portion of the principal amount of such Bond to be redeemed, and (h) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. The Redemption Notice will further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed at the redemption price thereof, together with the interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue.

The Paying Agent shall 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 shall be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the registration books kept by the Paying Agent on which the registered ownership, transfer and exchange of Bonds shall be recorded (the "Bond Register"); (b) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or

* Preliminary, subject to change.

(iii) 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 shall be given by (i) registered or certified mail, postage prepaid, or (ii) overnight delivery service, to one of the Information Services; and (d) such Redemption Notice shall be given such other persons as may be required pursuant to the Continuing Disclosure Certificate.

"Information Services" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System; or, such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or, in the absence of such a written designation, as the Paying Agent may select.

"Securities Depository" shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041.

A certificate of the Paying Agent to the effect that a Redemption Notice has been given as provided in the Resolution shall be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. The Redemption Notice may state that no representation is made as to the accuracy or correctness of CUSIP numbers printed thereon.

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," 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 Redemption Notice, 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 shall 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 shall be valid upon payment of the amount required to be paid to such Owner, and the District shall 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 all the Bonds to be redeemed as provided in "—Defeasance" hereof, together with interest accrued to such redemption date, shall be held in trust so as to be available therefor on such redemption date, and if a Redemption Notice thereof shall have been given as aforesaid, 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 of Bonds, unless upon the giving of such notice such Bonds shall be deemed to have been defeased as described in "—Defeasance" hereof, such notice shall state that such redemption shall be conditional upon the receipt by the 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 of, premium, if any, and interest on, such Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect, the Bonds shall not be subject to redemption on such date and the Bonds shall 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 shall not be made and the Paying Agent shall within a reasonable time thereafter 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 shall 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 shall 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 under the provisions of the Resolution, or with respect to which 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 held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and accrued interest with respect thereto to the date fixed for redemption, all as provided in this Resolution, then such Bonds shall no longer be deemed outstanding and shall be surrendered to the Paying Agent for cancellation.

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 (as defined herein) 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 so do 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 "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The 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, 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 3.6 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. However, the information presented on such website is not incorporated herein by any reference to such website.

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 actual purchaser of each Bond ("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 purchase. 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.

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 the Bonds unless authorized by a Direct Participant in accordance with DTC's 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 and distribution on 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 nor its nominee, 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 and distribution 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 to the Owners thereof.

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.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain at its principal office all books and records necessary for the registration, exchange and transfer of such Bonds, which shall at all times be open to inspection by the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register, exchange or transfer or cause to be registered, exchanged or transferred, on said books, Bonds as provided in the Resolution.

In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the payment, registration, transfer, exchange and replacement of the Bonds.

Payment of interest on any Bond will be made to the person appearing on the registration books of the Paying Agent as the Owner thereof as of the Record Date immediately preceding such Bond Payment Date, such interest to be paid by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal, and redemption premiums, if any, payable on the Bonds, will be payable upon maturity or redemption upon surrender at the designated corporate trust office of the Paying Agent. The principal of, and premiums, if any, and interest on, the Bonds will be payable in lawful money of the United States of America.

Any Bond may be exchanged for Bonds of like tenor, maturity and Transfer Amount (which with respect to any outstanding Bonds means the principal amount thereof) upon presentation and surrender at the principal 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 on the Bond Register by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. 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 Transfer 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 day next preceding any Bond Payment Date, the stated maturity of any of the Bonds or any date of selection of Bonds to be redeemed and ending with the close of business on the applicable Bond Payment Date, the close of business on the applicable stated maturity date or any day on which the applicable notice of redemption 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 at any time 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 any amounts transferred from the Debt Service Fund, is sufficient to pay all Bonds outstanding and designated for defeasance (including all principal thereof, accrued 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 any amounts transferred from the Debt Service Fund and any other cash, if required, 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, accrued interest thereon and redemption premiums, if any) at or before their maturity date;

then, notwithstanding that any of 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, 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), and obligations secured or otherwise guaranteed, directly or indirectly, as to principal and interest by a pledge of the full faith and credit of the United States of America. 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 either S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") or Moody's Investors Service ("Moody's").

Application and Investment of Bond Proceeds

The Bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities within the Improvement District and (ii) pay the costs of issuing the Bonds.

The proceeds of the sale from the Bonds, net of costs of issuance and any premium received upon the sale thereof, will be deposited by the County to the credit of a building fund created by the Resolution (the "Building Fund"), and will be applied solely for the purposes for which the Bonds are being issued.

Interest earnings in the Building Fund will be retained therein. The County will have no responsibility for assuring the proper use of the proceeds of the Bonds.

The *ad valorem* property taxes levied by the Counties for the payment of the Bonds, when collected, are required to be held separate and apart by the County in a debt service fund created by the Resolution (the "Debt Service Fund"), and used only for payment of principal of and interest on Bonds. Accrued interest and any premium received upon the sale of the Bonds will be deposited into the Debt Service Fund. Any interest earnings on moneys held in the Debt Service Fund will be retained therein. Any excess proceeds of the Bonds not needed for authorized purposes for which the Bonds are being issued will be transferred to the Debt Service Fund and applied to the payment of the principal of and interest on the Bonds. Pursuant to the Resolution, the District has pledged monies on deposit in the Debt Service Fund to the payment of the Bonds. If, after all of the Bonds have been redeemed or paid and otherwise cancelled, there are moneys remaining in the Debt Service Fund, said moneys will be transferred to the general fund of the District as provided and permitted by law.

Moneys in the Debt Service Fund and the Building Fund will be invested through the County's pooled investment fund. See "APPENDIX E - PLACER COUNTY INVESTMENT POOL" herein.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount of the Bonds	
Original Issue Premium	
Total Sources	
Uses of Funds	
Building Fund	
Debt Service Fund	
Costs of Issuance[1]	
Total Uses	

[1] Reflects all costs of issuance of the Bonds, including, but not limited to, the Underwriter's discount, legal and Municipal Advisor fees, printing costs, rating agencies fees, and the costs and fees of the Paying Agent.

DEBT SERVICE SCHEDULE

The following table shows the debt service schedule with respect to the Bonds (assuming no optional redemption of Bonds).

Year Ending (August 1)	Annual Principal Payment	Annual Interest Payment(1)	Total Annual Debt Service

(1) Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing August 1, 2019.

See also "SIERRA JOINT COMMUNITY COLLEGE DISTRICT – District Debt Structure – General Obligation Bonds" herein 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 Improvement District. The Bonds are payable solely from* ad valorem *property taxes levied and collected by the Counties on taxable property in the Improvement District, which taxes are unlimited as to rate or amount. 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 property 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. Unsecured property is assessed on the "unsecured roll." Unsecured property comprises all property not attached to land, such as personal property or business property. Boats and airplanes are examples of unsecured property. A supplemental roll is developed when property changes hands or new construction is completed. Each of the Counties levies and collects all property taxes for property falling within the respective county's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently equalized in August. Property taxes on the secured roll are payable in two installments, due November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus any additional amount determined by the tax-collecting authority of each of the Counties. After the second installment of taxes on the secured roll is delinquent, the tax-collecting authority of each of the Counties will collect a cost of $10 for preparing the delinquent tax records and giving notice of the delinquency. Property on the secured roll with delinquent taxes is declared tax-defaulted on July 1 of the calendar year. Such property may thereafter be redeemed, until the right of redemption is terminated, 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 each of the Counties.

Property taxes on the unsecured roll as of July 31 become delinquent if they are not paid by August 31 and are thereafter subject to a delinquent penalty of 10%. Taxes added to the unsecured tax roll after July 31, if unpaid, are delinquent and subject to a penalty of 10% on the last day of the month succeeding the month of enrollment. In the case of unsecured property taxes, an additional penalty of 1.5% per month begins to accrue when such taxes remain unpaid on the last day of the second month after the 10% penalty attaches. 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" herein.

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.

Assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies, including K-14 school districts (as defined herein), 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

The table below and on the following page shows the assessed valuations for the territory within the Improvement District for fiscal years 2014-15 through 2018-19, each as of the date the equalized assessment tax roll is established in August of each year. The Improvement District was formed during the 2017-18 fiscal year.

ASSESSED VALUATIONS
Fiscal Years 2014-15 through 2018-19
Sierra Joint Community College District
School Facilities Improvement District No. 4

	Local Secured	Utility	Unsecured	Total	Percent Change
			El Dorado County Portion		
2014-15	$761,764,422	$52,500	$5,872,122	$767,689,044	--
2015-16	797,315,955	57,000	5,266,824	802,639,779	4.55%
2016-17	848,405,069	57,000	5,785,528	854,247,597	6.43
2017-18	890,907,499	57,000	5,496,675	896,461,174	4.94
2018-19	928,850,703	57,000	6,904,607	935,812,310	4.39
			Placer County Portion		
2014-15	$46,612,428,987	$39,405,917	$1,272,822,187	$47,924,657,091	--
2015-16	50,357,690,707	39,100,215	1,311,104,519	51,707,895,441	7.89%
2016-17	53,048,721,948	38,354,423	1,409,513,400	54,496,589,771	5.39
2017-18	56,121,227,654	35,762,862	1,401,788,914	57,558,779,430	5.62
2018-19	59,889,846,585	35,762,862	1,430,339,747	61,355,949,194	6.60
			Sacramento County Portion		
2014-15	$3,073,739,256	$0	$18,116,032	$3,091,855,288	--
2015-16	3,207,236,642	0	20,878,629	3,228,115,271	4.41%
2016-17	3,356,942,387	0	21,151,959	3,378,094,346	4.65
2017-18	3,539,264,155	0	23,604,472	3,562,868,627	5.47
2018-19	3,753,843,683	0	24,618,552	3,778,462,235	6.05
			Total Improvement District		
2014-15	$50,447,932,665	$39,458,417	$1,296,810,341	$51,784,201,423	--
2015-16	54,362,243,304	39,157,215	1,337,249,972	55,738,650,491	7.64%
2016-17	57,254,069,404	38,411,423	1,436,450,887	58,728,931,714	5.36
2017-18	60,551,399,308	35,819,862	1,430,890,061	62,018,109,231	5.60
2018-19	64,572,540,971	35,819,862	1,461,862,906	66,070,223,739	6.53

Source: California Municipal Statistics, Inc.

Appeals and Adjustments of Assessed Valuation. Under State 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 (the "SBE"), with the appropriate county board of equalization or assessment appeals board. In most cases, the 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.

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.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought or toxic contamination pursuant to relevant provisions of the State Constitution.

Whether resulting from taxpayer appeals or county assessor reductions, adjustments to assessed value are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIIIA. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein.

The District does not have information regarding pending appeals of assessed valuation of property within the Improvement District. No assurance can be given that property tax appeals currently pending or in the future will not significantly reduce the assessed valuation of property within the Improvement District.

Assembly Bill 102. On June 27, 2017, the Governor signed into law Assembly Bill 102 ("AB 102"). AB 102 restructures the functions of the SBE and creates two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration will take over programs previously in the SBE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE will continue to perform the duties assigned by the State Constitution related to property taxes, however, beginning January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear tax appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the Improvement District.

Assessed Valuation of Single Family Homes. The following table shows the distribution of single family homes within the Improvement District among various fiscal year 2018-19 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within the Improvement District.

ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2018-19
Sierra Joint Community College District
School Facilities Improvement District No. 4

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	127,561	$48,800,884,357	$382,569	$351,732

2018-19 Assessed Valuation	No. of Parcels[(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	1,546	1.212%	1.212%	$54,261,719	0.111%	0.111%
50,000 - 99,999	3,891	3.050	4.262	295,838,856	0.606	0.717
100,000 - 149,999	5,629	4.413	8.675	716,195,886	1.468	2.185
150,000 - 199,999	9,265	7.263	15.938	1,638,684,800	3.358	5.543
200,000 - 249,999	12,871	10.090	26.028	2,910,936,335	5.965	11.508
250,000 - 299,999	14,889	11.672	37.700	4,098,913,663	8.399	19.907
300,000 - 349,999	15,052	11.800	49.500	4,892,323,857	10.025	29.932
350,000 - 399,999	14,890	11.673	61.173	5,577,239,921	11.429	41.361
400,000 - 449,999	13,294	10.422	71.595	5,638,276,762	11.554	52.914
450,000 - 499,999	10,121	7.934	79.529	4,795,596,384	9.827	62.741
500,000 - 549,999	7,383	5.788	85.317	3,866,038,197	7.922	70.663
550,000 - 599,999	4,972	3.898	89.215	2,849,199,122	5.838	76.502
600,000 - 649,999	3,476	2.725	91.940	2,166,518,871	4.440	80.941
650,000 - 699,999	2,416	1.894	93.834	1,626,118,969	3.332	84.273
700,000 - 749,999	1,653	1.296	95.129	1,196,151,174	2.451	86.724
750,000 - 799,999	1,270	0.996	96.125	982,087,048	2.012	88.737
800,000 - 849,999	958	0.751	96.876	788,105,999	1.615	90.352
850,000 - 899,999	692	0.542	97.418	604,232,278	1.238	91.590
900,000 - 949,999	554	0.434	97.853	511,588,732	1.048	92.638
950,000 - 999,999	413	0.324	98.177	401,703,221	0.823	93.461
1,000,000 and greater	2,326	1.823	100.000	3,190,872,563	6.539	100.000
Total	127,561	100.000%		$48,800,884,357	100.000%	

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

Assessed Valuations and Parcels by Land Use. The following table shows the distribution of taxable property within the Improvement District by principal use, as measured by assessed valuation and parcels in fiscal year 2018-19.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2018-19
Sierra Joint Community College District
School Facilities Improvement District No. 4

Non-Residential:	2018-19 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Agricultural/Rural	$472,512,874	0.73%	1,888	1.19%
Commercial/Office	6,991,926,589	10.83	3,712	2.33
Vacant Commercial	396,621,868	0.61	831	0.52
Industrial	1,788,862,540	2.77	1,098	0.69
Vacant Industrial	234,617,136	0.36	392	0.25
Recreational	212,304,866	0.33	205	0.13
Government/Social/Institutional	90,845,360	0.14	540	0.34
Miscellaneous	58,700,586	0.09	1,107	0.07
Subtotal Non-Residential	$10,246,391,819	15.87%	9,773	6.14%
Residential:				
Single Family Residence	$48,800,884,357	75.58%	127,561	80.09%
Condominium	789,488,126	1.22	4,156	2.61
Mobile Home	175,572,260	0.27	2,098	1.32
Mobile Home Park	77,386,882	0.12	62	0.04
2-4 Residential Units	1,057,672,435	1.64	2,610	1.64
5+ Residential Units/Apartments	1,882,499,308	2.92	1,658	1.04
Miscellaneous Residential	129,682,806	0.20	702	0.44
Vacant Residential	1,412,962,978	2.19	10,658	6.69
Subtotal Residential	$54,326,149,152	84.13%	149,505	93.86%
Total	$64,572,540,971	100.00%	159,278	100.00%

(1) Reflects total secured assessed valuation of the Improvement District, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

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Assessed Valuation by Jurisdiction. The following table shows an analysis of the distribution of taxable property in the Improvement District by jurisdiction, in terms of its fiscal year 2018-19 assessed valuation.

ASSESSED VALUATION BY JURISDICTION
Fiscal Year 2018-19
Sierra Joint Community College District
School Facilities Improvement District No. 4

Jurisdiction	Assessed Valuation in Improvement District	% of Improvement District	Assessed Valuation of Jurisdiction	% of Jurisdiction in Improvement District
City of Auburn	$2,086,094,793	3.16%	$2,086,094,793	100.00%
City of Colfax	206,947,921	0.31	206,947,921	100.00
City of Lincoln	8,130,683,289	12.31	8,130,683,289	100.00
Town of Loomis	1,122,906,122	1.70	1,122,906,122	100.00
City of Rocklin	9,809,379,394	14.85	9,809,379,394	100.00
City of Roseville	22,475,436,070	34.02	22,475,436,070	100.00
Unincorporated Placer County	17,524,501,605	26.52	32,027,114,911	54.72
Unincorporated El Dorado County	935,812,310	1.42	27,359,516,517	3.42
Unincorporated Sacramento County	3,778,462,235	5.72	58,456,133,790	6.46
Total District	$66,070,223,739	100.00%		
Summary by County:				
Placer County	$61,355,949,194	92.86%	$75,858,562,500	80.88%
El Dorado County	935,812,310	1.42	33,372,428,240	2.80
Sacramento County	3,778,462,235	5.72	161,119,543,526	2.35
Total District	$66,070,223,739	100.00%		

Source: California Municipal Statistics, Inc.

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Alternative Method of Tax Apportionment - Teeter Plan

The Boards of Supervisors of the Counties have approved the implementation of 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 California Revenue and Taxation Code. Under the Teeter Plan, the Counties apportion secured property taxes on an accrual basis when due (irrespective of actual collections) to its respective local political subdivisions, including the District, for which the Counties act as the tax-levying or tax-collecting agency.

The Teeter Plan is applicable to all secured tax levies for which each such county acts as the tax-levying or tax-collecting agency, or for which such county's treasury is the legal depository of the tax collections.

The *ad valorem* property taxes to be levied to pay the principal of and interest on the Bonds will be subject to the Teeter Plan, beginning in the first year of such levy. The District will receive 100% of the secured *ad valorem* property tax levied in the Counties to pay the Bonds irrespective of actual delinquencies in the collection of the tax by the Counties.

The Teeter Plan is to remain in effect in the Counties unless the Boards of Supervisors of the Counties order its discontinuance or unless, prior to the commencement of any fiscal year of either thereof (which commences on July 1 for the Counties), the Boards of Supervisors of the Counties receive a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in such county, in which event the Board of Supervisors of such county is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. The Boards of Supervisors of the Counties may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency or assessment levying agency in such county if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that agency. In the event the Boards of Supervisors of the Counties are to order discontinuance of the Teeter Plan subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which such county acts as the tax-levying or tax-collecting agency.

Largest Property Owners

The more property (by assessed value) which is owned by a single taxpayer within the Improvement District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer's financial situation and ability or willingness to pay property taxes. The following table lists the 20 largest local secured taxpayers in the Improvement District in terms of their fiscal year 2018-19 secured assessed valuations. Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representation as to whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2018-19
Sierra Joint Community College District
School Facilities Improvement District No. 4

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total[1]
1.	Roseville Shoppingtown LLC	Regional Mall	$441,396,856	0.68%
2.	Wal Mart Real Estate Business Trust	Commercial Stores	153,907,876	0.24
3.	8000 Foothills LLC	Office Building	107,202,000	0.17
4.	CPT Creekside Town Center LLC	Shopping Center	106,094,876	0.16
5.	Safeway Inc.	Supermarkets	104,990,531	0.16
6.	BREIT Wave MF SC Owner LLC	Apartments	104,526,912	0.16
7.	PW Fund B LP	Industrial	96,126,000	0.15
8.	DDR Creekside LP	Commercial	93,221,791	0.14
9.	Rosemeade Residential Holdings LLC	Apartments	84,640,737	0.13
10.	Target Corporation	Commercial	79,623,088	0.12
11.	Meridian Apartments LP	Apartments	76,213,648	0.12
12.	Eureka Development Company LLC	Commercial	75,998,021	0.12
13.	MGP X Properties LLC	Commercial	72,822,135	0.11
14.	Roseville Fountains LP	Shopping Center	70,822,270	0.11
15.	CW FBI Sacramento LLC	Industrial	67,884,398	0.11
16.	Oakmont Properties – Creekside LLC	Apartments	67,554,825	0.10
17.	John L. Sullivan Family LP	Auto Dealership	61,702,814	0.10
18.	Southall Group Holdings LLC	Industrial	61,350,987	0.10
19.	Ethan Conrad	Commercial	60,267,421	0.09
20.	Ace Hardware Corporation	Industrial	59,422,452	0.09
			$2,045,769,638	3.17%

(1) The fiscal year 2018-19 local secured assessed valuation of the Improvement District is $64,572,540,971.
Source: California Municipal Statistics, Inc.

Tax Rates

Representative tax rate areas (each, a "TRA") located within the Improvement District are TRA 05-001 (in the County), TRA 83-048 (in El Dorado County), and TRA 61-001 (in Sacramento County). The table below shows the total *ad valorem* property tax rates, as a percentage of assessed valuation, levied by all taxing entities in each such TRA during the five-year period from fiscal years 2014-15 through 2018-19. Taxes for the payment of the Bonds will first be levied in fiscal year 2019-20.

TYPICAL TAX RATES
Fiscal Years 2014-15 through 2018-19
Sierra Joint Community College District
School Facilities Improvement District No. 4

	2014-15	2015-16	2016-17	2017-18	2018-19
TRA 05-001 (Placer County) [1]					
General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Roseville Joint Union High School District	.048472	.045357	.050047	.052089	.043711
Roseville City School District	.045705	.043431	.043616	.011525	.010120
Total	1.094177%	1.088788%	1.093663%	1.063614%	1.053831%
TRA 83-048 (El Dorado County) [2]					
General Tax Rate	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Black Oak Mine Unified School District	.027600	.026200	.024400	.024700	.023971
Total	1.027600%	1.026200%	1.024400%	1.024700%	1.023971%
TRA 61-001 (Sacramento County) [3]					
General	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
Center Joint Unified School District	.20450	.15510	.22870	.22750	.24120
Total	1.20450%	1.15510%	1.22870%	1.22750%	1.24120%

(1) 2018-19 Assessed Valuation of TRA 5-001 is $11,427,793,577, which is 17.30% of the Improvement District's total 2018-19 Assessed Valuation.
(2) 2018-19 Assessed Valuation of TRA 83-048 is $603,517,738, which is 0.91% of the Improvement District's total 2018-19 Assessed Valuation.
(3) 2018-19 Assessed Valuation of TRA 61-001 is $373,390,894, which is 0.57% of the Improvement District's total 2018-19 Assessed Valuation.
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 November 29, 2018. 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 Improvement 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 Improvement 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 following table shows the percentage of each overlapping entity's assessed value located within the boundaries of the Improvement District. The table also shows the corresponding portion of the overlapping entity's existing debt payable from property taxes levied within the Improvement 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 Improvement District's in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the Improvement 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 Improvement District.

STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
Sierra Joint Community College District School Facilities Improvement District No. 4

2018-19 Assessed Valuation: $66,070,223,739

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 11/29/18**
Sierra Community College District School Facilities Improvement District No. 4	**100.000**	**$ --**[1]
Black Oak Mine Unified School District	53.907	3,183,208
Center Joint Unified School District	100.000	36,086,889
Rocklin Unified School District	100.000	52,794,483
Western Placer Unified School District	99.991	117,809,396
Placer Union High School District	100.000	23,359,138
Roseville Joint Union High School District and School Facilities Improvement District No. 1	100.000	117,192,730
Dry Creek Joint School District	100.000	33,209,895
Loomis Union School District	100.000	3,570,000
Roseville City School District	100.000	14,387,296
Other School Districts	Various	857,644
Tahoe Forest Hospital District	100.000	98,920,000
Community Facilities Districts	100.000	478,213,625
California Statewide Communities Development Authority 1915 Act Bonds	100.000	30,453,102
Other 1915 Act Bonds (Estimated)	100.000	26,182,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$1,036,219,406
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:		
Placer County General Fund Obligations	80.882%	$ 20,879,688
Sacramento County General Fund Obligations	2.345	6,933,990
Sacramento County Pension Obligation Bonds	2.345	20,768,963
Placer County Office of Education Certificates of Participation	80.882	897,790
Sacramento County Board of Education Certificates of Participation	2.345	113,498
Sierra Joint Community College District Certificates of Participation	65.954	2,803,704
Center Joint Unified School District Certificates of Participation	100.000	431,544
Rocklin Unified School District Certificates of Participation	100.000	13,880,000
Western Placer Unified School District Certificates of Participation	99.991	125,493,705
Placer Union High School District Certificates of Participation	100.000	1,845,000
Auburn Union School District General Fund Obligations	100.000	39,194,584
Roseville City School District Certificates of Participation	100.000	5,730,000
Eureka Union School District Certificates of Participation	100.000	3,135,000
Other High School and School District General Fund Obligations	Various	2,530,883
City of Auburn Pension Obligation Bonds	100.000	3,160,000
City of Lincoln General Fund Obligations	100.000	15,950,000
City of Rocklin Certificates of Participation	100.000	8,440,000
City of Roseville Certificates of Participation	100.000	23,144,780
Sunrise Recreation and Park District Certificates of Participation	23.774	1,351,552
Southern Placer Fire Protection District Certificates of Participation	100.000	5,145,000
Sacramento Metropolitan Fire District General Fund and Pension Obligation Bonds	5.664	3,314,232
Placer County Mosquito and Vector Control District Certificates of Participation	80.882	2,458,813
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$307,602,726
Less: Sacramento County supported obligations		399,764
City of Roseville supported obligations		2,596,883
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$304,606,079
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$70,644,013
GROSS COMBINED TOTAL DEBT		$1,414,466,145[2]
NET COMBINED TOTAL DEBT		$1,411,469,498

Ratios to 2018-19 Assessed Valuation:

Direct Debt	**- %**
Total Direct and Overlapping Tax and Assessment Debt	1.57%
Gross Combined Total Debt	2.14%
Net Combined Total Debt	2.14%

Ratio to Redevelopment Incremental Valuation ($2,802,969,867):

Total Overlapping Tax Increment Debt……………………………………2.52%

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

Source: California Municipal Statistics, Inc.

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 required to be levied by the Counties on taxable property within the Improvement District in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein. Articles XIIIA, XIIIB, XIIIC and XIIID of the State 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 information that these laws impose any limitation on the ability of the Counties to levy taxes for payment of the principal of and interest on the Bonds. The tax levied by the Counties for payment of the principal of and interest on the Bonds was approved by the voters of the Improvement District 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 of each county. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the fiscal year 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 State 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 adjusted base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rates 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" herein.

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 (i) on any indebtedness approved by the voters prior to July 1, 1978, or (ii) as the result of an amendment approved by State voters on June 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 (iii) on 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. The tax for the payment of the Bonds falls within the exception described in item (iii) of the immediately preceding sentence. In addition, Article XIIIA requires the approval of two-thirds or more of all members of the Legislature of the State (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 or 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 State Supreme Court have upheld the general validity of Article XIIIA.

State-Assessed Utility 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. Under the State Constitution, such property is assessed by the State Board of Equalization ("SBE") as part of a "going concern" rather than as individual pieces of real or personal property. Such State-assessed unitary and certain other property is allocated to counties by the 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. 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 financing formula for community college districts. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Major Revenues" herein.

Article XIIIB of the California Constitution

Article XIIIB of the State Constitution ("Article XIIIB"), 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 school districts and community college districts (collectively, "K-14 school districts") to mean the percentage change in State per capita income from the preceding year, and

(b) "change in population" with respect to K-14 school districts to mean 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 fiscal year 1986-87 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 State 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" herein.

Article XIIIC and Article XIIID of the California Constitution

On November 5, 1996, State voters approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the State Constitution Articles XIIIC and XIIID (respectively, "Article XIIIC" and "Article XIIID"), which contain a number of provisions affecting the ability of local agencies, including K-14 school 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 State 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 K-14 school 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 State 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 State 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 Improvement District.

Proposition 26

On November 2, 2010, State voters 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, State 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 changed 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 the State general fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, or (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State Legislature to suspend this formula for a one-year period.

The Accountability Act also changed how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount are, instead of returned to taxpayers, transferred to K-14 school districts. Any such transfer to K-14 school districts is excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year will 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 can 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 State Legislature or a court might not interpret the Accountability Act to require a different percentage of State 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 State budget for each fiscal year.

On June 5, 1990, State voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limitation 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 education funding priority and allocation. Proposition 111 took effect on July 1, 1990.

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

a. <u>Annual Adjustments to Spending Limit</u>. 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 State 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 pupil attendance.

b. <u>Treatment of Excess Tax Revenues</u>. "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 is 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 districts' 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. <u>Exclusions from Spending Limit</u>. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit. First, all appropriations for "qualified capital outlay projects," as defined by the Legislature, are excluded. Also, 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 are all excluded. These latter provisions were necessary to make effective the transportation funding package approved by the State Legislature and the Governor, which was expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

d. <u>Recalculation of Appropriations Limit</u>. 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. <u>School Funding Guarantee</u>. 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) a certain percentage 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) 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 State per capita 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" 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, State voters approved an amendment (commonly known as "Proposition 39") to the State 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 State 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-14 school districts, including the District, and county offices of education. As noted above, the State Constitution previously limited property taxes to 1% of the value of property. Prior to the approval of Proposition 39, 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 acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 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 governing board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the governing 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 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate projected to be levied as the result of any single election be no more than \$60 (for a unified school district), \$30 (for an elementary school district or high school district), or \$25 (for a community college district, such as the 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 Proposition 39 and can be changed with a majority vote of both houses of the State Legislature and approval by the Governor. See "-Article XIIIA of the California Constitution" herein.

Jarvis vs. Connell

On May 29, 2002, the State 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). 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 State 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 State 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, State 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-thirds 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 State voters 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 K-14 school districts, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the 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 expected 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, was expected to be an increase in the State's general fund costs by approximately $1 billion annually for several decades.

Proposition 55

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 6, 2018. Proposition 55 extends, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public

Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"). Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,001 for single filers (over $500,000 but less than $600,001 for joint filers and over $340,000 but less than $408,001 for head-of-household filers), (ii) 2% for taxable income over $300,000 but less than $500,001 for single filers (over $600,000 but less than $1,000,001 for joint filers and over $408,000 but less than $680,001 for head-of-household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for head-of-household filers).

The revenues generated from the personal income tax increases will be included in the calculation of the Proposition 98 Minimum Funding Guarantee (defined herein) for school districts and community college districts. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Propositions 98 and 111" herein. From an accounting perspective, the revenues generated from the personal income tax increases are being 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 school 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 board is prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Proposition 2

On November 4, 2014, State voters approved the Rainy Day Budget Stabilization Fund Act (also known as "Proposition 2"). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State's Budget Stabilization Account (the "BSA") established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the "Annual BSA Transfer"). Supplemental transfers to the BSA (a "Supplemental BSA Transfer") are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of the total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15-year period ending with the 2029-30 fiscal year, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the State Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changes the conditions under which the Governor and the State Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the State Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a "budget emergency," defined as an emergency within the meaning of Article XIIIB of the State Constitution or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the "PSSSA") into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would be otherwise paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is "Test 1," (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum funding guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year's funding level, as adjusted for ADA growth and cost of living.

Proposition 51

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is an initiative that was approved by State voters on June 5, 2018. Proposition 51 authorizes the sale and issuance of $9 billion in State general obligation bonds for the new construction and modernization of K-14 facilities.

K-12 School Facilities. Proposition 51 includes $3 billion for the new construction of K-12 facilities and an additional $3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school district lacks sufficient local funding, it may apply for additional State grant funding, up to 100% of the project costs. In addition, a total of $1 billion will be available for the modernization and new construction of charter school ($500 million) and technical education ($500 million) facilities. Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools that cannot cover their local share for these two types of projects may apply for State loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, State grants are capped at $3 million for a new facility and $1.5

million for a modernized facility. Charter schools must be deemed financially sound before project approval.

Community College Facilities. Proposition 51 includes $2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system, who then decides which projects to submit to the Legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and Legislature will select among eligible projects as part of the annual State budget process.

The District makes no guarantees that it will either pursue or qualify for Proposition 51 State facilities funding.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the State Constitution and Propositions 22, 26, 30, 39, 98, 55 and 51 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 college districts is provided as supplementary information only, and it should not be inferred from the inclusion of the information under this heading that the principal of and 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 on taxable property within the Improvement District in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

Major Revenues

General. California community college districts (other than "community supported" 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, lottery funds, and other minor sources. Every community college district receives the same amount of State lottery funds on a per-student basis (which is generally less than 3%), although lottery funds are not categorical funds as they are not for particular programs or students. The initiative authorizing the lottery requires the funds to be used for instructional purposes, and prohibits their use for capital purposes.

The major local revenue source is local property taxes that are collected from within district boundaries, with student enrollment fees accounting for the most of the remainder. 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, educational foundation contributions and sales or leases of property.

The sum of property taxes, student enrollment fees, EPA funds, and State aid comprise a district's revenue limit. State funding is generally subject to the appropriation of funds in the State's annual budget. Thus, decreases in State revenues may affect appropriations made by the State Legislature to community college districts.

"Basic Aid" community college districts (also referred to "community supported" districts) are those districts whose local property taxes, student enrollment fee collections, and Education Protection Account funds exceed the revenue allocation determined by the current State funding model. Thus, Basic Aid districts do not receive any general apportionment funding from the State. The current law in the State allows these districts to keep the excess funds without penalty. The implication for Basic Aid districts is that legislatively determined annual COLAs 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 determining factors. The District is not currently a Basic Aid district.

Enrollment Based Funding. California community college districts apportionments were previously funded pursuant to a system established by Senate Bill 361 ("SB 361"). SB 361 provided for a basic allocation (a "Basic Allocation") based on the number of colleges, state-approved education centers and total enrollment, together with funding based on per-student rates for credit FTES, non-credit FTES and career development and college preparation ("CDCP") non-credit FTES.

SB 361 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 non-credit FTES; and (c) $3,092 per CDCP FTES. Although CDCP FTES were initially funded at a lower rate than credit FTES, subsequent legislation effective as of the 2015-16 fiscal year set the minimum funding for CDCP FTES at the same level as credit FTES. Each such minimum funding rate was subject to cost of living adjustments (each, a "COLA"), if any, funded through the State budgeting legislation in each fiscal year.

One unit of 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.

In each fiscal year, the State budget established an enrollment cap on the maximum number of resident FTES, known as the "funded" FTES, for which a community college district would receive a revenue allocation. A district's enrollment cap was based on the previous fiscal year's reported FTES, plus the growth allowance provided for by the State budget, if any. All student hours in excess of the enrollment cap were considered "unfunded" FTES. Nonresident and international students are excluded from the State funding formula and pay full tuition.

Student Centered Funding Formula. Assembly Bill 1809 ("AB 1809"), the higher education trailer bill passed as part of the State budget for fiscal year 2018-19, implemented a new funding mechanism for community college districts referred to as the "Student Centered Funding Formula," (the "SCFF"). The SCFF includes three components: (1) a base allocation (the "Base Allocation") driven primarily by enrollment, (2) a supplemental allocation (the "Supplemental Allocation") based on the number of certain types of low-income students, and (3) a student success allocation (the "Student Success Allocation") calculated using various performance-based metrics.

The SCFF includes several hold-harmless provisions to provide districts greater financial stability in transitioning to the new formula: (i) for fiscal years 2018-19 through 2020-21, community college districts will receive no less in total apportionment funding than they received in 2017-18, adjusted for COLAs; (ii) for fiscal year 2021-22 and onward, districts will receive no less in apportionment funding per-student than they received in fiscal year 2017-18; and (iii) beginning in fiscal year 2018-19, districts will receive the greater of the amount calculated by the SCFF for the current or prior year (excluding amounts districts receive pursuant to the provision summarized in (i) above.)

Base Allocation. The Base Allocation is composed of (1) the Basic Allocation, determined consistent with the prior funding formula (see "—Enrollment Based Funding"), and (2) funding for credit, non-credit and CDCP FTES. The Base Allocation is expected to constitute approximately 70% of Statewide funding for community college districts in fiscal year 2018-19, 65% in fiscal year 2019-20 and 60% in fiscal years 2020-21 and onward.

The SCFF provides minimum funding levels for credit FTES for the first three fiscal years, as follows: (i) \$3,727 for fiscal year 2018-19, (ii) \$3,387 for fiscal year 2019-20, adjusted for COLAs and other base adjustments, and (iii) \$3,046 for fiscal year 2020-21, adjusted for COLAs and other base adjustments in both the then-current and prior fiscal year. Notwithstanding the foregoing, the SCFF provides higher credit FTES funding rates for certain districts, which do not include the District, that were entitled to higher funding rates under the prior funding formula. Beginning in fiscal year 2021-22, the provision of COLAs and other adjustments will be subject to appropriation therefor in the annual State budget. Total funding for credit FTES will be based on a rolling three-year average of the funded credit FTES from the current fiscal year and the two immediately preceding fiscal years.

Funding levels for non-credit and CDCP FTES are determined consistent with the prior funding formula. See "—Enrollment Based Funding" herein. Total funding for these categories will be based on actual non-credit and CDCP FTES for the most recent fiscal year.

The table below shows a breakdown of the District's historical resident FTES figures for the last nine fiscal years, and a projection for the current fiscal year.

RESIDENT FULL TIME EQUIVALENT STUDENTS
Fiscal Years 2009-10 through 2018-19
Sierra Joint Community College District

Fiscal Year	Funded FTES	Unfunded FTES	Actual FTES
2009-10	15,521	340	15,861
2010-11	15,608	12	15,620
2011-12	14,520	117	14,637
2012-13	14,583	0	14,583
2013-14	13,364	0	13,364
2014-15	14,704	0	14,704
2015-16	14,876	0	14,876
2016-17	12,642	0	12,642
2017-18(1)	15,229	0	15,229
2018-19(2)	14,984	0	14,984

(1) Funded FTES for fiscal year 2017-18 may be subject to recalculation to reflect any enrollment growth funding allocated to the District for such fiscal year.
(2) Budgeted.
Source: Sierra Joint Community College District.

Supplemental Allocation. The Supplemental Allocation, accounting for approximately 20% of Statewide funding, will be distributed to districts based on their headcounts of students that qualify for Federal Pell Grants, California College Promise Grants or student fee waivers under California Education Code 76300. The SCFF provides \$919 per qualifying student for fiscal year 2018-19. Beginning in fiscal year 2019-20, the provision of COLAs and other adjustments to this amount will be subject to appropriation therefor in the annual State budget. Headcounts are not unduplicated, such that districts will receive twice as much supplemental funding for a student that falls into more than one of the aforementioned categories.

Student Success Allocation. The Student Success Allocation will be distributed to districts based on their performance in a various student outcome metrics, including obtaining various degrees and certificates, completing transfer-level math and English courses within a student's first year, and having students obtain a regional living wage within a year of completing community college. The Student Success Allocation is expected to account for 10% of statewide funding for community college districts in fiscal year 2018-19, 15% in fiscal year 2019-20 and 20% in fiscal years 2020-21 and onward. Each metric is assigned a point value, with some metrics are weighted more than others. A single student outcome with more points will generate more funding. Outcome metrics for students that qualify for Federal Pell Grants and California College Promise Grants are eligible for additional funding.

For fiscal year 2018-19, the SCFF provides a rate for all students of $440 per point, and an additional $111 per point for Pell Grant and California College Promise Grant students. For fiscal year 2019-20, these rates increase to $660 per point and $167 per point, respectively, subject to COLAs and other base adjustments. For fiscal year 2020-21, the rates increase to $880 per point and $222 per point, respectively, subject to COLAs and other base adjustments.

Budget Procedures

On or before September 15, the Board of Trustees of a community college 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, 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 State 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 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.

See “SIERRA JOINT COMMUNITY COLLEGE DISTRICT – General Fund Budgeting” for more information regarding the District’s recent budgeting trends.

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 a third funding test (“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 XIIIB).

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 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 percent. Because of the major shifts of property tax from local government to school districts and community college districts 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 established pursuant to Proposition 111, 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 one percent 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 (also referred to as a “maintenance factor”) 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 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 of California's budgets has been obtained from publicly available information which the District believes to be reliable; however, neither the District, the Municipal Advisor nor the Underwriter take any responsibility as to the accuracy or completeness thereof and has not independently verified such information.

2018-19 Budget. On June 27, 2018, the Governor signed into law the State budget for fiscal year 2018-19 (the "2018-19 Budget"). The following information is drawn from the LAO's review of the 2018-19 Budget.

To protect against potential future economic recessions, the 2018-19 Budget fully funds the BSA with a total deposit of over $4.4 billion, including a $2.6 billion optional deposit in addition to the Constitutionally-required deposit, and adds two additional reserves to State law: the Safety Net Reserve Fund, intended to save money specifically for future expenditures of the CalWORKs and Medi-Cal programs; and the Budget Deficit Savings Account ("BDSA"), which for 2018-19 will temporarily hold the $2.6 billion optional BSA deposit until May 2019. In May 2019, the optional BSA deposit amount will be adjusted as necessary to reflect updated estimates of revenues, at which point it will be transferred to the BSA. The projected ending balance in the BSA at the end of the 2018-19 fiscal year is expected to equal the BSA's current constitutional maximum of 10 percent of the estimated general fund revenues for fiscal year 2018-19.

For fiscal year 2017-18, the 2018-19 Budget projects total general fund revenues and transfers of $129.8 billion and total expenditures of $127.0 billion. The State is projected to end the 2017-18 fiscal year with total available general fund reserves of $16.7 billion, including $7.3 billion in the traditional general fund reserve and $9.4 billion in the BSA. For fiscal year 2018-19, the 2018-19 Budget projects total general fund revenues and transfers of $133.3 billion and authorizes expenditures of $138.7 billion. The State is projected to end the 2018-19 fiscal year with total available general fund reserves of $15.9 billion, including $2.0 billion in the traditional general fund reserve, $13.8 billion in the BSA and $200 million in the Safety Net Reserve Fund. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2" herein.

With respect to education funding, the 2018-19 Budget revises the Proposition 98 minimum funding guarantees for both fiscal years 2016-17 and 2017-18, as a result of higher general fund revenues. The 2018-19 Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2016-17 at $71.6 billion, an increase of $252 million from the prior year. The 2018-19 Budget revises the minimum funding guarantee for fiscal year 2017-18 at $75.6 billion, reflecting an increase of $1.1 billion from the prior year. As part of the 2017-18 increase, the State is making an additional maintenance factor payment of $789 million, on top of a previous $536 million payment. After making the approximately $1.3 billion total payment, the State will have eliminated all remaining maintenance factor for the first time since 2005-06. In both 2016-17 and 2017-18, the State is spending at the calculated minimum guarantee.

For fiscal year 2018-19, the 2018-19 Budget sets the minimum funding guarantee at $78.4 billion, reflecting an increase of $2.8 billion (or 3.7%) from the revised prior-year level. Fiscal year 2018-19 is projected to be a "Test 2" year, with the increase in the minimum funding guarantee attributable to a 3.67% increase in per capita personal income. With respect to community college education, the 2018-19 Budget sets Proposition 98 funding at $9.2 billion, including $6.0 billion from the State general fund, reflecting an increase of $474 million (or 5.5%) from the prior year. This increase includes $164 million for the K-12 component of the Strong Workforce Program – excluding this amount, the total increase for community college spending from the prior year's level is $310 million (or 3.6%). Per-FTES spending increases $630 (or 8.5%) to $8,046.

Other significant features with respect to community college education funding include the following:

- *New Funding Formula* – $175 million in ongoing and $35 million one-time Proposition 98 funding to begin the transition to a new community college funding formula. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Student Centered Funding Formula" herein.

- *Enrollment; Apportionments* – An increase of $60 million in Proposition 98 funding to base allocations to support a 1% growth in enrollment system-wide. The 2018-19 Budget also provides $173 million to fund a 2.71% COLA to apportionments and $13 million to fund a 2.71% COLA to selected categorical programs.

- *California Online College* – $100 million in one-time Proposition 98 funding and $20 million in ongoing Proposition 98 funding for the establishment and operation of a fully online community college (the "Online College") to be administered by the California Community Colleges Board of Governors.

- *Online Programs for Existing Community College Districts* – $35 million one-time Proposition 98 funding for existing community college districts to develop online programs and courses that lead to short-term industry-valued credentials or enable a student who completed a program at the Online College to continue their education at an existing community college.

- *Faculty* – $50 million additional ongoing Proposition 98 funding for colleges to hire more full-time faculty, and $50 million one-time Proposition 98 funding for part-time faculty office hours.

- *Financial Aid* – $46 million in Proposition 98 funding for the expansion of the California College Promise Grant program. The 2018-19 Budget also replaces the Full-Time Student Success Grant and the Community College Completion Grant with a new program – the Community Colleges Student Success Completion Grant – intended to help financially needy community college students with their living costs. The 2018-19 Budget provides $132 million in funding for this new program, an increase of $41 million over the combined cost of the two prior programs in 2017-18.

- *Student Services* – Several one-time allocations for community college districts to help students with various issues of core academic instruction, including $10 million to provide mental health services, $10 million to address student hunger at campuses, and $10 million to provide legal services to undocumented students.

- *Maintenance and Instructional Equipment* – $28 million in one-time Proposition 98 funding for scheduled maintenance, special repairs, hazardous substance abatement, architectural barrier removal, certain seismic retrofit projects, water conservation projects and replacement of instructional equipment and library materials. Funds will be allocated based on full time equivalent student enrollment.

- *Proposition 51* – $10 million in Proposition 51 bond funds for initial design activities for six new capital outlay projects, and $40 million in Proposition 51 bond funds for subsequent phases of 15 projects approved in the 2017-18 fiscal year.

For additional information regarding the 2018-19 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.

Proposed 2019-20 Budget. On January 10, 2019, the Governor released his proposed State budget for fiscal year 2019-20 (the "Proposed 2019-20 Budget"). The following information is drawn from the State Department of Finance's summary, and the LAO's review of, the Proposed 2019-20 Budget.

For fiscal year 2018-19, the Proposed 2019-20 Budget projects total general fund revenues and transfers of $136.9 billion and total expenditures of $144.1 billion. The State is projected to end the 2018-19 fiscal year with total available general fund reserves of $18.3 billion, including $3.9 billion in the traditional general fund reserve, $13.5 billion in the BSA and $900 million in the Safety Net Reserve Fund. For fiscal year 2019-20, the Proposed 2019-20 Budget projects total general fund revenues and transfers of $142.6 billion and authorizes expenditures of $144.2 billion. The State is projected to end the 2019-20 fiscal year with total available general fund reserves of $18.5 billion, including $2.3 billion in the traditional general fund reserve, $15.3 billion in the BSA and $900 million in the Safety Net Reserve Fund. The Governor notes that additional deposits to the BSA are premised on a recent opinion by the California Office of Legislative Counsel which concluded that supplemental payments to the BSA made in prior fiscal years do not count towards calculating its constitutional maximum of 10% Under the Governor's new estimates, mandatory deposits to the BSA represent only 8.1% of State general fund taxes. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2" herein.

With respect to education funding, the Proposed 2019-20 Budget revises the Proposition 98 minimum funding guarantees for both fiscal years 2017-18 and 2018-19, as a result of lower-than-anticipated ADA and a year-to-year decline in State general fund revenue growth. The Proposed 2019-20 Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2017-18 at $75.5 billion, a decrease of $120.1 million from the prior year. The Proposed 2019-20 Budget revises the minimum funding guarantee for fiscal year 2018-19 at $77.9 billion, reflecting a decrease of $525.7 million from the prior year. Notwithstanding these decreases, the Proposed 2019-20 Budget maintains level funding for K-14 education in these years by maintaining a $44 million overappropriation to the fiscal year 2017-18 minimum guarantee and using settle-up payments to offset otherwise unfunded obligations in fiscal year 2018-19.

For fiscal year 2019-20, the Proposed 2019-20 Budget sets the minimum funding guarantee at $80.7 billion, reflecting an increase of $2.8 billion (or 3.6%) from the revised prior-year level. Fiscal year

2019-20 is projected to be a "Test 3" year. Significant features with respect to community college funding include the following:

- *Student Centered Funding Formula* – The Proposed 2019-20 Budget includes certain revisions to the Student Centered Funding Formula, including (i) funding outcomes included in the Student Success Allocation at their current rates, adjusted for inflation in fiscal year 2019-20, and (ii) establishing reasonable limits, capped at 10%, on the year-over-year increases in resources a community college district could receive through the Student Success Allocation. See also "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Student Centered Funding Formula" herein.

- *Enrollment; Apportionments* – An increase of $26 million in Proposition 98 funding to base allocations to support a growth in enrollment system-wide. The Proposed 2019-20 Budget also provides $248.3 million to fund a 3.46% COLA to apportionments, and $18 million to fund a similar COLA for the Adult Education block grant program.

- *California College Promise* – $40 million of Proposition 98 funding to support a second year of free tuition for certain qualifying students.

- *Pension Costs* – A $3 billion, one-time payment from non-Proposition 98 funds to CalSTRS, to reduce long-term liabilities for K-14 school districts. Of this amount, $700 million would be provided to buy down employer contribution rates in fiscal years 2019-20 and 2020-21. The remaining $2.3 billion would be paid towards employers' long-term unfunded liability.

- *Legal Services* – An increase of $10 million in Proposition 98 funding to provide legal services to undocumented and immigrant students, faculty and staff on district campuses.

- *Proposition 51* – $358.7 million in Proposition 51 bond funds for 12 new and 15 continuing projects.

For additional information regarding the Proposed 2019-20 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.

Future Actions. The District cannot predict what actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District. However, the obligation to levy *ad valorem* property taxes upon all taxable property within the Improvement District for the payment of principal of and interest on the Bonds would not be impaired.

SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 4

General Description

The Improvement District was established pursuant to a Board resolution adopted on January 9, 2018, and Chapter 2 of Part 10 of Division 1 of Title 1 of the California Education Code, commencing with Section 15300 *et seq*. With respect to the authorization for the Bonds, the Board ordered an election of the registered voters residing in the territory of the Improvement District, which was held on June 5, 2018. At this election, the requisite 55% of the voters voting on the measure approved the issuance of not-to-exceed $350,000,000 principal amount of general obligation bonds for the Improvement District. The Bonds represent the first series of bonds issued under the 2018 Authorization, and, following the issuance thereof, $270,000,000* of the 2018 Authorization will remain unissued.

Location and Territory

The Improvement District includes all portions of the District located in the Counties which are not included within two other school facilities improvement district (Improvement District No. 1 and Improvement District No. 2) previously created by the District. See also "SIERRA JOINT COMMUNITY COLLEGE DISTRICT – District Debt Structure – General Obligation Bonds" herein. For fiscal year 2018-19, the assessed valuation of taxable property within the boundaries of the Improvement District is $66,070,223,739, with approximately 92.9% located in the County, 1.4% located in El Dorado County, and 5.7% located in Sacramento County. The assessed valuation of taxable property in the Improvement District accounts for approximately 65.59% of the total fiscal year 2018-19 assessed valuation of taxable property in the District. See "TAX BASE FOR REPAYMENT OF BONDS - Assessed Valuations" herein.

SIERRA 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 solely from the proceeds of an ad valorem *property tax required to be levied by the Counties for the payment thereof on taxable property within the boundaries of the Improvement District. See "THE BONDS – Security and Sources of Payment*" herein.

Introduction

The District provides collegiate level instruction in grades 13 and 14. The District encompasses approximately 3,200 square miles and includes most of the County, and small portions of El Dorado County, Nevada County, Sacramento County and Yuba County. The District was formed in 1936.

The District operates Sierra College, which has its main campus on a 300-acre site in Rocklin, as well as three satellite instructional centers in Roseville, Truckee and Grass Valley. Sierra College is fully accredited by the ACCJC. For fiscal year 2018-19, the District has budgeted an FTES count of 14,984.

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* Preliminary, subject to change.

Administration

The District is governed by a seven-member Board. The Board's members are elected at-large by the voters of the District to serve seven trustee areas. Each member of the Board serves 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 OF TRUSTEES
Sierra Joint Community College District

Board Member	Office	Term Expires
Bob Romness	President	December 2022
Carol Chilton Garcia	Vice President/Clerk	December 2020
Paul Bancroft	Member	December 2020
Cari Dawson Bartley	Member	December 2022
Scott Leslie	Member	December 2020
Nancy B. Palmer	Member	December 2022
Robert Sinclair	Member	December 2020

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 the District's Superintendent/President and Assistant Superintendent/Vice President, Administrative Services follow:

William H. Duncan, IV, Superintendent/President. Mr. William H. Duncan, IV, has been employed by the District as Superintendent/President for nearly seven years. Prior to that time Mr. Duncan served as Superintendent/President of the West Kern Community College District for four years. Prior to that, Mr. Duncan had held the positions of Interim Superintendent/President, Executive Vice-President, Vice-President of Administrative Services, and Dean of Business Services at that district. Mr. Duncan obtained a Bachelor's Degree in Business Administration, as well as a Masters of Business Administration, with an emphasis on Finance from California State University Bakersfield.

Erik Skinner, Assistant Superintendent/ Vice President, Administrative Services. Mr. Skinner has served as the Assistant Superintendent/Vice President, Administrative Services of the District since December of 2017. Previously, Mr. Skinner served in the Chancellor's Office as Vice Chancellor for College Finance and Facilities Planning and even Acting Chancellor. In these roles, he oversaw, among other areas, the Finance, Facilities, Student Services, and Academic Affairs divisions. Mr. Skinner's other positions include serving as a policy analyst for the LAO and as Assistant Secretary for Fiscal Policy for the Office of the Secretary of Education. Mr. Skinner received his Bachelor of Arts degree in history from Grinnell College, and a Master of Arts degree in public policy from the University of Michigan.

Labor Relations

The District currently employs 233 full-time certificated professionals, 226 full-time classified employees, and 52 managerial employees. In addition, the District employs 929 part-time faculty and 9 part-time classified staff. These employees, except supervisors, management and some part-time employees, are represented by two bargaining units as noted below.

BARGAINING UNITS
Sierra Joint Community College District

Labor Organization	Number of Employees In Organization	Contract Expiration Date
Sierra College Faculty Association	1,162	June 30, 2020
Federation of United School Employees (Laborers' International Union of North America Local 1212/AFL-CIO)	235	June 30, 2021

Source: Sierra Joint Community College District.

Retirement Programs

The information set forth below regarding the STRS and PERS 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, none of the employee, employer nor State contribution rates 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 passed the 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 AB 1469 ("AB 1469") into law as a part of the State's fiscal year 2014-15 budget. AB 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 July 1, 2014, the employee contribution rate increased 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: AB 1469.

Pursuant to the Reform Act (defined below), the contribution rates for members hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees hired after the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018.

Pursuant to AB 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	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

Source: AB 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, AB 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 contributions to STRS were $3,475,108 in fiscal year 2015-16, $4,216,794 in fiscal year 2016-17 and $4,892,598 in fiscal year 2017-18. The District currently projects $5,520,000 for its contribution to STRS for fiscal year 2018-19.

The State also contributes to STRS, currently in an amount equal to 7.328% for fiscal year 2018-19. 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. 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, 2017 included 1,624 public agencies and 1,366 K-14 school districts and charter schools. 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 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 18.062% of eligible salary expenditures or fiscal year 2018-19. Participants enrolled in PERS prior to January 1, 2013 contribute at a rate established by statute, which is 7% of their respective salaries in fiscal year 2017-18 and fiscal year 2018-19, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 6.5% in fiscal year 2017-18 and will be 7% in fiscal year 2018-19. See "—California Public Employees' Pension Reform Act of 2013" herein.

The District's contributions to PERS were $2,344,237 in fiscal year 2015-16, $2,859,575 in fiscal year 2016-17 and $3,251,994 in fiscal year 2017-18. The District has currently projects $3,792,000 for its contribution to PERS for fiscal year 2018-19.

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 (Schools Pool)
(Dollar Amounts in Millions) (1)
Fiscal Years 2010-11 through 2016-17

STRS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)(2)	Unfunded Liability (MVA)(2)	Value of Trust Assets (AVA)(3)	Unfunded Liability (AVA)(3)
2010-11	$208,405	$147,140	$68,365	$143,930	$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261

PERS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)	Unfunded Liability (MVA)	Value of Trust Assets (AVA)(3)	Unfunded Liability (AVA)(3)
2010-11	$58,358	$45,901	$12,457	$51,547	$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	--(4)	--(4)
2014-15	73,325	56,814	16,511	--(4)	--(4)
2015-16	77,544	55,785	21,759	--(4)	--(4)
2016-17	84,416	60,865	23,551	--(4)	--(4)

(1) Amounts may not add due to rounding.
(2) Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.
(3) Reflects actuarial value of assets.
(4) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.
Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member's increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the "2016 STRS Actuarial Valuation"). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation (the "2017 STRS Actuarial Valuation"), and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%. The 2017 STRS Actuarial Valuation continues using the Entry Age Normal Actuarial Cost Method.

Based on the change in actuarial assumptions adopted by the STRS Board, including the adoption of a 7% investment rate of return, recent investment experience and the insufficiency of the contributions received in fiscal year 2016-17 to cover interest on the unfunded actuarial obligation, the 2017 STRS Actuarial Valuation reports that the unfunded actuarial obligation increased by $10.6 billion since the June 30, 2016 actuarial valuation and the funded ratio decreased by 1.1% to 62.6% over such time period. As a result, it is currently projected that there will be a need for higher contributions from the State, employers and members in the future to reach full funding by 2046.

According to the 2017 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2046 of 99.6%, except for a small portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990, for which AB 1469 provides no authority to the STRS Board to adjust rates to pay down that portion of the unfunded actuarial obligation. This finding reflects the scheduled contribution rate increases directed by statute, assumes additional increases in the scheduled contribution rates allowed under the current law will be made, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

In recent 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%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% in fiscal year 2017-18, 7.25% in fiscal year 2018-19 and 7.00% in fiscal year 2019-20. The new discount rate went into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise.

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 fixed 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 new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

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 new actuarial assumptions were first reflected in the Schools Pool in the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on December 20, 2017, the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.625% for the June 30, 2018 actuarial valuation and to 2.50% for the June 30, 2019 actuarial valuation, (ii) lowering the payroll growth rate to 2.875% for the June 30, 2018 actuarial valuation and 2.75% for the June 30, 2019 actuarial valuation, and (iii) certain changes to demographic assumptions relating to the salary scale for most constituent groups, and modifications to the morality, retirement, and disability retirement rates.

On February 14, 2018, the PERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While PERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

The Schools Pool Actuarial Valuation as of June 30, 2017, reported that, based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, along with the expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date, the projected contribution rate for 2019-20 is projected to be 20.7%, with annual increases thereafter, resulting in a projected 25.5% employer contribution rate for fiscal year 2025-26.

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 AB 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 Employees' 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 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

GASB Statement Nos. 67 and 68. On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

As of June 30, 2018, the District's proportionate shares of the STRS and PERS net pension liabilities were $55,412,000 and $38,545,000, respectively. See "2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT —Note 8" and "—Note 9" herein.

Other Post-Employment Benefits

Plan Description. The District provides lifetime post-retirement health care benefits (the "Benefits") to eligible employees who retire from the District. The Benefits provide retired employees and eligible dependents with health insurance coverage. After the retiree is eligible for Medicare, the District provides insurance coverage supplemental to Medicare. Eligible requirements and benefits vary according to hire date as follows:

Academic Employees

- Employees hired before November 27, 1984 receive 100% paid Benefits upon retirement from the District.

- Employees hired after November 27, 1984, but before July 2, 1986, must have completed five years of service to receive 100% paid Benefits.

- Employees hired after July 1, 1986, but before July 2, 1994, must have completed twelve years of service to receive 100% paid Benefits.

- Employees hired after July 1, 1994 may purchase Benefits at their own expense.

Classified Employees

- Employees hired before December 10, 1985 receive 100% paid Benefits upon retirement from the District.

- Employees hired after December 10, 1985, but before July 2, 1986, must have completed five years of service to receive 100% paid Benefits.

- Employees hired after July 1, 1986, but before July 2, 1994, must have completed 15 years of service to receive 100% paid Benefits.

- Employees hired after July 1, 1994 may purchase Benefits at their own expense.

As of July 1, 2018, the District had 31 active full-time employees eligible for, but not yet receiving, the Benefits, and 457 retirees, surviving spouses and dependents currently receiving the Benefits.

Funding Policy. The District's required Plan contribution is based on a projected pay-as-you-go financing basis, to cover the cost of Benefits for current retirees. The District also has, from time to time, deposited amounts into the OPEB Trust (as defined below) to prefund the District's accrued liability with respect to the Benefits from available surplus funds. During fiscal years 2015-16 through 2017-18, the District realized total expenditures of $2,868,140, $2,950,555 and $3,082,746, respectively, for the Benefits. For fiscal year 2018-19, the District has budgeted $3,190,000 for the Benefits.

The District has established an irrevocable, GASB-qualifying trust (the "OPEB Trust") to begin prefunding its accrued liability for the Benefits. As of September 30, 2018, the market value of assets on deposit in the OPEB Trust was $12,223,331.

GASB Statement Nos. 74 and 75. On June 2, 2015, GASB approved Statements Nos. 74 and 75 (each, "GASB 74" and "GASB 75") with respect to pension accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB 74 replaces GASB Statements No. 43 and 57 and GASB 75 replaces GASB 45.

Most of GASB 74 applies to plans administered through trusts, contributions in which contributions are irrevocable, trust assets are dedicated to providing other post –employment benefits to plan members and trust assets are legally protected from creditors. GASB Statements No. 74 and No. 75 will require a liability for OPEB obligations, known as the Net OPEB Liability, to be recognized on the balance sheet of the plan and the participating employer's financial statements. In addition, an OPEB expense (service cost plus interest on total OPEB liability plus current-period benefit changes minus member contributions minus assumed earning on plan investments plus administrative expenses plus recognition of deferred outflows minus recognition of deferred inflows) will be recognized in the income statement of the participating employers. In the notes to its financial statements, employers providing other post-employment benefits will also have to include information regarding the year-to-year change in the Net OPEB Liability and a sensitivity analysis of the Net OPEB Liability to changes in the discount rate and healthcare trend rate. The required supplementary information will also be required to show a 10-year schedule of the plan's net OPEB liability reconciliation and related ratios, and any actuarially determined contributions and investment returns.

Under GASB 74, the measurement date must be the same as the plan's fiscal year end, but the actuarial valuation date may be any date up to 24 months prior to the measurement date. For the Total OPEB Liability, if the valuation date is before the measurement date, the results must be projected forward from the valuation date to the measurement date using standard actuarial roll-forward techniques. For plans that are unfunded or have assets insufficient to cover the projected benefit payments, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate must be used. For plans with assets that meet the GASB 74 requirements, a projection of the benefit payments and future Fiduciary Net Position is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB. The Fiduciary Net Position measures the value of trust assets, adjusted for payees and receivables.

GASB No. 74 has an effective date for plan fiscal years beginning after June 15, 2016, and was first recognized in the District's financial statements for fiscal year 2016-17. GASB Statement No. 75 became effective for employer fiscal years beginning after June 15, 2017, and the District first recognized GASB No. 75 in their financial statements for fiscal year 2017-18. For fiscal year 2017-18, the District reported a Total OPEB Liability of $46,627,853, a Fiduciary Net Position of $12,010,506 and a Net OPEB Liability of $34,617,347. See also "APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT —Note 10" herein.

Actuarial Study. The District's most recent actuarial study, dated as of November 8, 2018, calculated the District's accrued liability in accordance with GASB No. 74 and GASB No. 75. The study concluded that, as of a June 30, 2018 valuation date, the District's Total OPEB Liability was $46,627,852, its Fiduciary Net Position was $12,013,652 and its Net OPEB Liability was $34,614,200.

Risk Management

The District participates in joint powers agreements ("JPAs") with the Alliance Schools for Cooperative Insurance Program (ASCIP) for property liability and workers' compensation insurance and Schools Excess Liability Fund (SELF) for excess liability insurance for the operation of common risk management and insurance programs.

Liability losses in excess of the District's $0 retention amount are covered up to $2.5 million per occurrence. Liability coverage above the $2.5 million level up to $55 million is afforded by two excess commercial insurers. Property losses in excess of the District's $5,000 retention amount are covered up to $1 million per occurrence. Property coverage above the $1 million level up to $600 million is afforded by one excess commercial insurer. Cyber Liability losses in excess of the District's $5,000 retention amount are covered from $1 to $600 million per occurrence depending on type of loss. Boiler and Machinery losses in excess of the District's $1,500 retention amount are covered up to $250,000 per occurrence. Boiler and Machinery coverage above the $250,000 level up to $1 million is afforded by an excess commercial insurer. Employee Dishonesty losses in excess of the District's $500 retention amount are covered up to $250,000 per occurrence. Employee Dishonesty coverage above the $250,000 level up to $5 million is afforded by an excess commercial insurer.

There has been no significant reduction in any of the insurance coverages from the prior year, and settled claims resulting from these programs have not exceeded insurance coverage in each of the past three fiscal years.

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 State Education Code, is to be followed by all State 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 are effective 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.

General Fund Budgeting

The table on the following page shows the District's combined restricted and unrestricted general fund budgets for fiscal years 2014-15 through 2018-19 and unaudited actual results for fiscal years 2015-16 through 2017-18.

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GENERAL FUND BUDGETING
Fiscal Years 2014-15 through 2018-19
Sierra Joint Community College District

	Fiscal Year 2014-15		Fiscal Year 2015-16		Fiscal Year 2016-17		Fiscal Year 2017-18		Fiscal Year 2018-19
REVENUES:	**Budgeted**[1]	**Unaudited**	**Budgeted**	**Unaudited**	**Budgeted**	**Unaudited**	**Budgeted**	**Unaudited**	**Budgeted**
Federal	$1,420,665	$1,212,373	$1,414,388	$1,509,911	$1,426,796	$1,541,358	$1,671,348	$1,606,564	$1,307,169
State	14,919,471	17,373,832	17,644,260	28,019,121	35,846,466	24,412,513	40,502,442	33,834,841	35,153,311
Local	75,478,881	76,173,074	81,585,227	85,805,391	88,071,358	86,888,448	90,434,311	90,599,047	94,394,820
Total Revenues	91,819,017	94,759,279	100,643,875	115,334,423	125,344,620	112,842,319	132,608,101	126,040,452	130,855,300
EXPENDITURES:									
Academic Salaries	35,434,313	37,048,011	38,060,802	40,365,297	39,913,786	41,742,662	41,818,606	41,767,669	41,566,751
Classified Salaries	18,896,750	18,989,460	21,042,349	21,398,713	22,305,028	22,329,034	22,834,184	21,845,432	22,795,452
Employee Benefits	16,852,985	16,447,877	18,358,421	20,302,605	19,897,918	21,673,117	21,815,136	23,781,634	22,846,025
Supplies and Materials	2,037,030	2,149,320	2,166,055	2,266,933	2,243,173	2,393,289	2,328,634	2,236,802	2,903,467
Other Operating Expenses and Services	14,078,922	14,061,134	14,353,676	14,676,598	32,285,160	16,908,255	33,383,262	25,105,180	28,057,495
Capital Outlay	733,910	2,565,560	1,372,903	3,206,863	949,283	3,084,090	1,915,607	3,400,327	1,960,778
Total Expenditures	88,033,910	91,261,362	95,354,206	102,217,009	117,594,348	108,130,447	124,095,429	118,137,044	120,129,968
Excess/(Deficiency) of Revenues over Expenditures	3,785,107	3,497,917	5,289,669	13,117,414	7,750,272	4,711,872	8,512,672	7,903,408	10,725,332
Other Financing Sources	--	520,286	--	576,004	--	265,519	113,842	248,612	107,581
Other Outgo	(4,862,057)	(3,687,128)	(6,402,640)	(10,240,695)	(8,176,862)	(7,994,114)	(7,307,491)	(6,052,119)	(11,919,392)
Net Increase/(Decrease) in Fund Balance	(1,076,950)	331,075	(1,112,971)	3,452,723	(426,590)	(3,016,723)	1,319,023	2,099,901	(1,086,479)
BEGINNING FUND BALANCE:									
Net Beginning Balance, July 1	14,384,201	14,384,201	14,715,276	14,715,276	18,167,999	18,167,999	15,151,276	15,151,276	17,251,177
Prior Years Adjustments	--	--	--	--	--	--	--	--	--
Adjusted Beginning Balance	14,384,201	14,384,201	14,715,276	14,715,276	18,167,999	18,167,999	15,151,276	15,151,276	17,251,177
Ending Fund Balance, June 30	$13,307,251	$14,715,276	$13,602,305	$18,167,999	$17,741,409	$15,151,276	$16,470,299	$17,251,177	$16,164,698

Source: The District's CCFS-311 Budget Reports, filed with the Chancellor's Office. See also "—Comparative Financial Statements" herein.

Comparative Financial Statements

The table on the following page reflects the District's audited revenues, expenses and changes in net position, from fiscal years 2013-14 through 2017-18. See also "APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT" attached hereto.

AUDITED SUMMARY OF GENERAL FUND REVENUES, EXPENSES AND CHANGES IN NET POSITION
Fiscal Years 2013-14 through 2017-18
Sierra Joint Community College District

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Operating Revenues					
Tuition and fees	$22,405,571	$22,300,091	$22,926,178	$23,429,825	$22,655,283
Less: scholarship discount and allowance	(9,830,069)	(9,813,142)	(9,311,039)	(8,695,018)	(8,454,597)
Net tuition and fees	12,575,502	12,486,949	13,615,139	14,734,807	14,200,686
Grants and contracts-non-capital:					
Federal	11,059,911	10,617,545	9,713,557	8,668,903	7,673,349
State	7,539,597	12,247,369	22,831,132	21,663,285	28,381,324
Local	1,386,013	1,750,182	1,884,021	1,541,882	2,103,297
Auxiliary enterprise sales and charges	721,787	724,112	708,747	703,281	680,516
Total Operating Revenues	33,282,810	37,826,157	48,752,596	47,312,158	53,039,172
Operating Expenses					
Salaries	53,314,394	56,442,233	62,090,531	64,343,143	63,785,685
Employee benefits	15,994,505	19,332,639	19,232,780	23,038,630	29,253,587
Supplies, materials, and other operating expenditures	15,622,843	16,812,645	18,063,438	19,868,981	28,824,247
Utilities	2,302,374	2,251,718	2,223,209	2,383,704	2,391,131
Depreciation	5,296,462	5,492,965	5,905,377	6,241,829	6,468,607
Student financial aid and scholarship	36,114,557	35,244,839	32,954,189	30,822,749	30,100,650
Total Operating Expenses	128,645,135	135,577,039	140,469,524	146,699,036	160,823,907
Operating Income (Loss)	(95,362,325)	(97,750,882)	(91,716,928)	(99,386,878)	(107,784,735)
Nonoperating Revenues (Expenses)					
State apportionments - noncapital	8,551,148	4,703,429	2,384,391	1,673,400	2,025,044
Local property taxes - noncapital	58,183,413	62,278,687	70,593,792	71,137,788	74,958,725
State taxes and other revenues - noncapital	2,894,482	5,092,154	5,948,167	5,564,016	6,534,631
Pell grants	24,565,984	23,678,345	21,841,247	19,939,200	19,809,618
Investment income - noncapital	744,580	323,310	347,840	34,262	4,489
Investment income – capital	219,823	127,577	225,651	93,755	146,963
Interest expense on capital-asset related debt	(3,577,806)	(3,727,259)	(3,262,635)	(3,378,780)	(3,148,588)
Other nonoperating revenues (expenses)	609,027	696,069	4,492,489	(573,217)	457,765
Total Nonoperating Revenues (Expenses)	92,190,651	93,172,312	102,570,942	94,490,424	100,788,647
Income Before Capital Revenues	(3,171,674)	(4,578,570)	10,854,014	(4,896,454)	(6,996,088)
Capital Revenues					
Grants and Gifts	80,389	19,000	18,000	187,929	196,270
Local property taxes and revenues	3,368,221	4,603,268	4,651,931	5,309,287	5,623,554
Total Other Revenues, Expenses, Gains or Losses	3,448,610	4,622,268	4,669,931	5,497,216	5,819,824
Change in Net Position	276,936	43,698	15,523,945	600,762	(1,176,264)
Net Position – Beginning of Year – as Previously Reported	74,616,988	74,893,924	4,457,900	19,981,845	(9,858,337)
Adjustment for restatement	--	--	--	--	--
Cumulative Effect of Change in Accounting Principle	--	(70,479,722)(1)	--	(30,440,944)(2)	--
Net Position – End of Year	$74,893,924	$4,457,900	$19,981,845	$(9,858,337)	$(11,034,601)

(1) Reflects the implementation of GASB Statement No. 68, which decreased the net beginning position as of July 1, 2014 and results from recognizing the District's proportional shares of the STRS and PERS net pension liabilities, net of related deferred outflows of resources. See "—Retirement Systems" herein.

(2) The District's beginning net position was decreased, due to an adjustment made to recognize the net OPEB liabilities following implementation of GASB 75. See "—Other Post-Employment Benefits" herein, and APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT —Note 10" attached hereto.

Source: Sierra Joint Community College District.

District Debt Structure

Short-Term Debt. The District currently has no outstanding short-term debt obligations.

Long-Term Debt. A schedule of changes in long-term debt for the fiscal year ended June 30, 2018, is shown below:

SUMMARY OF LONG-TERM DEBT
As of June 30, 2018
Sierra Joint Community College District

	Balance July 1, 2017	Accretion/ Additions	Reductions	Balance June 30, 2018
General Obligation Bonds	$58,752,027	--	$2,489,898	$56,262,129
Accreted Interest	13,257,727	$1,735,755	610,102	14,483,380
Unamortized Bond Premium	5,923,739	--	456,283	5,467,456
Certificates of Participation	6,029,000	--	1,259,000	4,770,000
Dormitory Bonds	31,000	--	31,000	--
Capitalized Lease Obligations	1,979,496	--	160,363	1,819,133
Compensated Absences	1,612,898	--	28,348	1,584,550
Net Pension Liability	85,136,000	8,821,000	--	93,957,000
OPEB Liability	32,048,537	2,568,810	--	34,617,347
Excess Sick Leave	362,918	--	362,918	--
	$205,233,342	$13,125,565	$5,397,912	$212,960,995

Source: Sierra Joint Community College District.

Capitalized Lease Obligations. The District currently leases equipment under agreements which provide for title to pass to the District upon the expiration of the lease period. Future minimum lease payments with respect to these leases are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	$164,020	$41,476	$205,496
2020	167,759	37,737	205,496
2021	171,584	33,912	205,496
2022	175,496	30,000	205,496
2023	179,498	25,998	205,496
2024-2028	960,776	66,704	1,027,480
	$1,819,133	$235,827	$2,054,960

Source: Sierra Joint Community College District.

General Obligation Bonds. The District received authorization at an election held on November 2, 2004 by at least 55% of the votes cast by eligible voters within the Sierra Joint Community College School Facilities Improvement District No. 1 (Tahoe-Truckee Campus Area) ("Improvement District No. 1") to issue $35,000,000 of general obligation bonds (the "2004 Improvement District No. 1 Authorization"). Pursuant to the 2004 Improvement District No. 1 Authorization, the District has issued two series of bonds on behalf of Improvement District No. 1, as well as two series of refunding bonds to refinance outstanding portions of prior bonds. All such bonds are payable solely from the proceeds of *ad valorem* property taxes levied on taxable property within Improvement District No. 1, which is located in the County and Nevada County. There is no meaningful remaining bond authorization for Improvement District No. 1.

The District received authorization at an election held on November 2, 2004 by at least 55% or more of the votes cast by eligible voters within Sierra Joint Community College District School Facilities Improvement District No. 2 (Western Nevada County Campus Area) ("Improvement District No. 2") to issue $44,000,000 of general obligation bonds (the "2004 Improvement District No. 2 Authorization"). Pursuant to the 2004 Improvement District No. 2 Authorization, the District has issued two series of bonds on behalf of Improvement District No. 2, as well as one series of refunding bonds to refinance outstanding portions of prior bonds. All such bonds are payable solely from the proceeds of *ad valorem* property taxes levied on taxable property within the Improvement District No. 2, which is located entirely within Nevada County. There is no meaningful remaining bond authorization for Improvement District No. 2.

The 2018 Authorization was approved by eligible voters within the Improvement District at an election held on June 5, 2018, at which the requisite 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of $350,000,000 principal amount of general obligation bonds. The Bonds represent the first series of bonds issued under the 2018 Authorization, and, following the issuance thereof, $270,000,000* of the 2018 Authorization will remain unissued. See "DEBT SERVICE SCHEDULE" herein for a debt service schedule for the Bonds.

The following table displays the annual debt service requirements of the District for all outstanding general obligation bonds of the Improvement District No. 1 (assuming no optional redemption).

GENERAL OBLIGATION BOND DEBT SERVICE
Sierra Joint Community College District
Improvement District No. 1

Year Ending November 1	Series B Bonds	2013 Refunding Bonds	2015 Refunding Bonds	Total Annual Debt Service
2019	--	$1,385,400	$896,250	$2,281,650
2020	--	1,447,400	948,250	2,395,650
2021	--	1,525,800	992,250	2,518,050
2022	--	1,604,800	1,048,450	2,653,250
2023	--	1,679,200	1,106,250	2,785,450
2024	--	1,764,000	1,161,500	2,925,500
2025	--	1,851,000	1,221,750	3,072,750
2026	--	1,945,500	1,291,500	3,237,000
2027	$1,440,000	2,041,750	--	3,481,750
2028	1,510,000	2,144,250	--	3,654,250
2029	1,590,000	2,252,250	--	3,842,250
2030	3,050,000	--	--	3,050,000
2031	3,200,000	--	--	3,200,000
2032	3,360,000	--	--	3,360,000
Total	$14,150,000	$19,641,350	$8,666,200	$42,457,550

Source: Sierra Joint Community College District.

* Preliminary, subject to change.

The following table displays the annual debt service requirements of the District for all outstanding general obligation bonds of Improvement District No. 2 (assuming no optional redemptions).

GENERAL OBLIGATION BOND DEBT SERVICE
Sierra Joint Community College District
Improvement District No. 2
(Western Nevada County Campus Area)

Year Ending August 1	Series B Bonds	2013 Refunding Bonds	Total Annual Debt Service
2019	$1,850,000	$1,094,000	$2,944,000
2020	1,940,000	1,151,600	3,091,600
2021	2,035,000	1,206,000	3,241,000
2022	2,140,000	1,267,200	3,407,200
2023	2,245,000	1,329,800	3,574,800
2024	2,360,000	1,398,600	3,758,600
2025	2,475,000	1,468,100	3,943,100
2026	2,600,000	1,541,600	4,141,600
2027	2,725,000	1,618,600	4,343,600
2028	2,840,000	1,728,600	4,568,600
2029	2,980,000	1,809,600	4,789,600
2030	5,080,000	--	5,080,000
2031	5,330,000	--	5,330,000
2032	5,600,000	--	5,600,000
Total	$42,200,000	$15,613,700	$57,813,700

Source: Sierra Joint Community College District.

Certificates of Participation. On June 22, 2012, the District executed and delivered its Refunding Certificates of Participation (the "Certificates of Participation") in the principal amount of $11,962,000, to prepay the lease obligations of the District in connection with the District's then-outstanding certificates of participation which were executed and delivered in 1998, 2004 and 2007. The District has covenanted to budget and appropriate lease payments payable with respect to the Certificates of Participation in each fiscal year, in consideration of the use and occupancy of the property leased in connection with the delivery thereof, from any source of legally available funds, and to take such action as may be necessary to include such lease payments in its annual budgets and to make the necessary annual appropriations therefor.

The following table summarizes the future total annual lease payment requirements of the District for the Certificates of Participation (assuming no optional redemptions).

Year Ending June 1	Annual Lease Payments
2019	$1,149,605.90
2020	1,148,147.90
2021	1,148,384.50
2022	414,401.50
2023	414,762.20
2024	413,868.90
2025	411,156.20
Total	$5,100,327.10

Source: Sierra Joint Community College District.

TAX MATTERS

In the opinion of Bond Counsel, 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. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State personal income tax.

The excess of the stated redemption price at maturity of a Bond over 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) 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 applicable Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the Bond is excluded from gross income of such owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Bond Owner of the Bonds is exempt from State personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes 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 comply 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 gain or loss on sale or exchange of 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 (and original issue discount) 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 CHANGES TO

OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE 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 STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. 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 a bond counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (or original issue discount) on any Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

Although Bond Counsel will render 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) with respect to 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 A.

LIMITATION ON REMEDIES; BANKRUPTCY

General

State law contains certain safeguards to protect the financial solvency of community college districts. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA" herein. If the safeguards are not successful in preventing a community college district from becoming insolvent, the State Chancellor and the Board of Governors, operating through a special trustee appointed by the State Chancellor, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the community college district for the adjustment of its debts. In addition, an insolvent community college district may be able to file a petition under Chapter 9 before a special trustee is appointed. Prior to such petition, if any, the community college district is required to participate in a neutral evaluation process with interested parties as provided in the Government Code or declare a fiscal emergency and adopt a resolution by a majority vote of the governing board that includes findings that the financial state of the community college district jeopardizes the health, safety, or well-being of the residents of its jurisdiction or service area absent the protections of Chapter 9.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors from taking any action to collect amounts due from the District or to enforce any obligation of the District related to such amounts due, without consent of the District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a Chapter 9 bankruptcy case, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Statutory Lien

Pursuant to Government Code Section 53515, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax, and such lien automatically arises, without the need for any action or authorization by the District or the Board, and is valid and binding from the time the Bonds are executed and delivered. See "THE BONDS – Statutory Lien" herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of "special revenues" within the meaning of the Bankruptcy Code and the pledged *ad valorem* property taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

Special Revenues

If the *ad valorem* property tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* property tax revenues should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. State law prohibits the use of the tax proceeds for any purpose other than payment of the Bonds and the Bond proceeds can only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payments of bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

Possession of Tax Revenues; Remedies

The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County's investment pool, as described in "THE BONDS – Application and Investment of Bond Proceeds" and "APPENDIX E – PLACER COUNTY INVESTMENT POOL" herein. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

Opinion of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights

The proposed form of the approving opinion of Bond Counsel attached hereto as Appendix A is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

LEGAL MATTERS

Continuing Disclosure

Current Undertaking. In connection with the issuance of the Bonds, the District has covenanted for the benefit of Owners of the Bonds (including the Beneficial Owners of the Bonds) to provide certain financial information and operating data relating to the District and the Improvement 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 2018-19 fiscal year, and to provide notices of the occurrence of certain listed 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.

Previous Undertakings. Within the past five years, the District filed its report for the 2012-13 fiscal year six days after the filing date required by prior continuing disclosure undertakings. Within the past five years, the District also failed to properly associate its report for fiscal year 2013-14 with one series of outstanding general obligation bonds.

Legality for Investment in California

Under provisions of the Financial Code, the Bonds are legal investments for commercial banks in the State 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 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 the Improvement District or contesting the District's ability to receive *ad valorem* property taxes or to collect other revenues or contesting the District's ability to issue and retire the Bonds.

There are a small number of claims pending against the District. In the opinion of the District, the aggregate amount of uninsured liabilities of the District under these claims will not materially affect the finances of the District.

Information Reporting Requirements

On May 17, 2006, the President signed the Tax Increase Prevention and Reconciliation Act of 2005 (the "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 A.

Financial Statements

The District's audited financial statements with required supplemental information for the year ended June 30, 2018, 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 November 13, 2018 of Crowe LLP (the "Auditor"), are included in this Official Statement as APPENDIX B. In connection with the inclusion of the financial statements and the report of the Auditor thereon in APPENDIX B to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken 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. The Auditor has also not been engaged to perform, and has not performed, since the date of its report included in the audited financial statements included herein, any procedures on the financial statements addressed in such report.

RATINGS

Moody's and S&P have assigned the Bonds the ratings of "Aa1" and "AA," respectively. The ratings reflect only the views of the rating agencies, and any explanation of the significance of such ratings should be obtained from the rating agencies. There is no assurance that the ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies, if, in their judgment, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

The District has covenanted in a Continuing Disclosure Certificate to file on The Electronic Municipal Market Access ("EMMA") website operated by the Municipal Securities Rulemaking Board notices of any rating changes on the Bonds. See "LEGAL MATTERS – Continuing Disclosure" herein and "APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to the rating agencies and their respective websites and official media outlets for the most current rating changes with respect to the Bonds after the initial issuance of the Bonds.

UNDERWRITING

Piper Jaffray & Co., the Underwriter will purchase all of the Bonds for a purchase price of $_____________, which is equal to the initial principal amount of the Bonds of $_____________, plus original issue premium of $_____________, less $_____________ of underwriting discount.

The purchase contract for the Bonds provides that the Underwriter will purchase all of the Bonds, if any are purchased. The initial offering prices stated on the inside cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices.

The Underwriter has provided the following paragraph for inclusion in this Official Statement. The District does not guarantee the accuracy or completeness of the following information, and the inclusion thereof should not be construed as a representation of the District:

The Underwriter has entered into a distribution agreement (the "Schwab Agreement") with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Schwab Agreement, CS&Co. will purchase Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. 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.

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.

SIERRA JOINT COMMUNITY COLLEGE DISTRICT

By: ______________________________

William H. Duncan, IV
Superintendent/President

APPENDIX A

FORM OF OPINION OF BOND COUNSEL

Upon issuance and delivery 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:

___________, 2019

Board of Trustees
Sierra 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 $___________ Sierra Joint Community College District Election of 2018 General Obligation Bonds, Series A (School Facilities Improvement District No. 4) (Placer, El Dorado and Sacramento Counties, California) (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 Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act"), commencing with Section 53506 *et seq.*, a fifty-five percent vote of the qualified electors of the Sierra Joint Community College District School Facilities Improvement District No. 4 (the "Improvement District") voting at an election held on June 5, 2018, and a resolution (the "Resolution") adopted by the Board of Trustees of the Sierra 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* property taxes on all property subject to such taxes in the Improvement 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.

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 Bond 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 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 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 to the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

Stradling Yocca Carlson & Rauth

APPENDIX B

2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

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SIERRA JOINT COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
June 30, 2018

Sierra Joint Community College District (the "District") is comprised of areas in Placer, Nevada, El Dorado and Sacramento Counties. The District operates a central campus located on a 299-acre site in the city of Rocklin, in southwestern Placer County, California, and two small satellite campuses located in Grass Valley and Truckee in Nevada County. Classes are also taught at the Roseville site and other sites throughout the 3,200-square-mile territory of the District. The District currently serves approximately 25,800 students who are enrolled in both day and evening classes, has a full time faculty of approximately 233, and a part time faculty of approximately 929. Many areas of study are offered as well as vocational and technical education and many courses of instruction are transferable to accredited four-year colleges and universities.

The District is governed by a seven-member Board of Trustees, 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. The management and policies of the District are administered by a Superintendent appointed by the Board who is responsible for day-to-day District operations as well as the supervision of the District's other key personnel.

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

BOARD OF TRUSTEES

Members	Office	Term Expires
Ms. Cari Dawson Bartley	President	December 2018
Mr. Bob Romness	Vice President/Clerk	December 2018
Mr. Paul Bancroft	Trustee	December 2018
Ms. Carol Garcia	Trustee	December 2020
Mr .Scott Leslie	Trustee	December 2020
Ms. Nancy B. Palmer	Trustee	December 2018
Mr. Bob Sinclair	Trustee	December 2020

BOARD AUDIT COMMITTEE MEMBERS

Mr. Paul Bancroft   Mr. Bob Romness   Mr. Bob Sinclair

DISTRICT ADMINISTRATION

Mr. William H. Duncan, IV
Superintendent/President

Mr. Erik Skinner
Vice President of Administrative Services

Ms. Linda Fisher
Director of Finance

SIERRA JOINT COMMUNITY COLLEGE DISTRICT

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

CONTENTS

SIERRA JOINT COMMUNITY COLLEGE DISTRICT

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

CONTENTS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Sierra Joint Community College District
Rocklin, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

(Continued)

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 16 and the Schedule of Changes in Net OPEB Liability, the Schedule of Money-Weighted Rate of Return, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 62 to 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sierra Joint Community College District's basic financial statements. The accompanying schedule of expenditure of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditure of federal awards and other supplementary information as listed in the table of contents is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of expenditure of federal awards and other supplementary information as listed in the table of contents, except for the Organization, Combining Statement of Net Position by Fund and Combining Statement of Revenues, Expenses, and Change in Net Position by Fund have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and other supplementary information as listed in the table of contents, except for the Organization, Combining Statement of Net Position by Fund and Combining Statement of Revenues, Expenses, and Change in Net Position by Fund, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2018 on our consideration of Sierra Joint Community College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sierra Joint Community College District's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Sacramento, California
November 13, 2018

INTRODUCTION

This section of Sierra Joint Community College District's financial statements presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2018. The discussion has been prepared by management and should be read in conjunction with the financial statements and notes, which follow this section.

The Sierra Joint Community College District was established in 1936, covers over 3,200 square miles and serves Placer, Nevada and parts of El Dorado and Sacramento counties. The District includes one comprehensive community college and two centers. Students may choose from 85 associate degree majors and 89 achievement or skill certificate programs, complete courses toward the first two years of a bachelor's degree program or pursue courses for professional or other purposes.

The District attained fiscal independence from Placer County Office of Education in 2008-2009. The application process required an extensive evaluation of our accounting controls to ensure they met the standards required by the Board of Governors. The District passed this evaluation and was granted fiscal independence by the Board of Governors effective July 1, 2009.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

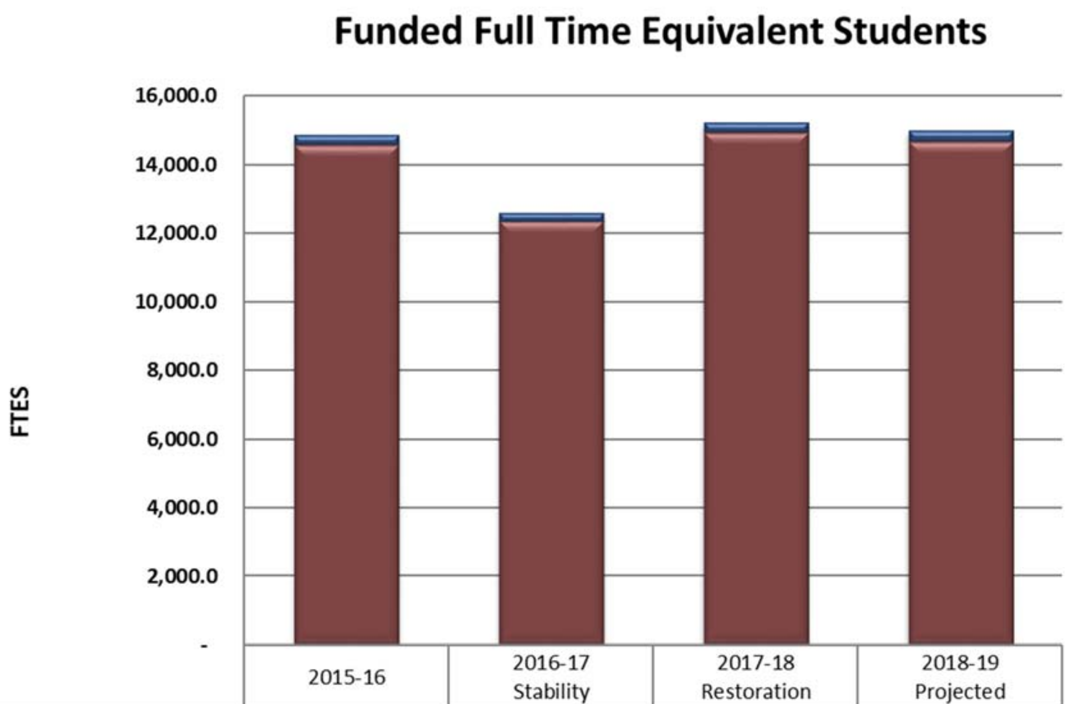
The California Community Colleges Chancellor's Office has recommended that all State community colleges follow the Business-Type Activity (BTA) model for financial statement reporting purposes.

This annual report consists of the following: management's discussion and analysis (this section), 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 Change in Net Position; and the Statement of Cash Flows), Supplementary Information and Required Supplementary Information.

ATTENDANCE AND FINANCIAL HIGHLIGHTS

- The District's main funding source is based upon the apportionment formula from the State of California. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). As a result of the State budget passage in June and subsequent guidance related to the new Student Centered Funding Formula, a decision was made to shift Summer 2018 FTES to 2017-18, thereby generating growth revenue as permitted under the attendance reporting rules. This shift in enrollment should allow the District to capture available growth of $530,000 for 111 FTES.

- Shifting the reporting of summer enrollments allowed Sierra to receive "stability" funding for 2016-17, which ensures the same amount of revenue as received in the prior year due to a hold harmless feature in the state funding formula. The graph below shows the decline in 2016-17 and then the subsequent restoration of FTES in the 2017-18 fiscal year.



	2015-16	2016-17 Stability	2017-18 Restoration	2018-19 Projected
FUNDED NON-CREDIT FTES	296.8	274.8	308.8	311.5
FUNDED CREDIT FTES	14,575.7	12,363.4	14,920.0	14,672.9

Apportionment Funding: The 2017-2018 funding formula revenues for the unrestricted general fund reflect an increase from the 2016-2017 fiscal year. 2016-2017 revenues from the state funding formula totaled approximately $80.9 million and increased to approximately $85.3 million for 2017-2018. This represents a $4.4 million or 5.42% total increase. The increase in apportionment funding was the result growth funding for the enrollment shift described above and of the state providing a base allocation increase of $2.4 million and a 1.56% COLA that yielded $1.1 million.

- Included in 2017-18 are additional revenues of $536,000 related to the prior year's Chancellor's Office Apportionment Recalculation.

- The 2017-18 total General Fund revenues, excluding the recording of State On-Behalf payments of $2.4 million were $123.7 million compared to $110.9 million earned in 2016-17, an increase of $12.8 million or 11.5%. In 2017-18 the District received $397,000 in one-time mandated cost funds.

- Revenues for categorical programs and other grants in the Restricted General Fund increased approximately $8.5 million or 38.04% from $22.2 million in 2016-17 to $30.7 million in 2017-18. The increase was primarily from restricted programs such as Fiscal Agent for the CCC Maker Grant or increases in existing programs such as, Strong Workforce, Workforce Development and allocations for various student success programs and services.

- The District's unrestricted fund balance, prior to commitments, increased by $2.1 million in 2017-18 compared to the prior year. The fund balance increased primarily from apportionment related revenues of $1.5 million, one time revenues of $889,000, attrition and operational savings of $1.3 offset by a one-time employee payout of approximately $1.0 million. The fund balance after commitments leaves a 2017-18 ending fund balance of $11.4 million or 9.3% of general fund expenditures. The Board of Trustees has set a goal to maintain reserves between eight and twelve percent of General Fund expenditures. The fund balance amounts exclude the impact of the CalSTRS state on-behalf pension contributions as displayed in the audited financials.

- CalSTRS state on-behalf Pension contributions were calculated in the amount of $2.4 million for 2017-18 and $1.9 million in 2016-17. Districts are required under GASB 24 to recognize the state's on-behalf contributions. These costs paid by the State of California are reflected in the benefit expenses and a corresponding amount of state revenue is also recorded resulting in no impact to fund balance.

- Health benefits for both employees and retirees increased $634,000 or 7.08% over the prior year. For employees hired before July 1, 1994, the District pays medical premiums upon retirement. The District has accounted for retiree benefits on a "pay-as-you-go basis." The Net OPEB Liability as of June 30, 2018, is $34.6 million when considering $12.0 million of assets held in a GASB 74 qualifying OPEB Trust. Accounting principles provide that the cost of retiree benefits should be accrued over employees' working lifetime. In accordance with this principle, GASB issued in June of 2015 Accounting Standards 74 and 75 for retiree health benefits. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees. The year ended June 30, 2017 marks the first year these Accounting Standards are applied to the financial statements.

- The District set aside $3.1 million in funding at June 30, 2016 to keep employee health benefit contributions for the 2016-17 and 2017-18 Plan Years essentially unchanged from 2015-16 Plan Year levels. At June 30, 2018, $325,000 remains. A benefit plan year covers the period October 1 – September 30.

- The District paid down $4.4 million in long-term debt.

- The District is required to allocate 50 percent of unrestricted general fund expenses to classroom instructional costs (50 percent law). The District continues to be in compliance and has exceeded this requirement. In 2017-2018, the District expended 51.9% on classroom instructional compensation.

FINANCIAL ANALYSIS OF THE DISTRICT

Condensed financial information is as follows:

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows, liabilities, deferred inflows and net position of the District as of the end of the fiscal year and is prepared using the accrual basis of accounting, which is similar to the accounting basis used most private sector organizations.

The difference between total assets and total liabilities is one indicator of the current financial condition of the District; the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measures using current values. One notable exception is capital assets, which are stated at historical cost less accumulated depreciation.

The Net Position is divided into three major categories. The first category, net investment in capital assets, provides the equity amount in property, plant and equipment owned by the District. The second category is expendable restricted net assets. These net assets are available for expenditure by the District, but must be spent for purposes as determined by external entities, legislation and/or donors that have placed time or purpose restricted on the use of the assets. The final category is unrestricted and is available to the District for any lawful purpose of the District.

A summary of the Statement of Net Position as of June 30, 2018 and June 30, 2017 is shown below:

	2017-18	2016-2017	Increase (Decrease)	Percent Change
ASSETS				
Current assets				
Cash and cash equivalents	$ 43,616,590	$ 34,104,777	$ 9,511,813	27.9%
Accounts receivable and other assets, net	2,775,499	3,408,594	(633,095)	-18.6%
Total Current Assets	**46,392,089**	**37,513,371**	**8,878,718**	**23.7%**
Noncurrent assets				
Restricted cash and cash equivalents	29,227,561	27,193,495	2,034,066	7.5%
Notes receivable	60,774	60,000	774	100.0%
Capital assets (net of depreciation)	134,031,033	137,523,049	(3,492,016)	-2.5%
Total Noncurrent Assets	**163,319,368**	**164,776,544**	**(1,457,176)**	**-0.9%**
TOTAL ASSETS	**209,711,457**	**202,289,915**	**7,421,542**	**3.7%**
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow of resources - loss on refunding	1,935,438	2,121,314	(185,876)	-8.8%
Deferred outflow of resources - OPEB	73,113	72,862	251	100.0%
Deferred outflow of resources - pensions	27,029,595	17,711,369	9,318,226	52.6%
TOTAL ASSETS AND DEFERRED OUTFLOWS	**$ 238,749,603**	**$ 222,195,460**	**$ 16,554,143**	**7.5%**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	$ 9,742,138	$ 5,336,750	$ 4,405,388	82.5%
Unearned revenue	20,461,101	17,972,705	2,488,396	13.8%
Current portion of long-term obligations	4,626,922	6,982,461	(2,355,539)	-33.7%
Total Current Liabilties	**34,830,161**	**30,291,916**	**4,538,245**	**15.0%**
Noncurrent liabilities				
Non-current portion of long-term obligations	194,552,335	185,503,256	9,049,079	4.9%
Other long-term obligations	13,781,738	12,747,625	1,034,113	8.1%
Total Noncurrent Liabilties	**208,334,073**	**198,250,881**	**10,083,192**	**5.1%**
TOTAL LIABILITIES	**243,164,234**	**228,542,797**	**14,621,437**	**6.4%**
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - pensions	6,538,000	3,511,000	3,027,000	86.2%
Deferred inflows of resources - OPEB	81,970		81,970	100.0%
Total Outflow of Resources	**6,619,970**	**3,511,000**	**3,108,970**	**88.5%**
NET POSITION				
Net investment in capital assets	67,647,753	66,929,101	718,652	1.1%
Restricted for:				
Scholarships and loans	853	2,304	(1,451)	-63.0%
Capital projects	22,920,284	21,612,117	1,308,167	6.1%
Debt service	5,998,359	5,360,400	637,959	11.9%
Unrestricted	(107,601,850)	(103,762,259)	(3,839,591)	3.7%
TOTAL NET POSITION	**(11,034,601)**	**(9,858,337)**	**(1,176,264)**	**11.9%**
TOTAL LIABILITIES, DEFERRED INFLOWS	**$ 238,749,603**	**$ 222,195,460**	**$ 16,554,143**	**7.5%**

This schedule has been prepared from the District's Statement of Net Position, which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated. Long-term debt is recorded as a liability and accounted for on a full accrual basis.

Approximately 98% of the cash balance is cash deposited in the Placer County Treasury Pool and approximately 2% is cash deposited in local financial institutions. The Statement of Cash Flows contained within these financial statements provides greater detail regarding the sources and uses of cash and the net increase or decrease of cash during the fiscal year.

- The majority of the accounts receivable balance is from state apportionment, student enrollment fees, federal and state grant programs and federal and state entitlement programs.

- The District receives cash unevenly throughout the year, as the main source of revenue is property taxes, which are collected and received in December and April. In order for the District to meet its cash needs during the months immediately preceding December and April, the District arranges Dry Period Financing through the Placer County Treasury. This form of borrowing is very efficient and cost effective for the District given the relatively small amounts and short timeframes that an advance of cash is needed to support operations.

- Accounts payable are amounts due as of the fiscal year-end for goods and services received. Total accounts payable and accrued liabilities are $9.7 million at year-end, representing an 83% increase from fiscal year 2016-17.

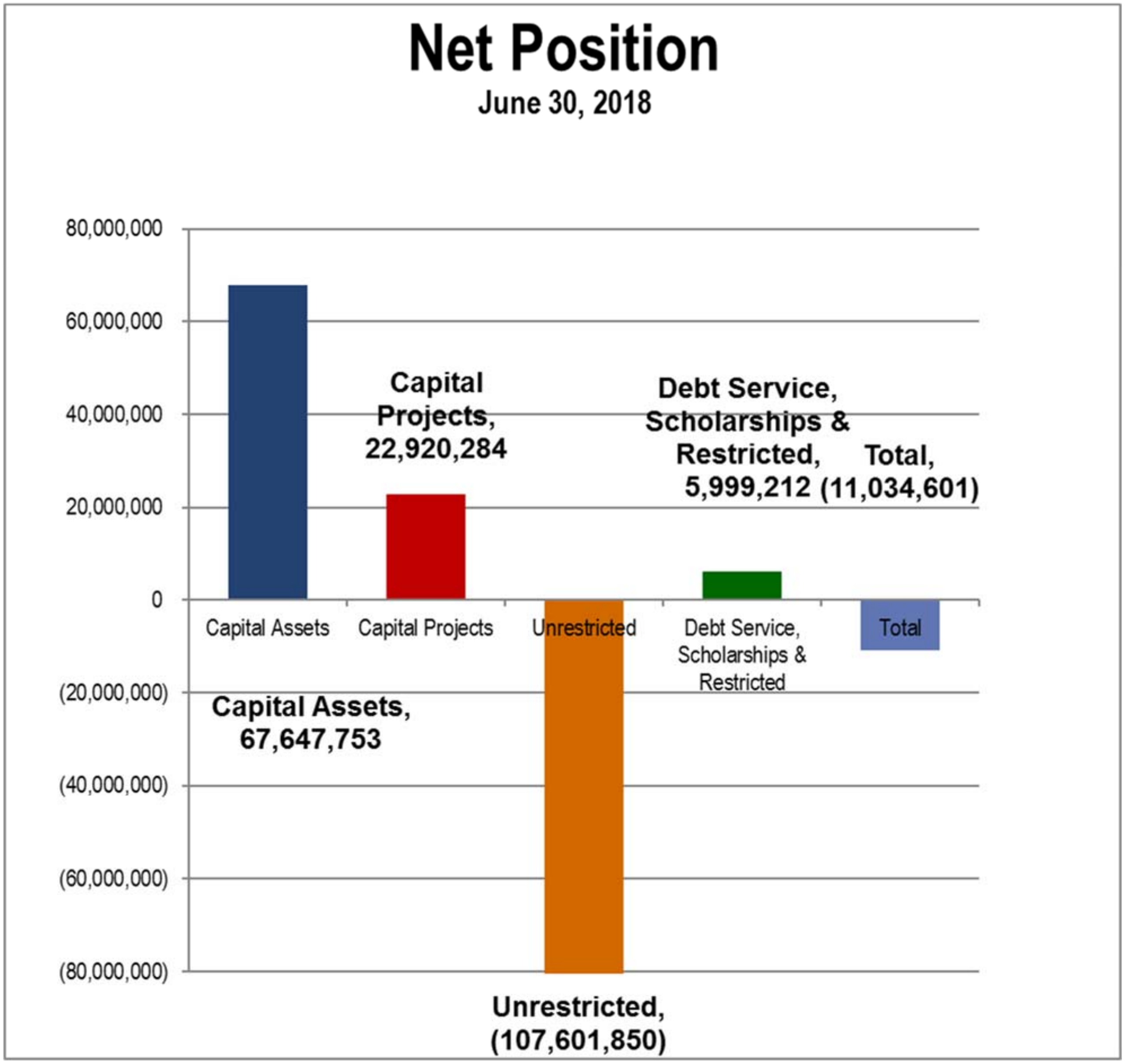
- Capital Assets, net of depreciation, are $134 million, with debt related to these assets of $66.4 million, and a deferred loss on refunding of $1.9 million for a net investment in capital assets of $67.6 million. The majority of debt is in the form of General Obligation Bonds related to School Facility Improvement Districts for the Tahoe-Truckee campus and the Nevada County campus in Grass Valley. Projects for the Tahoe-Truckee campus were completed in 2010-2011 and projects in Grass Valley were completed during 2014-15. Construction commitments for all capital projects at June 30, 2018 were $451,000. See Note 5, Capital Assets, in the Notes to Basic Financial Statements for detailed information.

- At year-end, the District had $83 million in General Obligation Bonds and associated unamortized bond premium and accreted interest, Certificates of Participation (COP), and Capitalized Lease Obligations outstanding. The District continued to pay down its debt, retiring $3.9 million of the COPs, capital leases, and bonds exclusive of debt refunding. See Note 8, Long-Term Liabilities in the Notes to Basic Financial Statements for detailed information.

- The District holds funds for scholarship, loans, capital projects and debt service reserves as required by various federal and state regulations. Net assets held for these purposes totaled $28.9 million.

- Compensated absences (accrued vacation not used at June 30), reflected as liability, totaled $1.6 million.

- The General Obligation Bonds—School Facilities Improvement District No. 1 and No. 2 — had their "AA-" rating from Standard and Poor's affirmed in 2016 and their "Aa2" rating from Moody's affirmed in 2015. Ratings are based on the District's fiscal stability, and overall creditworthiness.


Net Position
June 30, 2018
80,000,000
60,000,000
40,000,000
20,000,000
0
(20,000,000)
(40,000,000)
(60,000,000)
(80,000,000)
Capital Assets
Capital Projects
Unrestricted
Debt Service, Scholarships & Restricted
Total
Capital Projects, 22,920,284
Debt Service, Scholarships & Restricted, 5,999,212
Total, (11,034,601)
Capital Assets, 67,647,753
Unrestricted, (107,601,850)

Statement of Revenues, Expenses, and Change in Net Position

The change in total net position presented on the Statement of Net Position is based on the activity presented in the Statement of Revenues, Expense and Change in Net Position. The purpose of this statement is to present the operating and non-operating revenues earned (whether received or not) by the District, the operating and non-operating expenses incurred (whether paid or not) by the District, and any other revenues, expenses, gains and/or losses earned or incurred by the District.

Operating activities are those in which a direct payment or exchange is made for the receipt of specified goods or services. As an example, tuition fees paid by the student are considered an exchange for instructional services. This activity is considered an operating activity. The receipt of state apportionments and property taxes do not include this exchange relationship between payment and receipt of goods or services. These revenues and related expenses are classified as non-operating activities.

A summary of the Statement of Revenues, Expenses, and Change in Net Position for the years ended June 30, 2018 and June 30, 2017 is shown below.

	2017-18	2016-2017	Increase (Decrease)	Percent Change
OPERATING REVENUES				
Net tuition & fees	$ 14,200,686	$ 14,734,807	$ (534,121)	-3.6%
Grants & contracts	38,157,970	31,874,070	6,283,900	19.7%
Auxiliary	680,516	703,281	(22,765)	-3.2%
TOTAL OPERATING REVENUES	**53,039,172**	**47,312,158**	**5,727,014**	**12.1%**
OPERATING EXPENSES				
Salaries	63,785,685	64,343,143	(557,458)	-0.9%
Employee benefits	29,253,587	23,038,630	6,214,957	27.0%
Supplies, materials & other	28,824,247	19,868,981	8,955,266	45.1%
Student financial aid & scholarships	30,100,650	30,822,749	(722,099)	-2.3%
Utilities	2,391,131	2,383,704	7,427	0.3%
Depreciation	6,468,607	6,241,829	226,778	3.6%
TOTAL OPERATING EXPENSES	**160,823,907**	**146,699,036**	**14,124,871**	**9.6%**
NON-OPERATING & CAPITAL ACTIVITY				
State taxes & other revenues	6,534,631	5,564,016	970,615	17.4%
Local property taxes & revenues	82,607,323	78,120,475	4,486,848	5.7%
Pell grants	19,809,618	19,939,200	(129,582)	-0.6%
Investment income	151,452	128,017	23,435	18.3%
Interest expense	(3,148,588)	(3,378,780)	230,192	-6.8%
Other Non-Operating Revenue	654,035	(385,288)	1,039,323	-269.8%
TOTAL NON-OPERATING & CAPITAL ACTIVITY	**106,608,471**	**99,987,640**	**6,620,831**	**6.6%**
CHANGE IN NET POSITION	(1,176,264)	600,762	(1,777,026)	-295.8%
BEGINNING NET POSITION	(9,858,337)	19,981,845	(29,840,182)	-149.3%
Cumulative effect of GASB 75 implementation		(30,440,944)	30,440,944	100.0%
Net position, July 1, as restated	(9,858,337)	(10,459,099)	600,762	**-5.7%**
ENDING NET POSITION	**$ (11,034,601)**	**$ (9,858,337)**	**$ (1,176,264)**	**11.9%**

This schedule has been prepared from the District's Statement Revenues, Expenses, and Change in Net Position.

The primary operating receipts are student tuition and fees. The primary operating expense of the District is the payment of salaries and benefits to instructional and classified support staff.

- The major components of tuition and fees are the $46 per unit enrollment fee that is charged to all students registering for classes and the additional $211 per unit fee that is charged to all non-resident students. Net tuition and fees decreased by $534,000 or 3.6%.

- Combined property tax revenue and state apportionments (total computational revenue) for 2017-18 were $85.3 million and $80.9 million for 2016-17, an increase of $4.4 million or 5.4%. The District used a zero deficit factor as provided by the Chancellor's Office for the 2017-18 fiscal year.

- The interest income is primarily the result of earnings on cash held at the Placer County Treasury.

- Expenses for employee salaries and statutory benefits increased by $5.6 million over 2016-17 or 6.5% and include step, column, longevity and approximately $1 million in a one-time payment to staff. An additional $3.2 million of pension expense is reflected in the audited financial statements related to GASB 68 pension costs and an increase of $2.6 million of GASB 75 OPEB costs. Total operating expenses, increased by $14.1 million or 9.6%. The operating expense increase was primarily due to the increased OPEB and pension costs described above and $8.9 million of increased costs for supplies and other operating expenses and services. The percentage of personnel costs included in operating expenses decreased slightly to 58%.

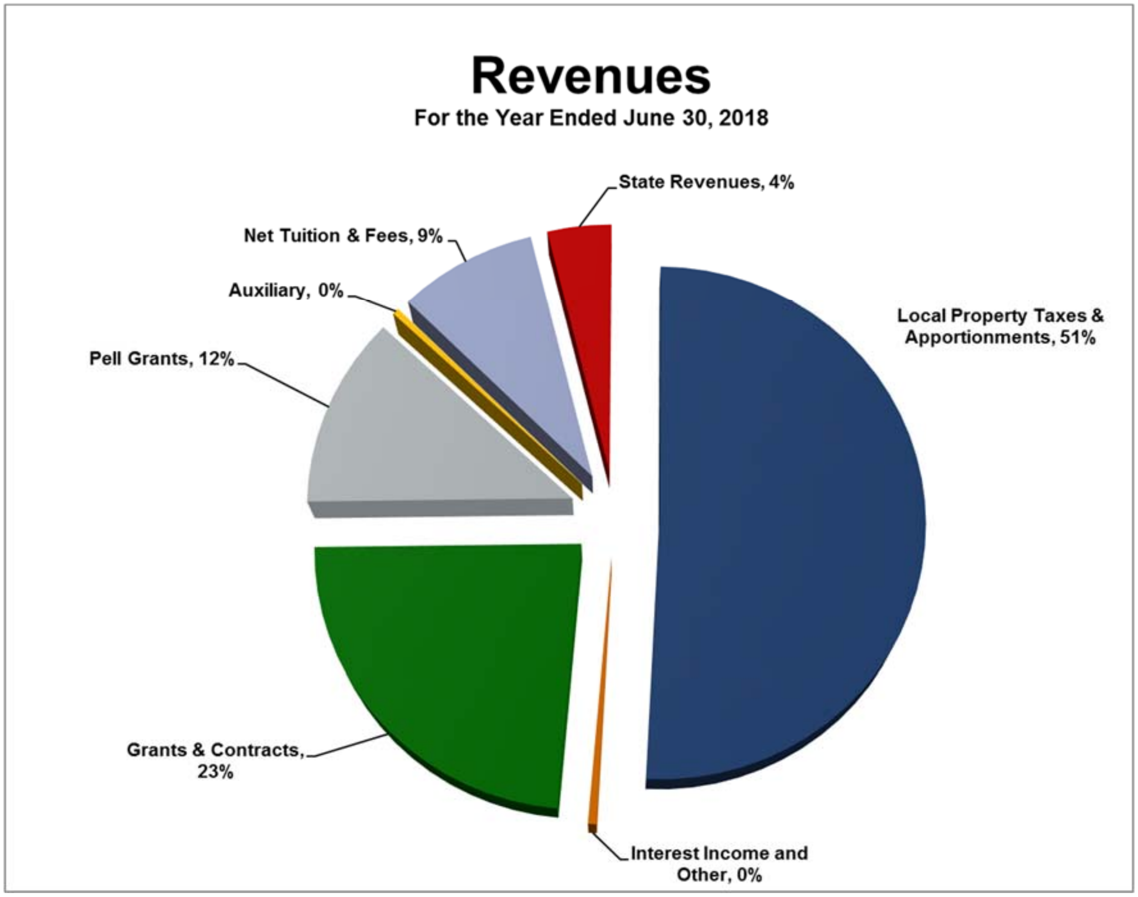
- Due to the expansion of student support programs, grant expenses and serving as fiscal agent for the statewide CCC Maker grant, other operating costs increased significantly during the 2017-2018 fiscal year. The unrestricted general fund increased by only $630,000 while the restricted general fund increased approximately $7.4 million. These were the primary components in the overall increase of $8.9 million or 45.1% for supplies, material, utilities and other operating expenses from the prior year.

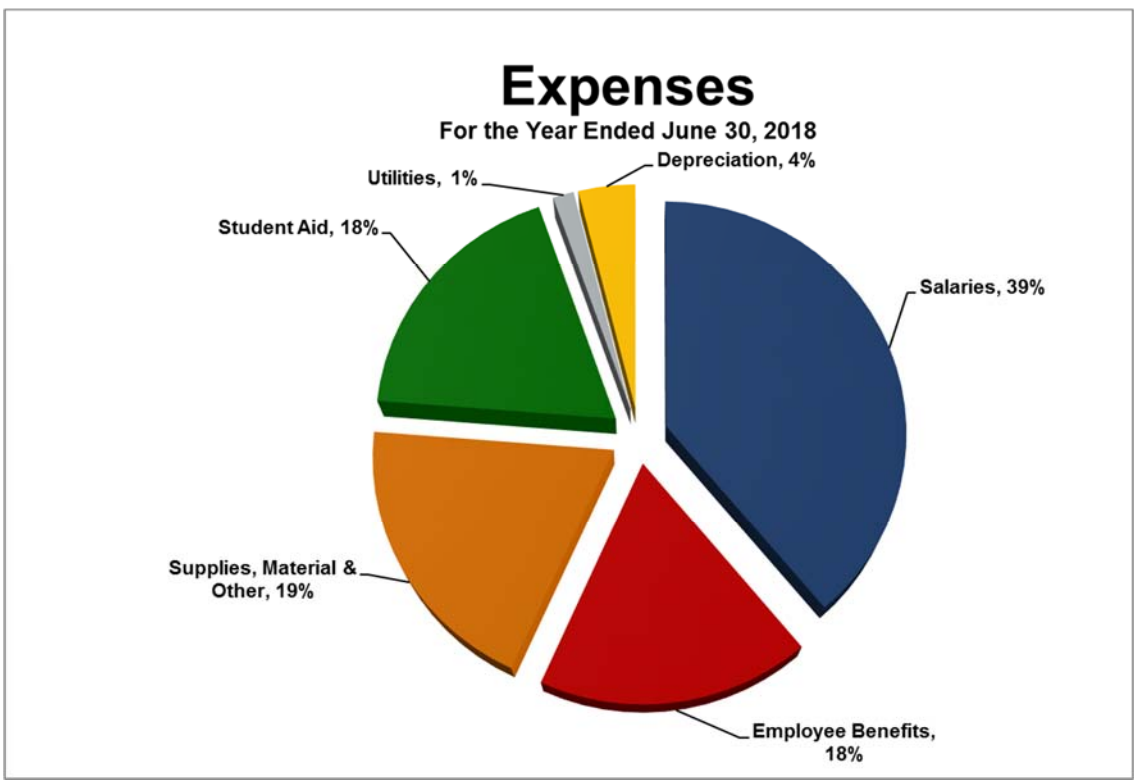
- During the 2017-18 fiscal year $3 million of assets were placed in service and $33,000 net of accumulated depreciation were retired. Depreciation expense increased slightly to $6.5 million from $6.2 million in 2016-17. The District uses the straight line, mid-year convention.

- The District adopted Governmental Accounting Standards Board Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in 2016-17. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

- GASB Statement 75 requires the liability of employers and non-employer contributing entities to employees, for defined benefit OPEB (net OPEB liability), to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

- The District engaged an actuarial service to calculate the Net OPEB Liability as of June 30, 2018, which was $34.6 million, an increase of $2.6 million over the Net OPEB Liability of $32 million as of June 30, 2017. The District has set aside funds to cover retiree health liabilities in a GASB 74 qualifying trust. The Fiduciary Net Position of this trust at June 30, 2018 was $12 million, an increase of $600,000 at June 30, 2017 when the balance was $11.4 million. See Note 11 in the Financial Statements for additional detail.


Revenues
For the Year Ended June 30, 2018
State Revenues, 4%
Net Tuition & Fees, 9%
Auxiliary, 0%
Local Property Taxes & Apportionments, 51%
Pell Grants, 12%
Grants & Contracts, 23%
Interest Income and Other, 0%


Expenses
For the Year Ended June 30, 2018
Depreciation, 4%
Utilities, 1%
Student Aid, 18%
Salaries, 39%
Supplies, Material & Other, 19%
Employee Benefits, 18%

Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the fiscal year. The statement also helps users assess the District's ability to generate positive cash flows, meet obligations as they come due and the need for external financing.

The Statement of Cash Flows is divided into five parts. The first part reflects operating cash flows and shows the net cash used by the operating activities of the District. The second part details cash received for non-operating, non-investing, and non-capital financing purposes. The third part shows cash flows from capital and related financing activities. This part deals with the cash used for the acquisition and construction of capital and related items. The fourth part provides information from investing activities and the amount of interest received. The last section reconciles the net cash used by operating activities to the operating loss reflected on the Statement of Revenues, Expenses and Change in Net Position.

A summary of the Statement of Cash Flows for the years ended June 30, 2018 and June 30, 2017 is shown below.

	2017-18	2016-2017	Increase (Decrease)	Percent Change
NET CASH PROVIDED BY (USED IN)				
Operating activities	$ (89,058,863)	$ (83,298,043)	$ (5,760,820)	6.9%
Non-capital financing activities	103,819,042	98,786,043	5,032,999	5.1%
Capital and related financing activites	(3,218,790)	(5,833,909)	2,615,119	-44.8%
Investing activities	4,490	34,263	(29,773)	-86.9%
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**11,545,879**	**9,688,354**	**1,857,525**	**19.2%**
CASH BALANCE, BEGINNING OF YEAR	**61,298,272**	**51,609,918**	**9,688,354**	**18.8%**
CASH BALANCE, END OF YEAR	**$ 72,844,151**	**$ 61,298,272**	**$ 11,545,879**	**18.8%**

- Cash receipts from operating activities are from student tuition, federal state and local grants and auxiliary enterprises. Uses of cash from operating activities consists of payments to employees, vendors and students. The 6.9% increase in cash used for operating activities, totaling $5.7 million, is comprised of a, a $5.6 million increase in payments to suppliers, a $722,000 decrease in cash used for student financial aid and loans $892,000 increase in payments to employees, a $557,000 decrease in cash received for tuition and fees and a $557,000 increase in cash received for federal, state and local grants from the 2016-17 fiscal year.

- Cash received from state apportionment, based on the workload measures generated by the District, accounts for just 2%, or $2 million of the 2017-18 cash provided by noncapital financing. Cash received from property taxes account for 72.2% or $74.9 million in 2017-2018. State apportionment and receipts increased by $352,000 or 21%, whereas property tax receipts increased by $3.8 million or 5.4% from 2016-2017 to 2017-2018. The District no longer uses a TRAN (Tax Revenue Anticipation Note), but instead relies on Dry Period Financing, through the Placer County Treasury, to meet cash needs prior to the receipt of property tax revenues.

- Capital and related financing activities include cash provided from local property taxes collected for debt service and interest on capital investments. Cash outflows relate to purchases of capital assets and principal and interest on capital debt. The overall $2.6 million decrease in cash used, or 44.8% from prior year is driven primarily by $2.5 million less spent for capital assets, and an increase of $314,000 in local property taxes for debt service in 2017-18.

- Cash received from investing activities decreased from $34,000 in 2016-2017 to $4,000 in 2017-2018. The decrease is primarily due to the decrease in the amount of $531,000 on the fair market value of cash held at the Placer County Treasury at June 30, 2018 offset by interest earned in the amount of $535,000. Average interest rates for 2017-18 were 1.62% compared to 1.39% for 2016-17, for funds held at the Placer County Treasury.

A LOOK FOWARD

General Revenue Outlook: In 2018-19**,** funding levels from the State continued an upward trend for California's 72 community college districts. Funding improved in both general operations (unrestricted general fund) and for specialized programs (restricted general fund) for the 2018-19 year. Sierra College's share of these new unrestricted and restricted general fund revenues is estimated to be approximately $2.3 and $1.0 million respectively. Additional information related to revenues and expenditures for the 2018-19 fiscal year are detailed below.

2018-19 Budget Surplus: The District is projecting a structural surplus of $338,521 for the current year. When taken in context of a $12.2 million projected ending fund balance (9.2% of total expenses), a $2.7 million operational contingency, and $1.75 million investment to refresh and upgrade campus technology, it is clear that the College is in a strong financial position.

New Funding Formula: The Student Centered Funding Formula (SCFF), enacted as part of the 2018-19 State Budget, moves from the previous, student enrollment-based funding model to one that funds colleges based on student enrollments (70%), student demographics (20%), and student success (10%). In future years, the allocations will adjust to student enrollment (60%), student demographics (20%), and student success (20%). This change, the most extensive overhaul of community college funding in state history, will require all colleges to update and revise revenue projection and budget planning models. Sierra College is well into this adjustment and has updated its planning process to ensure continued fiscal stability and health under the new model.

Three-Years of Hold Harmless Protection: While various simulations of the new funding formula have been produced and circulated by the State's Chancellor's Office, given the complexity of the proposed funding formula, Sierra College still views these estimates as speculative. As a result, the 2018-19 District budget is built on the conservative assumption that the District will be funded under the hold harmless provision contained in SCFF implementing legislation. Under the hold harmless provision, districts are guaranteed the same level of general purpose State funding as received in 2017-18, plus COLA. This hold harmless provision is in place for 2018-19, 2019-20, and 2020-21, after which point districts will be funded based on their performance under the new funding formula. For Sierra College in 2018-19, the hold harmless funding level is $87.6 million, an increase of $2.3 million or 2.71% over the 2017-18 funding level.

Potential Additional Revenue: In July 2018, based on the adopted State budget and guidance related to the SCFF, the District made a strategic decision to report an increase of 352 full-time equivalent students (FTES) for 2017-18. While the District's 2017-18 FTES growth cap was only 111, statewide trends make it likely that Sierra College will capture unspent growth funds left on the table at the state level due to flat and declining enrollments. If the District is funded for reported growth beyond the cap, the District has the potential to earn up to an additional $1.1 million for 2017-18 and, as a result, increase the District's hold harmless funding level by up to $1.1 million, yielding higher revenue levels through the duration of the hold harmless protection (2018-19, 2019-20, and 2020-21). The outcome will be known in February 2019 when the State releases the 2017-18 Recalc report and the 2018-19 First Principal Apportionment report.

Well-Positioned to Benefit from SCFF: For the State's 72 community college districts, the introduction of SCFF presents new challenges in the budget planning process. Sierra College is fortunate since the District's student success and equity initiatives, which aim to increase student completion rates, have been operating longer and at a larger scale than many Districts. As a result of this head start, Sierra College is well-positioned to benefit from SCFF which provides additional funding for the number of student completions.

Community Supported Status: Because the District receives the vast majority of its revenues from local property taxes and student fee revenues, it enjoys a financial "safety net" that most community college districts do not have. Since local property taxes and student fee revenues are generated locally and cannot be taken by the State, these funding sources are not subject to the fluctuations and volatility seen in State funding. In California's K-12 and community college system, this is what is known as "community supported" or "basic aid" status. In our current budget projections, Sierra College would cross the line into community supported status in 2021-22.

Deficit Factor Set at Half-Percent: Sierra College will continue to budget a revenue deficit factor of 0.5% in 2018-19 which equates to $438,000. Historically, Sierra College budgeted a 1% revenue deficit at the beginning of the fiscal year to buffer against revenue shortfalls at the state level that can be passed along to the District. Strong revenue trends at the State level support lowering the deficit from 1% to 0.5% on a temporary basis, as was done in 2016-17 and 2017-18. In future years, staff will recommend annually whether to retain the lower deficit level. The nine-year history of deficits, shown below, supports continuing to budget a half-percent deficit factor for the 2018-19 fiscal year.

Fiscal Year	Final Deficit
2009-10	0%
2010-11	0.30%
2011-12	1.90%
2012-13	0.02%
2013-14	0.45%
2014-15	0%
2015-16	0%
2016-17	0%
2017-18	0%

Major Expenditure Items: The 2018-19 budget includes some large expenditure increases over prior year levels, including:

- Operational Contingency-- $2.7 million
- Campus Technology Refresh -- $1.0 million
  ($250,000 ongoing; $750,000 one-time)
- Equipment – $750,000 (one-time)
- CalPERS Employer Rate Increase - $445,000
- CalSTRS Employer Rate Increase - $565,000
- Increased Operational Costs – $626,000

Passage of Local Bond Measure: In June 2018, local voters approved Measure E, a $350 million facilities bond to fund improvements on the Rocklin Campus. These monies, along with an estimated $150 million from state facilities funding and other local revenues, will support an extensive program of new construction and modernization projects covering the entire campus. Given that most of the Rocklin Campus buildings date from the 1960's and have not undergone extensive modernization, this investment is overdue. The upcoming bond construction program will provide modern, efficient, and attractive facilities to match Sierra College's highly regarded academic programs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the funds it receives. If you have any questions about this report or need any additional financial information, please contact the District:

Sierra Joint Community College District
Mr. Erik Skinner
Vice President-Administrative Services
5100 Sierra College Boulevard
Rocklin, CA 95677

ASSETS	
Current assets:	
Cash and cash equivalents	$ 43,616,590
Receivables, net	2,317,246
Inventory	54,397
Prepaid expenses	403,856
Total current assets	46,392,089
Noncurrent assets:	
Restricted cash, cash equivalents and investments	29,227,561
Notes receivable	60,774
Non-depreciable capital assets	9,136,017
Depreciable capital assets, net	124,895,016
Total noncurrent assets	163,319,368
Total assets	209,711,457
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - loss on refunding	1,935,438
Deferred outflows of resources - OPEB	73,113
Deferred outflows of resources - pensions	27,029,595
Total deferred outflows	29,038,146
Total assets and deferred outflows	$ 238,749,603
LIABILITIES	
Current liabilities:	
Accounts payable	$ 5,882,494
Unearned revenue	20,461,101
Accrued payroll	2,419,894
Compensated absences payable	1,584,550
Long-term debt - current portion	5,042,372
Accrued interest on debt	1,439,750
Total current liabilities	36,830,161
Noncurrent liabilities:	
Accreted interest on bonds	13,781,738
Long-term debt - noncurrent portion	192,552,335
Total noncurrent liabilities	206,334,073
Total liabilities	243,164,234
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - OPEB	81,970
Deferred inflows of resources - pensions	6,538,000
Total inflows of resources	6,619,970
NET POSITION	
Net investment in capital assets	67,647,753
Restricted for:	
Scholarships and loans	853
Capital projects	22,920,284
Debt services	5,998,359
Unrestricted	(107,601,850)
Total net position	(11,034,601)
Total liabilities, deferred inflows and net position	$ 238,749,603

See accompanying notes to the basic financial statements.

SIERRA JOINT COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
SIERRA COLLEGE FOUNDATION
(A Nonprofit Organization)
STATEMENT OF FINANCIAL POSITION
June 30, 2018

ASSETS	
Cash and cash equivalents	$ 1,033,445
Investments	7,741,280
Receivables	90,151
Total assets	$ 8,864,876
LIABILITIES	
Accounts payable and accrued expenses	$ 117,440
NET ASSETS	
Unrestricted	2,699,500
Temporarily restricted	2,061,649
Permanently restricted for endowments	3,986,287
Total net assets	8,747,436
Total liabilities and net assets	$ 8,864,876

See accompanying notes to the basic financial statements.

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

Operating revenues:	
Tuition and fees	$ 22,655,283
Less: fee waivers and allowances	(8,454,597)
Net tuition and fees	14,200,686
Grants and contracts, non-capital:	
Federal	7,673,349
State	28,381,324
Local	2,103,297
Auxiliary enterprise sales and charges	680,516
Total operating revenues	53,039,172
Operating expenses:	
Salaries	63,785,685
Employee benefits	29,253,587
Supplies, materials, and other operating expenses and services	28,824,247
Student financial aid and scholarships	30,100,650
Utilities	2,391,131
Depreciation	6,468,607
Total operating expenses	160,823,907
Loss from operations	(107,784,735)
Non-operating revenues (expenses):	
State apportionment, non-capital	2,025,044
Local property taxes	74,958,725
State taxes and other revenues	6,534,631
Pell grants	19,809,618
Investment income, noncapital	4,489
Investment income, capital	146,963
Interest expense on capital asset-related debt	(3,148,588)
Other non-operating revenues	457,765
Total non-operating revenues (expenses)	100,788,647
Loss before capital revenues	(6,996,088)
Capital revenues:	
Grants and gifts, capital	196,270
Local property taxes and revenues	5,623,554
Total capital revenues	5,819,824
Change in net position	(1,176,264)
Net position, July 1, 2017	(9,858,337)
Net position, June 30, 2018	$ (11,034,601)

See accompanying notes to the basic financial statements.

SIERRA JOINT COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT -
SIERRA COLLEGE FOUNDATION
(A Nonprofit Organization)
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:				
Contributions and grants	$ 205,660	$ 595,594	$ 229,374	$ 1,030,628
Investment income	31,988	74,324	-	106,312
Realized gain (loss) on sale of investments	(12,941)	76,865	-	63,924
Unrealized gain of investments	138,249	140,331	-	278,580
Donated from the College District	286,070	-	-	286,070
Special events and other revenues	436,173	127,508	-	563,681
Total revenues, gains and other support before assets released from restrictions and other transfers	1,085,199	1,014,622	229,374	2,329,195
Net assets released from restrictions and other transfers	756,523	(756,523)	-	-
Total revenues, gains and other support	1,841,722	258,099	229,374	2,329,195
District support and Foundation expenses:				
Scholarships	268,250	-	-	268,250
Academic program support	548,343	-	-	548,343
Administration	621,092	-	-	621,092
Fundraising	170,318	-	-	170,318
Total District support and Foundation expenses	1,608,003	-	-	1,608,003
Change in net assets	233,719	258,099	229,374	721,192
Net assets, July 1, 2017	2,465,781	1,803,550	3,756,913	8,026,244
Net assets, June 30, 2018	$ 2,699,500	$ 2,061,649	$ 3,986,287	$ 8,747,436

See accompanying notes to the basic financial statements.

Cash flows from operating activities:	
Tuition and fees	$ 13,949,484
Federal, state and local grants and contracts	41,532,168
Payments to suppliers	(27,799,604)
Payments to/on behalf of employees	(87,320,777)
Payments to/on behalf of students	(30,100,650)
Auxiliary enterprises sales and charges	680,516
Net cash used in operating activities	(89,058,863)
Cash flows from noncapital financing activities:	
State apportionments and receipts	2,025,044
Pell grants	19,809,618
Local property taxes	74,958,725
State taxes and other revenues	6,534,631
Gifts and grants for other than capital purposes	491,024
Net cash provided by noncapital financing activities	103,819,042
Cash flows from capital and related financing activities:	
Local property taxes and other revenues for capital purposes	5,623,554
Purchase of capital assets	(3,009,850)
Capital grants and gifts received	196,270
Principal paid on capital debt	(3,940,261)
Interest paid on capital debt, net	(2,235,466)
Interest on capital investments	146,963
Net cash used in capital and related financing activities	(3,218,790)
Cash flows provided by investing activities:	
Interest income on investments	4,490
Net change in cash and cash equivalents	11,545,879
Cash and cash equivalents, beginning of year	61,298,272
Cash and cash equivalents, end of year	$ 72,844,151

(Continued)

Reconciliation of loss from operations to net cash used in operating activities:	
Loss from operations	$ (107,784,735)
Adjustments to reconcile loss from operations to net cash used in operating activities:	
Depreciation expense	6,468,607
Changes in assets and liabilities:	
Receivables, net	633,827
Inventory and prepaid expenses	(1,506)
Deferred outflows of resources - OPEB	(251)
Deferred outflows of resources - pensions	(9,318,226)
Accounts payable	3,417,280
Accrued payroll	930,231
Unearned revenue	2,488,396
Compensated absences	(28,348)
OPEB	2,568,810
Net pension liability	8,821,000
Excess sick leave	(362,918)
Deferred inflows of resources - OPEB	81,970
Deferred inflows of resources - pensions	3,027,000
Net cash used in operating activities	$ (89,058,863)

Supplementary disclosure of non-cash transactions:

Amortization of premiums on debt	$ 456,283
Amortization of deferred loss on refunding	$ 185,876
Accretion of interest	$ 1,735,755

See accompanying notes to the basic financial statements.

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

Cash flows from operating activities:	
Donations received from contributions and other revenues	$ 1,829,051
Contributions and other revenue restricted for long term investments	(229,374)
Payments to suppliers for goods and services	(810,884)
Payments to/on behalf of employees	(527,701)
Payments to/on behalf of students	(268,250)
Other receipts and payments	170,840
Net cash provided by operating activities	163,682
Cash flows from investing activities:	
Purchase of investments	(791,017)
Investment management fees	(64,529)
Proceeds from sales of investments	538,470
Net cash used in investing activities	(317,076)
Cash flows provided by financing activities:	
Contributions and other revenue restricted for long term investments	229,374
Net change in cash and cash equivalents	75,980
Cash and cash equivalents - beginning of year	957,465
Cash and cash equivalents - end of year	$ 1,033,445
Reconciliation of change in net assets to net cash provided by operating activities:	
Change in net assets	$ 721,192
Realized gain on sales of investments	(63,924)
Investment management fees	64,529
Net change in the fair value of investments	(278,580)
Contributions and other revenue restricted for long term investments	(229,374)
Changes in assets and liabilities:	
Receivables	(51,329)
Accounts payable and accrued expenses	1,168
Net cash provided by operating activities	$ 163,682

See accompanying notes to the basic financial statements.

SIERRA JOINT COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
AGENCY AND TRUST FUNDS
June 30, 2018

	Agency Fund Associated Students/ Student Center Fund	Trust Fund OPEB Trust
ASSETS		
Cash and cash equivalents	$ 1,087,892	$ 18,122
Investments:		
Mutual Fund - Equities	-	4,904,580
Mutual Fund - Fixed Income	-	6,614,162
Mutual Fund - Real Estate	-	491,764
Receivables	7,751	-
Total assets	$ 1,095,643	$ 12,028,628
LIABILITIES		
Accounts payable	$ 874	$ 18,122
Unearned revenue	102,852	-
Amounts held for others	991,917	-
Total liabilities	$ 1,095,643	18,122
NET POSITION		
Net position restricted for OPEB		$ 12,010,506

See accompanying notes to the basic financial statements.

SIERRA JOINT COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
TRUST FUND
For the Year Ended June 30, 2018

	OPEB Trust
Additions:	
Net investment income:	
Net appreciation in the fair value of plan investments	$ 20,487
Net realized gains and losses on sale of investments	191,681
Interest and dividends	435,690
Total net investment income	647,858
Contributions:	
Employer	31,878
Employer match	31,878
Plan member	3,055,708
Total additions	3,767,322
Deductions:	
Benefits paid - employer	3,055,708
Administrative expenses	94,651
Total deductions	3,150,359
Net increase in fiduciary net position	616,963
Net position restricted for OPEB, July 1, 2017	11,393,543
Net position restricted for OPEB, June 30, 2018	$ 12,010,506

See accompanying notes to the basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The Financing Corporation is an organization whose activities to date have been limited to the issuance of Certificates of Participation and entering into lease arrangements with the District as discussed in Note 7. The District and the Financing Corporation have financial and operational relationships which met the reporting entity definition of GASB Cod. Sec. 2100.101 for inclusion of the Financing Corporation as a component unit of the District. Accordingly, the financial activities of the Financing Corporation have been blended with the financial statements of the District.

The Foundation is a nonprofit, tax-exempt organization dedicated to providing financial benefits generated from fundraising efforts and investment earnings to the District. The funds contributed by the Foundation to the benefit of the District are significant to the District's financial statements. The District applied the criteria for identifying component units in accordance with GASB Cod. Sec. 2100.138 and therefore, the District has classified the Foundation as a component unit that will be discretely presented in the District's financial statements. Copies of the Foundation's annual financial report may be obtained from the District Business Office, 5100 Sierra College Blvd., Rocklin, California 95677.

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

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

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

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Fair Value of Investments and Investment Pools: The District records its investment in Placer County Treasury at fair value. Changes in fair value are reported as revenue in the Statement of Revenues, Expenses and Change in Net Position. The fair value of investments, including the Placer County Treasury external investment pool, at June 30, 2018 approximated their carrying value. Foundation investments in debt and equity securities are carried at fair value. Realized gains and losses and unrealized appreciation (depreciation) of those investments are reflected in the Statement of Activities. Fair values of investments in county and State investment pools are determined by the pool sponsor.

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

Foundation receivables consist of unconditional promises to give. Unconditional promises to give are expected to be collected within one year and are recorded at net realizable value. The Foundation utilizes the allowance method for accounting for uncollectible receivables. No allowance was necessary at June 30, 2018.

Inventory: Inventories are determined on the first-in, first-out (FIFO) method and are stated at the lower of cost or market.

Capital Assets: Capital assets are recorded at cost at the date of acquisition or, if donated, at acquisition value for the contributed assets. For equipment, the District's capitalization policy 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 is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 25 years for portable buildings, 20 years for site and building improvements, 5-20 years for equipment and vehicles, and 5 years for technology equipment, such as computers.

Compensated Absences: Compensated absences costs are accrued when earned by employees. Accumulated unpaid employee vacation benefits are recognized at year-end as liabilities of the District.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accumulated Sick Leave: Normal sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure or expense in the period taken since such benefits do not vest nor is payment probable.

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

Postemployment Benefits Other Than Pensions (OPEB): For purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Sierra Joint Community College District's Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and interest-earning investment contracts that are reported at cost. There is not a separately issued report of the plan.

Deferred Outflows/Inflows of Resources: In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding reported in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the pension liability and OPEB liability reported in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the pension liability and OPEB liability reported which is in the Statement of Net Position.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

	CalSTRS	CalPERS	Total
Deferred outflows of resources	$ 15,363,621	$ 11,665,974	$ 27,029,595
Deferred inflows of resources	$ 5,423,000	$ 1,115,000	$ 6,538,000
Net pension liability	$ 55,412,000	$ 38,545,000	$ 93,957,000
Pension expense	$ 6,846,161	$ 6,792,575	$ 13,638,736

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

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

Unrestricted net position: Unrestricted net position 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 typically first applies the expense toward restricted resources, then to unrestricted resources. This practice ensures fully utilizing restricted funding each fiscal year.

Net Assets: The Foundation's net assets are classified as follows:

- *Unrestricted net assets* - Net assets not subject to donor-imposed stipulations.

- *Temporarily restricted net assets* - Net assets consisting of cash and other assets received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

- *Permanently restricted net assets* - Net assets that are nonexpendable and consist of endowment and similar type funds in which the donor has stipulated as condition of the gift, that the principal be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

The Foundation's endowment currently consists of 35 individual funds established for the purpose of supporting education at the District. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The investment objective is to optimize earnings on all invested funds, while maintaining the preservation of capital. Risk will be minimized by investing in high quality fixed income instruments. To the extent that corporate obligations are purchased, those purchases will be diversified in terms of issuer and industry sector.

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

Classification of Revenue: The District has classified its revenues as either operating or nonoperating revenues. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Cod. Sec. C05.101 including State appropriations, local property taxes, and investment income. Nearly all the District's expenses are from exchange transactions. Revenues and expenses are classified according to the following criteria:

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fee Waivers: Student tuition and fee revenue are reported net of the Board of Governors fee waivers in the Statement of Revenues, Expenses and Change in Net Position. Certain governmental grants, and other federal, state and nongovernmental programs are recorded as operating revenues, while Federal Pell Grants are classified as non-operating revenues in the District's financial statements.

Property Taxes: Secured property taxes attach as an enforceable lien on property as of March 1, and are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The Placer, Nevada, Sacramento, Yuba and El Dorado Counties each bill and collect taxes for the District. Tax revenues are recognized by the District when received.

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

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

The Foundation would recognize interest and penalties related to unrecognized tax benefits in tax expense. During the year ended June 30, 2018, the Foundation did not recognize any interest or penalties. The Foundation files exempt organization returns in the U.S. Federal and California jurisdictions. The returns remain subject to examination by the U.S. Federal jurisdiction for three years after the return is filed and for four years by the California jurisdiction. There are currently no tax years under examination.

(Continued)

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

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

	District	Foundation	Agency Funds	Trust Fund
Pooled Funds:				
Cash in County Treasury	$ 65,753,895	$ -	$ 1,087,892	$ -
Deposits:				
Cash on hand and in banks	1,010,758	1,033,445	-	18,122
Funds invested by Fiscal Agents	6,079,498	-	-	-
Investments	-	7,741,280	-	12,010,506
Total cash, cash equivalents and investments	72,844,151	8,774,725	1,087,892	12,028,628
Less: restricted cash, cash equivalents and investments	29,227,561	-	-	-
Net cash, cash equivalents and investments	$ 43,616,590	$ 8,774,725	$ 1,087,892	$ 12,028,628

Pooled Funds: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest bearing Placer County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio).

During the fiscal year ended June 30, 2018, the District earned $918,388 in investment income from its cash in the Placer County Treasury.

Cash and Investments with Fiscal Agents: Cash and investments with Fiscal Agents totaling $6,079,498 represents cash and investments held by third party custodians relating to SFID debt service. These funds are maintained in the interest bearing Placer County Treasurer's Pooled Investment Fund and are carried at fair value. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio).

Foundation Investments: At June 30, 2018, the Foundation's investments consisted of the following:

Mutual funds	$ 6,969,263
Investment in Foundation for California Community Colleges Scholarship Endowment (FCCC/Osher)	680,522
Equity securities	91,495
	$ 7,741,280

(Continued)

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

Included in total investments at June 30, 2018 is an equity investment in a closely-held company in the amount of $91,495. This investment without readily determinable fair value is carried at cost because of the Foundation's inability to exercise significant influence over the company.

The Foundation invests in a pooled scholarship endowment fund, FCCC/Osher, managed by the Foundation for California Community Colleges ("FCCC"). The objective of the Foundation's investment in FCCC/Osher is to grow the Foundation's investments through the Bernard Osher Foundation pledge to match funds contributed to FCCC/Osher. The investment managers engaged by FCCC are required to follow specific guidelines set forth by FCCC with respect to the various types of allowable investments purchased and held by the pool. Accordingly, the estimated fair value of these investments is based on information provided by external investment managers engaged by FCCC. At June 30, 2018, the Foundation investment in pool consisted of 5% cash and short term investments, 26% fixed income securities, and 69% equity securities.

Trust Investments: The Trust agreement authorizes the use of a broad range of investment choices that have distinctly different risks and return characteristics. In general, investments held in the Trust Fund are for the primary purpose of meeting present and future OPEB liability obligations and may be invested in accordance with California Government Code Sections 53600 through 53622 that, subject to applicable legal requirements, may provide greater latitude to increase purchasing power and capital growth potential if deemed prudent to do so.

The Trust Fund's investment portfolio is invested with the objective of achieving a target net annual rate of return of 5.5% as well as an additional 1% to cover the costs of trust administration. At June 30, 2018, 41% of the Trust's investment value is held in equities, 55% is held in fixed income and 4% in real estate securities.

As stated in the Investment Policy, the Trust will invest predominantly in equities and fixed income securities. The fair value of the Trust's individual investments at June 30, 2018 are as follows:

Mutual Fund - Equities	$ 4,904,580
Mutual Fund - Fixed income	6,614,162
Mutual Fund - Real estate	491,764
Total investments	$ 12,010,506

Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation ("FDIC") and are collateralized by the respective financial institution. At June 30, 2018, the carrying amount of the District's cash on hand and in banks for the primary governmental entity was $1,010,758 and the bank balance was $968,571. The bank balance amount insured was $250,000.

(Continued)

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

Cash balances held in banks at the Foundation are also insured up to $250,000 by the FDIC. Cash equivalents held by a broker are insured up to $500,000 by the Securities Investor Protection Corporation ("SIPC"). At June 30, 2018, the carrying amount of the Foundation's cash on hand and in banks and cash equivalents was $1,033,445 and the bank balance was $1,045,950. The bank balance amount insured by the Federal Deposit Insurance Corporation or Securities Investor Protection Corporation was $830,120.

The California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits and collateral is considered to be held in the name of the District. All cash held by the financial institutions that is not insured is collateralized.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Placer County Treasury Investment Policy based on California Government Code Section 53635, the District's investment policy, or debt agreements, and the actual rating as of year end for each investment type. This table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentrations of credit risk.

Authorized Investment Type	Maximum Maximum Maturity	Maximum Percentage of Portfolio	Investment in One Issuer
Local Agency Bonds or Notes	5 years	None	None
U.S. Treasury Obligations	5 years	None	100%
U.S. Agency Securities	5 years	None	75%
Bankers Acceptance	180 days	40%	30%
Commercial Paper	270 days	40%	40%
Negotiable Certificates of Deposit	5 years	30%	30%
Collateralized Certificates of Deposit	N/A	None	20%
Repurchase Agreements	1 year	25%	20%
Corporate Notes	5 years	30%	30%
Local Agency Investment Funds (LAIF)	N/A	40MM	40MM
CDARS Certificates of Deposit	N/A	30%	30%

The District's Trust investment policy requires all fixed income investments to be of investment grade quality or higher at purchase; that is, at the time of purchases, rated no lower than "BBB" by Standard and Poor's. At June 30, 2018, the Trust investments consisted of open and closed-end mutual funds, therefore there are no credit ratings to disclose.

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

Investments Authorized by Debt Agreements: Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Placer County Investment Pool	Five years	None	None

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of year end, the maximum average maturity of the investments contained in the County investment pool is five years.

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

Investment Type	Weighted Average Maturity (in Years)
Placer County Investment Pool	3.56

The District's OPEB Trust (the "Trust") investments consisted of open and closed-end mutual funds, therefore, there are no significant interest rate risk related to the investments held, as there are no maturities related to the mutual funds held.

Concentration of Credit Risk: The District's investment policy places limits on the amount it may invest in any one issuer. At June 30, 2018, the District had no concentration of credit risk.

The District's Trust investment policy requires that not more than 5% of the Trust assets be invested in any single equity security or debt security. However, the limitation does not apply to the percentage of Trust assets invested in a single diversified mutual fund, nor does the limitation apply to obligations of the U.S. Government and its agencies or U.S. agency mortgage-backed pass-through securities. At June 30, 2018, the Trust investment had no holdings that exceeded 5% of the Trust assets.

(Continued)

NOTE 3 – FAIR VALUE MEASUREMENTS - INVESTMENTS

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

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

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

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

Valuation Approach: The District's mutual fund investments are generally classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices or broker or dealer quotations.

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

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

Description	Fair value	Level 1	Level 2	Level 3
Investment securities:				
Mutual Fund - Equities	$ 4,904,580	$ 4,904,580	$ -	$ -
Mutual Fund - Fixed income	6,614,162	6,614,162	-	-
Mutual Fund - Real estate	491,764	491,764	-	-
Total investment securities	$ 12,010,506	$ 12,010,506	$ -	$ -

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

Description	Fair value	Level 1	Level 2	Level 3
Investment securities:				
Mutual funds	$ 6,969,263	$ 6,969,263	$ -	$ -
Investment in FCCC/Osher**	680,522	-	-	-
Total investment securities	$ 7,649,785	$ 6,969,263	$ -	$ -

** Investments measured at fair value using net asset value ("NAVs") per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the hierarchy tables for such investments are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The Foundation's mutual fund investments are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices or broker or dealer quotations.

(Continued)

NOTE 3 – FAIR VALUE MEASUREMENTS - FOUNDATION INVESTMENTS (Continued)

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

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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

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

NOTE 4 – RECEIVABLES

Receivables at June 30, 2018 are summarized as follows:

	District	Foundation
Federal	$ 294,729	$ -
State	1,646,518	-
Local and other	738,384	90,151
	2,679,631	90,151
Less allowance for doubtful accounts	(362,385)	-
	$ 2,317,246	$ 90,151

NOTE 5 – CAPITAL ASSETS

Capital asset activity consists of the following:

	Balance July 1, 2017	Additions	Deductions	Transfers	Balance June 30, 2018
Non-depreciable:					
Land	$ 8,495,012	$ -	$ -	$ -	$ 8,495,012
Construction in progress	1,886,778	490,801	(22,379)	(1,714,195)	641,005
Depreciable:					
Buildings	129,593,496	1,160,253	-	45,906	130,799,655
Building & site improvements	52,039,029	208,049	-	1,600,340	53,847,418
Machinery and equipment	14,706,852	1,150,747	(44,072)	67,949	15,881,476
Total	206,721,167	3,009,850	(66,451)	-	209,664,566
Less accumulated depreciation:					
Buildings	34,099,217	2,586,172	-	-	36,685,389
Building & site improvements	26,166,446	2,557,280	-	-	28,723,726
Machinery and equipment	8,932,455	1,325,155	(33,192)	-	10,224,418
Total	69,198,118	6,468,607	(33,192)	-	75,633,533
Capital assets, net	$137,523,049	$ (3,458,757)	$ (33,259)	$ -	$134,031,033

NOTE 6 – UNEARNED REVENUE

Unearned revenue for the District consisted of the following:

Unearned tuition and other student fees	$ 3,394,431
Unearned local revenue	2,617,019
Unearned Federal and State revenue	14,449,651
Total unearned revenue	$ 20,461,101

NOTE 7 – LONG-TERM LIABILITIES

General Obligation Bonds: On June 21, 2007, the District issued Measure G, Series B SFID No. 1 bonds to fund the acquisition, construction and development of a new campus. Capital appreciation bonds of $4,535,972 bear interest at rates ranging from 4.96% to 5.01%. Interest on such capital appreciation bonds is compounded semiannually each year. The capital appreciation bonds mature June 1, 2032 and are payable only at maturity. In 2015, the District issued refunding bonds which defeased serial bonds of the Series B SFID No. 1 General Obligation Bonds.

Accreted interest on the capital appreciation bonds was $3,142,560 at June 30, 2018.

(Continued)

NOTE 7 – LONG-TERM LIABILITIES (Continued)

The following is a schedule of the future payments for the Series B SFID No. 1 General Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2019	$ -	$ -	$ -
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024-2028	537,566	902,434	1,440,000
2029-2032	3,998,406	8,711,594	12,710,000
Subtotal	4,535,972	9,614,028	14,150,000
Plus: Unamortized premium	164,001	-	164,001
	$ 4,699,973	$ 9,614,028	$ 14,314,001

On June 21, 2007, the District issued Measure G, Series B SFID No. 2 bonds to fund the acquisition, construction and development of a new campus. Serial Bonds of $4,260,000 matured August 1, 2012. Capital appreciation bonds of $22,136,517 bear interest at rates ranging from 4.15% to 6.32%. Bonds maturing August 1, 2013 to August 1, 2031 are payable only at maturity on August 1 of each year. Final capital appreciation bonds mature June 1, 2032 and are payable only at maturity. Interest on such capital appreciation bonds is compounded semiannually each year.

Accreted interest on the capital appreciation bonds was $11,340,820 at June 30, 2018.

The following is a schedule of the future payments for the Series B SFID No. 2 General Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2019	$ 1,058,358	$ 701,642	$ 1,760,000
2020	1,050,208	799,792	1,850,000
2021	1,041,625	898,375	1,940,000
2022	1,034,859	1,000,141	2,035,000
2023	1,034,283	1,105,717	2,140,000
2024-2028	5,117,675	7,287,325	12,405,000
2029-2032	6,444,149	15,385,852	21,830,001
Subtotal	16,781,157	27,178,844	43,960,001
Plus: Unamortized premium	262,658	-	262,658
	$ 17,043,815	$ 27,178,844	$ 44,222,659

(Continued)

NOTE 7 – LONG-TERM LIABILITIES (Continued)

During the year ended June 30 2013, the Financing Corporation issued $16,820,000 of 2013 General Obligation Refunding Bonds, Series A, with an effective interest rate of 2.37%, maturing August 1, 2029. Proceeds were used to advance refund a portion of the outstanding 2004 Series A SFID No. 1 General Obligation Bonds and to pay the costs of issuing the Series A Refunding Bonds. The Series A Refunding Bonds are general obligations of the District payable solely from *ad valorem taxes* upon all property within the Sierra Joint Community College District School Facilities Improvement District No. 1. For financial reporting purposes, the refunded debt has been considered defeased and therefore removed from the District's financial statements.

The following is a schedule of the future payments for the Series A Refunding Bonds:

Year Ending June 30,	Principal	Interest	Total
2019	$ 605,000	$ 697,500	$ 1,302,500
2020	700,000	671,400	1,371,400
2021	790,000	641,600	1,431,600
2022	900,000	607,800	1,507,800
2023	1,015,000	569,500	1,584,500
2024-2028	7,125,000	1,983,975	9,108,975
2029-2030	4,085,000	209,375	4,294,375
Subtotal	15,220,000	5,381,150	20,601,150
Plus: Unamortized premium	2,255,182	-	2,255,182
	$ 17,475,182	$ 5,381,150	$ 22,856,332

During the year ended June 30, 2013, the Financing Corporation issued $13,555,000 of 2013 General Obligation Refunding Bonds, Series B, with an effective interest rate of 2.40%, maturing August 1, 2029. Proceeds were used to advance refund a portion of the outstanding 2004 Series A SFID No. 2 General Obligation Bonds and to pay the costs of issuing the Series B Refunding Bonds. The Series B Refunding Bonds are general obligations of the District payable solely from *ad valorem taxes* within the Sierra Joint Community College District School Facilities Improvement District No. 2. For financial reporting purposes, the refunded debt has been considered defeased and therefore removed from the District's financial statements.

(Continued)

NOTE 7 – LONG-TERM LIABILITIES (Continued)

The following is a schedule of the future payments for the Series B Refunding Bonds:

Year Ending June 30,	Principal	Interest	Total
2019	$ 490,000	$ 543,800	$ 1,033,800
2020	560,000	522,800	1,082,800
2021	640,000	498,800	1,138,800
2022	720,000	471,600	1,191,600
2023	810,000	441,000	1,251,000
2024-2028	5,705,000	1,513,600	7,218,600
2029-2030	3,320,000	143,900	3,463,900
Subtotal	12,245,000	4,135,500	16,380,500
Plus: Unamortized premium	1,672,201	-	1,672,201
	$ 13,917,201	$ 4,135,500	$ 18,052,701

During the year ended June 30, 2015, the District issued $7,585,000 of 2015 General Obligation Refunding Bonds. The current interest bonds bear interest at rates of 3.00% to 5.00%, maturing August 1, 2026. Proceeds were used to advance refund a portion of the outstanding 2004 Series B SFID No. 1 General Obligation Bonds and to pay the costs of issuing the 2015 Refunding Bonds. For financial reporting purposes, the refunded debt has been considered defeased and therefore removed from the District's financial statements.

The following is a schedule of the future payments for the 2015 Refunding Bonds:

Year Ending June 30,	Principal	Interest	Total
2019	$ 505,000	$ 331,350	$ 836,350
2020	575,000	309,750	884,750
2021	650,000	285,250	935,250
2022	720,000	257,850	977,850
2023	805,000	227,350	1,032,350
2024-2027	4,225,000	450,375	4,675,375
Subtotal	7,480,000	1,861,925	9,341,925
Plus: Unamortized premium	1,113,414	-	1,113,414
	$ 8,593,414	$ 1,861,925	$ 10,455,339

(Continued)

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Certificates of Participation: During 2012, the Financing Corporation issued $11,962,000 of Certificates of Participation (COPs) with an average interest rate of 2.29%. Proceeds were used to advance refund outstanding 1998, 2004 and 2007 COPs. The net proceeds related to the advance refunding issuance and fund balances from prior issuances totaling $12,889,141 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments and the 1998, 2004 and 2007 COPs were defeased. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

Following is a schedule of the future payments for the 2012 Certificates of Participation:

Year Ending June 30,	Principal	Interest	Total
2019	$ 1,044,000	$ 105,606	$ 1,149,606
2020	1,066,000	82,148	1,148,148
2021	1,094,000	54,385	1,148,385
2022	377,000	37,402	414,402
2023	387,000	27,762	414,762
2024-2025	802,000	23,025	825,025
	$ 4,770,000	$ 330,328	$ 5,100,328

Capitalized Lease Obligations: The District leases equipment under agreements which provide for title to pass upon expiration of the lease period. Future minimum lease payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 164,020	$ 41,476	$ 205,496
2020	167,759	37,737	205,496
2021	171,584	33,912	205,496
2022	175,496	30,000	205,496
2023	179,498	25,998	205,496
2024-2028	960,776	66,704	1,027,480
	$ 1,819,133	$ 235,827	$ 2,054,960

At June 30, 2018, the District had capital assets acquired under capital leases with an original cost of $2,836,666 and $496,417 in accumulated depreciation.

(Continued)

NOTE 7 – LONG-TERM LIABILITIES (Continued)

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

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Amounts Due Within One Year
General Obligation Bonds	$ 58,752,027	$ -	$ 2,489,898	$ 56,262,129	$ 2,658,358
Accreted interest	13,357,727	1,735,755	610,102	14,483,380	701,642
Unamortized Bond Premium	5,923,739	-	456,283	5,467,456	474,352
Certificates of Participation	6,029,000	-	1,259,000	4,770,000	1,044,000
Dormitory Bonds	31,000	-	31,000	-	-
Capitalized leases obligations	1,979,496	-	160,363	1,819,133	164,020
Compensated absences	1,612,898	-	28,348	1,584,550	1,584,550
Net pension liability	85,136,000	8,821,000	-	93,957,000	-
OPEB Liability	32,048,537	2,568,810	-	34,617,347	-
Excess sick leave	362,918	-	362,918	-	-
	$ 205,233,342	$ 13,125,565	$ 5,397,912	$ 212,960,995	$ 6,626,922

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLANS

General Information about the State Teachers' Retirement Plan

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

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

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

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

CalSTRS 2% at 60

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

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLANS (Continued)

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

CalSTRS 2% at 62

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

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

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

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

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

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

Employers – 14.43 percent of applicable member earnings.

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

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

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLANS (Continued)

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

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

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

The District contributed $4,892,621 to the plan for the fiscal year ended June 30, 2018.

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

Also as a result of AB1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046. The CalSTRS state contribution rates effective for fiscal year 2017-18 and beyond are summarized in the table below.

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

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

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

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLANS (Continued)

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

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

District's proportionate share of the net pension liability	$ 55,412,000
State's proportionate share of the net pension liability associated with the District	32,782,000
Total	$ 88,194,000

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts and the State. At June 30, 2017, the District's proportion was 0.060 percent, which was an decrease of 0.005 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of $6,846,161 and revenue of $2,955,367 for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 205,000	$ 966,000
Changes of assumptions	10,266,000	-
Net differences between projected and actual earnings on investments	-	1,476,000
Changes in proportion and differences between District contributions and proportionate share of contributions	-	2,981,000
Contributions made subsequent to measurement date	4,892,621	-
Total	$ 15,363,621	$ 5,423,000

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLANS (Continued)

$4,892,621 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2019	$ (286,683)
2020	$ 1,870,317
2021	$ 1,075,816
2022	$ (369,850)
2023	$ 1,292,900
2024	$ 1,465,500

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2017 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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

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

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

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLANS (Continued)

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

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

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

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

* 20-year geometric average

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

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLANS (Continued)

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$ 81,363,000	$ 55,412,000	$ 34,352,000

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

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

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

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

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

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

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

(Continued)

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to $863 monthly.

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

Members – The member contribution rate was 6.5 or 7.5 percent of applicable member earnings for fiscal year 2017-18.

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

The District contributed $3,260,974 to the plan for the fiscal year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of $38,545,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts. At June 30, 2017, the District's proportion was 0.161 percent, which was a decrease of 0.004 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of $6,792,575. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,381,000	$ -
Changes of assumptions	5,630,000	454,000
Net differences between projected and actual earnings on investments	1,334,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	60,000	661,000
Contributions made subsequent to measurement date	3,260,974	-
Total	$ 11,665,974	$ 1,115,000

(Continued)

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

$3,260,974 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2019	$ 1,848,917
2020	$ 3,667,917
2021	$ 2,503,417
2022	$ (730,251)

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

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

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

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

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

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

(Continued)

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

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

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

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

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

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

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

(Continued)

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

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

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	$ 56,712,000	$ 38,545,000	$ 23,474,000

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

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS

Plan Description: The District provides lifetime post-employment healthcare benefits (OPEB) under the Sierra Joint Community College District Futuris Substantive Plan for certain groups of employees who retire from the District. The benefits provide retired employees and eligible dependents with health insurance coverage. When the retiree is eligible for Medicare, the District provides insurance coverage supplemental to Medicare. Eligible requirements and benefits may vary according to hire date. The District provides the OPEB benefits through a single employer defined benefit OPEB plan that is administered by Benefit Trust Company. OPEB provisions are established and amended per contractual agreement with employee groups. The plan does not issue separate financial statements. The following is a description of the current retiree benefit plan:

Academic Employees

- Employees hired before November 27, 1984 receive 100% paid benefits upon retirement from the District.
- Employees hired after November 27, 1984, but before July 2, 1986, must have completed five years of service to receive 100% paid benefits.
- Employees hired after July 1, 1986, but before July 2, 1994, must have completed twelve years of service to receive 100% paid benefits.
- Employees hired after July 1, 1994 may purchase benefits at their own expense.

Classified Employees

- Employees hired before December 10, 1985 receive 100% paid benefits upon retirement from the District.
- Employees hired after December 10, 1985, but before July 2, 1986, must have completed five years of service to receive 100% paid benefits.
- Employees hired after July 1, 1986, but before July 2, 1994, must have completed 15 years of service to receive 100% paid benefits.
- Employees hired after July 1, 1994 may purchase benefits at their own expense.

(Continued)

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

During the year ended June 30, 2008 the District signed an irrevocable trust (the Trust) agreement. The District appointed a Board of Authority with authority to make decisions on behalf of the District with respect to the *Futuris Public Entity Investment Trust Program*. Benefit Trust Company was appointed as the custodian and trustee to administer the *Futuris Public Entity Investment Trust*

The Board of Authority is comprised of the following six positions: Vice President, Administrative Services, Director, Human Resources, Vice President of Student Services, 1 Federation of United School Employees Member, 1 Sierra College Faculty Association Member, 1 Sierra College Management Association Member and 1 retiree.

Employees covered by benefit term: The following is a table of plan participants at June 30, 2018:

	Number of Participants
Inactive Employees/Dependents Receiving Benefits	304
Inactive Employees/Dependents Entitled to but not yet Receiving Benefits	-
Active Employees	37
	341

Contributions: The contribution requirements of plan members and the District are established and may be amended by the Board of Authority and by contractual agreement with employee groups. The District's plan members contribute 1% of base pay to the plan with a matching 1% from the employer. For the year ended June 30, 2018, employer contributions consist of $31,878 paid from the General Fund. Additionally, the trustee may amend or modify the benefits if the contributions to the trust and reserves of the trust are insufficient to maintain the benefits of participants and dependents.

OPEB Plan Investments: The plan discount rate of 5.5% was determined using the following asset allocation and assumed rate of return:

Asset Class	Percentage of Portfolio	Rate of Return*
All U.S. Domestic Stock	45%	7.5%
Long-term Corporate Bonds	55%	5.3%

* Geometric average

Rolling periods of time for all asset classes in combination we used to appropriately reflect correlation between asset classes. This means that the average returns for any asset class do not necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. Additionally, the historic 30 year real rates of return for each asset class along with the assumed long-term inflation assumption was used to set the discount rate. The investment return was offset by assumed investment expenses of 25 basis points. It was further assumed that contributions to the plan would be sufficient to fully fund the obligation over a period not to exceed 30 years.

Money-weighted rate of return on OPEB plan investments	5.50%

(Continued)

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

The money-weighted rate of return expresses investment performance, net of OPEB plan investment expenses, adjusted for the changing amounts actually invested.

Actuarial Assumptions: The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Valuation date	June 30, 2018
Measurement date	June 30, 2018
Census data	The census was provided by the District as of June 30, 2018
Actuarial cost method	Entry age normal
Amortization methods	Flat dollar amount allocation with 18 year closed amortization
Inflation rate	2.75%
Investment rate of return	5.50%
Discount rate	5.50%; assuming contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years.
Health care cost trend rate	4.00%
Payroll increase	2.75%
Participation rates	100% for certificated and classified employees.
Mortality	For certificated employees the 2009 CalSTRS mortality tables were used. For classified employees the 2014 CalPERS active mortality for miscellaneous employees were used.
Spouse relevance	To the extent not provided and when needed to calculate benefit liabilities, 80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality.
Spouse ages	To the extent spouse dates of birth are not provided and when needed to calculate benefit liabilities, female spouse assumed to be three years younger than male.
Turnover	For certificated employees the 2009 CalSTRS termination rates were used. For classified employees the 2009 CalPERS termination rates for school employees were used.

(Continued)

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Service requirement	For certificated employees 100% at 15 years of service. For classified employees 100% at 15 years of service. For management 100% at 12 years of service.
Retirement rates	For certificated employees the 2009 CalSTRS retirement rates were used. For classified employees the 2009 CalPERS retirement rates for school employees were used.

Changes in the Net OPEB Liability:

	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2017	$ 43,442,080	$ 11,393,543	$ 32,048,537
Changes for the year:			
Service cost	176,146	-	176,146
Interest	2,730,149	-	2,730,149
Plan member contributions	-	31,878	(31,878)
Employer contributions	-	3,087,586	(3,087,586)
Expected interest income	-	435,690	(435,690)
Investment gains	-	212,168	(212,168)
Administrative expense	-	(94,651)	94,651
Benefit payments	(3,055,708)	(3,055,708)	-
Change in assumptions	3,787,175	-	3,787,175
Experience Gains/Losses	(451,989)	-	(451,989)
Net change	3,185,773	616,963	2,568,810
Balance, June 30, 2018	$ 46,627,853	$ 12,010,506	$ 34,617,347

Fiduciary Net Position as a % of the Total OPEB Liability, at June 30, 2018: 25.76%

Sensitivity of the Net Pension Liability to Assumptions: The following presents the net OPEB liability calculated using the discount rate of 5.5 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (4.5 percent) and 1 percent higher (6.5):

	Discount Rate 1% Lower (4.5%)	Valuation Discount Rate (5.5%)	Discount Rate 1% Higher (6.5%)
Net OPEB liability	$ 39,506,462	$ 34,617,347	$ 30,772,618

(Continued)

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

The following table presents the net OPEB liability calculated using the heath care cost trend rate of 4.0 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percent lower (3.0 percent) and 1 percent higher (5.0 percent):

	Health Care Trend Rate 1% Lower (3.0%)	Valuation Health Care Trend Rate (4.0%)	Health Care Trend Rate 1% Higher (5.0%)
Net OPEB liability	$ 30,684,679	$ 34,617,347	$ 39,526,976

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2018, the District recognized OPEB expense of $2,650,529. At June 30, 2018, the District reported deferred outflows or resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings of OPEB plan investments	$ 73,113	$ 81,970

Amounts reported as deferred outflows of resources related to the net difference between projected and actual earnings of OPEB plan investments will be amortized over five years and recognized in OPEB expense as follows:

2019	$ (9,045)
2020	(9,045)
2021	(9,043)
2022	18,276
	$ (8,857)

Differences between expected and actual experience and changes in assumptions are amortized over the average remaining service life of plan members, which is one year as of the June 30, 2018 measurement date. At June 30, 2018, the District recognized an increase to the net OPEB liability in the amount of $3,787,175 related to changes in assumptions and a decrease to the net OPEB liability in the amount of $451,989 related to differences between expected and actual experience.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

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

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

(Continued)

NOTE 11 – COMMITMENTS AND CONTINGENCIES (Continued)

Operating Leases: Future minimum rental payments under all noncancelable operating leases with initial or remaining lease terms in excess of one year as of June 30, 2018, are as follows:

Year Ending June 30,	
2019	$ 778,308
2020	809,356
2021	729,103
2022	348,450
2023	3,283
	$ 2,668,500

At June 30, 2018, the District's operating lease expenses totaled $494,793.

Construction Commitments: As of June 30, 2018, the District had approximately $516,198 in outstanding commitments on construction contracts.

NOTE 12 – JOINT POWERS AGREEMENTS

Sierra Joint Community College District participates in Joint Power Agreements ("JPAs"), with Alliance of Schools for Cooperative Insurance Programs ("ASCIP") for property, liability and workers' compensation insurance, Self-Insured Schools of California (SISC III) for health and welfare benefits and Schools Excess Liability Fund ("SELF") for excess liability insurance for the operation of common risk management and insurance programs. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years. There have been no significant reductions in insurance coverage from coverage in the prior year. The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

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

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

(Continued)

NOTE 12 – JOINT POWERS AGREEMENTS (Continued)

Condensed financial information of the JPAs for the most recent year available is as follows:

	ASCIP June 30 2017	SISC III September 30, 2017
Total assets	$ 432,804,369	$ 540,842,328
Deferred outflows of resources	$ 1,683,588	$ -
Total liabilities	$ 239,582,232	$ 173,862,442
Deferred inflows of resources	$ 604,583	$ -
Net position	$ 194,115,612	$ 366,979,886
Total revenues	$ 271,484,105	$ 2,089,274,509
Total expenses	$ 262,183,364	$ 1,984,882,354
Change in net position	$ 9,300,741	$ 104,392,155

	SELF June 30, 2017
Total assets	$ 126,227,000
Deferred outflows of resources	$ 353,000
Total liabilities and deferred inflows of resources	$ 104,103,000
Deferred inflows of resources	$ 48,000
Net position	$ 22,429,000
Total revenues	$ 14,352,000
Total expenses	$ 13,458,000
Change in net position	$ 894,000

(Continued)

NOTE 13 – OPERATING EXPENSES

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

Functional Classifications	Salaries	Employee Benefits	Supplies Materials and Other Operating Expenses and Services	Student Aid	Utilities	Depreciation	Total
Instruction	$ 33,986,284	$ 11,541,631	$ 4,122,352	$ -	$ -	$ -	$ 49,650,267
Academic Support	4,892,065	1,696,359	1,019,110	-	-	-	7,607,534
Student Services	11,164,005	3,781,664	2,024,921	-	-	-	16,970,590
Operations and Maintenance of Plant	2,474,638	946,542	1,416,983	-	2,391,131	-	7,229,294
Institution Support	7,898,133	10,192,309	5,852,596	-	-	-	23,943,038
Community Services & Economic Development	960,902	353,569	9,983,752	-	-	-	11,298,223
Ancillary Services & Auxiliary Operations	1,755,089	524,833	3,170,483	-	-	-	5,450,405
Physical Property and Related Acquisitions	654,569	216,680	1,047,368	-	-	6,468,607	8,387,224
Long-Term Debt and Other Financing	-	-	185,876	-	-	-	185,876
Student Aid	-	-	806	30,100,650	-	-	30,101,456
	$ 63,785,685	$ 29,253,587	$ 28,824,247	$ 30,100,650	$ 2,391,131	$ 6,468,607	$ 160,823,907

(Continued)

NOTE 14 – DONATED FROM COLLEGE DISTRICT

The Foundation's Statement of Activities included an amount Donated from College District totaling $286,070 for the year ended June 30, 2018. This consisted of accounting and management support, comprehensive insurance, office space, and other miscellaneous internal services as provided by the District.

The valuation of such services and facilities is determined based upon various factors including employee salaries and benefits, office rent, and certain other operating expenses.

NOTE 15 – ENDOWMENT NET ASSETS - FOUNDATION

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 1,208,130	$ 479,012	$ 3,756,913	$ 5,444,055
Change in fair value of investment and Investment income	57,605	224,373	-	281,978
Contributions	-	41,160	229,374	270,534
Other transfers	-	2,500	-	2,500
Appropriation of endowment assets for expenditure	(3,000)	(155,818)	-	(158,818)
Endowment net assets, end of year	$ 1,262,735	$ 591,227	$ 3,986,287	$ 5,840,249

Endowment net asset composition by type of fund for the fiscal year ended June 30, 2018, consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 591,227	$ 3,986,287	$ 4,577,514
Board-designated endowment funds	1,262,735	-	-	1,262,735
Total	$ 1,262,735	$ 591,227	$ 3,986,287	$ 5,840,249

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

REQUIRED SUPPLEMENTARY INFORMATION

Last 10 Fiscal Years

	2017	2018
Total OPEB liability		
Service Cost	$ 171,433	$ 176,146
Interest	2,734,468	2,730,149
Benefit payments	(2,893,674)	(3,055,708)
Change in assumptions	-	3,787,175
Experience Gains/Losses	-	(451,989)
Net change in total OPEB liability	12,227	3,185,773
Total OPEB liability, beginning of year	43,429,853	43,442,080
Total OPEB liability, end of year (a)	$ 43,442,080	$ 46,627,853
Plan fiduciary net position		
Plan member contributions	34,991	31,878
Employer contributions	2,985,545	3,087,586
Expected interest income	352,275	435,690
Investment gains	702,882	212,168
Administrative expense	(88,860)	(94,651)
Benefits payment	(2,950,555)	(3,055,708)
Change in plan fiduciary net position	1,036,278	616,963
Fiduciary trust net position, beginning of year	10,357,265	11,393,543
Fiduciary trust net position, end of year (b)	$ 11,393,543	$ 12,010,506
Net OPEB liability, ending (a) - (b)	$ 32,048,537	$ 34,617,347
Covered-employee payroll	$ 3,865,671	$ 3,187,814
Plan fiduciary net position as a percentage of the total OPEB liability	26%	26%
Net OPEB liability as a percentage of covered-employee payroll	829%	1,086%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.

SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN OF OPEB PLAN INVESTMENTS
For the Year Ended June 30, 2018

Last 10 Fiscal Years

	2017	2018
Money-weighted rate of return on OPEB plan investments	6.50%	5.50%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.

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

State Teacher's Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018
District's proportion of the net pension's liability	0.066%	0.067%	0.065%	0.060%
District's proportionate share of the net pension liability	$ 39,292,000	$ 44,841,000	$ 52,561,000	$ 55,412,000
State's proportionate share of the net pension liability associated with the District	23,726,000	23,716,000	29,925,000	32,782,000
Total net pension liability	$ 63,018,000	$ 68,557,000	$ 82,486,000	$ 88,194,000
District's covered payroll	$ 29,948,000	$ 30,914,000	$ 32,387,000	$ 33,520,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	131.20%	145.05%	162.29%	165.31%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%

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

All years prior to 2015 are not available.

(Continued)

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

Public Employers Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018
District's proportion of the net pension liability	0.171%	0.165%	0.165%	0.161%
District's proportionate share of the net pension liability	$ 19,391,000	$ 24,389,000	$ 32,575,000	$ 38,545,000
District's covered payroll	$ 17,930,000	$ 18,318,000	$ 19,788,000	$ 20,590,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.15%	133.14%	164.62%	187.20%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%

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

All years prior to 2015 are not available.

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018
Contractually required contribution	$ 2,745,182	$ 3,475,108	$ 4,216,794	$ 4,892,621
Contributions in relation to the contractually required contribution	(2,745,182)	(3,475,108)	(4,216,794)	(4,892,621)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 30,914,000	$ 32,387,000	$ 33,520,000	$ 33,906,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%

All years prior to 2015 are not available.

(Continued)

Public Employers Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018
Contractually required contribution	$ 2,156,206	$ 2,344,237	$ 2,859,575	$ 3,260,974
Contributions in relation to the contractually required contribution	(2,156,206)	(2,344,237)	(2,859,575)	(3,260,974)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 18,318,000	$ 19,788,000	$ 20,590,000	$ 20,997,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%

All years prior to 2015 are not available.

NOTE 1 - PURPOSE OF SCHEDULE

A - Schedule of Changes in Net Other Postemployment Benefits (OPEB) liability

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

B - Schedule of Money-Weighted Rate of Return of OPEB Plan Investments

The Schedule of Money-Weighted Rate of Return of OPEB Plan Investments presents the weighted average rate of return for the District's OPEB Plan investments.

C - Schedule of the District’s Proportionate Share of the Net Pension Liability

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

D - Schedule of the District's Contributions

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

E - Changes of Benefit terms

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

F - Changes of Assumptions

The discount rate used to calculate the District's OPEB liability was 6.50 and 5.50 percent in the June 30, 2017 and 2018 actuarial reports, respectively.

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

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

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

SUPPLEMENTARY INFORMATION

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

	General	Bond Interest & Redemption	SFID #1 Bond Interest & Redemption	SFID #2 Bond Interest & Redemption
ASSETS				
Current assets:				
Cash and cash equivalents	$ 42,775,318	$ -	$ -	$ -
Receivables, net	2,246,627	-	4,655	4,459
Inventory	54,397	-	-	-
Prepaid expenses	403,856	-	-	-
Total current assets	45,480,198	-	4,655	4,459
Noncurrent assets:				
Restricted cash, cash equivalents and investments	-	-	3,098,800	2,890,445
Notes Receivable, Net	60,774	-	-	-
Non-depreciable capital assets	-	-	-	-
Depreciable capital assets, net	-	-	-	-
Total noncurrent assets	60,774	-	3,098,800	2,890,445
Total assets	45,540,972	-	3,103,455	2,894,904
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - loss on refunding	-	-	-	-
Deferred outflows of resources - OPEB	-	-	-	-
Deferred outflows of resources - pensions	-	-	-	-
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	$ 45,540,972	$ -	$ 3,103,455	$ 2,894,904
LIABILITIES				
Current liabilities:				
Accounts payable	$ 5,614,854	$ -	$ -	$ -
Unearned revenue	20,255,047	-	-	-
Accrued payroll	2,419,894	-	-	-
Compensated absences payable	-	-	-	-
Long-term debt - current portion	-	-	-	-
Accrued interest on debt	-	-	-	-
Total current liabilities	28,289,795	-	-	-
Noncurrent liabilities:				
Accreted interest on bonds	-	-	-	-
Long-term debt - noncurrent portion	-	-	-	-
Total noncurrent liabilities	-	-	-	-
Total liabilities	28,289,795	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - OPEB	-	-	-	-
Deferred inflows of resources - pensions	-	-	-	-
Total deferred inflows of resources	-	-	-	-
NET POSITION				
Net investment in capital assets	-	-	-	-
Restricted for:				
Scholarships and loans	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	3,103,455	2,894,904
Unrestricted	17,251,177	-	-	-
Total net position	17,251,177	-	3,103,455	2,894,904
Total liabilities, deferred inflows of resources and net position	$ 45,540,972	$ -	$ 3,103,455	$ 2,894,904

(Continued)

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

	Capital Projects	Financial Aid	Dormitory	Totals	Reconciling Adjustments/ Eliminations	Statement of Net Position
ASSETS						
Current assets:						
Cash and cash equivalents	$ 23,117,119	$ 121,197	$ 841,272	$ 66,854,906	$ (23,238,316)	$ 43,616,590
Receivables, net	36,643	20,145	4,717	2,317,246	-	2,317,246
Inventory	-	-	-	54,397	-	54,397
Prepaid expenses	-	-	-	403,856	-	403,856
Total current assets	23,153,762	141,342	845,989	69,630,405	(23,238,316)	46,392,089
Noncurrent assets:						
Restricted cash, cash equivalents and investments	-	-	-	5,989,245	23,238,316	29,227,561
Notes Receivable, Net	-	-	-	60,774	-	60,774
Non-depreciable capital assets	-	-	-	-	9,136,017	9,136,017
Depreciable capital assets, net	-	-	-	-	124,895,016	124,895,016
Total noncurrent assets	-	-	-	6,050,019	157,269,349	163,319,368
Total assets	23,153,762	141,342	845,989	75,680,424	134,031,033	209,711,457
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources - loss on refunding	-	-	-	-	1,935,438	1,935,438
Deferred outflows of resources - OPEB	-	-	-	-	73,113	73,113
Deferred outflows of resources - pensions	-	-	-	-	27,029,595	27,029,595
Total deferred outflows of resources	-	-	-	-	29,038,146	29,038,146
Total assets and deferred outflows of resources	$ 23,153,762	$ 141,342	$ 845,989	$ 75,680,424	$ 163,069,179	$ 238,749,603
LIABILITIES						
Current liabilities:						
Accounts payable	$ 202,656	$ 1,380	$ 63,604	$ 5,882,494	$ -	$ 5,882,494
Unearned revenue	30,822	139,109	36,123	20,461,101	-	20,461,101
Accrued payroll	-	-	-	2,419,894	-	2,419,894
Compensated absences payable	-	-	-	-	1,584,550	1,584,550
Long-term debt - current portion	-	-	-	-	5,042,372	5,042,372
Accrued interest on debt	-	-	-	-	1,439,750	1,439,750
Total current liabilities	233,478	140,489	99,727	28,763,489	8,066,672	36,830,161
Noncurrent liabilities:						
Accreted interest on bonds	-	-	-	-	13,781,738	13,781,738
Long-term debt - noncurrent portion	-	-	-	-	192,552,335	192,552,335
Total noncurrent liabilities	-	-	-	-	206,334,073	206,334,073
Total liabilities	233,478	140,489	99,727	28,763,489	214,400,745	243,164,234
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources - OPEB	-	-	-	-	81,970	81,970
Deferred inflows of resources - pensions	-	-	-	-	6,538,000	6,538,000
Total deferred inflows of resources	-	-	-	-	6,619,970	6,619,970
NET POSITION						
Net investment in capital assets	-	-	-	-	67,647,753	67,647,753
Restricted for:						
Scholarships and loans	-	853	-	853	-	853
Capital projects	22,920,284	-	-	22,920,284	-	22,920,284
Debt service	-	-	-	5,998,359	-	5,998,359
Unrestricted	-	-	746,262	17,997,439	(125,599,289)	(107,601,850)
Total net position	22,920,284	853	746,262	46,916,935	(57,951,536)	(11,034,601)
Total liabilities, deferred inflows of resources and net position	$ 23,153,762	$ 141,342	$ 845,989	$ 75,680,424	$ 162,987,209	$ 238,749,603

See accompanying note to supplemental information.

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

	General	Bond Interest & Redemption	SFID #1 Bond Interest & Redemption	SFID #2 Bond Interest & Redemption
Operating revenues:				
Tuition and fees	$ 21,745,401	$ -	$ -	$ -
Less: fee waivers and allowance	(8,454,597)	-	-	-
Net tuition and fees	13,290,804	-	-	-
Grants and contracts, non-capital:				
Federal	1,606,564	-	-	-
State	25,868,995	-	-	-
Local	1,089,639	-	-	-
Auxiliary enterprise sales and charges	680,516	-	-	-
Total operating revenues	42,536,518	-	-	-
Operating expenses:				
Salaries	63,613,100	-	-	-
Employee benefits	23,781,632	-	-	-
Supplies, materials and other operating expenses and services	30,742,312	-	-	-
Student financial aid and scholarships	2,165,841	-	-	-
Utilities	-	-	-	-
Depreciation	-	-	-	-
Total operating expenses	120,302,885	-	-	-
Operating (loss) income	(77,766,367)	-	-	-
Non-operating revenues (expenses):				
State apportionment, non-capital	2,025,044	-	-	-
Local property taxes	74,919,588	-	39,137	-
State taxes and other revenues	5,940,802	-	1,829	-
Pell grants	-	-	-	-
Investment income - non-capital	6,940	-	1,192	(2,192)
Investment income - capital	-	-	-	-
Interest expense on capital asset related debt	-	(178,089)	(1,071,050)	(1,172,202)
Other non-operating revenues	491,024	-	-	-
Debt reduction	-	(1,450,364)	(1,000,000)	(1,489,898)
Interfund transfers out	(3,734,491)	-	-	-
Interfund transfers in	96,825	1,628,453	-	-
Total non-operating revenues (expenses)	79,745,732	-	(2,028,892)	(2,664,292)
Income (loss) before capital revenues	1,979,365	-	(2,028,892)	(2,664,292)
Capital revenues:				
Grants and gifts	-	-	-	-
Local property taxes and other revenues	120,536	-	2,543,016	2,788,127
Total capital revenues	120,536	-	2,543,016	2,788,127
Change in net position	2,099,901	-	514,124	123,835
Net position, July 1, 2017	15,151,276	-	2,589,331	2,771,069
Net position, June 30, 2018	$ 17,251,177	$ -	$ 3,103,455	$ 2,894,904

(Continued)

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

	Capital Projects	Financial Aid	Dormitory	Totals	Reconciling Adjustments/ Eliminations	Statement of Revenues, Expenses and Change in Net Position
Operating revenues:						
Tuition and fees	$ (5,386)	$ -	$ 915,268	$ 22,655,283	$ -	$ 22,655,283
Less: fee waivers and allowance	-	-	-	(8,454,597)	-	(8,454,597)
Net tuition and fees	(5,386)	-	915,268	14,200,686	-	14,200,686
Grants and contracts, non-capital:						
Federal	-	6,066,785	-	7,673,349	-	7,673,349
State	872,477	1,639,852	-	28,381,324	-	28,381,324
Local	715,714	294,161	3,783	2,103,297	-	2,103,297
Auxiliary enterprise sales and charges	-	-	-	680,516	-	680,516
Total operating revenues	1,582,805	8,000,798	919,051	53,039,172	-	53,039,172
Operating expenses:						
Salaries	-	-	200,932	63,814,032	(28,347)	63,785,685
Employee benefits	-	-	62,570	23,844,202	5,409,385	29,253,587
Supplies, materials and other operating expenses and services	2,912,556	-	384,484	34,039,352	(5,215,105)	28,824,247
Student financial aid and scholarships	-	27,934,809	-	30,100,650	-	30,100,650
Utilities	-	-	-	-	2,391,131	2,391,131
Depreciation	-	-	-	-	6,468,607	6,468,607
Total operating expenses	2,912,556	27,934,809	647,986	151,798,236	9,025,671	160,823,907
Operating (loss) income	(1,329,751)	(19,934,011)	271,065	(98,759,064)	(9,025,671)	(107,784,735)
Non-operating revenues (expenses):						
State apportionment, non-capital	-	-	-	2,025,044	-	2,025,044
Local property taxes	-	-	-	74,958,725	-	74,958,725
State taxes and other revenues	-	-	-	5,942,631	592,000	6,534,631
Pell grants	-	19,809,618	-	19,809,618	-	19,809,618
Investment income - non-capital	139,671	(1,451)	7,292	151,452	(146,963)	4,489
Investment income - capital	-	-	-	-	146,963	146,963
Interest expense on capital asset related debt	-	-	-	(2,421,341)	(727,247)	(3,148,588)
Other non-operating revenues	-	-	-	491,024	(33,259)	457,765
Debt reduction	-	-	-	(3,940,262)	3,940,262	-
Interfund transfers out	(97,938)	-	(246,395)	(4,078,824)	4,078,824	-
Interfund transfers in	2,228,040	124,393	1,113	4,078,824	(4,078,824)	-
Total non-operating revenues (expenses)	2,269,773	19,932,560	(237,990)	97,016,891	3,771,756	100,788,647
Income (loss) before capital revenues	940,022	(1,451)	33,075	(1,742,173)	(5,253,915)	(6,996,088)
Capital revenues:						
Grants and gifts	196,270	-	-	196,270	-	196,270
Local property taxes and other revenues	171,875	-	-	5,623,554	-	5,623,554
Total capital revenues	368,145	-	-	5,819,824	-	5,819,824
Change in net position	1,308,167	(1,451)	33,075	4,077,651	(5,253,915)	(1,176,264)
Net position, July 1, 2017	21,612,117	2,304	713,187	42,839,284	(52,697,621)	(9,858,337)
Net position, June 30, 2018	$ 22,920,284	$ 853	$ 746,262	$ 46,916,935	$ (57,951,536)	$ (11,034,601)

See accompanying note to supplemental information.

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Contract Entity Identifying Number	Federal Expend-itures
U.S. Department of Education			
Direct Programs:			
Student Financial Aid Cluster:			
Pell Grant Program	84.063	P063P171180	$ 19,809,618
Administrative Allowance	84.063	P063Q171180	58,515
Federal Direct Student Loans	84.268	P268K181180	5,700,678
College Work Study Program	84.033	P033A170600	292,846
SEOG	84.007	P007A170600	367,875
Subtotal Student Financial Aid Cluster			26,229,532
TRIO Cluster	84.042	P042A100546	257,700
Passed through California State University, Sacramento:			
CA Mathemattics Readiness Challenge Initiative	84.367B	-	50,000
Passed through California Community College Chancellor's Office:			
Career Technical Education Program:			
Title I - Part C - Basic Grant VTEA	84.048	17-C01-058	550,464
Career Technical Education Transitions	84.048	17-112-058	41,497
Passed through Butte College:			
Perkins Marketing	84.048	-	523
Passed through Los Rios Community College District:			
SC Consultant (Perkins)	84.048	17-C01-028	20,845
Subtotal Career Technical Education Program			613,329
Total U.S. Department of Education			27,150,561
U.S. Department of Agriculture			
Passed through El Dorado and Nevada Counties:			
Forest Reserve - Forest Service Schools and Roads Cluster	10.665	-	20,448
U.S. Department of Veterans Affairs			
Direct Program:			
Veterans Reserve Funds	64.115	-	4,361

(Continued)

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Contract Entity Identifying Number	Federal Expend- itures
U.S. Department of Health and Human Services			
Direct Program:			
MHS Suicide Prevention Funds	93.243	-	$ 20,369
Passed through California Department of Education:			
Foster Parent Training	93.658	1262100	110,091
Child Development Training Consortium - CCDF Cluster	93.575		23,385
Family Child Care Homes	93.596	-	50,874
Passed through Yosemite Community College District:			
Child Development Training Consortium - CCDF Cluster	93.575	-	11,250
Passed through California Community College Chancellor's Office:			
Temporary Assistance for Needy Families - TANF Cluster	93.558	-	35,253
Total U.S. Department of Health and Human Services			251,222
U.S. Department of Homeland Security - Federal Emergency Management Agency			
Passed through California Governor's Office of Emergency Services::			
Northern California CC Apprenticeship Initiative	17.268	061-91022	56,375
Total Federal Programs			$ 27,482,967

See accompanying note to supplemental information.

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

	Program Revenues				
	Cash Received	Accounts Receivable	Unearned Income/ Accounts Payable	Total	Total Program Expenditures
DSPS	$ 985,909	$ -	$ -	$ 985,909	$ 985,909
TANF	26,793	8,462	-	35,255	35,255
Basic Skills Ongoing	520,851	-	283,036	237,815	237,815
CalWorks	338,926	-	86,258	252,668	252,668
SSSP	3,840,652	-	561,941	3,278,711	3,278,711
Student Equity	1,536,375	-	262,014	1,274,361	1,274,361
Adult Education Block Grant	59,736	-	31,783	27,953	27,953
Basic Skills Pilot Program	1,792,296	-	32,850	1,759,446	1,759,446
CARE	185,307	-	-	185,307	185,307
EOPS	893,335	-	-	893,335	893,335
Nursing Enrollment Growth	70,488	9,412	-	79,900	79,900
CA College Promise Innovation	739,230	-	343,003	396,227	396,227
CA Conservation Corp	14,455	25,658	-	40,113	40,113
CA Early Childhood Mentor	1,454	-	1,031	423	423
CA Textbook Affordability Act	23,411	-	5,554	17,857	17,857
CCC Maker - SCCD Award	1,807	-	-	1,807	1,807
CCC Maker 14-203-001	7,206,885	-	68,133	7,138,752	7,138,752
CCC Maker 15-203-001	6,379,792	-	6,379,792	-	-
CCCCO Agreement C15-0076	304,144	-	-	304,144	304,144
Self Employment in Gig Economy	5,000	276	-	5,276	5,276
Competitive Regional Strong Workforce	67,449	7,266	-	74,715	74,715
DSN ICT/Digital Media 16-158-012 - Augment	64,060	-	-	64,060	64,060
IEPI Conservation Corp	63,660	62,728	-	126,388	126,388
IEPI Leadership Development	26,530	-	10,299	16,231	16,231
Innovation in Higher Education	2,000,000	-	1,702,734	297,266	297,266

(Continued)

	Program Revenues				
	Cash Received	Accounts Receivable	Unearned Income/ Accounts Payable	Total	Total Program Expenditures
Instructional Equipment Library Materials	$ 470,774	$ -	$ -	$ 470,774	$ 470,774
Maintenance Allowance	10,246	-	-	10,246	10,246
Puente Project	3,101	-	244	2,857	2,857
Regional Strong Workforce	247,536	25,605	-	273,141	273,141
Strong Workforce Data Unlock	49,911	-	37,951	11,960	11,960
Strong Workforce Program	757,271	-	34,970	722,301	722,301
Full Time Student Success	1,126,650	-	413,950	712,700	712,700
CAFYES	777,920	-	-	777,920	777,920
FKCE-CSEC	-	10,500	-	10,500	10,500
State Preschool	458,218	76,474	-	534,692	534,692
State Preschool - Reserve	5,999	-	5,999	-	-
Family Child Care Homes	108,444	15,885	-	124,329	124,329
Family Child Care Homes - Reserve	1,071	-	1,071	-	-
BFAP - Administrative Allowances	595,881	-	-	595,881	595,881
SJCCD CCC Maker Implementation Grant	127,228	204,947	490	331,685	331,685
Equal Employment Opportunity	112,387	-	59,894	52,493	52,493
Campus Safety & Sexual Assault	24,962	-	20,133	4,829	4,829
DSN Adv Mfg	80,000	45,044	-	125,044	125,044
DSN ICT Digital Media (17-158-COAS)	80,000	60,431	-	140,431	140,431
SC Consultat DSN ICT SWI	-	40,000	-	40,000	40,000
DSN Adv Mfg	80,761	-	-	80,761	80,761
Strong Workforce Local 17-Dec 19	1,656,942	-	1,156,870	500,072	500,072
Strong Workforce Regional 17-Dec 19	280,000	568	-	280,568	280,568
Strong Workforce Competitive 17-Dec 19	252,868	39,839	-	292,707	292,707
Completion Grant	814,767	-	771,267	43,500	43,500
Guided Pathway	417,245	-	415,281	1,964	1,964
Hunger Free Campus	32,257	-	32,257	-	-
Veteran Resource Center	79,058	-	66,725	12,333	12,333
AB540 Dreamer Funding	88,719	-	7,399	81,320	81,320
Critical Care Specialized Nursing	62,500	-	54,689	7,811	7,811
Cal Grant B	1,697,203	-	88,945	1,608,258	1,608,258
Cal Grant C	31,597	-	-	31,597	31,597

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

Categories	Reported Data	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2017 only)			
1. Noncredit	21	-	21
2. Credit	1,299	-	1,299
B. Summer Intersession (Summer 2018 - Prior to July 1, 2017)			
1. Noncredit	-	-	-
2. Credit	1,269	-	1,269
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
a. Weekly Census Contact Hours	9,235	-	9,235
b. Daily Census Contact Hours	278	-	278
2. Actual Hours of Attendance Procedure Courses			
a. Noncredit	288	-	288
b. Credit	670	-	670
2. Alternative Attendance Accounting Procedure Courses			
a. Weekly Census Contact Hours	1,948	-	1,948
b. Daily Census Contact Hours	218	-	218
c. Noncredit Independent Study/ Distance Education Courses	-	-	-
D. Total FTES	15,226	-	15,226
Supplementary Information:			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
a. Noncredit	286	-	286
b. Credit	360	-	360
CCFS 320 Addendum			
CDCP	-	-	-
Centers FTES			
a. Noncredit	36	-	36
b. Credit	996	-	996

See accompanying note to supplemental information.

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

Total fund balances - business-type activity funds		$ 46,916,935
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. However, capital assets, net of accumulated depreciation are added to total net assets.		134,031,033
Losses on refundings of debt are categorized as deferred outflows and are amortized over the shortened life of the refunded or refunding of the debt.		1,935,438
In government funds, deferred outflows and inflows of resources relating to OPEB and pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:		
Deferred outflows of resources relating to OPEB	$ 73,113	
Deferred outflows of resources relating to pensions	27,029,595	
Deferred inflows of resources relating to OPEB	(81,970)	
Deferred inflows of resources relating to pensions	(6,538,000)	
		20,482,738
Unmatured interest on long-term liabilities is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred.		(1,439,750)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2018 consisted of:		
General Obligation Bonds	$ (56,262,129)	
Accreted interest	(14,483,380)	
Bond premiums	(5,467,456)	
Certificates of participation	(4,770,000)	
Capitalized lease obligations	(1,819,133)	
Compensated absences	(1,584,550)	
Net pension liability	(93,957,000)	
OPEB liability	(34,617,347)	
		(212,960,995)
Total net position - business-type activities		$ (11,034,601)

See accompanying note to supplemental information.

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

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional salaries:							
Contract or regular	1100	$ 15,248,401	$ -	$ 15,248,401	$ 15,248,401	$ -	$ 15,248,401
Other	1300	13,904,192	-	13,904,192	14,403,925	-	14,403,925
Total instructional salaries		29,152,593	-	29,152,593	29,652,326	-	29,652,326
Non-instructional salaries:							
Contract or regular	1200	-	-	-	6,584,833	-	6,584,833
Other	1400	-	-	-	1,279,411	-	1,279,411
Total non-instructional salaries		-	-	-	7,864,244	-	7,864,244
Total academic salaries		29,152,593	-	29,152,593	37,516,570	-	37,516,570
Classified Salaries							
Non-instructional salaries:							
Regular status	2100	-	-	-	12,645,404	-	12,645,404
Other	2300	-	-	-	1,608,701	-	1,608,701
Total non-instructional salaries		-	-	-	14,254,105	-	14,254,105
Instructional aides:							
Regular status	2200	1,809,676	-	1,809,676	1,809,676	-	1,809,676
Other	2400	199,584	-	199,584	199,584	-	199,584
Total instructional aides		2,009,260	-	2,009,260	2,009,260	-	2,009,260
Total classified salaries		2,009,260	-	2,009,260	16,263,365	-	16,263,365
Employee benefits	3000	10,978,070	-	10,978,070	20,739,379	-	20,739,379
Supplies and materials	4000	-	-	-	1,047,108	-	1,047,108
Other operating expenses	5000	130,500	-	130,500	9,424,171	-	9,424,171
Equipment replacement	6420	-	-	-	-	-	-
Total expenditures prior to exclusions		$ 42,270,423	$ -	$ 42,270,423	$ 84,990,593	$ -	$ 84,990,593

(Continued).

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

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Exclusions							
Activities to exclude:							
Instructional staff-retirees' benefits and retirement incentives	5900	$ 1,401,724	$ -	$ 1,401,724	$ 1,401,724	$ -	$ 1,401,724
Student health services above amount collected	6441	-	-	-	-	-	-
Student transportation	6491	-	-	-	-	-	-
Noninstructional staff-retirees' benefits and retirement incentives	6740	-	-	-	1,681,022	-	1,681,022
Objects to exclude:							
Rents and leases	5060	-	-	-	776,495	-	776,495
Lottery expenditures		-	-	-	-	-	-
Academic salaries	1000	-	-	-	-	-	-
Classified salaries	2000	-	-	-	-	-	-
Employee benefits	3000	-	-	-	-	-	-
Supplies and materials:							
Software	4100	-	-	-	1,532	-	1,532
Books, magazines and periodicals	4200	-	-	-	5,516	-	5,516
Instructional supplies and materials	4300	-	-	-	107,828	-	107,828
Noninstructional supplies and materials	4400	-	-	-	265,604	-	-
Total supplies and materials		-	-	-	380,480	-	114,876
Other operating expenses and services	5000	-	-	-	2,011,127	-	2,011,127
Capital outlay	6000	-	-	-	-	-	-
Library books	6300	-	-	-	-	-	-
Equipment:							
Equipment - additional	6410	-	-	-	-	-	-
Equipment - replacement	6420	-	-	-	-	-	-
Total equipment		-	-	-	-	-	-
Total capital outlay		-	-	-	-	-	-
Other outgo		-	-	-	-	-	-
Total exclusions		1,401,724	-	1,401,724	6,250,848	-	5,985,244
Total for ECS 84362, 50% Law		$ 40,868,699	$ -	$ 40,868,699	$ 78,739,745	$ -	$ 79,005,349
Percent of CEE (instructional salary cost /Total CEE)		51.90%	-	51.90%	100%	-	100.00%
50% of current expense of education		$ -	$ -	$ -	$ 39,369,873	$ -	$ 39,502,675

See accompanying note to supplemental information.

SIERRA JOINT COMMUNITY COLLEGE DISTRICT
PROP 55 EPA EXPENDITURE REPORT
For the Year Ended June 30, 2018

EPA Proceeds: $ 1,489,178

Activity Classification	Activity Code (0100-5900)	Salaries and Benefits (1000-3000)	Operating Expenses (4000-5000)	Capita Outlay (6000)	Total
Instructional Activities	-	$ 1,489,178	$ -	$ -	$ 1,489,178

See accompanying note to supplemental information.

NOTE 1 - PURPOSE OF SCHEDULES

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

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

B - Schedule of Expenditure of Federal Awards

The Schedule of Expenditure of Federal Awards includes the federal award activity of Sierra Joint Community College District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

C - Schedule of State Financial Awards

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

D - Schedule of Workload Measures for State General Apportionment

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

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

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

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

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

G - Reconciliation of ECS 84362 (50 Percent Law) Calculation

This schedule provides the information necessary to reconcile the 50 Percent Law Calculation reported on the CCFS-311 to the audited data.

H - Prop 55 EPA Expenditure Report

This schedule provides information about the District's EPA proceeds and summarizes how the EPA proceeds were spent.

INDEPENDENT AUDITOR'S REPORT
ON STATE COMPLIANCE REQUIREMENTS

Board of Trustees
Sierra Joint Community College District
Rocklin, California

Report on Compliance with State Laws and Regulations

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

Salaries of Classroom Instructors (50 Percent Law)
Apportionment for Instructional Service Agreements/Contracts
State General Apportionment Funding System
Residency Determination for Credit Courses
Students Actively Enrolled
Dual Enrollment (CCAP and Non-CCAP)
Student Equity
Student Success and Support Program (SSSP) Funds
Scheduled Maintenance Program
Gann Limit Calculation
Open Enrollment
Proposition 39 Clean Energy
Intersession Extension Program
Apprenticeship Related and Supplemental Instruction (RSI) Funds
Disabled Student Programs and Services (DSPS)
To Be Arranged Hours (TBA)
Proposition 1D and 51 State Bond Funded Projects
Education Protection Account Funds

Management's Responsibility

Management is responsible for compliance with the requirements of state laws and regulations.

Auditor's Responsibility

Our responsibility is to express an opinion on Sierra Joint Community College District’s compliance with state laws and regulations as listed above based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *California State Chancellor's Office's California Community College Contracted District Audit Manual* (Audit Manual). Those standards and the Audit Manual require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on Sierra Joint Community College District’s compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Sierra Joint Community College Districts compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

(Continued)

Opinion with State Laws and Regulations

In our opinion, Sierra Joint Community College District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations for the year ended June 30, 2018.

Purpose of this Report

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

Crowe LLP

Crowe LLP

Sacramento, California
November 13, 2018

Crowe LLP
Independent Member Crowe Global

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

Board of Trustees
Sierra Joint Community College District
Rocklin, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the discretely presented component unit and the fiduciary activities of Sierra Joint Community College District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Sierra Joint Community College District's basic financial statements, and have issued our report thereon dated November 13, 2018. The financial statements of Sierra College Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Sierra College Foundation.

Internal Control Over Financial Reporting

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

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

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

(Continued)

Compliance and Other Matters

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

Purpose of this Report

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

Crowe LLP

Crowe LLP

Sacramento, California
November 13, 2018

Crowe LLP
Independent Member Crowe Global

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

Board of Trustees
Sierra Joint Community College District
Rocklin, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with the Federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Sierra Joint Community College District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sierra Joint Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

(Continued)

Report on Internal Control Over Compliance

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

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

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

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

Crowe LLP

Crowe LLP

Sacramento, California
November 13, 2018

FINDINGS AND RECOMMENDATIONS

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.063, 84.268, 84.033 and 84.007	Student Financial Aid Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 824,489	
Auditee qualified as low-risk auditee?	__X__ Yes	______ No

STATE AWARDS

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

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Finding/Recommendation	Current Status	District Explanation If Not Fully Implemented

No matters were reported.

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Sierra Joint Community College District (the "District") in connection with the issuance of $___________ of the District's Election of 2018 General Obligation Bonds, Series A (School Facilities Improvement District No. 4) (Placer, El Dorado and Sacramento Counties, California) (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the District adopted on December 11, 2018 (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 Securities and Exchange Commission 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 Capitol Public Finance Group, 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.

"Financial Obligation" shall mean (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

"Holders" shall mean the registered owners of the Bonds.

"Improvement District" means the Sierra Joint Community College District School Facilities Improvement District No. 4.

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

"Official Statement" shall mean the Official Statement, dated as of _______, 2019, relating to the offer and sale of the Bonds.

"Participating Underwriter" shall mean the original underwriter(s) of the Bonds required to comply with the Rule in connection with the 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 2018-19 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 thirty (30) days (nor more than sixty (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 fifteen (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 timely 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 to the Repository.

SECTION 4. Content and Form of Annual Reports.

(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 and the Improvement 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) The District's approved annual budget for the then-current fiscal year;

(B) Assessed value of taxable property in the Improvement District, as shown on the most recent equalized assessment roll;

(C) If any of Placer, El Dorado or Sacramento Counties no longer include the tax levy for payment of the Bonds in the Teeter Plan, as implemented by such county, the property tax levies, collections and delinquencies for the Improvement District for such county, for the most recently completed fiscal year; and

(D) Top 20 property owners in the Improvement District for the current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable value and their percentage of total secured assessed value, if material.

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, and accompanied by identifying information, as prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), 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. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

10. 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)(10), 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(b), 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.

8. incurrence of a Financial Obligation or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Bondowners.

(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 fifteen (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 attorney's 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.

SECTION 13. Signature. This Disclosure Certificate has been executed by the undersigned on the date hereof, and such signature binds the District to the undertaking herein provided.

Dated: ____________, 2019

SIERRA JOINT COMMUNITY COLLEGE DISTRICT

By: ____

Assistant Superintendent/
Vice President, Administrative Services

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: SIERRA JOINT COMMUNITY COLLEGE DISTRICT

Name of Bond Issue: Election of 2018 General Obligation Bonds, Series A
(School Facilities Improvement District No. 4)
(Placer, El Dorado and Sacramento Counties, California)

Date of Issuance: ____________, 2019

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: _______________________

SIERRA JOINT COMMUNITY COLLEGE DISTRICT

By ______[form only; no signature required]_________

APPENDIX D

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITIES OF LINCOLN, ROCKLIN AND ROSEVILLE, AND THE COUNTY OF PLACER

The following information regarding the City of Lincoln ("Lincoln"), the City of Rocklin ("Rocklin"), the City of Roseville ("Roseville, and together with Lincoln and Rocklin, the "Cities") and the County of Placer (the "County") is included only for the purpose of supplying general information regarding the local community and economy. The Bonds are not a debt of the City or of the Counties. This material has been prepared by or excerpted from the sources noted herein and has not been reviewed for accuracy by the District, Bond Counsel, the Underwriter or the Financial Advisor.

General

The City of Lincoln. Lincoln is located 27 miles northeast of Sacramento in the northernmost region of South Placer County. Lincoln was named the 2006 winner of the coveted All-America Cities Award given by the National Civic league - the nation's longest running and most prestigious civic recognition program. Lincoln experienced a boom beginning in the 1990s when the suburbs of Sacramento started expanding out past nearby Roseville.

The City of Rocklin. The Rocklin is located in the County, approximately 22 miles from Sacramento, and approximately 100 miles from either Lake Tahoe, San Francisco, or Napa Valley. Rocklin is intersected by Interstate 80 (a heavily travelled freeway for both commerce and travelers) and Highway 65 (largely serving commuter and regional traffic). A major east west rail line operated by Union Pacific runs through Rocklin, and the Rocklin train depot is served by Amtrak for regional, statewide, and interstate service.

The City of Roseville. Located 16 miles from the state capital of Sacramento, Roseville sits at the base of the Sierra Nevada foothills, along the eastern edge of the Sacramento Valley. A charter city operating under a City Manager-Council form of government, Roseville experienced a technology boom in the 1990s, and since then has developed an economy based around skilled workers. Roseville has worked to achieve infrastructural development designed to manage, yet sustain, economic growth. Roseville is considered to be the most important railroad center west of the Mississippi River.

Placer County. With an area of over 1,431 square miles, Placer County is located 80 miles northeast of San Francisco. It is a charter county with a County Board of Supervisors consisting of elected supervisors from each of five districts who serve four-year staggered terms. The Sierra Nevada Mountains within the county provide the largest concentration of world class ski resorts in the Western United States and an abundance of year-round recreational opportunities.

Population

The following table shows historical population figures for the Cities, the County and the State for the past 10 years.

POPULATION ESTIMATES
2009 through 2018
City of Lincoln, City of Rocklin, City of Roseville, Placer County and the State of California

Year[1]	City of Lincoln	City of Rocklin	City of Roseville	Placer County	State of California
2009	41,787	55,566	114,869	340,995	36,966,713
2010[2]	42,819	56,974	118,788	348,432	37,253,956
2011	43,399	58,229	121,052	353,263	37,529,913
2012	44,132	58,982	123,836	358,371	37,874,977
2013	44,861	59,436	126,864	362,305	38,234,391
2014	45,843	59,999	129,219	367,108	38,568,628
2015	46,547	60,614	130,828	370,387	38,912,464
2016	47,268	61,765	133,618	375,618	39,179,627
2017	48,028	64,487	134,650	383,173	39,500,973
2018	48,591	66,830	137,213	389,532	39,809,693

(1) Except where otherwise noted, as of January 1.
(2) As of April 1.
Source: 2010: U.S. Department of Commerce, Bureau of the Census, for April 1.
2009, 2011-18 (2000 and 2010 DRU Benchmark): California Department of Finance for January 1.

Income

The following table shows the per capita personal income for the County, the State and the United States for the past 10 years that statistics are currently available.

PER CAPITA PERSONAL INCOME
2008 through 2017
Placer County, the State of California, and the United States

Year	Placer County	State of California	United States
2008	$48,070	$43,895	$40,904
2009	46,177	42,050	39,284
2010	47,523	43,609	40,545
2011	49,633	46,145	42,727
2012	52,489	48,751	44,582
2013	53,384	49,173	44,826
2014	56,245	52,237	47,025
2015	59,842	55,679	48,940
2016	61,566	57,497	49,831
2017	63,515	59,796	51,640

Note: All dollar estimates are in current dollars (not adjusted for inflation).
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Employment

The following table summarizes the labor force, employment and unemployment figures for the years 2013 through 2017 for the Cities, the County and the State of California.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
2013 through 2017[1]
City of Lincoln, City of Rocklin, City of Roseville, Placer County and the State of California

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate
2013	City of Lincoln	18,400	16,800	1,500	8.4%
	City of Rocklin	30,000	27,600	2,300	7.8
	City of Roseville	63,400	58,800	4,600	7.3
	Placer County	175,800	162,300	13,600	7.7
	State of California	18,625,600	16,958,400	1,666,600	8.9
2014	City of Lincoln	18,300	17,100	1,300	6.8%
	City of Rocklin	29,900	28,000	1,900	6.3
	City of Roseville	63,500	59,700	3,800	5.9
	Placer County	175,800	164,800	11,000	6.3
	State of California	18,758,400	17,351,300	1,407,100	7.5
2015	City of Lincoln	18,400	17,400	1,000	5.5%
	City of Rocklin	30,100	28,600	1,500	5.1
	City of Roseville	63,900	60,900	3,000	4.7
	Placer County	176,800	167,900	8,900	5.0
	State of California	18,896,500	17,724,800	1,171,700	6.2
2016	City of Lincoln	18,700	17,800	900	4.9%
	City of Rocklin	30,600	29,200	1,400	4.5
	City of Roseville	65,000	62,300	2,700	4.2
	Placer County	179,800	171,800	8,000	4.4
	State of California	19,093,700	18,048,800	1,044,800	5.5
2017	City of Lincoln	18,200	17,500	700	3.8%
	City of Rocklin	30,300	29,100	1,200	4.0
	City of Roseville	63,200	60,900	2,200	3.5
	Placer County	182,200	175,200	7,000	3.8
	State of California	19,312,000	18,393,100	918,900	4.8

Note: Data is not seasonally adjusted.
(1) Annual averages, unless otherwise specified.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2017 Benchmark.

Principal Employers

The following tables show the principal employers located in the Cities and the County.

PRINCIPAL EMPLOYERS
2017
City of Lincoln

Employer	Number of Employees
Thunder Valley Casino & Resort	1,000 to 4,999
Western Placer Unified School District	500 to 750
Sierra Pacific Industries	250 to 499
B Z Plumbing CO Inc	100 to 249
Gladding Mc Bean Llc	100 to 249
Home Depot	100 to 249
Kaiser Permanente	100 to 249
Lincoln City Hall	100 to 249
Lincoln Meadows Care Center	100 to 249
Lowe's Home Improvement	100 to 249

Source: City of Lincoln Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2017

PRINCIPAL EMPLOYERS
2018
City of Rocklin

Employer	Number of Employees
Sierra Joint Community College District(1)	1,500
Rocklin Unified School District	1,434
Oracle America, Inc.	819
United Natural Foods, Inc. (UNFI)	474
Purple Communications, Inc.	428
Wal-Mart Stores, Inc.	422
United Parcel Service (UPS)	353
Educational Medical Foundation (K-LOVE Radio)	325
Rocking Academy Charter Schools	273
City of Rocklin	228

(1) For updated information regarding the District's employees, see "SIERRA JOINT COMMUNITY COLLEGE DISTRICT – Labor Relations" in the front part of this Official Statement.
Source: City of Rocklin Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2018

PRINCIPAL EMPLOYERS
2018
City of Roseville

Employer	Number of Employees
The Permanente Medical Group & Foundation Group	3,148
Sutter Roseville Medical Group	2,202
City of Roseville	1,896
Roseville Joint Union High School District	1,626
Roseville City School District	1,133
PRIDE Industries	1,062
Adventist Health	940
Wal-Mart	625
Union Pacific Railroad Company	569
Consolidated Communications	475

Source: City of Roseville Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2018.

PRINCIPAL EMPLOYERS
2018
Placer County

Employer	Number of Employees
Sutter Health	5,634
Kaiser Permanente	5,609
County of Placer	2,898
Thunder Valley Casino Resort	2,500
Hewlett-Packard Co.	2,000
PRIDE Industries	1,646
Safeway, Inc.	1,189
Squaw Valley Alpine Meadows	1,161
City of Roseville	1,146
Union Pacific Railroad Co. Inc.	1,091

Source: County of Placer Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018.

Industry

The County are included in the Sacramento-Rocklin-Arden Arcade Metropolitan Statistical Area (the "MSA"). The distribution of employment in the MSA is presented in the following table for the last 5 years. These figures are multi county-wide statistics and may not necessarily accurately reflect employment trends in the County.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
2013 through 2017
Sacramento-Rocklin-Arden Arcade MSA

	2013	2014	2015	2016	2017
Total Farm	8,900	9,200	9,400	9,700	9,200
Mining, Logging and Construction	43,700	45,900	50,700	55,400	59,100
Manufacturing	34,100	35,400	36,400	36,200	35,500
Wholesale Trade	25,000	24,500	24,700	25,700	26,600
Retail Trade	93,800	95,300	98,000	100,400	101,800
Transportation, Warehousing and Util.	22,900	23,600	24,600	26,000	26,000
Information	14,800	13,900	14,100	13,800	12,500
Financial Activities	49,400	48,900	50,800	51,700	52,100
Professional and Business Services	114,600	118,200	120,200	128,000	130,500
Education and Health Services	130,700	134,300	140,100	145,600	152,200
Leisure and Hospitality	88,700	91,800	95,400	99,800	103,400
Other Services	29,000	30,200	30,900	31,700	32,300
Government	222,500	227,800	232,000	234,700	236,600
Total All Industries	878,200	898,800	927,200	958,700	977,700

Source: California Employment Development Department, Labor Market Information Division. March 2017 Benchmark.

Commercial Activity

Summaries of annual taxable sales for the Cities and the County from 2012 through 2016 are shown in the following tables.

ANNUAL TAXABLE SALES
2012 through 2016
City of Lincoln
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2012	461	$213,306	663	$252,809
2013	501	227,234	692	271,541
2014	508	233,688	698	282,204
2015	505	237,727	795	280,872
2016	543	255,629	849	284,524

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California Board of Equalization.

ANNUAL TAXABLE SALES
2012 through 2016
City of Rocklin
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2012	817	$530,150	1,223	$699,656
2013	840	556,077	1,219	710,901
2014	905	663,297	1,311	822,939
2015	977	751,490	1,532	954,238
2016	974	850,846	1,563	1,096,719

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California Board of Equalization.

ANNUAL TAXABLE SALES
2012 through 2016
City of Roseville
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2012	3,765	$3,332,827	4,861	$3,772,583
2013	3,757	3,558,765	4,819	4,171,738
2014	3,699	3,607,127	4,743	4,227,788
2015	3,828	3,684,238	5,334	4,446,457
2016	3,761	3,749,782	5,293	4,425,939

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California Board of Equalization.

ANNUAL TAXABLE SALES
2012 through 2016
Placer County
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2012	8,272	$5,613,981	11,621	$7,065,597
2013	8,487	6,050,198	11,713	7,724,406
2014	8,520	6,296,076	11,749	8,100,167
2015	8,650	6,594,126	13,124	8,675,315
2016	8,671	6,814,515	13,227	8,920,892

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California Board of Equalization.

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued for the past 5 years for the Cities and the County are shown in the following tables.

BUILDING PERMITS AND VALUATIONS
2013 through 2017
City of Lincoln
(Dollars in Thousands)

	2013	2014	2015	2016	2017
Valuation					
Residential	$59,779	$83,728	$79,730	$134,267	$54,714
Non-Residential	13,500	9,602	15,000	16,990	13,121
Total	$73,279	$93,330	$94,730	$151,257	$67,835
Units					
Single Family	248	286	234	217	160
Multiple Family	0	0	0	0	0
Total	248	286	234	217	160

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

BUILDING PERMITS AND VALUATIONS
2013 through 2017
City of Rocklin
(Dollars in Thousands)

	2013	2014	2015	2016	2017
Valuation					
Residential	$45,041	$121,111	$152,569	$182,920	$231,080
Non-Residential	31,867	44,610	42,856	23,776	43,114
Total	$76,908	$165,721	$195,425	$206,696	$274,194
Units					
Single Family	125	306	386	544	698
Multiple Family	3	111	226	220	267
Total	128	417	612	764	965

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

BUILDING PERMITS AND VALUATIONS
2013 through 2017
City of Roseville
(Dollars in Thousands)

	2013	2014	2015	2016	2017
Valuation					
Residential	$128,575	$174,828	$271,809	$255,691	$391,552
Non-Residential	74,175	92,621	88,799	69,468	141,737
Total	$202,750	$267,449	$360,608	$325,159	$533,289
Units					
Single Family	528	644	927	862	1,201
Multiple Family	224	164	0	58	486
Total	752	808	927	920	1,687

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

BUILDING PERMITS AND VALUATIONS
2013 through 2017
Placer County
(Dollars in Thousands)

	2013	2014	2015	2016	2017
Valuation					
Residential	$435,723	$631,712	$788,086	$898,350	$953,795
Non-Residential	161,350	184,681	226,906	210,591	290,091
Total	$597,073	$816,393	$1,014,992	$1,108,941	$1,243,886
Units					
Single Family	1,249	1,620	1,994	2,102	2,500
Multiple Family	227	376	240	322	783
Total	1,476	1,996	2,234	2,424	3,283

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

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APPENDIX E

PLACER COUNTY INVESTMENT POOL

The following information concerning the Placer County Investment Pool (the "Investment Pool") has been provided by the Treasurer-Tax Collector (the "Treasurer") of Placer County (the "County"), and has not been confirmed or verified by the District, the Municipal Advisor or the Underwriter. The District, the Municipal Advisor and the Underwriter have not made an independent investigation of the investments in the Investment Pool and have made no assessment of the current County investment policy. The value of the various investments in the Investment 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 Investment Pool will not vary significantly from the values described herein. Finally, neither the District, the Municipal Advisor 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 Investment Pool may be obtained from the Treasurer's website at https://www.placer.ca.gov/departments/tax/treasurer; however, the information presented on such website is not incorporated herein by any reference.

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Office of
Jenine Windeshausen
Treasurer-Tax Collector
County of Placer

COUNTY OF PLACER

TREASURER'S POOLED INVESTMENT REPORT

For the Month of October 31, 2018

2976 Richardson Drive • Auburn, California 95603
Tax Collector / Business Licenses (530) 889-4120 • Treasurer (530) 889-4140 • Bonds (530) 889-4146

PREFACE

Placer County Treasurer's Pooled Investment Report

October 31, 2018

For the purpose of clarity the following glossary of investment terms has been provided.

Book Value is the purchase price of a security plus amortization of any premium or discount. This may be more or less than face value, depending upon whether the security was purchased at a premium or at a discount.

Par Value is the principal amount of a security and the amount of principal that will be paid at maturity.

Market Value is the value at which a security can be sold at the time it is priced or the need to sell arises.

Market values are only relevant if the investment is sold prior to maturity. Profit or loss would be realized only if the specific investment were to be sold.

Government Code 53646 Compliance Report

The following information is a monthly update of funds on deposit in the Placer County Treasury pursuant to California Government code Section 53646. Further details of individual investments are included in the Treasurer's Monthly Investment Report. All investment transactions and decisions have been made with full compliance with California Government Code and Placer County's Statement of Investment Policy.

Individual securities are priced at the end of each month by Wells Fargo Bank.

The Weighted Average Maturity of the investments with the Treasury is 1,442 days.

The ability of the Placer County Treasury to meet its cash flow needs is demonstrated by $88,371,402.79 in cash and investments maturing in the next 180 days.

General Fund
Portfolio Management
Portfolio Summary
October 31, 2018

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
U.S. Treasury Coupons	30,000,000.00	29,312,100.00	29,947,031.23	2.33	1,672	850	1.770	1.794
mPower Placer - Long Term	10,390,265.86	10,439,275.96	10,519,113.93	0.82	7,370	6,752	4.438	4.500
Federal Agency Coupons	985,000,000.00	959,324,200.00	984,775,757.05	76.49	1,614	1,013	1.879	1.905
Medium Term Notes	80,000,000.00	78,562,000.00	79,668,142.23	6.19	1,511	774	2.298	2.330
Collateralized CDs	11,000,000.00	11,000,000.00	11,000,000.00	0.85	365	225	1.909	1.936
Local Agency Bond	10,247,204.14	9,926,214.44	10,247,204.14	0.80	8,036	7,459	1.941	1.968
Local Agency Bonds	88,901,664.35	91,024,287.77	88,901,664.35	6.90	6,731	5,584	3.335	3.381
Rolling Repurchase Agreements - 2	54,797,484.10	54,797,484.10	54,797,484.10	4.26	1	1	0.180	0.183
mPower Placer	14,651,487.61	13,171,987.46	14,651,487.61	1.14	7,714	7,211	3.281	3.327
mPower - Folsom	2,999,555.18	2,722,466.01	2,999,555.18	0.23	7,693	6,616	1.250	1.267
Investments	**1,287,987,661.24**	**1,260,280,015.74**	**1,287,507,439.82**	**100.00%**	**2,065**	**1,442**	**1.967**	**1.994**
Cash								
Passbook/Checking (not included in yield calculations)	17,573,918.69	17,573,918.69	17,573,918.69		1	1	0.000	0.000
Total Cash and Investments	**1,305,561,579.93**	**1,277,853,934.43**	**1,305,081,358.51**		**2,065**	**1,442**	**1.967**	**1.994**

Total Earnings	October 31 Month Ending	Fiscal Year To Date
Current Year	2,117,468.32	8,839,274.12
Average Daily Balance	**1,289,384,540.01**	**1,375,337,054.16**
Effective Rate of Return	**1.93%**	**1.91%**

Eric J. Waidmann 1/22/19

ERIC WAIDMANN, ASST. TREASURER-TAX COLLECTOR

Reporting period 10/01/2018-10/31/2018
Data Updated: FUNDSNAP: 12/21/2018 15:03
Run Date: 12/21/2018 - 15:04

Portfolio PLCR
NL! AC
PM (PRF_PM1) 7.3.0
Report Ver. 7.3.3

General Fund
Portfolio Management
Portfolio Details - Investments
October 31, 2018

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Days to Maturity	Maturity Date
U.S. Treasury Coupons											
912828TN0	15058	U.S TREASURY N/B		12/03/2015	10,000,000.00	9,863,700.00	9,965,366.68	1.000	1.430	303	08/31/2019
912828A42	15059	U.S TREASURY N/B		12/04/2015	10,000,000.00	9,821,100.00	10,038,432.53	2.000	1.806	760	11/30/2020
912828M80	17022	U.S TREASURY N/B		12/01/2017	10,000,000.00	9,627,300.00	9,943,232.02	2.000	2.147	1,490	11/30/2022
		Subtotal and Average	**29,945,503.75**		**30,000,000.00**	**29,312,100.00**	**29,947,031.23**		**1.794**	**850**	
mPower Placer - Long Term											
2015NR-A	2015NR-A	mPower Placer		06/16/2015	2,236,665.42	2,182,421.81	2,236,665.42	4.000	3.999	6,149	09/02/2035
2015NR-BLT	2015NR-BLT	mPower Placer		09/02/2016	2,838,648.02	2,760,607.91	2,838,648.02	4.000	4.000	6,515	09/02/2036
2015R-B	2015R-B	mPower Placer		06/16/2015	690,000.00	781,875.57	729,429.82	6.000	5.435	6,149	09/02/2035
72601FAC2	2018B	Public Finance Authority		06/28/2018	4,624,952.42	4,714,370.67	4,714,370.67	5.050	4.894	7,274	10/01/2038
		Subtotal and Average	**10,519,556.69**		**10,390,265.86**	**10,439,275.96**	**10,519,113.93**		**4.500**	**6,752**	
Federal Agency Coupons											
3133EFRM1	15056	FEDERAL FARM CREDIT BANK		12/02/2015	10,000,000.00	9,884,600.00	10,000,000.00	1.640	1.640	396	12/02/2019
3133EFX36	15105	FEDERAL FARM CREDIT BANK		04/05/2016	10,000,000.00	9,675,100.00	10,000,000.00	1.680	1.680	886	04/05/2021
3133EGKA2	16001	FEDERAL FARM CREDIT BANK		07/06/2016	10,000,000.00	9,589,000.00	10,000,000.00	1.500	1.500	978	07/06/2021
3133EGLH6	16002	FEDERAL FARM CREDIT BANK		07/12/2016	10,000,000.00	9,672,200.00	10,000,000.00	1.420	1.420	803	01/12/2021
3133EGLU7	16004	FEDERAL FARM CREDIT BANK		07/14/2016	10,000,000.00	9,603,900.00	10,000,000.00	1.480	1.480	986	07/14/2021
3133EGXU4	16030	FEDERAL FARM CREDIT BANK		10/06/2016	10,000,000.00	9,707,000.00	10,000,000.00	1.370	1.370	705	10/06/2020
3133EGZP3	16031	FEDERAL FARM CREDIT BANK		10/25/2016	10,000,000.00	9,586,000.00	9,997,016.67	1.580	1.590	1,089	10/25/2021
3133EGZP3	16032	FEDERAL FARM CREDIT BANK		10/25/2016	10,000,000.00	9,586,000.00	9,997,016.67	1.580	1.590	1,089	10/25/2021
3133EGS30	16043	FEDERAL FARM CREDIT BANK		12/06/2016	10,000,000.00	9,696,600.00	10,000,000.00	2.000	2.000	1,131	12/06/2021
3133EGU37	16049	FEDERAL FARM CREDIT BANK		12/14/2016	10,000,000.00	9,768,900.00	10,000,000.00	1.830	1.830	774	12/14/2020
3133EGU86	16052	FEDERAL FARM CREDIT BANK		12/19/2016	10,000,000.00	9,862,600.00	10,000,000.00	1.500	1.500	413	12/19/2019
3133EG2P9	16063	FEDERAL FARM CREDIT BANK		12/29/2016	10,000,000.00	9,738,600.00	10,000,000.00	2.320	2.320	1,154	12/29/2021
3133EG2P9	16064	FEDERAL FARM CREDIT BANK		12/29/2016	10,000,000.00	9,738,600.00	10,000,000.00	2.320	2.320	1,154	12/29/2021
3133EG6N0	16084	FEDERAL FARM CREDIT BANK		02/09/2017	10,000,000.00	9,773,700.00	10,000,000.00	1.940	1.940	831	02/09/2021
3133EG7D1	16086	FEDERAL FARM CREDIT BANK		02/17/2017	10,000,000.00	9,875,900.00	9,993,754.05	1.550	1.612	379	11/15/2019
3133EHGZ0	16108	FEDERAL FARM CREDIT BANK		04/27/2017	10,000,000.00	9,819,400.00	10,000,000.00	1.580	1.580	543	04/27/2020
3133EHQM8	17001	FEDERAL FARM CREDIT BANK		07/05/2017	10,000,000.00	9,697,300.00	10,000,000.00	1.950	1.950	1,069	10/05/2021
3133EHQZ9	17003	FEDERAL FARM CREDIT BANK		07/12/2017	10,000,000.00	9,617,500.00	9,990,756.94	2.150	2.177	1,349	07/12/2022
3133EHF73	17012	FEDERAL FARM CREDIT BANK		10/17/2017	10,000,000.00	9,677,600.00	10,000,000.00	2.280	2.511	1,446	10/17/2022
3133EHNB5	17028	FEDERAL FARM CREDIT BANK		12/12/2017	10,000,000.00	9,715,800.00	9,942,089.94	1.870	2.100	956	06/14/2021
3133EH2P7	17029	FEDERAL FARM CREDIT BANK		12/12/2017	10,000,000.00	9,707,200.00	9,997,531.67	2.390	2.396	1,502	12/12/2022
3133EH3D3	17033	FEDERAL FARM CREDIT BANK		12/15/2017	10,000,000.00	9,732,900.00	9,989,694.44	2.430	2.457	1,505	12/15/2022
3133EH4R1	17037	FEDERAL FARM CREDIT BANK		12/28/2017	10,000,000.00	9,789,000.00	10,000,000.00	2.120	2.121	697	09/28/2020

General Fund
Portfolio Management
Portfolio Details - Investments
October 31, 2018

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Days to Maturity	Maturity Date
Federal Agency Coupons											
3133EJKZ1	17067	FEDERAL FARM CREDIT BANK		04/12/2018	10,000,000.00	9,918,000.00	10,000,000.00	3.000	3.000	1,441	10/12/2022
3130A86G3	15119	FEDERAL HOME LOAN BANK		05/25/2016	10,000,000.00	9,729,900.00	10,000,000.00	1.600	1.600	755	11/25/2020
3130A8LS0	15130	FEDERAL HOME LOAN BANK		06/30/2016	10,000,000.00	9,633,400.00	10,000,000.00	1.500	1.500	972	06/30/2021
3130A8MP5	16003	FEDERAL HOME LOAN BANK		07/13/2016	10,000,000.00	9,704,300.00	10,000,000.00	1.375	1.375	712	10/13/2020
3130A8P80	16005	FEDERAL HOME LOAN BANK		07/19/2016	10,000,000.00	9,657,200.00	10,000,000.00	1.400	1.400	810	01/19/2021
3130A9LS8	16026	FEDERAL HOME LOAN BANK		09/28/2016	10,000,000.00	9,717,100.00	10,000,000.00	1.375	1.375	697	09/28/2020
3130A9LT6	16027	FEDERAL HOME LOAN BANK		09/28/2016	10,000,000.00	9,609,700.00	10,000,000.00	1.550	1.550	1,062	09/28/2021
3130A9NG2	16029	FEDERAL HOME LOAN BANK		10/06/2016	10,000,000.00	9,603,900.00	9,992,966.67	1.540	1.565	1,070	10/06/2021
3130A9TV3	16038	FEDERAL HOME LOAN BANK		11/08/2016	10,000,000.00	9,668,500.00	9,993,961.11	1.250	1.733	1,103	11/08/2021
3130A9TP6	16039	FEDERAL HOME LOAN BANK		11/15/2016	10,000,000.00	9,859,700.00	10,000,000.00	1.250	1.179	561	05/15/2020
3130AA2F4	16040	FEDERAL HOME LOAN BANK		11/23/2016	10,000,000.00	9,631,200.00	10,000,000.00	1.700	1.700	1,118	11/23/2021
3130AB3L8	16109	FEDERAL HOME LOAN BANK		04/27/2017	10,000,000.00	9,836,600.00	10,000,000.00	1.750	2.492	1,273	04/27/2022
3130ABPE0	16113	FEDERAL HOME LOAN BANK		06/29/2017	10,000,000.00	9,641,300.00	10,000,000.00	2.125	2.125	1,336	06/29/2022
3130ABNV4	17004	FEDERAL HOME LOAN BANK		07/13/2017	10,000,000.00	9,800,200.00	9,991,840.00	1.750	1.800	620	07/13/2020
3130ACJ47	17014	FEDERAL HOME LOAN BANK		10/25/2017	10,000,000.00	9,644,300.00	9,985,660.00	1.750	2.387	1,454	10/25/2022
3130ACUK8	17020	FEDERAL HOME LOAN BANK		11/28/2017	10,000,000.00	9,742,200.00	9,994,850.00	2.000	2.021	939	05/28/2021
3130ACX82	17023	FEDERAL HOME LOAN BANK		12/06/2017	10,000,000.00	9,674,700.00	9,985,661.48	2.375	2.412	1,495	12/05/2022
3130ACU28	17030	FEDERAL HOME LOAN BANK		12/13/2017	10,000,000.00	9,708,600.00	10,000,000.00	2.375	2.375	1,503	12/13/2022
3130ADGX4	17051	FEDERAL HOME LOAN BANK		01/30/2018	10,000,000.00	9,858,000.00	10,000,000.00	2.250	2.251	729	10/30/2020
3130ADDR0	17052	FEDERAL HOME LOAN BANK		01/31/2018	10,000,000.00	9,827,200.00	9,973,815.06	2.250	2.374	817	01/26/2021
3134G9KW6	15121	FED HOME LOAN MORT CORP		06/08/2016	10,000,000.00	9,843,800.00	10,000,000.00	1.350	1.350	390	11/26/2019
3134G9UM7	15133	FED HOME LOAN MORT CORP		06/30/2016	10,000,000.00	9,681,900.00	10,000,000.00	1.500	1.730	972	06/30/2021
3134G9E52	15134	FED HOME LOAN MORT CORP		06/30/2016	10,000,000.00	9,650,700.00	10,000,000.00	1.330	1.330	790	12/30/2020
3134G9K22	16007	FED HOME LOAN MORT CORP		07/27/2016	10,000,000.00	9,733,800.00	10,000,000.00	1.500	1.300	999	07/27/2021
3134GAEG5	16021	FED HOME LOAN MORT CORP		08/24/2016	10,000,000.00	9,725,200.00	10,000,000.00	1.500	1.737	1,027	08/24/2021
3134G93Q8	16022	FED HOME LOAN MORT CORP		08/25/2016	10,000,000.00	9,654,400.00	10,000,000.00	1.680	1.680	1,028	08/25/2021
3134G95L7	16023	FED HOME LOAN MORT CORP		08/25/2016	10,000,000.00	9,549,600.00	10,000,000.00	1.600	1.600	1,028	08/25/2021
3134GABL7	16024	FED HOME LOAN MORT CORP		08/30/2016	10,000,000.00	9,749,100.00	10,000,000.00	1.500	1.500	666	08/28/2020
3134GAGC2	16025	FED HOME LOAN MORT CORP		09/13/2016	10,000,000.00	9,733,400.00	10,000,000.00	1.500	1.400	1,047	09/13/2021
3134GAQV9	16035	FED HOME LOAN MORT CORP		10/27/2016	10,000,000.00	9,591,200.00	10,000,000.00	1.400	1.657	1,091	10/27/2021
3134GAVP6	16037	FED HOME LOAN MORT CORP		11/04/2016	10,000,000.00	9,775,300.00	10,000,000.00	1.500	1.420	1,099	11/04/2021
3134GBHH8	16107	FED HOME LOAN MORT CORP		04/27/2017	10,000,000.00	9,888,500.00	10,000,000.00	2.000	1.900	1,273	04/27/2022
3134GBXF4	16114	FED HOME LOAN MORT CORP		06/30/2017	10,000,000.00	9,649,900.00	10,000,000.00	2.000	2.000	1,154	12/29/2021
3134GBWF5	17002	FED HOME LOAN MORT CORP		07/10/2017	10,000,000.00	9,836,200.00	9,988,949.13	1.875	1.869	1,336	06/29/2022
3134GBXB3	17005	FED HOME LOAN MORT CORP		07/18/2017	10,000,000.00	9,819,000.00	10,000,000.00	1.800	2.377	1,355	07/18/2022
3134GBYM8	17006	FED HOME LOAN MORT CORP		07/27/2017	10,000,000.00	9,652,300.00	10,000,000.00	2.200	2.200	1,364	07/27/2022

General Fund
Portfolio Management
Portfolio Details - Investments
October 31, 2018

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Days to Maturity	Maturity Date
Federal Agency Coupons											
3134GBYQ9	17007	FED HOME LOAN MORT CORP		07/27/2017	10,000,000.00	9,726,700.00	10,000,000.00	2.000	2.000	908	04/27/2021
3134GBJ29	17009	FED HOME LOAN MORT CORP		09/29/2017	10,000,000.00	9,868,700.00	10,000,000.00	1.750	1.725	1,428	09/29/2022
3134GBM74	17010	FED HOME LOAN MORT CORP		09/29/2017	10,000,000.00	9,631,200.00	10,000,000.00	2.150	2.150	1,428	09/29/2022
3134GBV33	17016	FED HOME LOAN MORT CORP		10/27/2017	10,000,000.00	9,932,200.00	10,000,000.00	2.000	1.950	1,456	10/27/2022
3134GB3B6	17021	FED HOME LOAN MORT CORP		11/30/2017	10,000,000.00	9,748,100.00	10,000,000.00	2.000	2.000	848	02/26/2021
3134GB7G1	17035	FED HOME LOAN MORT CORP		12/21/2017	10,000,000.00	9,778,800.00	10,000,000.00	2.000	2.724	1,511	12/21/2022
3134GB6H0	17036	FED HOME LOAN MORT CORP		12/27/2017	10,000,000.00	9,841,600.00	10,000,000.00	2.000	2.687	1,517	12/27/2022
3134GSAG0	17038	FED HOME LOAN MORT CORP		12/28/2017	10,000,000.00	9,724,600.00	10,000,000.00	2.350	2.350	1,335	06/28/2022
3134GB6V9	17039	FED HOME LOAN MORT CORP		12/28/2017	10,000,000.00	9,683,100.00	10,000,000.00	2.500	2.500	1,518	12/28/2022
3134GB5U2	17040	FED HOME LOAN MORT CORP		12/29/2017	10,000,000.00	9,767,900.00	10,000,000.00	2.125	2.125	971	06/29/2021
3134GB6P2	17041	FED HOME LOAN MORT CORP		12/29/2017	10,000,000.00	9,848,600.00	10,000,000.00	2.000	2.000	606	06/29/2020
3134GSCD5	17053	FED HOME LOAN MORT CORP		01/31/2018	10,000,000.00	9,626,500.00	9,949,033.33	2.550	2.679	1,551	01/30/2023
3134GSDC6	17056	FED HOME LOAN MORT CORP		02/23/2018	10,000,000.00	10,000,900.00	10,000,000.00	3.000	2.889	1,391	08/23/2022
3134GSDA0	17057	FED HOME LOAN MORT CORP		02/27/2018	10,000,000.00	9,825,800.00	10,000,000.00	2.750	2.750	1,579	02/27/2023
3134GSEK7	17058	FED HOME LOAN MORT CORP		03/08/2018	10,000,000.00	9,862,000.00	10,000,000.00	3.000	3.000	1,588	03/08/2023
3134GSJH9	17066	FED HOME LOAN MORT CORP		04/11/2018	15,000,000.00	14,808,750.00	15,000,000.00	2.875	2.858	1,348	07/11/2022
3134GSJG1	17071	FED HOME LOAN MORT CORP		04/27/2018	15,000,000.00	14,830,950.00	15,000,000.00	2.730	2.731	999	07/27/2021
3135G0G31	15032	FEDERAL NATIONAL MORT. ASSOC.		10/29/2015	10,000,000.00	9,970,200.00	9,999,247.86	1.200	1.232	89	01/29/2019
3136G2SD0	15034	FEDERAL NATIONAL MORT. ASSOC.		10/30/2015	10,000,000.00	9,867,100.00	10,000,000.00	1.400	1.400	362	10/29/2019
3136G2YA9	15096	FEDERAL NATIONAL MORT. ASSOC.		02/26/2016	10,000,000.00	9,857,300.00	10,000,000.00	1.400	1.400	390	11/26/2019
3136G3CT0	15097	FEDERAL NATIONAL MORT. ASSOC.		03/15/2016	10,000,000.00	9,863,700.00	10,000,000.00	1.750	1.896	865	03/15/2021
3136G3MG7	15114	FEDERAL NATIONAL MORT. ASSOC.		05/20/2016	10,000,000.00	9,784,400.00	9,995,158.21	1.500	1.532	564	05/18/2020
3136G3QU2	15120	FEDERAL NATIONAL MORT. ASSOC.		05/25/2016	10,000,000.00	9,689,700.00	10,000,000.00	1.750	1.750	936	05/25/2021
3136G3RK3	15124	FEDERAL NATIONAL MORT. ASSOC.		06/14/2016	10,000,000.00	9,658,200.00	10,000,000.00	1.800	1.613	956	06/14/2021
3136G3RK3	15126	FEDERAL NATIONAL MORT. ASSOC.		06/29/2016	10,000,000.00	9,658,200.00	10,025,357.98	1.800	1.511	956	06/14/2021
3136G3WK7	15128	FEDERAL NATIONAL MORT. ASSOC.		06/30/2016	10,000,000.00	9,780,000.00	10,000,000.00	1.220	1.220	515	03/30/2020
3136G3WK7	15129	FEDERAL NATIONAL MORT. ASSOC.		06/30/2016	10,000,000.00	9,780,000.00	10,000,000.00	1.220	1.220	515	03/30/2020
3136G3XZ3	16008	FEDERAL NATIONAL MORT. ASSOC.		07/28/2016	10,000,000.00	9,559,500.00	10,000,000.00	1.500	1.500	1,000	07/28/2021
3136G3XY6	16009	FEDERAL NATIONAL MORT. ASSOC.		07/28/2016	10,000,000.00	9,795,700.00	10,000,000.00	2.000	1.600	1,000	07/28/2021
3135G0N58	16016	FEDERAL NATIONAL MORT. ASSOC.		08/16/2016	10,000,000.00	9,885,500.00	9,998,680.56	1.200	1.217	288	08/16/2019
3136G4CV3	16028	FEDERAL NATIONAL MORT. ASSOC.		09/30/2016	10,000,000.00	9,473,800.00	9,992,715.28	1.400	1.426	1,064	09/30/2021
3136G4DF7	16034	FEDERAL NATIONAL MORT. ASSOC.		10/26/2016	10,000,000.00	9,588,600.00	10,000,000.00	1.500	1.500	998	07/26/2021
3136G4EV1	16036	FEDERAL NATIONAL MORT. ASSOC.		10/28/2016	10,000,000.00	9,509,600.00	10,000,000.00	1.625	1.625	1,092	10/28/2021
3136G4JJ3	16060	FEDERAL NATIONAL MORT. ASSOC.		12/28/2016	10,000,000.00	9,740,800.00	10,000,000.00	1.750	1.750	697	09/28/2020
3136G4NE9	16095	FEDERAL NATIONAL MORT. ASSOC.		03/29/2017	10,000,000.00	9,799,800.00	10,000,000.00	1.750	1.750	606	06/29/2020
3136G4PR8	17011	FEDERAL NATIONAL MORT. ASSOC.		10/05/2017	15,000,000.00	14,437,200.00	15,000,000.00	2.160	2.160	1,434	10/05/2022

General Fund
Portfolio Management
Portfolio Details - Investments
October 31, 2018

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Days to Maturity	Maturity Date
Federal Agency Coupons											
3136G4PZ0	17015	FEDERAL NATIONAL MORT. ASSOC.		10/26/2017	10,000,000.00	9,701,700.00	10,000,000.00	2.000	2.000	998	07/26/2021
3136G4SK0	17070	FEDERAL NATIONAL MORT. ASSOC.		04/26/2018	10,000,000.00	9,901,100.00	10,000,000.00	3.050	3.050	1,637	04/26/2023
		Subtotal and Average	**984,772,581.23**		**985,000,000.00**	**959,324,200.00**	**984,775,757.05**		**1.905**	**1,013**	
Medium Term Notes											
037833AQ3	14098	Apple Inc.		06/26/2015	10,000,000.00	9,968,700.00	10,013,216.19	2.100	1.832	186	05/06/2019
037833BS8	17054	Apple Inc.		01/31/2018	10,000,000.00	9,801,700.00	9,937,607.55	2.250	2.532	845	02/23/2021
459200HM6	15005	IBM CORP		07/13/2015	10,000,000.00	9,765,300.00	9,931,497.36	1.625	2.095	561	05/15/2020
478160BS2	17055	Johnson & Johnson		02/02/2018	10,000,000.00	9,666,900.00	9,832,227.23	1.650	2.400	851	03/01/2021
594918AY0	14050	Microsoft Corp		02/23/2015	10,000,000.00	9,870,500.00	10,003,581.83	1.850	1.821	468	02/12/2020
89236TEH4	17050	TOYOTA MOTOR CREDIT		01/23/2018	10,000,000.00	9,634,700.00	9,961,449.75	2.250	2.405	949	06/07/2021
89236TEY7	17074	TOYOTA MOTOR CREDIT		06/01/2018	10,000,000.00	9,946,500.00	9,988,562.32	3.100	3.127	1,637	04/26/2023
94986RYY1	15017	Wells Fargo & Co		09/25/2015	10,000,000.00	9,907,700.00	10,000,000.00	2.500	2.431	694	09/25/2020
		Subtotal and Average	**79,662,986.35**		**80,000,000.00**	**78,562,000.00**	**79,668,142.23**		**2.330**	**774**	
Collateralized CDs											
SYS18004	18004	Five Star Bank		08/23/2018	5,000,000.00	5,000,000.00	5,000,000.00	2.400	2.433	295	08/23/2019
SYS17069	17069	River City Bank		04/17/2018	6,000,000.00	6,000,000.00	6,000,000.00	1.500	1.521	167	04/17/2019
		Subtotal and Average	**11,000,000.00**		**11,000,000.00**	**11,000,000.00**	**11,000,000.00**		**1.936**	**225**	
Local Agency Bond											
SYS16098	16098	Ackerman School District		04/03/2017	6,599,219.45	6,493,216.19	6,599,219.45	2.800	2.800	6,728	04/03/2037
SYS13072	13072	Mid Placer Public School Trans		06/13/2014	48,636.58	48,636.58	48,636.58	2.300	2.300	224	06/13/2019
SYS17042	17042	Mid Placer Public School Trans		12/21/2017	371,920.79	381,100.91	371,920.79	2.850	2.850	3,337	12/21/2027
16115	16115	Newcastle Elementary SD		06/30/2017	2,935,077.72	2,710,911.16	2,935,077.72	2.800	0.000	10,468	06/30/2047
SYS13069	13069	City of Rocklin Successor Agcy		05/01/2014	292,349.60	292,349.60	292,349.60	1.750	1.752	181	05/01/2019
		Subtotal and Average	**10,294,638.24**		**10,247,204.14**	**9,926,214.44**	**10,247,204.14**		**1.968**	**7,459**	
Local Agency Bonds											
SYS15022	15022	Middle Fork JPA		04/01/2015	74,171,664.35	74,444,067.20	74,171,664.35	3.471	3.519	6,361	04/01/2036
SYS17034	17034	Pioneer Community Energy		12/14/2017	14,730,000.00	16,580,220.57	14,730,000.00	2.650	2.687	1,673	06/01/2023
		Subtotal and Average	**88,951,068.72**		**88,901,664.35**	**91,024,287.77**	**88,901,664.35**		**3.381**	**5,584**	
Rolling Repurchase Agreements - 2											
SYS000SWEEP3	SWEEP3	WELLS FARGO BANK		03/01/2018	54,797,484.10	54,797,484.10	54,797,484.10	0.180	0.183	1	

General Fund
Portfolio Management
Portfolio Details - Investments
October 31, 2018

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Days to Maturity	Maturity Date
		Subtotal and Average	**42,885,620.29**		**54,797,484.10**	**54,797,484.10**	**54,797,484.10**		**0.183**	**1**	
mPower Placer											
2016NR-A	2016NR-A	mPower Placer		08/04/2016	3,780,202.41	3,333,317.84	3,780,202.41	3.000	3.042	6,880	09/02/2037
2017 NR	2017 NR	mPower Placer		07/06/2017	2,255,417.37	1,967,582.81	2,255,417.37	3.000	3.042	7,245	09/02/2038
2017 R	2017 R	mPower Placer		07/06/2017	292,281.81	253,419.73	292,281.81	3.000	3.042	7,245	09/02/2038
2018 NR	2018 NR	mPower Placer		07/26/2018	46,344.27	46,344.27	46,344.27	4.500	4.563	7,610	09/02/2039
2018 R	2018 R	mPower Placer		07/12/2018	274,391.85	274,391.85	274,391.85	4.500	4.563	7,610	09/02/2039
2018 S -NR	18003	Pioneer Community Energy		08/09/2018	21,996.79	21,996.79	21,996.79	3.000	3.042	7,610	09/02/2039
2017 S NR	2017 S-NR	Pioneer Community Energy		09/28/2017	138,322.57	116,153.06	138,322.57	3.000	3.042	7,245	09/02/2038
2017 S-R	2017 S-R	Pioneer Community Energy		07/06/2017	5,062,966.96	4,420,122.05	5,062,966.96	3.000	3.042	7,245	09/02/2038
2018 S-R	2018 S-R	Pioneer Community Energy		07/12/2018	2,424,794.52	2,424,794.52	2,424,794.52	4.500	4.563	7,610	09/02/2039
2016S R-1	2016S R-1	Sierra Valley Energy Authority		01/26/2017	354,769.06	313,864.54	354,769.06	3.000	3.042	6,880	09/02/2037
		Subtotal and Average	**14,422,937.50**		**14,651,487.61**	**13,171,987.46**	**14,651,487.61**		**3.327**	**7,211**	
mPower - Folsom											
2016-IA3 #2	2016-IA3 #2	mPower Folsom		07/14/2016	329,668.35	327,435.51	329,668.35	1.250	1.267	6,880	09/02/2037
2017-IA3 #3	2017-IA3 #3	mPower Folsom		07/27/2017	250,455.96	212,583.76	250,455.96	1.250	1.267	7,245	09/02/2038
MFIA-2 NR	IA2-NR	mPower Folsom		08/06/2015	1,502,306.58	1,358,753.67	1,502,306.58	1.250	1.267	6,515	09/02/2036
MFIA-3	MFIA-3	mPower Folsom		09/01/2015	654,695.89	583,240.42	654,695.89	1.250	1.267	6,515	09/02/2036
MF R-1	MFR-1	mPower Folsom		09/01/2015	262,428.40	240,452.65	262,428.40	1.250	1.267	6,515	09/02/2036
		Subtotal and Average	**2,999,555.18**		**2,999,555.18**	**2,722,466.01**	**2,999,555.18**		**1.267**	**6,616**	
		Total and Average	**1,289,384,540.01**		**1,287,987,661.24**	**1,260,280,015.74**	**1,287,507,439.82**		**1.994**	**1,442**	

General Fund
Portfolio Management
Portfolio Details - Cash
October 31, 2018

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	Days to Maturity
Cash at Bank										
SYS00000	00000	PLACER COUNTY CASH			16,821,642.35	16,821,642.35	16,821,642.35		0.000	1
Undeposited Receipts										
SYS00000VAULT	00000VAULT	PLACER COUNTY CASH			752,276.34	752,276.34	752,276.34		0.000	1
		Average Balance	**0.00**							**1**
		Total Cash and Investments	**1,289,384,540.01**		**1,305,561,579.93**	**1,277,853,934.43**	**1,305,081,358.51**		**1.994**	**1,442**

General Fund
Summary by Issuer
October 31, 2018

Issuer	Number of Investments	Par Value	Remaining Cost	% of Portfolio	Average YTM 365	Average Days to Maturity
Apple Inc.	2	20,000,000.00	20,016,660.00	1.53	2.181	514
Ackerman School District	1	6,599,219.45	6,599,219.45	0.51	2.800	6,728
FEDERAL FARM CREDIT BANK	24	240,000,000.00	239,868,000.00	18.39	1.920	970
FEDERAL HOME LOAN BANK	19	190,000,000.00	189,886,100.00	14.56	1.853	1,001
FED HOME LOAN MORT CORP	33	340,000,000.00	339,925,000.00	26.07	2.087	1,170
FEDERAL NATIONAL MORT. ASSOC.	21	215,000,000.00	215,008,000.00	16.49	1.648	822
Five Star Bank	1	5,000,000.00	5,000,000.00	0.38	2.433	295
IBM CORP	1	10,000,000.00	9,784,600.00	0.75	2.095	561
Johnson & Johnson	1	10,000,000.00	9,778,500.00	0.75	2.400	851
Middle Fork JPA	1	74,171,664.35	74,171,664.35	5.69	3.519	6,361
Mid Placer Public School Trans	2	420,557.37	420,557.37	0.03	2.786	2,977
mPower Folsom	5	2,999,555.18	2,999,555.18	0.23	1.267	6,616
mPower Placer	8	12,413,951.15	12,461,285.15	0.96	3.611	6,716
Microsoft Corp	1	10,000,000.00	10,013,900.00	0.77	1.821	468
Newcastle Elementary SD	1	2,935,077.72	2,935,077.72	0.23	0.000	10,468
Public Finance Authority	1	4,624,952.42	4,717,451.47	0.36	4.894	7,274
Pioneer Community Energy	5	22,378,080.84	22,378,080.84	1.72	2.973	3,617
PLACER COUNTY CASH	2	17,573,918.69	16,821,642.35	1.29	0.000	1
River City Bank	1	6,000,000.00	6,000,000.00	0.46	1.521	167
City of Rocklin Successor Agcy	1	292,349.60	292,349.60	0.02	1.752	181
Sierra Valley Energy Authority	1	354,769.06	354,769.06	0.03	3.042	6,880
U.S TREASURY N/B	3	30,000,000.00	29,866,406.25	2.29	1.794	850
TOYOTA MOTOR CREDIT	2	20,000,000.00	19,937,500.00	1.53	2.767	1,293

General Fund
Summary by Issuer
October 31, 2018

Issuer	Number of Investments	Par Value	Remaining Cost	% of Portfolio	Average YTM 365	Average Days to Maturity
Wells Fargo & Co	1	10,000,000.00	10,000,000.00	0.77	2.431	694
WELLS FARGO BANK	1	54,797,484.10	54,797,484.10	4.20	0.183	1
Total and Average	**139**	**1,305,561,579.93**	**1,304,033,802.89**	**100.00**	**1.967**	**1,422**