

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEARS ENDED JUNE 30, 2008 AND 2007

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
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JUNE 30, 2008 AND 2007

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## INTRODUCTION

### AUDIT OBJECTIVES

The financial and compliance audits of the Shasta-Tehama-Trinity Joint Community College District had the following objectives:

To determine the fairness of presentation of the District's financial statements in accordance with accounting principles generally accepted in the United States of America.

To evaluate the adequacy of the systems and provisions affecting compliance with applicable federal and California laws and regulations, with which noncompliance would have a material effect on the District's financial statements and allowability of program expenditures for federal and California financial assistance programs.

To evaluate the adequacy of the internal control structure sufficient to meet the requirements of auditing standards generally accepted in the United States of America for the purpose of formulating an opinion on the basic financial statements taken as a whole and sufficient to ensure compliance with federal and state regulations.

To determine whether financial and financially related reports to state and federal agencies are presented fairly.

To recommend appropriate actions to correct any noted areas where internal control compliance with applicable federal and state regulations could be improved.

## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Shasta-Tehama-Trinity Joint  
Community College District  
Redding, California

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Shasta-Tehama-Trinity Joint Community College District (District) as of and for the years ended June 30, 2008 and 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards prescribed by the California State Department of Finance. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the District, as of June 30, 2008 and 2007, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2008, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis (MD&A) on pages 4 through 17 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The remaining supplementary information as listed in the table of contents, including the Schedule of Expenditures of Federal Awards, which is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of State Financial Awards, which is presented for purpose of additional analysis as required by the California Community College Chancellor's Office, are not a required part of the basic financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Nystrom & Company LLP*

November 5, 2008



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### USING THIS ANNUAL REPORT

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

### FINANCIAL HIGHLIGHTS

California experienced moderate expansion in the 2007-08 fiscal year. These economic conditions for California had a relatively positive impact on the District in 2007-08.

The 2007-08 State budget for community colleges included a 2% system increase. This small increase state-wide was due primarily to the elimination of one-time funding in the prior year. The community college budget included a cost-of-living increase of 4.53%, and included 2.0% in growth funding.

Growth was funded at 2.0% by the State for 2007-08. The District was recovering from a drop in enrollment for the previous year and was able to restore 270 FTES. The District claimed all of the FTES available for the 2007-08 year due to an anticipated late budget for 2008-09. Restoration funding for 2007-08 was approximately \$1,268,850. The District will need to continue to work at restoring the FTES to our 2005-06 base of 7,760 FTES.

There was a small State-wide deficit in this fiscal year, which resulted in approximately \$600,000 reduction to the District's general apportionment. Subsequently, the 2008-09 Budget Act provided some relief in property tax backfill that was distributed to the Districts in October, 2008. The District initially received \$433,000 of that funding.

**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008**

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The State allocated one time funding in 2007-08 to be used in various areas. Included in this was \$275,000 in Scheduled Maintenance and Instruction Equipment. There was \$100,000 for Basic Skills and \$530,000 in nursing and career technical education grants.

The District granted a 4.53% increase in salaries across all areas with greater increases to full-time and adjunct faculty.

The State's economic condition deteriorated over the course of the fiscal year which put the District in a conservation mode for protection of our reserves. Largely due to adjustments to spending, the District was able to reduce the budgeted deficit for the 2007-08 year from \$3,520,288 deficit to a \$1,028,290 deficit as we ended the year. Through these efforts the District was able to achieve a 16.3% reserve for contingencies in 2007-08 in the general fund.

The District maintained fiscal stability through its budget planning process and its conservative strategy in financial management.

**Statement of Net Assets**

The Statement of Net Assets includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector organizations. Net assets, the difference between assets and liabilities, are an indicator of the financial health of a District.

The following table summarizes the changes between June 30, 2008 and 2007:

**Condensed Statement of Net Assets  
As of June 30**

	<u>2008</u>	<u>2007</u>	<u>% Change</u>
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ 7,931,436	\$ 9,411,959	-15.7%
Restricted cash	408,871	481,975	-15.2%
Accounts receivable	5,673,441	5,825,685	-2.6%
Prepaid expenses	<u>119,101</u>	<u>175,819</u>	-32.3%
Total current assets	<u>14,132,849</u>	<u>15,895,438</u>	-11.1%
Noncurrent assets:			
Restricted cash	17,560,458	18,513,581	-5.1%
Restricted investments	3,170,796	3,025,787	4.8%
Nondepreciable capital assets	9,752,712	20,913,180	-53.4%
Depreciable capital assets, net	31,738,195	14,378,176	120.7%
Deferred costs, net	<u>737,453</u>	<u>623,951</u>	18.2%
Total noncurrent assets	<u>62,959,614</u>	<u>57,454,675</u>	9.6%
<b>Total Assets</b>	<b>\$ <u>77,092,463</u></b>	<b>\$ <u>73,350,113</u></b>	5.1%



**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008**

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	<u>2008</u>	<u>2007</u>	<u>% Change</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 4,705,974	\$ 4,673,573	0.7%
Deferred revenue	1,911,069	1,662,147	15.0%
Compensated absences, current portion	64,146	64,146	0.0%
Golden Handshake, current portion	107,245	107,245	0.0%
Long-term debt, current portion	944,864	424,863	122.4%
Amounts held in trust for others	<u>3,198,340</u>	<u>2,902,827</u>	10.2%
Total current liabilities	<u>10,931,638</u>	<u>9,834,801</u>	11.2%
Noncurrent liabilities:			
Compensated absences, noncurrent portion	1,055,182	946,648	11.5%
Golden Handshake, noncurrent portion	426,681	534,691	-20.2%
Long-term debt, noncurrent portion	<u>41,886,564</u>	<u>38,961,428</u>	7.5%
Total noncurrent liabilities	<u>43,368,427</u>	<u>40,442,767</u>	7.2%
<b>Total Liabilities</b>	<u>54,300,065</u>	<u>50,277,568</u>	8.0%
<b>Net Assets</b>			
Investments in capital assets, net of related debt	12,966,998	10,936,439	18.6%
Restricted - expendable	2,068,024	1,187,308	74.2%
Unrestricted	<u>7,757,376</u>	<u>10,948,798</u>	-29.1%
<b>Total Net Assets</b>	<u>22,792,398</u>	<u>23,072,545</u>	-1.2%
<b>Total Liabilities and Net Assets</b>	<u>\$ 77,092,463</u>	<u>\$ 73,350,113</u>	5.1%

Current cash and cash equivalents consist mainly of cash in the County Treasury. The District began the 2007-08 fiscal year with a strong cash balance from remaining unspent one-time funds from the previous year. Spending of those prior year one-time funds caused our cash to decrease in the current year, while maintaining a healthy balance at June 30, 2008.

Receivables include receivables from State and federal grants, students, as well as general apportionment earned but not received by year-end. In 2008, the State deferred the final June payment for apportionment funds. These funds were earned and receivable in the 2007-08 fiscal year. There was a slight decrease in receivables from the prior year.

Prepaid expenses decreased slightly.

Restricted cash and cash equivalents consist mainly of amounts relating to the Bond Construction fund.

Net Capital Assets are the historical value of land, buildings, and equipment less accumulated depreciation. The increases were due to the completion of the Health Sciences and University Center, and the initial construction of the Trinity and Tehama Centers and Library Annex. The footnotes to the financial statements contain a breakdown of the net capital assets.

**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008**

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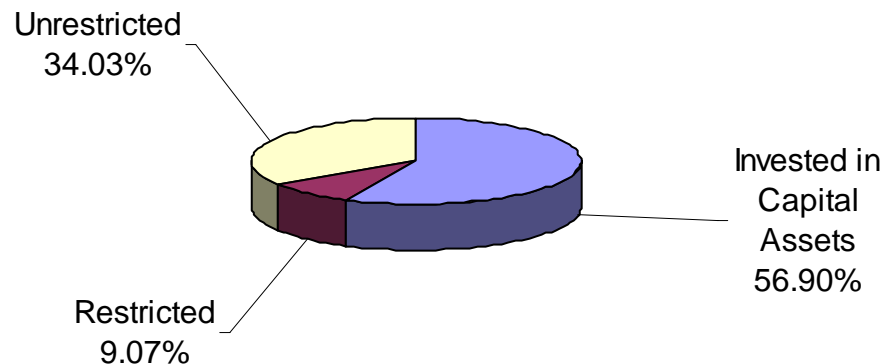
Accounts payable consist of payables due to vendors. There was a very slight increase in accounts payable for this fiscal year.

Deferred revenue relates mainly to federal, State, and local program funds received but not yet earned as of the end of the fiscal year. Most grant funds are earned when expended (up to the grant amount awarded). Also included are deferred enrollment fees for the 2008-09 fiscal year of \$810,987.

Long-term liabilities (non-current portion) are long-term debt to be paid in one year or later. Compensated absences payable of \$1,055,182 and bonds payable of \$41,886,564 are the two major components of the non-current portion. This reflects a slight increase in bonds payable due to the issuance of a new lease revenue bond and a slight increase in compensated absences payable due in part to salary rate increases and increased staffing.

Unrestricted Net Assets include an amount reserved for non-cash assets, prepayments, and amounts reserved for capital and other projects. Board Budget Criteria states that the District will develop a budget that achieves and maintains at least a 5% contingency reserve in the General Fund. Reserves are also maintained in other funds at prudent levels. Restricted net assets consist of net assets held for construction and bond debt service.

**NET ASSETS – JUNE 30, 2008**



**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008**

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The following table summarizes the changes between June 30, 2007 and 2006:

**Condensed Statement of Net Assets  
As of June 30**

	<u>2007</u>	<u>2006</u>	<u>% Change</u>
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ 9,411,959	\$ 7,187,707	30.9%
Restricted cash	481,975	299,078	61.2%
Accounts receivable	5,825,685	4,625,735	25.9%
Prepaid expenses	<u>175,819</u>	<u>193,337</u>	-9.1%
Total current assets	<u>15,895,438</u>	<u>12,305,857</u>	29.2%
Noncurrent assets:			
Restricted cash	18,513,581	28,807,756	-35.7%
Restricted investments	3,025,787	3,012,318	0.4%
Nondepreciable capital assets	20,913,180	8,743,765	139.2%
Depreciable capital assets, net	14,378,176	14,230,168	1.0%
Deferred costs, net	<u>623,951</u>	<u>651,898</u>	-4.3%
Total noncurrent assets	<u>57,454,675</u>	<u>55,445,905</u>	3.6%
<b>Total Assets</b>	<b>\$ <u>73,350,113</u></b>	<b>\$ <u>67,751,762</u></b>	<b>8.3%</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 4,673,573	\$ 3,788,079	23.4%
Deferred revenue	1,662,147	1,320,227	25.9%
Compensated absences, current portion	64,146	64,146	0.0%
Golden Handshake, current portion	107,245	107,245	0.0%
Long-term debt, current portion	424,863	469,863	-9.6%
Amounts held in trust for others	<u>2,902,827</u>	<u>2,865,199</u>	1.3%
Total current liabilities	<u>9,834,801</u>	<u>8,614,759</u>	14.2%
Noncurrent liabilities:			
Compensated absences, noncurrent portion	946,648	816,315	16.0%
Golden Handshake, noncurrent portion	534,691	642,702	-16.8%
Long-term debt, noncurrent portion	<u>38,961,428</u>	<u>39,361,292</u>	-1.0%
Total noncurrent liabilities	<u>40,442,767</u>	<u>40,820,309</u>	-0.9%
<b>Total Liabilities</b>	<b><u>50,277,568</u></b>	<b><u>49,435,068</u></b>	<b>1.7%</b>
<b>Net Assets</b>			
Investments in capital assets, net of related debt	10,222,487	8,792,621	16.3%
Restricted - expendable	1,187,308	1,390,132	-14.6%
Unrestricted	<u>11,662,750</u>	<u>8,133,941</u>	43.4%
<b>Total Net Assets</b>	<b><u>23,072,545</u></b>	<b><u>18,316,694</u></b>	<b>26.0%</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ <u>73,350,113</u></b>	<b>\$ <u>67,751,762</u></b>	<b>8.3%</b>

**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008**

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Current cash and cash equivalents consist mainly of cash in the County Treasury. During the 2006-07 fiscal year, the District received \$1,732,208 in one-time funds. Some of these funds remained unspent at June 30, 2007. This is the primary reason for the increase in cash at June 30 from the prior year.

Receivables include receivables from State and federal grants as well as general apportionment earned but not received by year-end. In 2007, the State deferred the final June payment for apportionment funds. These funds were earned and receivable in the 2006-07 fiscal year. There was approximately a \$788,700 increase in receivables from the prior year. Most of this increase was in the student receivable area.

Prepaid expenses decreased slightly.

Restricted cash and cash equivalents consist mainly of amounts relating to the Bond Construction fund.

Net Capital Assets are the historical value of land, buildings, and equipment less accumulated depreciation. The increases were due to the construction of the Health Sciences and University Center, and the purchase of the Trinity Center land. The footnotes to the financial statements contain a breakdown of the net capital assets.

Accounts payable consist of payables due to vendors. The increase in accounts payable is primarily due to construction contracts.

Deferred revenue relates mainly to federal, State, and local program funds received but not yet earned as of the end of the fiscal year. Most grant funds are earned when expended (up to the grant amount awarded). Also included are deferred enrollment fees for the 2007-08 fiscal year of \$771,654.

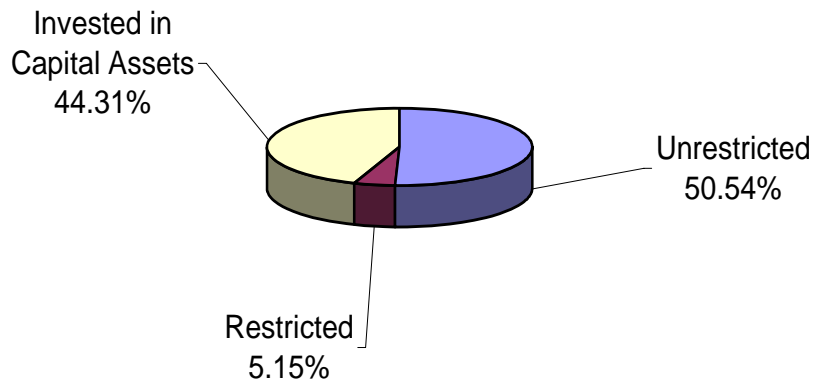
Long-term liabilities (non-current portion) are long-term debt to be paid in one year or later. Compensated absences payable of \$946,648 and bonds payable of \$38,961,428 are the two major components of the non-current portion. This reflects a slight decrease in bonds payable due to normal required payments and a slight increase in compensated absences payable due in part to salary rate increases and increasing staffing.

Unrestricted Net Assets include an amount reserved for non-cash assets, prepayments, and amounts reserved for capital and other projects. Board Budget Criteria states that the District will develop a budget that achieves and maintains at least a 5% contingency reserve in the General Fund. Reserves are also maintained in other funds at prudent levels. Restricted net assets consist of net assets held for construction and bond debt service.

**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008**

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**NET ASSETS – JUNE 30, 2007**



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

The Statement of Revenues, Expenses and Changes in Net Assets present the operating finances of the District, as well as the non-operating revenues and expenses. State general apportionment funds, while budgeted for operations, are considered non-operating revenues according to generally accepted accounting principles.

The following table summarizes the changes between June 30, 2008 and 2007:

**Condensed Statement of Revenues, Expenses  
and Changes in Net Assets**

	<u>2008</u>	<u>2007</u>	<u>% Change</u>
Operating revenues	\$ 21,567,202	\$ 20,514,147	5.1%
Operating expenses	<u>59,810,250</u>	<u>54,367,944</u>	10.0%
Operating Loss	(38,243,048)	(33,853,797)	13.0%
Non-operating revenues and expenses	<u>37,753,162</u>	<u>37,511,546</u>	0.6%
Income Before Other Revenue and Expenses	(489,886)	3,657,749	-113.4%
Other revenue and expenses	<u>209,739</u>	<u>1,098,102</u>	-80.9%
(Decrease) Increase in Net Assets	(280,147)	4,755,851	-105.9%
Net Assets - beginning of year	<u>23,072,545</u>	<u>18,316,694</u>	26.0%
Net Assets - end of year	\$ <u><u>22,792,398</u></u>	\$ <u><u>23,072,545</u></u>	-1.2%

Net tuition and fees consist of enrollment fees of \$7,401,604, less Board of Governor tuition waivers of \$2,950,882. This includes enrollment fees and non-resident tuitions. Regular enrollment fees stayed at \$20 per unit for 2008. These fees are set by the State for all community colleges. Most of the regular enrollment fees are included in the calculation of general apportionment (98%). Campus Center fees were \$423,814, dorm fees were \$340,135 and food services sales were \$627,868 for 2007-08.

**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
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JUNE 30, 2008**

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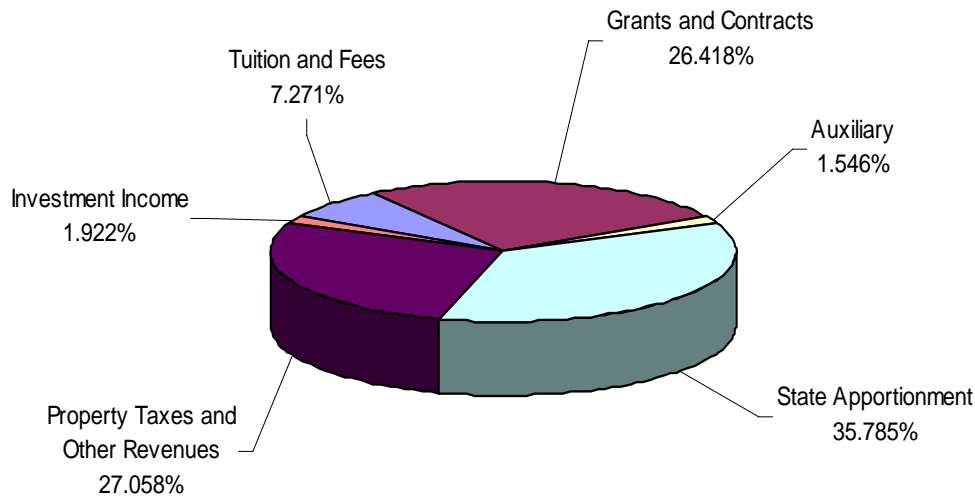
Auxiliary enterprise sales and charges are primarily bookstore commissions and food service revenues with a small amount of rental income.

State apportionments, non-capital, consist of State apportionment of \$21,833,179. State apportionment represents total general apportionment earned less regular enrollment fees and property taxes.

State taxes and other revenue consist primarily of local property tax revenue of \$14,880,944, and State lottery revenue of \$988,015.

There was a decrease in investment income primarily due to current market conditions and decreased cash balances in the County treasury during the fiscal year.

**REVENUES – JUNE 30, 2008**



The following table summarizes the changes between June 30, 2007 and 2006:

**Condensed Statement of Revenues, Expenses  
and Changes in Net Assets**

	<u>2007</u>	<u>2006</u>	<u>% Change</u>
Operating revenues	\$ 20,514,147	\$ 18,650,635	10.0%
Operating expenses	<u>54,367,944</u>	<u>51,725,340</u>	5.1%
Operating Loss	(33,853,797)	(33,074,705)	2.4%
Non-operating revenues and expenses	<u>37,511,546</u>	<u>34,688,212</u>	8.1%
Income Before Other Revenue and Expenses	3,657,749	1,613,507	126.7%
Other revenue and expenses	<u>1,098,102</u>	<u>280,613</u>	291.3%
Increase in Net Assets	4,755,851	1,894,120	151.1%
Net Assets - beginning of year	<u>18,316,694</u>	<u>16,422,574</u>	11.5%
Net Assets - end of year	\$ <u>23,072,545</u>	\$ <u>18,316,694</u>	26.0%

**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Net tuition and fees consist of enrollment fees of \$7,201,429, less Board of Governor tuition waivers of \$2,876,866. This includes enrollment fees and non-resident tuitions. Regular enrollment fees went from \$26 per-unit in the Fall semester to \$20 per unit beginning in January, 2007. These fees are set by the State for all community colleges. Most of the regular enrollment fees are included in the calculation of general apportionment (98%). Campus Center fees were \$393,036, dorm fees were \$325,521 and food services sales were \$590,070 for 2006-07.

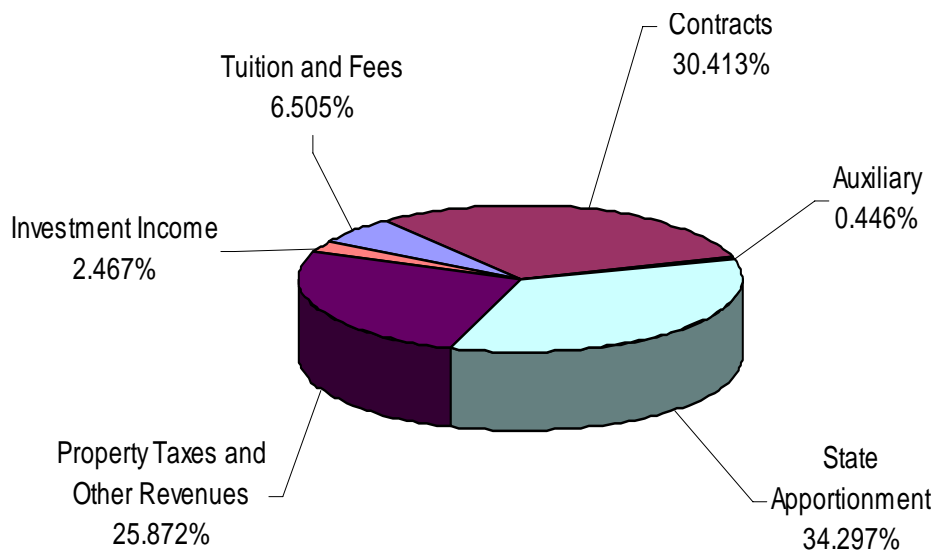
Auxiliary enterprise sales and charges are primarily bookstore commissions and food service revenues with a small amount of rental income.

State apportionments, non-capital, consist of State apportionment of \$22,369,623. State apportionment represents total general apportionment earned less regular enrollment fees and property taxes.

State taxes and other revenue consist primarily of local property tax revenue of \$12,795,691, and unrestricted State lottery revenue of \$1,188,046.

There was an increase in investment income primarily due to better market conditions and increased cash balances in the County treasury during the fiscal year.

**REVENUES – JUNE 30, 2007**



**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008**

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**OPERATING EXPENSES (BY NATURAL CLASSIFICATION)**

The following table summarizes the changes between June 30, 2008 and 2007:

**Expenses By Natural Classification**

	<u>2008</u>	<u>2007</u>	<u>% Change</u>
Salaries	\$ 30,000,009	\$ 27,026,967	11.0%
Employee benefits	10,092,219	9,679,034	4.3%
Payments to students	7,997,154	6,891,301	16.0%
Supplies, materials, and other operating expenses	8,661,021	8,251,712	5.0%
Utilities	1,473,418	1,304,445	13.0%
Depreciation and amortization expense	<u>1,586,429</u>	<u>1,214,485</u>	30.6%
	<u>\$ 59,810,250</u>	<u>\$ 54,367,944</u>	10.0%

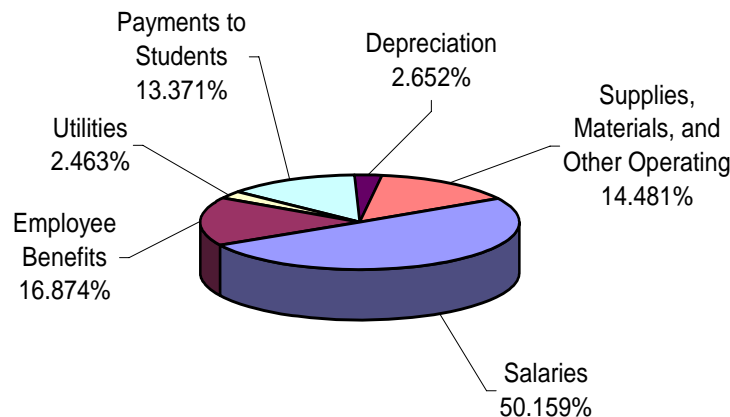
Compensation and employee benefits reflect a \$3,386,227 increase from the prior year. This was due to the salary increases noted earlier and additional staffing in 2007-2008.

Supplies, materials, other operating expenses and services consist of those non-capital expenditures made by the District. Much of the increase in this category is due to the availability of one-time funding from the prior year.

Depreciation includes a full year of depreciation for numerous assets capitalized at the end of the previous fiscal year as well as for new capital additions made in the current year.

Payments to students are generally made possible through student service grants. These payments will fluctuate with the amount of funding available for these grants.

**EXPENSES – JUNE 30, 2008**





**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008**

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The following table summarizes the changes between June 30, 2007 and 2006:

**Expenses By Natural Classification**

	<u>2007</u>	<u>2006</u>	<u>% Change</u>
Salaries	\$ 27,026,967	\$ 25,098,951	7.7%
Employee benefits	9,679,034	8,793,144	10.1%
Payments to students	6,891,301	7,083,218	-2.7%
Supplies, materials, and other operating expenses	8,251,712	8,187,423	0.8%
Utilities	1,304,445	1,412,466	-7.6%
Depreciation and amortization expense	<u>1,214,485</u>	<u>1,150,138</u>	5.6%
	<u>\$ 54,367,944</u>	<u>\$ 51,725,340</u>	5.1%

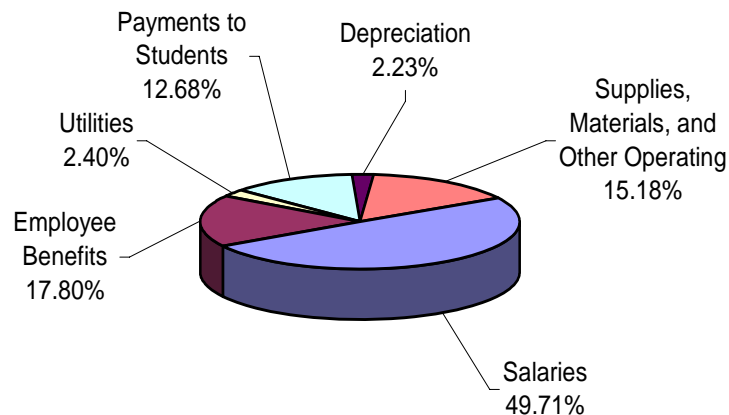
Compensation and employee benefits reflect a \$2,813,906 increase from the prior year. This was due to the salary increases noted earlier and additional staffing in 2006-07.

Supplies, materials, other operating expenses and services consist of those non-capital expenditures made by the District. Much of the increase in this category is due to the availability of one-time funding.

Depreciation includes a full year of depreciation for numerous assets capitalized at the end of the previous fiscal year as well as for new capital additions made in the current year.

Payments to students are generally made possible through student service grants. These payments will fluctuate with the amount of funding available for these grants.

**EXPENSES – JUNE 30, 2007**



**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008**

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**STATEMENT OF CASH FLOWS**

The following table summarizes the changes between June 30, 2008 and 2007:

**Condensed Statement of Cash Flows**

	<u>2008</u>	<u>2007</u>	<u>% Change</u>
Cash received from operations	\$ 21,858,776	\$ 20,264,036	7.9%
Cash expended for operations	<u>(57,738,053)</u>	<u>(53,361,264)</u>	8.2%
Net cash used by operating activities	(35,879,277)	(33,097,228)	8.4%
Net cash provided by non-capital financing activities	38,061,060	37,420,966	1.7%
Net cash used by capital and related financing activities	(5,280,577)	(12,765,059)	-58.6%
Net cash provided by investing activities	<u>592,044</u>	<u>554,295</u>	6.8%
Net decrease in cash and cash equivalents	(2,506,750)	(7,887,026)	-68.2%
Cash and cash equivalents, beginning of year	<u>28,407,515</u>	<u>36,294,541</u>	-21.7%
Cash and cash equivalents, end of year	\$ <u>25,900,765</u>	\$ <u>28,407,515</u>	-8.8%

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

Cash receipts from operating activities consist primarily of Federal, State, and local grants and contracts of \$16,502,382. Cash outlays were primarily payments to or on behalf of employees of \$29,787,817, payments to suppliers of \$8,279,435, and payments for scholarships and grants of \$7,997,154.

General apportionment of \$21,374,895 and local property taxes of \$15,134,987 are the primary sources of non-capital financing.

Completion of the Health Sciences and University Center, construction on the Tehama and Trinity Centers, the library annex and renovation of the theater, and scheduled maintenance projects used \$8,187,005 in the capital and related financing activities.

**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008**

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The following table summarizes the changes between June 30, 2007 and 2006:

**Condensed Statement of Cash Flows**

	<u>2007</u>	<u>2006</u>	<u>% Change</u>
Cash received from operations	\$ 20,264,036	\$ 19,075,024	6.2%
Cash expended for operations	<u>(53,361,264)</u>	<u>(50,920,189)</u>	4.8%
Net cash used by operating activities	(33,097,228)	(31,845,165)	3.9%
Net cash provided by non-capital financing activities	37,420,966	34,717,865	7.8%
Net cash provided (used) by capital and related financing activities	(12,765,059)	17,526,491	-172.8%
Net cash provided by investing activities	<u>554,295</u>	<u>1,587,175</u>	-65.1%
Net increase (decrease) in cash and cash equivalents	(7,887,026)	21,986,366	-135.9%
Cash and cash equivalents, beginning of year	<u>36,294,541</u>	<u>14,308,175</u>	153.7%
Cash and cash equivalents, end of year	\$ <u>28,407,515</u>	\$ <u>36,294,541</u>	-21.7%

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

Cash receipts from operating activities consist primarily of Federal, State, and local grants and contracts of \$15,397,051. Cash outlays were primarily payments to or on behalf of employees of \$26,867,117, payments to suppliers of \$8,511,356, and payments for scholarships and grants of \$6,891,301.

General apportionment of \$22,810,365 and local property taxes of \$12,224,501 are the primary sources of non-capital financing.

Construction of the Health Sciences and University Center, additional renovation of the Student Center, and scheduled maintenance projects used \$12,376,802 in the capital and related financing activities.

## **ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE**

The 2008-2009 State Budget represents a very different economic condition for California over the previous years. The 2008-2009 State Budget includes a cost-of-living adjustment (COLA) of .68%, and growth funds at 2% state-wide. Projections of the State budget for 2009-2010 are more critical. Due to projected State deficits, uncertainty exists over the State's ability to fund community colleges at the current or guaranteed levels as required under Proposition 98.

The 2008-2009 budget was based on FTES growing slightly over the next fiscal year. At the time of this writing, it appears the District will experience a small increase of FTES in 2008-09. The District is monitoring the FTES closely, looking at ways of encouraging growth of FTES for the remainder of the 2008-09 fiscal year and beyond.

Given the State's uncertain fiscal condition, the District continues to plan to increase its sources of non-State revenue and look for ways to maintain as healthy of a reserve as possible to carry into the next year.

The District is continuing to monitor costs in the fixed cost areas. Wherever possible the District is renegotiating external contracts to operate as efficiently as possible. This will become even more critical as new facilities come into use.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 STATEMENTS OF NET ASSETS

	June 30,	
	2008	2007
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 7,931,436	\$ 9,411,959
Restricted cash and cash equivalents	408,871	481,975
Accounts receivable, net	5,673,441	5,825,685
Prepaid expenses	119,101	175,819
<b>Total current assets</b>	<b>14,132,849</b>	<b>15,895,438</b>
<b>Noncurrent assets:</b>		
Restricted cash and cash equivalents	17,560,458	18,513,581
Restricted investments	3,170,796	3,025,787
Nondepreciable capital assets	9,752,712	20,913,180
Depreciable capital assets, net	31,738,195	14,378,176
Deferred costs, net	737,453	623,951
<b>Total noncurrent assets</b>	<b>62,959,614</b>	<b>57,454,675</b>
<b>Total assets</b>	<b>\$ 77,092,463</b>	<b>\$ 73,350,113</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 4,705,974	\$ 4,673,573
Deferred revenue	1,911,069	1,662,147
Compensated absences, current portion	64,146	64,146
Early retirement incentive program, current portion	107,245	107,245
Long-term debt, current portion	944,864	424,863
Amounts held for others	3,198,340	2,902,827
<b>Total current liabilities</b>	<b>10,931,638</b>	<b>9,834,801</b>
<b>Noncurrent liabilities:</b>		
Compensated absences, noncurrent portion	1,055,182	946,648
Early retirement incentive program, noncurrent portion	426,681	534,691
Long-term debt, noncurrent portion	41,886,564	38,961,428
<b>Total noncurrent liabilities</b>	<b>43,368,427</b>	<b>40,442,767</b>
<b>Total liabilities</b>	<b>54,300,065</b>	<b>50,277,568</b>
<b>NET ASSETS</b>		
Investments in capital assets, net of related debt	12,966,998	10,936,439
Restricted - expendable	2,068,024	1,187,308
Unrestricted	7,757,376	10,948,798
<b>Total net assets</b>	<b>22,792,398</b>	<b>23,072,545</b>
<b>Total liabilities and net assets</b>	<b>\$ 77,092,463</b>	<b>\$ 73,350,113</b>

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

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 STATEMENTS OF REVENUES, EXPENSES, AND  
 CHANGES IN NET ASSETS

	Years Ended June 30,	
	2008	2007
<b>OPERATING REVENUES</b>		
Tuition and fees	\$ 7,401,604	\$ 7,201,429
Less: scholarship discount and allowance	2,950,882	2,876,866
<b>Net tuition and fees</b>	4,450,722	4,324,563
Grants and contracts, non-capital:		
Federal	8,886,998	7,536,374
State	6,474,715	6,830,325
Local	808,677	919,169
Auxiliary enterprise sales and charges	946,090	903,716
<b>Total operating revenues</b>	21,567,202	20,514,147
<b>OPERATING EXPENSES</b>		
Salaries	30,000,009	27,026,967
Employee benefits	10,092,219	9,679,034
Payments to students	7,997,154	6,891,301
Supplies, materials, and other operating expenses and services	8,661,021	8,251,712
Utilities	1,473,418	1,304,445
Depreciation and amortization expense	1,586,429	1,214,485
<b>Total operating expenses</b>	59,810,250	54,367,944
<b>OPERATING LOSS</b>	(38,243,048)	(33,853,797)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
State apportionments, non-capital	21,833,179	22,369,623
Local property taxes	14,880,944	12,795,691
State taxes and other revenues	1,444,872	2,274,548
Federal other revenues	97,267	97,469
Investment income, non-capital	561,774	599,804
Investment income, capital	614,767	1,039,991
Interest expense - capital asset-related debt	(1,679,770)	(1,679,663)
Loss on disposal of capital assets	(8,910)	-
Other non-operating revenues (expenses)	9,039	14,083
<b>Total non-operating revenues (expenses)</b>	37,753,162	37,511,546

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

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 STATEMENTS OF REVENUES, EXPENSES, AND  
 CHANGES IN NET ASSETS

	Years Ended June 30,	
	2008	2007
<b>INCOME (LOSS) BEFORE OTHER REVENUES AND EXPENSES</b>	(489,886)	3,657,749
State apportionments, capital	70,483	429,743
Local property taxes and revenues, capital	139,256	126,857
Grants and gifts, capital	-	541,502
<b>CHANGE IN NET ASSETS</b>	(280,147)	4,755,851
<b>NET ASSETS, BEGINNING OF YEAR</b>	23,072,545	18,316,694
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 22,792,398</u>	<u>\$ 23,072,545</u>

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

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$ 4,112,568	\$ 3,925,641
Federal grants and contracts	8,967,694	7,850,788
State grants and contracts	6,634,793	6,810,774
Local grants and contracts	899,905	735,489
Payments to/on behalf of employees	(29,787,817)	(26,867,117)
Payments for benefits	(10,200,229)	(9,787,045)
Payments for scholarships and grants	(7,997,154)	(6,891,301)
Payments to suppliers	(8,279,435)	(8,511,356)
Payments for utilities	(1,473,418)	(1,304,445)
Auxiliary enterprise sales and charges	948,303	903,716
Other receipts (payments)	295,513	37,628
<b>Net cash used by operating activities</b>	<b>(35,879,277)</b>	<b>(33,097,228)</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
State apportionments, non-capital	21,374,895	22,810,365
Local property taxes	15,134,987	12,224,501
State taxes and other revenues	1,444,872	2,274,548
Federal other revenues	97,267	97,469
Other receipts (payments)	9,039	14,083
<b>Net cash provided by non-capital financing activities</b>	<b>38,061,060</b>	<b>37,420,966</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchases of capital assets	(8,187,005)	(12,376,802)
Interest paid on long-term debt	(1,682,209)	(1,516,968)
Principal paid on long-term debt	(399,863)	(444,864)
Proceeds from long-term debt	3,845,000	-
Issuance costs paid on long-term debt	(141,449)	-
State apportionments, capital	-	406,727
Local property taxes, capital	128,680	126,857
Grants and gifts, capital	541,502	-
Interest received on capital investments	614,767	1,039,991
<b>Net cash used by capital and related financing activities</b>	<b>(5,280,577)</b>	<b>(12,765,059)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Sale of investments	836,722	790,566
Purchase of investments	(981,731)	(804,035)
Interest on investments	737,053	567,764
<b>Net cash provided by investing activities</b>	<b>592,044</b>	<b>554,295</b>

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



SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	2008	2007
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(2,506,750)	(7,887,026)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	28,407,515	36,294,541
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 25,900,765</u>	<u>\$ 28,407,515</u>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS:</b>		
Cash and cash equivalents	\$ 7,931,436	\$ 9,411,959
Restricted cash and cash equivalents (current)	408,871	481,975
Restricted cash and cash equivalents (noncurrent)	<u>17,560,458</u>	<u>18,513,581</u>
<b>Total cash and cash equivalents</b>	<u>\$ 25,900,765</u>	<u>\$ 28,407,515</u>
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>		
Operating loss	\$ (38,243,048)	\$ (33,853,797)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization expense	1,586,429	1,214,485
Loss on disposal of property	-	5,421
(Increase) decrease in:		
Accounts receivable, net	(279,237)	(495,960)
Prepaid expenses	56,718	17,518
Increase (decrease) in:		
Accounts payable	454,902	(409,781)
Deferred revenue	248,922	364,936
Compensated absences	108,534	130,333
Early retirement incentive program	(108,010)	(108,011)
Amounts held for others	<u>295,513</u>	<u>37,628</u>
<b>Net cash used by operating activities</b>	<u>\$ (35,879,277)</u>	<u>\$ (33,097,228)</u>

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

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 DISCRETELY PRESENTED COMPONENT UNIT  
 SHASTA COLLEGE FOUNDATION  
 STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2008	2007
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 147,833	\$ 649,333
Investments	922,913	967,192
Pledge receivable	190,000	330,000
Accounts receivable	19,434	3,676
Accrued interest receivable	4,192	4,137
<b>Total current assets</b>	<b>1,284,372</b>	<b>1,954,338</b>
<b>Property:</b>		
Land	89,219	89,219
Building	310,781	310,781
	400,000	400,000
Less accumulated depreciation	73,377	63,198
<b>Property, net</b>	<b>326,623</b>	<b>336,802</b>
<b>Other assets:</b>		
Beneficial interest in CRAT	285,000	285,000
<b>Total other assets</b>	<b>285,000</b>	<b>285,000</b>
<b>Total assets</b>	<b>\$ 1,895,995</b>	<b>\$ 2,576,140</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 5,823	\$ 3,291
Grant payable	-	541,502
Long-term debt, current portion	4,007	3,812
<b>Total current liabilities</b>	<b>9,830</b>	<b>548,605</b>
<b>Long-term debt, net of current maturities</b>	<b>372,677</b>	<b>376,683</b>
<b>Total liabilities</b>	<b>382,507</b>	<b>925,288</b>
<b>NET ASSETS</b>		
Unrestricted	781,220	796,548
Temporarily restricted	732,268	854,304
<b>Total net assets</b>	<b>1,513,488</b>	<b>1,650,852</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,895,995</b>	<b>\$ 2,576,140</b>

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

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 DISCRETELY PRESENTED COMPONENT UNIT  
 SHASTA COLLEGE FOUNDATION  
 STATEMENTS OF ACTIVITIES

	Years Ended June 30,	
	2008	2007
<b>CHANGES IN UNRESTRICTED NET ASSETS:</b>		
<b>Revenues and gains:</b>		
Contributions:		
Public support	\$ 93,725	\$ 66,017
<b>Total contributions</b>	<b>93,725</b>	<b>66,017</b>
Other revenues and gains (loss):		
Investment income (loss)	(40,474)	191,116
<b>Total other revenues and gains (loss)</b>	<b>(40,474)</b>	<b>191,116</b>
<b>Total unrestricted revenues and gains</b>	<b>53,251</b>	<b>257,133</b>
<b>Net assets released from restrictions</b>	<b>202,671</b>	<b>580,048</b>
<b>Total unrestricted revenues and gains</b>	<b>255,922</b>	<b>837,181</b>
<b>Expenses:</b>		
Program services:		
Catholic Healthcare West/Mercy work study program	50,000	-
Dental hygiene program	39,660	541,502
Burney property expenses	32,368	32,896
Health Science Building support	29,000	-
Scholarships	5,244	5,650
Other programs	38,739	5,490
<b>Total program services expenses</b>	<b>195,011</b>	<b>585,538</b>
Supporting services:		
Management and general	76,239	75,934
<b>Total supporting services expenses</b>	<b>76,239</b>	<b>75,934</b>
<b>Total expenses</b>	<b>271,250</b>	<b>661,472</b>
<b>Change in unrestricted net assets</b>	<b>(15,328)</b>	<b>175,709</b>

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

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 DISCRETELY PRESENTED COMPONENT UNIT  
 SHASTA COLLEGE FOUNDATION  
 STATEMENTS OF ACTIVITIES

	Years Ended June 30,	
	2008	2007
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:</b>		
<b>Revenues, gains and other support:</b>		
Contributions:		
Public support	52,739	17,125
<b>Total contributions</b>	52,739	17,125
Special event - Food and Wine Gala		
Gross revenue	-	47,292
Less expenses	-	5,700
<b>Total special events</b>	-	41,592
Other revenues, gains and support:		
Investment income	-	1,451
Lease income	27,896	25,983
<b>Total other revenues, gains and support</b>	27,896	27,434
<b>Net assets released from restrictions</b>	(202,671)	(580,048)
<b>Change in temporarily restricted net assets</b>	(122,036)	(493,897)
<b>CHANGE IN NET ASSETS</b>	(137,364)	(318,188)
<b>NET ASSETS, BEGINNING OF YEAR</b>	1,650,852	1,969,040
<b>NET ASSETS, END OF YEAR</b>	\$ 1,513,488	\$ 1,650,852

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

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 DISCRETELY PRESENTED COMPONENT UNIT  
 SHASTA COLLEGE FOUNDATION  
 STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (137,364)	\$ (318,188)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	10,179	10,540
Net investment income (loss) reinvested	40,474	(189,002)
(Increase) decrease in:		
Pledge receivable	140,000	-
Accounts receivable	(15,758)	(2,130)
Accrued interest receivable	(55)	(1,857)
Increase (decrease) in:		
Accounts payable	2,532	2,324
Grant payable	(541,502)	541,502
<b>Net cash (used) provided by operating activities</b>	<b>(501,494)</b>	<b>43,189</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	232,143	850,111
Purchase of investments	(228,338)	(306,779)
<b>Net cash provided by investing activities</b>	<b>3,805</b>	<b>543,332</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on long-term debt	(3,811)	(3,626)
<b>Net cash used by financing activities</b>	<b>(3,811)</b>	<b>(3,626)</b>
<b>NET CHANGE IN CASH</b>	<b>(501,500)</b>	<b>582,895</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>649,333</b>	<b>66,438</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 147,833</b>	<b>\$ 649,333</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:</b>		
Cash paid for interest	<b>\$ 18,938</b>	<b>\$ 19,124</b>

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

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SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Shasta-Tehama-Trinity Joint Community College District (District) is a community college governed by an elected seven-member Board of Trustees. The District provides educational services to the local residents of the surrounding area. The District consists of one community college located in Redding, California and satellite campuses throughout the tri-county area.

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

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

BASIS OF PRESENTATION AND ACCOUNTING

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

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

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION AND ACCOUNTING

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

Exceptions to the accrual basis of accounting are as follows:

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

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

CASH AND CASH EQUIVALENTS

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

INVESTMENTS

Investments are reported at fair value based on quoted market prices with realized and unrealized gains or losses reported in the statement of operations.



SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

RESTRICTED CASH AND INVESTMENTS

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

ACCOUNTS RECEIVABLE

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of California. Accounts receivable also include amounts due from the federal government, state, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Losses on uncollectible accounts receivable are recognized when such losses become known or indicated.

PREPAIDS

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

CAPITAL ASSETS

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

Depreciation of capitalized assets is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 10 years for site improvements, 3 - 8 years for equipment and vehicles.

DEFERRED REVENUE

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

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

AMOUNTS HELD FOR OTHERS

Amounts held for others represents funds held by the District for the associated students fund, scholarship and loan trust fund and student clubs.

COMPENSATED ABSENCES

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

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

LONG-TERM LIABILITIES

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which does not differ materially from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Amortization of issuance costs was \$27,947 and \$27,947 for the years ended June 30, 2008 and 2007, respectively.

NET ASSETS

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

- *Invested in capital assets, net of related debt* – This represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component invested in capital assets, net of related debt.
- *Restricted net assets-expendable* – Restricted expendable net assets represent resources which are legally or contractually obligated to be spent in accordance with restrictions imposed by external third parties.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NET ASSETS

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

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

CLASSIFICATION OF REVENUES

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

- Operating revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, (3) most federal, state and local grants and contracts and federal appropriations, and (4) interest on institutional student loans.
- Non-operating revenues – Non-operating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources described in GASB Statement No. 34, such as state appropriations and investment income.

SCHOLARSHIP DISCOUNTS AND ALLOWANCES

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

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

SCHOLARSHIP DISCOUNTS AND ALLOWANCES

Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as operating revenues (Grants) and operating expenses (Payments to Students) in the District's financial statements.

STATE APPORTIONMENTS

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

ESTIMATES

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

PROPERTY TAXES

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent if paid after December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The respective counties bill and collect the taxes for the District.

BUDGET AND BUDGETARY ACCOUNTING

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

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

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

RECLASSIFICATIONS

Certain reclassifications have been made to fiscal year 2007 amounts in order to conform to the fiscal year 2008 presentation. The most significant reclassification was to reclassify the food service revenues from local grants and contracts, non-capital to auxiliary enterprise sales and charges as reported in the 2008 year.

**DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION**

ORGANIZATION

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

BASIS OF ACCOUNTING

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

BASIS OF PRESENTATION

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

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CASH AND CASH EQUIVALENTS

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

INVESTMENTS

Investments are recorded at fair value based on quoted market values.

CONTRIBUTIONS

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

RECOGNITION OF DONOR-RESTRICTED CONTRIBUTIONS

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

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

DONATED SERVICES

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2008 AND 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DONATED SERVICES

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

INCOME TAXES

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

NOTE 2 CASH AND INVESTMENTS

The cash and investments as of June 30, 2008 and 2007, are displayed on the statement of net assets as follows:

District:	June 30,	
	<u>2008</u>	<u>2007</u>
Cash and cash equivalents	\$ 7,931,436	\$ 9,411,959
Restricted cash and cash equivalents – current	408,871	481,975
Restricted cash and cash equivalents – non-current	<u>17,560,458</u>	<u>18,513,581</u>
Total cash and cash equivalents	<u>\$ 25,900,765</u>	<u>\$ 28,407,515</u>
Restricted investments	<u>\$ 3,170,796</u>	<u>\$ 3,025,787</u>
Total investments	<u>\$ 3,170,796</u>	<u>\$ 3,025,787</u>

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2008 AND 2007

NOTE 2 CASH AND INVESTMENTS

Foundation:	June 30,	
	2008	2007
Cash and cash equivalents	\$ <u>147,833</u>	\$ <u>649,333</u>
Investments	922,913	967,192
Beneficial interest in charitable remainder annuity trust	<u>285,000</u>	<u>285,000</u>
Total investments	\$ <u>1,207,913</u>	\$ <u>1,252,192</u>

Deposits – At June 30, 2008 and 2007, the carrying amount of the District's and Foundation's deposits are summarized as follows:

District:	June 30,	
	2008	2007
Cash in County Treasury	\$ 23,930,796	\$ 28,125,442
Cash on hand and in banks	<u>1,969,969</u>	<u>282,073</u>
Total deposits	\$ <u>25,900,765</u>	\$ <u>28,407,515</u>

Foundation:		
Cash on hand and in banks	\$ <u>147,833</u>	\$ <u>649,333</u>
Total deposits	\$ <u>147,833</u>	\$ <u>649,333</u>

As provided for by *Education Code*, Section 41001, a significant portion of the District's cash balances of most funds is deposited with the Shasta County Treasurer for the purpose of increasing interest earned through County investment activities. The County Treasury's Pooled Money Investment account's weighted average maturities was .42 years and .32 years at June 30, 2008 and 2007 respectively.

As of the date of these financial statements, the County of Shasta's 2008 audited financial statements were not yet available. Copies of the County's audited financial statements can be obtained from the Shasta County Auditor-Controller's Office, 1450 Court Street, Redding, California 96001.

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



SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 2 CASH AND INVESTMENTS

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

All cash held by financial institutions is collateralized by securities that are held by the broker or dealer, or by its trust department or agent, but not in the District's name. In addition, \$375,837 and \$156,883 of the District bank balances and \$63,165 and \$187,623 of the Foundation bank balances at June 30, 2008 and 2007 respectively, are insured.

Investments – The California Government Code and the investment policy of the District authorize it to invest in the following:

- Securities of the U.S. Government, or its agencies
- Negotiable certificates of deposit
- Commercial paper
- Corporate bonds
- Local Agency Investment Fund (LAIF)
- Passbook savings account demand deposits

The District invests funds in a US Bank Investment Agreement to satisfy debt service reserve requirements. The investment amount of \$484,893 matures April 1, 2031.

At June 30, 2008, the District's fiduciary fund investments consist of government securities and corporate bonds which are carried at fair value determined by third party investment brokers. The weighted average maturities of these investments were 6.32 years and 5.77 years at June 30, 2008 and 2007 respectively.

The Foundation invests in fixed income equities and securities, all in accordance with individual money management agreements through brokerage firms.

See Note 16 for information regarding the beneficial interest in charitable remainder annuity trust.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2008 AND 2007

NOTE 2 CASH AND INVESTMENTS

As of June 30, 2008 and 2007, the investments consist of:

District:	June 30,	
	2008	2007
Mutual Funds	\$ 484,948	\$ 485,251
Bonds	1,813,891	1,775,380
Treasury Notes	<u>871,957</u>	<u>765,156</u>
Total investments	\$ <u>3,170,796</u>	\$ <u>3,025,787</u>

Foundation:	June 30,	
	2008	2007
Mutual Funds	\$ 922,913	\$ 967,192
Beneficial interest in charitable remainder annuity trust	<u>285,000</u>	<u>285,000</u>
Total investments	\$ <u>1,207,913</u>	\$ <u>1,252,192</u>

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

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. This is measured by ratings assigned by nationally-recognized organizations. The District's investment policy addresses credit risk by limiting its investment types as noted above to investments authorized by California Government Code. The District's investment in the county investment pool and mutual funds are unrated. The District's investment in Bonds and Treasury Notes are rated A2 and higher by Moody's.

At June 30, 2008 and 2007, the District and its component unit did not have an investment policy that sets forth limitations as to the concentration of investments in a single issuer. However, the District complies with California Government Codes related to the concentration of investments and there are no investments with any one issuer greater than 5 percent of total investments.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2008 AND 2007

NOTE 2 CASH AND INVESTMENTS

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

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2008 and 2007, consist of the following:

District:	June 30,	
	2008	2007
Tuition and fees	\$ 2,013,176	\$ 1,557,290
Less allowance for doubtful accounts	<u>366,852</u>	<u>330,244</u>
Tuition and fees, net	1,646,324	1,227,046
Federal grants and contracts	652,029	662,387
State grants and contracts	878,394	942,874
Local grants and contracts	153,409	322,008
State apportionment, taxes and other revenues	1,497,197	968,430
Investment income, non-capital	184,074	359,353
Local property taxes	573,394	737,628
Reimbursements	88,500	60,200
Grant receivable	-	541,502
Auxiliary enterprise sales and charges	120	2,333
Other	<u>-</u>	<u>1,924</u>
Total	<u>\$ 5,673,441</u>	<u>\$ 5,825,685</u>

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 4 FOUNDATION – PLEDGES RECEIVABLE

The Foundation received a pledge of \$330,000 from the California Dental Society for the purchase of equipment in the Health Sciences facility in the prior year. The remaining amount of this pledge of \$190,000 is expected to be received in fiscal year ending June 30, 2009.

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008, is summarized as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Nondepreciable assets:					
Land	\$ 3,647,444	\$ -	\$ -	\$ 40,208	\$ 3,687,652
Construction in progress	<u>17,265,736</u>	<u>6,706,193</u>	<u>(126)</u>	<u>(17,906,743)</u>	<u>6,065,060</u>
Total nondepreciable assets	\$ <u>20,913,180</u>	\$ <u>6,706,193</u>	\$ <u>(126)</u>	\$ <u>(17,866,535)</u>	\$ <u>9,752,712</u>
Depreciable capital assets:					
Site improvements	\$ 5,947,180	\$ 38,845	\$ -	\$ 1,800,477	\$ 7,786,502
Buildings	21,339,599	151,769	-	16,066,058	37,557,426
Vehicles and equipment	7,069,400	696,216	(203,024)	-	7,562,592
Computer equipment	1,856,523	170,621	(23,741)	-	2,003,403
Leasehold improvements	<u>18,352</u>	<u>3,299</u>	<u>-</u>	<u>-</u>	<u>21,651</u>
	<u>36,231,054</u>	<u>1,060,750</u>	<u>(226,765)</u>	<u>17,866,535</u>	<u>54,931,574</u>
Less accumulated depreciation:					
Site improvements	4,123,031	350,681	-	-	4,473,712
Buildings	10,638,832	604,662	-	-	11,243,494
Vehicles and equipment	5,555,605	417,711	(194,241)	-	5,779,075
Computer equipment	1,532,656	184,345	(23,740)	-	1,693,261
Leasehold improvements	<u>2,754</u>	<u>1,083</u>	<u>-</u>	<u>-</u>	<u>3,837</u>
	<u>21,852,878</u>	<u>1,558,482</u>	<u>(217,981)</u>	<u>-</u>	<u>23,193,379</u>
Total depreciable assets, net	\$ <u>14,378,176</u>	\$ <u>(497,732)</u>	\$ <u>(8,784)</u>	\$ <u>17,866,535</u>	\$ <u>31,738,195</u>

There was no activity in the Foundation capital assets for the year ended June 30, 2008 other than depreciation expense of \$10,179.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007, is summarized as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Nondepreciable assets:					
Land	\$ 3,465,989	\$ -	\$ -	\$ 181,455	\$ 3,647,444
Construction in progress	<u>5,277,776</u>	<u>12,568,513</u>	<u>-</u>	<u>(580,553)</u>	<u>17,265,736</u>
Total nondepreciable assets	<u>\$ 8,743,765</u>	<u>\$ 12,568,513</u>	<u>\$ -</u>	<u>\$ (399,098)</u>	<u>\$ 20,913,180</u>
Depreciable capital assets:					
Site improvements	\$ 5,915,551	\$ 21,690	\$ -	\$ 9,939	\$ 5,947,180
Buildings	20,905,770	44,670	-	389,159	21,339,599
Vehicles and equipment	6,623,225	626,284	(180,109)	-	7,069,400
Computer equipment	1,651,799	248,225	(43,501)	-	1,856,523
Leasehold improvements	<u>18,352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,352</u>
	<u>35,114,697</u>	<u>940,869</u>	<u>(223,610)</u>	<u>399,098</u>	<u>36,231,054</u>
Less accumulated depreciation:					
Site improvements	3,948,412	174,619	-	-	4,123,031
Buildings	10,196,795	442,037	-	-	10,638,832
Vehicles and equipment	5,308,886	421,407	(174,688)	-	5,555,605
Computer equipment	1,428,600	147,557	(43,501)	-	1,532,656
Leasehold improvements	<u>1,836</u>	<u>918</u>	<u>-</u>	<u>-</u>	<u>2,754</u>
	<u>20,884,529</u>	<u>1,186,538</u>	<u>(218,189)</u>	<u>-</u>	<u>21,852,878</u>
Total depreciable assets, net	<u>\$ 14,230,168</u>	<u>\$ (245,669)</u>	<u>\$ (5,421)</u>	<u>\$ 399,098</u>	<u>\$ 14,378,176</u>

There was no activity in the Foundation capital assets for the year ended June 30, 2007 other than depreciation expense of \$10,540.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2008 AND 2007

NOTE 6 ACCOUNTS PAYABLE

Accounts payable at June 30, 2008 and 2007, consist of the following:

District:	<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>
Accrued payroll and related liabilities	\$ 339,742	\$ 236,084
Construction payables	1,876,604	2,296,666
Interest payable	715,615	718,056
Other	<u>1,774,013</u>	<u>1,422,767</u>
Total	<u>\$ 4,705,974</u>	<u>\$ 4,673,573</u>

NOTE 7 SHORT-TERM DEBT

There was no short-term debt activity for the year ended June 30, 2008.

The District participated in the California Community College Financing Authority 2006 Tax and Revenue Anticipation Bond program, depositing the proceeds (to the extent of participation) in its general fund. Short-term debt is necessary for the District to maintain proper working cash levels.

Short-term debt activity for the year ended June 30, 2007 was as follows:

	<u>June 30, 2006</u>			<u>June 30, 2007</u>
	<u>Balance</u>	<u>Drawn</u>	<u>Repaid</u>	<u>Balance</u>
Participation in California Community College Financing Authority 2006 Tax and Revenue Anticipation Bonds	\$ _____ -	\$ <u>2,705,000</u>	\$ <u>(2,705,000)</u>	\$ _____ -

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2008 AND 2007

NOTE 8 LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2008:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Long-term Debt:				
Revenue bonds	\$ 5,900,000	\$ 3,845,000	\$ (95,000)	\$ 9,650,000
General obligation bonds	<u>33,486,291</u>	<u>-</u>	<u>(304,863)</u>	<u>33,181,428</u>
Total	<u>\$ 39,386,291</u>	<u>\$ 3,845,000</u>	<u>\$ (399,863)</u>	<u>\$ 42,831,428</u>
Other Long-term Liabilities:				
Compensated absences	<u>\$ 1,010,794</u>	<u>\$ 108,534</u>	<u>\$ -</u>	<u>\$ 1,119,328</u>
Early retirement incentive program	<u>\$ 641,936</u>	<u>\$ -</u>	<u>\$ (108,010)</u>	<u>\$ 533,926</u>

The following is a summary of changes in long-term liabilities for the year ended June 30, 2007:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Long-term Debt:				
Revenue bonds	\$ 5,990,000	\$ -	\$ (90,000)	\$ 5,900,000
General obligation bonds	<u>33,841,155</u>	<u>-</u>	<u>(354,864)</u>	<u>33,486,291</u>
Total	<u>\$ 39,831,155</u>	<u>\$ -</u>	<u>\$ (444,864)</u>	<u>\$ 39,386,291</u>
Other Long-term Liabilities:				
Compensated absences	<u>\$ 880,461</u>	<u>\$ 130,333</u>	<u>\$ -</u>	<u>\$ 1,010,794</u>
Early retirement incentive program	<u>\$ 749,947</u>	<u>\$ -</u>	<u>\$ (108,011)</u>	<u>\$ 641,936</u>

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2008 AND 2007

NOTE 8 LONG-TERM LIABILITIES

Long-term debt consists of the following individual debt issues at June 30, 2008 and 2007:

	June 30,	
	2008	2007
<b>BONDS</b>		
<u>Revenue Bonds</u>		
2001 Lease Revenue Bonds Series 2001A, issued by California Community College Financing Authority. The District participated in this financing in the original amount of \$6,270,000. Final maturity 2031. Interest rate 3.25% to 5.625%.	\$ 5,805,000	\$ 5,900,000
2008 Lease Revenue Bond Series 2008A, issued by California Community College Financing Authority. The District participated in this financing in the original amount of \$3,845,000. Final maturity 2028. Interest rate 3.5% to 5.0%.	3,845,000	-
Total revenue bonds	9,650,000	5,900,000
<u>General Obligation Bonds</u>		
1966 Issue - Series B in the original amount of \$4,000,000. Final maturity 1991 (see below). Interest rates 3.3% to 4.75%.	25,000	25,000
2002 General Obligation Bonds Series 2002A, issued in the original amount of \$11,000,000. Final maturity 2028. Interest rate 3.00% to 5.375%.	8,950,000	9,200,000
2002 General Obligation Bonds Series 2002B, issued in the original amount of \$23,000,000. Final maturity 2031. Interest rate 4.00% to 5.25%.	23,000,000	23,000,000
Total general obligation bonds	31,975,000	32,225,000
Premium on 2002 general obligation bonds – Series A	223,130	234,771
Premium on 2002 general obligation bonds – Series B	983,298	1,026,520
Net general obligation bonds	33,181,428	33,486,291
Total long-term debt	42,831,428	39,386,291
Less current portion	944,864	424,863
Total long-term debt, noncurrent portion	\$ 41,886,564	\$ 38,961,428



SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2008 AND 2007

NOTE 8 LONG-TERM LIABILITIES

The 1966 Issue – Series B General Obligation Bonds were issued under the old Shasta Joint Junior College District. The Shasta-Tehama-Trinity Joint Community College District is the successor district and is obligated to service the bonded debt of the old district. The Series B Bonds matured in 1991 but were not redeemed in the amount of \$25,000. The liability for the unredeemed balances has been reflected in the summary of principal amounts due for the year ended June 30, 2008.

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

Year Ended June 30,	Bonds			Bond Premium	Total
	Principal	Interest	Total		
2009	\$ 890,000	\$ 1,971,599	\$ 2,861,599	\$ 54,864	\$ 2,916,463
2010	990,000	1,951,571	2,941,571	54,863	2,996,434
2011	1,150,000	1,913,021	3,063,021	54,863	3,117,884
2012	1,290,000	1,864,471	3,154,471	54,863	3,209,334
2013	1,465,000	1,807,784	3,272,784	54,863	3,327,647
2014 – 2018	4,860,000	8,400,531	13,260,531	274,317	13,534,848
2019 – 2023	8,095,000	6,937,480	15,032,480	274,317	15,306,797
2024 – 2028	13,110,000	4,309,749	17,419,749	264,616	17,684,365
2029 – 2031	<u>9,775,000</u>	<u>801,456</u>	<u>10,576,456</u>	<u>118,862</u>	<u>10,695,318</u>
Total	\$ <u>41,625,000</u>	\$ <u>29,957,662</u>	71,582,662	1,206,428	72,789,090
Less interest			<u>29,957,662</u>	-	<u>29,957,662</u>
Net principal			\$ <u>41,625,000</u>	\$ <u>1,206,428</u>	\$ <u>42,831,428</u>

Other long-term liabilities at June 30, 2008 includes the following liabilities which have required principal payments:

Early Retirement Incentive Program	June 30,	
	2008	2007
In 2005, the District offered early retirement benefits to select employees. The outstanding liability for the nineteen employees who accepted the offer was \$857,958, payable in eight equal payments ending in 2013. The interest rate is 8%.	\$ 533,926	\$ 641,936
Less current portion	<u>107,245</u>	<u>107,245</u>
Early retirement incentive program, noncurrent portion	\$ <u>426,681</u>	\$ <u>534,691</u>

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2008 AND 2007

NOTE 8 LONG-TERM LIABILITIES

The annual principal payment requirements on the Early Retirement Incentive Program liability are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2009	\$ 107,245
2010	107,245
2011	107,245
2012	107,245
2013	<u>104,946</u>
Total	<u>\$ 533,926</u>

NOTE 9 OPERATING LEASES

The District leases office and classroom facilities and other equipment under noncancelable operating leases. Total costs for such leases were \$550,833 and \$538,859 for the years ended June 30, 2008 and 2007, respectively.

The future minimum lease payments as of June 30, 2008, are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2009	\$ 150,357
2010	120,849
2011	117,046
2012	<u>24,048</u>
Total	<u>\$ 412,300</u>

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 10 PENSION PLANS

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

A. Plan Descriptions and Provisions

1. *State Teachers' Retirement System (STRS)*

All certificated employees and those employees meeting minimum standards adopted by the Board of Governors of the California Community Colleges and employed 50 percent or more in a full-time equivalent position participate in the Defined Benefit Plan (DB Plan). Part-time educators hired under a contract of less than 50 percent or on an hourly or daily basis without contract may elect membership in the Cash Balance Benefit Program (CB Benefit Program). Since January 1, 1999, both of these plans have been part of the State Teachers' Retirement Plan (STRP), a cost-sharing, multiple-employer contributory public employee retirement system. The State Teachers' Retirement Law (Part 13 of the *California Education Code*, Section 22000 et seq.) established benefit provisions for STRS. Copies of the STRS annual financial report may be obtained from the STRS Executive Office, 7667 Folsom Boulevard, Sacramento, California 95851.

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

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 10 PENSION PLANS

A. Plan Descriptions and Provisions

1. *State Teachers' Retirement System (STRS)*

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

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

At June 30, 2008 and 2007, the District employed 321 and 294, certificated employees with a total annual payroll of \$19,061,683 and \$16,879,191, respectively.

2. *California Public Employees' Retirement System (CalPERS)*

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

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 10 PENSION PLANS

A. Plan Descriptions and Provisions

2. *California Public Employees' Retirement System (CalPERS)*

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

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

B. Funding Policy

STRS: Active plan members are required to contribute 8.0% of their gross salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Board based upon recommendations made by the consulting actuary. The required employer contribution rate for the fiscal years ended June 30, 2008 and 2007, were 8.25% of annual payroll. The contribution requirements of the plan members are established by State statutes.

CalPERS: Active plan members are required to contribute 7.0% of their salary (7.0% of monthly salary over \$133.33 if the member participates in Social Security) and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal years ended June 30, 2008 and 2007, were 9.306% and 9.124% of annual payroll. The contribution requirements of the plan members are established by State statutes.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2008 AND 2007

NOTE 10 PENSION PLANS

B. Funding Policy

The District's required contributions for the last three years are as follows:

	<u>Year Ended June 30,</u>		
	<u>2006</u>	<u>2007</u>	<u>2008</u>
STRS	\$ 1,119,882	\$ 1,181,251	\$ 1,352,540
PERS	<u>721,209</u>	<u>793,236</u>	<u>893,198</u>
Total	<u>\$ 1,841,091</u>	<u>\$ 1,974,487</u>	<u>\$ 2,245,738</u>

All contributions were made in accordance with actuarially determined requirements and equal 100% of the required contribution for each year.

NOTE 11 STATE AND FEDERAL ALLOWANCES, AWARDS, AND GRANTS

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

NOTE 12 RISK MANAGEMENT

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

Coverage includes property, liability and workers' compensation insurance. Liability losses in excess of the District's \$5,000 retention amount are covered up to \$5,000,000 per occurrence. Coverage above the \$5,000,000 level up to \$15,000,000 is arranged independently for each member through the Schools Excess Liability Fund (SELF). Property losses in excess of the District's \$10,000 retention amount are covered up to \$5,000,000 per occurrence. Coverage above the \$5,000,000 level up to \$250,000,000 is arranged independently for each member through the Schools Association for Excess Risk (SAFER). There has been no significant reduction in any of the insurance coverages from prior year. Settled claims resulting from these programs have not exceeded insurance coverage in each of the past three fiscal years.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 12 RISK MANAGEMENT

The District is a member of the Northern California Community College Self Insurance Authority (NCCC). NCCC provides full workers' compensation insurance coverage for the District up to the statutory limits.

The District is also a member of the Shasta-Trinity Schools Insurance Group (Group), a Joint Powers Authority. The Group provides a risk-sharing plan for employee health benefits consisting of medical, dental and vision. Medical, dental and vision claims are self-insured.

NOTE 13 POST-RETIREMENT HEALTH CARE

The District provides certain health care benefits for retired salaried employees. The District's salaried employees may become eligible for those benefits if they reach normal retirement age while working for the District. Those and similar benefits for active employees are covered as described in Note 10. The District recognizes the cost of providing these benefits on the cash basis. On June 30, 2008 and 2007, 204 and 196 employees were eligible to receive those benefits. The amount of benefit expenses recognized during the years ended June 30, 2008 and 2007 for retired employees was \$1,525,728 and \$1,407,602, respectively.

In addition, the District paid \$287,984 and \$808,883 during the years ended June 30, 2008 and 2007, respectively, to an irrevocable trust established through the District's membership in The Retiree Health Benefit Program Joint Powers Agency. These payments have been made in anticipation of the District adopting GASB No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, no later than the year ended June 30, 2009.

As of the date of these financial statements, management was progressing toward the determination of the actuarial liability related to these benefits.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2008 AND 2007

NOTE 14 FUNCTIONAL EXPENSES

The following represents the functional presentation of total operating expenses of the District. The District allocates expenses to function based on departments as provided for in the *California Community College Budget and Accounting Manual*.

The functional expenses classifications for the year ended June 30, 2008 is as follows:

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Supplies Materials and Other Expenses and Services</u>	<u>Depreciation and Amortization</u>	<u>Total</u>
Instructional activities	\$ 15,360,384	\$ 4,353,096	\$ 1,665,072	\$ -	\$ 21,378,552
Academic support	3,291,448	1,143,375	787,694	-	5,222,517
Student services	4,088,201	1,314,040	1,068,189	-	6,470,430
Plant operations and maintenance	1,643,189	693,321	1,530,807	-	3,867,317
Institutional support services	3,459,381	1,867,543	1,758,710	-	7,085,634
Community services and economic development	645,172	189,922	719,816	-	1,554,910
Ancillary services and auxiliary operations	1,512,234	530,922	2,121,131	-	4,164,287
Student aid	-	-	7,979,412	-	7,979,412
Physical property and related acquisitions	-	-	500,762	-	500,762
Depreciation and amortization expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,586,429</u>	<u>1,586,429</u>
Total	<u>\$ 30,000,009</u>	<u>\$ 10,092,219</u>	<u>\$ 18,131,593</u>	<u>\$ 1,586,429</u>	<u>\$ 59,810,250</u>



SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2008 AND 2007

NOTE 14 FUNCTIONAL EXPENSES

The functional expenses classifications for the year ended June 30, 2007 is as follows:

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Supplies Materials and Other Expenses and Services</u>	<u>Depreciation and Amortization</u>	<u>Total</u>
Instructional activities	\$ 14,246,992	\$ 4,440,770	\$ 1,769,326	\$ -	\$ 20,457,088
Academic support	2,832,955	960,022	890,548	-	4,683,525
Student services	3,642,041	1,141,219	1,241,559	-	6,024,819
Plant operations and maintenance	1,550,951	651,056	1,489,218	-	3,691,225
Institutional support services	2,925,802	1,899,468	1,968,700	-	6,793,970
Community services and economic development	422,499	108,262	441,543	-	972,304
Ancillary services and auxiliary operations	1,403,073	478,237	1,712,570	-	3,593,880
Student aid	-	-	6,885,571	-	6,885,571
Physical property and related acquisitions	2,654	-	48,423	-	51,077
Depreciation and amortization expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,214,485</u>	<u>1,214,485</u>
Total	<u>\$ 27,026,967</u>	<u>\$ 9,679,034</u>	<u>\$ 16,447,458</u>	<u>\$ 1,214,485</u>	<u>\$ 54,367,944</u>

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 15 COMMITMENTS

As of June 30, 2008, the District had unfinished construction contracts under the following project categories:

Federal, state and locally funded construction projects	\$ 10,144,524
Measure A Bond construction project	<u>6,473,382</u>
	\$ <u>16,617,906</u>

In addition, the District has entered into a lease agreement with the Foundation for the lease of a portable building. The lease term is 10 years and the total lease payments will be \$60,000. The lease commenced in August 2004.

NOTE 16 FOUNDATION – BENEFICIAL INTEREST IN CHARITABLE REMAINDER ANNUITY TRUSTS

Charitable remainder trusts provide for the payment of distributions to designated beneficiaries over the trust terms. At the end of the trust term, the remaining assets are available for the beneficiaries' use, subject to any donor-imposed restrictions. Assets held in charitable remainder trusts are reported at fair value in the Foundation's statement of financial position. Changes in fair value of charitable remainder trusts are reflected as changes in temporarily restricted net assets in the Foundation's statement of activities. On an annual basis, the Foundation reviews the need to revalue the assets as well as the liability to make distributions to the designated beneficiaries.

The Foundation has been named as the irrevocable remainder beneficiary of a charitable remainder annuity trust (the trust is administered by the trustees). At June 30, 2008, the present value of the future benefits was calculated using a discount rate of 5.0%, and an estimated rate of return of 5.0%.

The Foundation purchased the property held in the trust in May of 2001, subject to a deed of trust. The purchase price was \$400,000, with monthly payments of \$1,896 per month, including interest at 5.0%. The trust will terminate after ten years, and all principal and interest in the trust will be distributed to the Foundation. As of June 30, 2008, the balance of the note was \$376,684.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2008 AND 2007

NOTE 17 INVESTMENT INCOME – FOUNDATION

A summary of return on investments consists of the following for the years ended June 30, 2008 and 2007, respectively:

	<u>2008</u>	<u>2007</u>
Interest and dividends	\$ 70,429	\$ 64,767
Net realized and unrealized gain (loss)	<u>(110,903)</u>	<u>127,800</u>
Total investment income (loss)	\$ <u>(40,474)</u>	\$ <u>192,567</u>

Such amounts are presented in the statement of activities as follows:

Investment income (loss) – unrestricted	\$ (40,474)	\$ 191,116
Investment income – temporarily restricted	<u>-</u>	<u>1,451</u>
Total investment income (loss)	\$ <u>(40,474)</u>	\$ <u>192,567</u>

NOTE 18 TEMPORARILY RESTRICTED NET ASSETS – FOUNDATION

Temporarily restricted net assets are available for the following purposes:

	<u>2008</u>	<u>2007</u>
Dental programs	\$ 293,490	\$ 333,150
Scholarships	68,919	73,162
Other programs	<u>369,859</u>	<u>447,992</u>
Total	\$ <u>732,268</u>	\$ <u>854,304</u>

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SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 ORGANIZATION  
 JUNE 30, 2008

BOARD OF TRUSTEES

<u>Name</u>	<u>Office</u>	<u>Area</u>	<u>Term Expires</u>
Mrs. Victoria P. McArthur	Member	A	December 2011
Mr. Kendall S. Pierson	Member	B	December 2009
Mr. Scott J. Swendiman	Member	C	December 2011
Mrs. Judi D. Beck	Member	D	December 2011
Mrs. Rayola B. Pratt	Clerk	E	December 2011
Mr. Harold J. Lucas	Vice President	F	December 2009
Mrs. Patricia A. Hunn	President	G	December 2009

ADMINISTRATION

<u>NAME</u>	<u>Office</u>
Mr. Gary A. Lewis	District Superintendent/President
Dr. William Cochran	Vice President for Academic Affairs
Mr. Joe Wyse	Vice President of Administrative Services
Dr. Luz Ortega	Vice President of Student Services and Cultural Diversity Programs

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Disbursements/ Expenditures
<u>FEDERAL EXPENDITURES:</u>		
<u>Department of Interior:</u>		
Indian Self-Determination Contract Support	15.024	\$ 24,437
Total Department of Interior		<u>24,437</u>
<u>Department of Veterans Affairs:</u>		
All-Volunteer Force Educational Assistance	64.124	2,460
Total Department of Veterans Affairs		<u>2,460</u>
<u>Department of Education:</u>		
Federal Supplemental Educational Opportunity Grants	84.007	365,201
Federal Family Education Loans	84.032	-
Federal Work-Study Program	84.033	146,029
TRIO - Student Support Services	84.042	271,886
TRIO - Talent Search	84.044	192,847
TRIO - Upward Bound	84.047	96,673
Passed through State Department of Education - Vocational Education - Basic Grants to States	84.048	277,276
Federal Pell Grant Program	84.063	5,973,324
Bilingual Education - Professional Development	84.195	25,530
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP)	84.334	1,293,166
Academic Competitiveness Grant	84.375	45,635
Total Department of Education		<u>8,687,567</u>
<u>Department of Health and Human Services:</u>		
Passed through State Department of Education - Administration for Children and Families - Temporary Assistance for Needy Families (TANF)	93.558	106,902
Total Department of Health and Human Services		<u>106,902</u>
<u>Corporation for National Service:</u>		
Learn and Serve America - Higher Education	94.005	74,301
Total Corporation for National Service		<u>74,301</u>
Total Federal Expenditures		<u>\$ 8,895,667</u>

The accompanying notes to the supplementary information are an  
 integral part of this supplementary information.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF STATE FINANCIAL AWARDS  
 YEAR ENDED JUNE 30, 2008

Description	Program Revenues			Total	Total Program Expenditures
	Cash Received	Increase (Decrease) Accounts Receivable	(Increase) Decrease in Deferred Income		
Extended Opportunity Programs and Services	\$ 1,200,982	\$ -	\$ 9,913	\$ 1,210,895	\$ 1,210,895
CalGrant	732,850	-	(2,764)	730,086	730,086
Disabled Students Programs and Services	788,502	-	-	788,502	788,502
CalWorks	526,023	(4,057)	-	521,966	521,966
Student Financial Aid Administration	354,023	-	-	354,023	354,023
Matriculation	492,689	-	-	492,689	492,689
Foster Parent	75,567	108,210	-	183,777	183,777
EWD Hospitality	296,438	-	62,849	359,287	359,287
Cooperative Agency Resources Education	112,514	-	18,753	131,267	131,267
SIEF	145,353	-	19,114	164,467	164,467
Small Business Development Center	90,157	45,254	-	135,411	135,411
All other categorical	1,099,182	-	(103,780)	995,402	995,402
	<u>\$ 5,914,280</u>	<u>\$ 149,407</u>	<u>\$ 4,085</u>	<u>\$ 6,067,772</u>	<u>\$ 6,067,772</u>

The accompanying notes to the supplementary information are an integral part of this supplementary information.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF WORKLOAD MEASURES FOR  
 STATE GENERAL APPORTIONMENT  
 ANNUALIZED ATTENDANCE AS OF JUNE 30, 2008

Categories	Reported Data	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2007 Only)			
1. Noncredit	27.26		27.26
2. Credit	44.79		44.79
B. Summer Intersession (Summer 2008 Prior to July 1, 2008)			
1. Noncredit	-		-
2. Credit	434.98		434.98
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	5,282.51		5,282.51
(b) Daily Census Contact Hours	404.20		404.20
2. Actual Hours of Attendance Procedures Courses			
(a) Noncredit	384.64		384.64
(b) Credit	179.01		179.01
3. Independent Study/Work Experience Education Courses			
(a) Weekly Census Procedure Courses	633.48		633.48
(b) Daily Census Procedure Courses	171.28		171.28
(c) Noncredit Independent Study/Distance Education Courses	-		-
D. Total FTES	<u>7,562.15</u>		<u>7,562.15</u>
Supplemental Information (Subset of above information)			
E. In-Service Training Courses (FTES)	6.90		6.90
H. Basic Skills Courses and Immigrant Education			
1. Noncredit	59.42		59.42
2. Credit	41.35		41.35

The accompanying notes to the supplementary information  
 are an integral part of this supplementary information.



SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL  
 AND BUDGET REPORT (CCFS-311)  
 WITH DISTRICT ACCOUNTING RECORDS

YEAR ENDED JUNE 30, 2008

	General Fund	2002 Revenue Bond and Bond Interest and Redemption Funds	Lease Revenue Bond Interest and Redemption Funds	Revenue Operations and Repair and Replacement Funds	Auxiliary and Parking Improvement Funds
June 30, 2008 Annual Financial and Budget Report (CCFS-311) Fund Balance	<u>\$ 6,835,078</u>	<u>\$ 2,068,024</u>	<u>\$ 485,908</u>	<u>\$ 753,101</u>	<u>\$ 1,144,180</u>
Adjustment and reclassifications increasing (decreasing) the fund balance:					
Audit adjustments	(157,664)		-		-
Reclassification of Auxiliary Fund for financial statement purposes	443,822	-	-	-	(443,822)
Reclassification to Amounts held for Others	-	-	-	-	-
Rounding	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net adjustments and reclassifications	<u>286,158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(443,822)</u>
June 30, 2008 District Accounting Records Fund Balance	<u>\$ 7,121,236</u>	<u>\$ 2,068,024</u>	<u>\$ 485,908</u>	<u>\$ 753,101</u>	<u>\$ 700,358</u>

The accompanying notes to the supplementary information are an  
 integral part of this supplementary information.

Capital Outlay and General Obligation Bond Projects Funds	Lease Revenue Bond Construction Fund	Classified B.U.M. Benefit Fund	Student Financial Aid Fund	Associated Students Trust Fund	Scholarship and Loan Trust Fund	Trustees Investment Trust Fund
<u>\$ 10,320,595</u>	<u>\$ 3,044,944</u>	<u>\$ 1,203,635</u>	<u>\$ 2,388</u>	<u>\$ 92,751</u>	<u>\$ 204,115</u>	<u>\$ 2,883,897</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	(92,751)	(204,115)	(2,883,897)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(92,751)</u>	<u>(204,115)</u>	<u>(2,883,897)</u>
<u>\$ 10,320,595</u>	<u>\$ 3,044,944</u>	<u>\$ 1,203,635</u>	<u>\$ 2,388</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 COMBINING BALANCE SHEET - DISTRICT FUNDS  
 INCLUDED IN THE REPORTING ENTITY

JUNE 30, 2008

	General	Bond Interest and Redemption Fund	2002 Revenue Bond Interest and Redemption Fund	Lease Revenue Bond Interest and Redemption Fund
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 5,022,043	\$ -	\$ -	\$ -
Restricted cash	408,871	-	-	-
Accounts receivable	5,223,286	-	85,415	5
Prepaid expenses	62,663	-	-	-
Due from other funds	386,717	-	-	-
<b>Total current assets</b>	<u>11,103,580</u>	<u>-</u>	<u>85,415</u>	<u>5</u>
<b>Noncurrent assets:</b>				
Restricted cash	-	25,177	1,957,432	956
Restricted investments	-	-	-	484,947
<b>Total noncurrent assets</b>	<u>-</u>	<u>25,177</u>	<u>1,957,432</u>	<u>485,903</u>
<b>Total assets</b>	<u>\$ 11,103,580</u>	<u>\$ 25,177</u>	<u>\$ 2,042,847</u>	<u>\$ 485,908</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,953,324	\$ -	\$ -	\$ -
Deferred revenue	1,823,967	-	-	-
Compensated absences, current portion	64,146	-	-	-
Due to other funds	140,907	-	-	-
Amounts held for others	-	-	-	-
<b>Total liabilities</b>	<u>3,982,344</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND EQUITY:</b>				
Fund balances:				
Reserved for debt service	-	25,177	-	-
Reserved for equipment replacement and repairs	-	-	-	-
Reserved for revenue bond retirement	-	-	2,042,847	485,908
Reserved for special purposes	443,822	-	-	-
Unreserved:				
Undesignated	6,677,414	-	-	-
<b>Total fund equity</b>	<u>7,121,236</u>	<u>25,177</u>	<u>2,042,847</u>	<u>485,908</u>
<b>Total liabilities and fund equity</b>	<u>\$ 11,103,580</u>	<u>\$ 25,177</u>	<u>\$ 2,042,847</u>	<u>\$ 485,908</u>

The accompanying notes to the supplementary information are an  
 integral part of this supplementary information.

Revenue Operations Fund	Repair and Replacement Fund	Parking Improvement Fund	Capital Outlay Projects Fund	Lease Revenue Bond Construction Fund	General Obligation Bond Projects Fund	Classified B.U.M. Benefit Fund	Associated Students Trust
\$ 968,946	\$ 79,273	\$ 664,285	\$ -	\$ -	\$ -	\$ 1,196,889	\$ -
-	-	-	-	-	-	-	-
36,376	438	3,755	166,463	1,146	74,759	6,746	483
-	-	-	-	-	56,438	-	-
17,439	5,250	46,474	378,657	-	158,868	-	5,288
<u>1,022,761</u>	<u>84,961</u>	<u>714,514</u>	<u>545,120</u>	<u>1,146</u>	<u>290,065</u>	<u>1,203,635</u>	<u>5,771</u>
-	-	-	580,238	3,486,658	10,906,856	-	104,149
-	-	-	-	-	-	-	-
-	-	-	580,238	3,486,658	10,906,856	-	104,149
<u>\$ 1,022,761</u>	<u>\$ 84,961</u>	<u>\$ 714,514</u>	<u>\$ 1,125,358</u>	<u>\$ 3,487,804</u>	<u>\$ 11,196,921</u>	<u>\$ 1,203,635</u>	<u>\$ 109,920</u>
\$ 54,159	\$ -	\$ 14,156	\$ 718,897	\$ 64,460	\$ 1,157,707	\$ -	\$ 12,540
85,602	-	-	-	-	-	-	1,500
-	-	-	-	-	-	-	-
214,860	-	-	125,080	378,400	-	-	3,129
-	-	-	-	-	-	-	92,751
<u>354,621</u>	<u>-</u>	<u>14,156</u>	<u>843,977</u>	<u>442,860</u>	<u>1,157,707</u>	<u>-</u>	<u>109,920</u>
-	-	-	-	-	-	-	-
-	84,961	-	-	-	-	-	-
-	-	-	-	-	-	-	-
668,140	-	700,358	281,381	3,044,944	10,039,214	1,203,635	-
-	-	-	-	-	-	-	-
<u>668,140</u>	<u>84,961</u>	<u>700,358</u>	<u>281,381</u>	<u>3,044,944</u>	<u>10,039,214</u>	<u>1,203,635</u>	<u>-</u>
<u>\$ 1,022,761</u>	<u>\$ 84,961</u>	<u>\$ 714,514</u>	<u>\$ 1,125,358</u>	<u>\$ 3,487,804</u>	<u>\$ 11,196,921</u>	<u>\$ 1,203,635</u>	<u>\$ 109,920</u>

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 COMBINING BALANCE SHEET - DISTRICT FUNDS  
 INCLUDED IN THE REPORTING ENTITY

JUNE 30, 2008

	Student Financial Aid Fund	Scholarship and Loan Trust	Trustee Investment Trust	Total
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 7,931,436
Restricted cash	-	-	-	408,871
Accounts receivable	21,399	(589)	53,759	5,673,441
Prepaid expenses	-	-	-	119,101
Due from other funds	11,396	20	-	1,010,109
<b>Total current assets</b>	<b>32,795</b>	<b>(569)</b>	<b>53,759</b>	<b>15,142,958</b>
<b>Noncurrent assets:</b>				
Restricted cash	107,532	229,594	161,866	17,560,458
Restricted investments	-	-	2,685,849	3,170,796
<b>Total noncurrent assets</b>	<b>107,532</b>	<b>229,594</b>	<b>2,847,715</b>	<b>20,731,254</b>
<b>Total assets</b>	<b>\$ 140,327</b>	<b>\$ 229,025</b>	<b>\$ 2,901,474</b>	<b>\$ 35,874,212</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 4,703	\$ 10,413	\$ -	\$ 3,990,359
Deferred revenue	-	-	-	1,911,069
Compensated absences, current portion	-	-	-	64,146
Due to other funds	133,236	14,497	-	1,010,109
Amounts held for others	-	204,115	2,901,474	3,198,340
<b>Total liabilities</b>	<b>137,939</b>	<b>229,025</b>	<b>2,901,474</b>	<b>10,174,023</b>
<b>FUND EQUITY:</b>				
Fund balances:				
Reserved for debt service	-	-	-	25,177
Reserved for equipment replacement and repairs	-	-	-	84,961
Reserved for revenue bond retirement	-	-	-	2,528,755
Reserved for special purposes	2,388	-	-	16,383,882
Unreserved:				
Undesignated	-	-	-	6,677,414
<b>Total fund equity</b>	<b>2,388</b>	<b>-</b>	<b>-</b>	<b>25,700,189</b>
<b>Total liabilities and fund equity</b>	<b>\$ 140,327</b>	<b>\$ 229,025</b>	<b>\$ 2,901,474</b>	<b>\$ 35,874,212</b>

The accompanying notes to the supplementary information are an integral part of this supplementary information.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES/EXPENSES  
 AND CHANGES IN FUND EQUITY - DISTRICT FUNDS  
 INCLUDED IN THE REPORTING ENTITY

YEAR ENDED JUNE 30, 2008

	General	Bond Interest and Redemption Fund	2002 Revenue Bond Interest and Redemption Fund	Lease Revenue Bond Interest and Redemption Fund
<b>OPERATING REVENUES</b>				
Tuition and fees	\$ 6,621,354	\$ -	\$ -	\$ -
Less: scholarship discount and allowance	2,950,882	-	-	-
<b>Net tuition and fees</b>	3,670,472	-	-	-
Grants and contracts, non-capital:				
Federal	2,434,830	-	-	-
State	5,574,633	-	-	-
Local	638,566	-	-	-
Auxiliary enterprise sales and charges	52,844	-	-	-
<b>Total operating revenues</b>	12,371,345	-	-	-
<b>OPERATING EXPENDITURES/EXPENSES</b>				
Salaries	29,409,909	-	-	-
Employee benefits	9,907,027	-	-	-
Payments to students	750,576	-	-	-
Supplies, materials, and other operating expenditures/expenses and services	6,709,287	-	-	-
Capital outlay	989,103	-	-	-
Utilities	1,333,418	-	-	-
<b>Total operating expenditures/expenses</b>	49,099,320	-	-	-
<b>OPERATING INCOME (LOSS)</b>	(36,727,975)	-	-	-
<b>NON-OPERATING REVENUES (EXPENDITURES)</b>				
State apportionments, non-capital	21,833,179	-	-	-
Local property taxes	12,298,364	-	2,582,580	-
State taxes and other revenues	1,398,283	-	46,589	-
Federal other revenue	97,267	-	-	-
Investment income, non-capital	319,905	-	44,762	231
Investment income, capital	-	-	-	28,062
Cost of issuance	-	-	-	-
Interest expense - capital asset-related debt	-	-	(1,543,215)	(301,868)
Debt services	-	-	(250,000)	(95,000)
Other non-operating revenues	9,001	-	-	-
<b>Total non-operating revenues (expenditures)</b>	35,955,999	-	880,716	(368,575)

The accompanying notes to the supplementary information are an  
 integral part of this supplementary information.

Revenue Operations Fund	Repair and Replacement Fund	Parking Improvement Fund	Capital Outlay Projects Fund	Lease Revenue Bond Construction Fund	General Obligation Bond Projects Fund	Classified B.U.M. Benefit Fund	Associated Students Trust
\$ 780,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
780,250	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	130,000	-	-	-	-
33,561	-	-	134,800	-	-	-	-
893,246	-	-	-	-	-	-	-
1,707,057	-	-	264,800	-	-	-	-
481,567	-	-	-	-	-	-	-
185,192	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
372,218	-	2,228	203,899	3,717	352,064	-	-
14,778	3,122	30,567	2,973,585	683,065	4,090,331	-	-
140,000	-	-	-	-	-	-	-
1,193,755	3,122	32,795	3,177,484	686,782	4,442,395	-	-
513,302	(3,122)	(32,795)	(2,912,684)	(686,782)	(4,442,395)	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
53,471	3,028	30,215	53,680	1,638	-	54,844	-
-	-	-	-	-	586,705	-	-
-	-	-	-	(141,449)	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
38	-	-	-	-	-	-	-
53,509	3,028	30,215	53,680	(139,811)	586,705	54,844	-

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES/EXPENSES  
 AND CHANGES IN FUND EQUITY - DISTRICT FUNDS  
 INCLUDED IN THE REPORTING ENTITY

YEAR ENDED JUNE 30, 2008

	General	Bond Interest and Redemption Fund	2002 Revenue Bond Interest and Redemption Fund	Lease Revenue Bond Interest and Redemption Fund
<b>Income (loss) before other revenues and expenditures</b>	(771,976)	-	880,716	(368,575)
<b>OTHER REVENUES AND EXPENDITURES</b>				
State apportionments, capital	-	-	-	-
Local property taxes and revenues, capital	-	-	-	-
Grants and gifts, capital	-	-	-	-
<b>Excess of revenues over (under) expenditures</b>	<u>(771,976)</u>	<u>-</u>	<u>880,716</u>	<u>(368,575)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from long-term debt	-	-	-	-
Operating transfers in	72,525	-	-	735,327
Operating transfers out	<u>(361,846)</u>	<u>-</u>	<u>-</u>	<u>(366,826)</u>
<b>Total other financing sources (uses)</b>	<u>(289,321)</u>	<u>-</u>	<u>-</u>	<u>368,501</u>
<b>Excess of revenues and other financing sources over (under) expenditures and other financing uses</b>	(1,061,297)	-	880,716	(74)
<b>FUND EQUITY, BEGINNING OF YEAR</b>	<u>8,182,533</u>	<u>25,177</u>	<u>1,162,131</u>	<u>485,982</u>
<b>FUND EQUITY, END OF YEAR</b>	<u>\$ 7,121,236</u>	<u>\$ 25,177</u>	<u>\$ 2,042,847</u>	<u>\$ 485,908</u>

The accompanying notes to the supplementary information are an  
 integral part of this supplementary information.



Revenue Operations Fund	Repair and Replacement Reserve Fund	Parking Improvement Fund	Capital Outlay Projects Fund	Lease Revenue Bond Construction Fund	General Obligation Bond Projects Fund	Classified B.U.M. Benefit Fund	Associated Students Trust
566,811	(94)	(2,580)	(2,859,004)	(826,593)	(3,855,690)	54,844	-
-	-	-	70,483	-	-	-	-
-	-	-	139,256	-	-	-	-
-	-	-	-	-	-	-	-
<u>566,811</u>	<u>(94)</u>	<u>(2,580)</u>	<u>(2,649,265)</u>	<u>(826,593)</u>	<u>(3,855,690)</u>	<u>54,844</u>	<u>-</u>
-	-	-	-	3,845,000	-	-	-
-	21,000	46,474	975,673	-	-	-	-
<u>(1,038,110)</u>	<u>-</u>	<u>(34,271)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(72,524)</u>	<u>-</u>
<u>(1,038,110)</u>	<u>21,000</u>	<u>12,203</u>	<u>975,673</u>	<u>3,845,000</u>	<u>-</u>	<u>(72,524)</u>	<u>-</u>
(471,299)	20,906	9,623	(1,673,592)	3,018,407	(3,855,690)	(17,680)	-
<u>1,139,439</u>	<u>64,055</u>	<u>690,735</u>	<u>1,954,973</u>	<u>26,537</u>	<u>13,894,904</u>	<u>1,221,315</u>	<u>-</u>
<u>\$ 668,140</u>	<u>\$ 84,961</u>	<u>\$ 700,358</u>	<u>\$ 281,381</u>	<u>\$ 3,044,944</u>	<u>\$ 10,039,214</u>	<u>\$ 1,203,635</u>	<u>\$ -</u>

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES/EXPENSES  
 AND CHANGES IN FUND EQUITY - DISTRICT FUNDS  
 INCLUDED IN THE REPORTING ENTITY

YEAR ENDED JUNE 30, 2008

	Student Financial Aid Fund	Scholarship and Loan Trust	Trustee Investment Trust	Total
<b>OPERATING REVENUES</b>				
Tuition and fees	\$ -	\$ -	\$ -	\$ 7,401,604
Less: scholarship discount and allowance	-	-	-	2,950,882
<b>Net tuition and fees</b>	-	-	-	4,450,722
Grants and contracts, non-capital:				
Federal	6,452,168	-	-	8,886,998
State	770,082	-	-	6,474,715
Local	1,750	-	-	808,677
Auxiliary enterprise sales and charges	-	-	-	946,090
<b>Total operating revenues</b>	<b>7,224,000</b>	<b>-</b>	<b>-</b>	<b>21,567,202</b>
<b>OPERATING EXPENDITURES/EXPENSES</b>				
Salaries	-	-	-	29,891,476
Employee benefits	-	-	-	10,092,219
Payments to students	7,246,578	-	-	7,997,154
Supplies, materials, and other operating expenditures/expenses and services	-	-	-	7,643,413
Capital outlay	-	-	-	8,784,551
Utilities	-	-	-	1,473,418
<b>Total operating expenditures/expenses</b>	<b>7,246,578</b>	<b>-</b>	<b>-</b>	<b>65,882,231</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(22,578)</b>	<b>-</b>	<b>-</b>	<b>(44,315,029)</b>
<b>NON-OPERATING REVENUES (EXPENDITURES)</b>				
State apportionments, non-capital	-	-	-	21,833,179
Local property taxes	-	-	-	14,880,944
State taxes and other revenues	-	-	-	1,444,872
Federal other revenue	-	-	-	97,267
Investment income, non-capital	-	-	-	561,774
Investment income, capital	-	-	-	614,767
Cost of issuance	-	-	-	(141,449)
Interest expense - capital asset-related debt	-	-	-	(1,845,083)
Debt services	-	-	-	(345,000)
Other non-operating revenues	-	-	-	9,039
<b>Total non-operating revenues (expenditures)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,110,310</b>

The accompanying notes to the supplementary information are an  
 integral part of this supplementary information.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES/EXPENSES  
 AND CHANGES IN FUND EQUITY - DISTRICT FUNDS  
 INCLUDED IN THE REPORTING ENTITY

YEAR ENDED JUNE 30, 2008

	Student Financial Aid Fund	Scholarship and Loan Trust	Trustee Investment Trust	Total
<b>Income (loss) before other revenues and expenditures</b>	(22,578)	-	-	(7,204,719)
<b>OTHER REVENUES AND EXPENDITURES</b>				
State apportionments, capital	-	-	-	70,483
Local property taxes and revenues, capital	-	-	-	139,256
<b>Excess of revenues over (under) expenditures</b>	(22,578)	-	-	(6,994,980)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from long-term debt	-	-	-	3,845,000
Operating transfers in	22,578	-	-	1,873,577
Operating transfers out	-	-	-	(1,873,577)
<b>Total other financing sources (uses)</b>	22,578	-	-	3,845,000
<b>Excess of revenues and other financing sources over (under) expenditures and other financing uses</b>	-	-	-	(3,149,980)
<b>FUND EQUITY, BEGINNING OF YEAR</b>	2,388	-	-	28,850,169
<b>FUND EQUITY, END OF YEAR</b>	<u>\$ 2,388</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,700,189</u>

The accompanying notes to the supplementary information are an  
 integral part of this supplementary information.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 RECONCILIATION OF FUND EQUITY TO NET ASSETS  
 JUNE 30, 2008

Total Fund Equity - District Funds Included in the Reporting Entity		\$ 25,700,189
Assets recorded within the GASB 35 Statement of Net Assets not included in the District fund financial statements:		
Deferred costs		737,453
Nondepreciable capital assets		9,752,712
Capitalized assets	\$ 54,931,574	
Accumulated depreciation	<u>(23,193,379)</u>	31,738,195
Liabilities recorded within the GASB 35 Statement of Net Assets not recorded in the District fund financial statements:		
Accounts payable:		
Interest payable		(715,615)
Compensated absences	(1,055,182)	
Early retirement incentive program	(533,926)	
Long-term debt	<u>(42,831,428)</u>	<u>(44,420,536)</u>
Net assets reported within the GASB 35 Statement of Net Assets		<u><u>\$ 22,792,398</u></u>

The accompanying notes to the supplementary information are an integral part of this supplementary information.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 RECONCILIATION OF CHANGE IN FUND EQUITY  
 TO CHANGE IN NET ASSETS  
 YEAR ENDED JUNE 30, 2008

Total Net Change in Fund Equity - District Funds Included in the Reporting Entity	\$ (3,149,980)
Compensated absence expense increase reported within GASB 35 Statements	(108,534)
Depreciation expense reported within the GASB 35 Statements	(1,558,482)
Capital outlay expense not reported within the GASB 35 Statements	7,766,943
Loss on disposal of capital assets reported within the GASB 35 Statements	(8,910)
Amortization of bond issuance cost reported within the GASB 35 Statements	(27,947)
Amortization of bond premium reported within the GASB 35 Statements	54,863
Change in accrued interest expense on capital asset related debt reported within the GASB 35 Statements	2,441
Proceeds from long-term debt not reported within the GASB 35 Statements	(3,845,000)
Deferred costs of issuance not reported within the GASB 35 Statements	141,449
Principal payments on debt not reported within the GASB 35 Statements	<u>453,010</u>
Net change in net assets reported within the GASB 35 Statement of Revenues, Expenses, and Changes in Net Assets	<u><u>\$ (280,147)</u></u>

The accompanying notes to the supplementary information are an integral part of this supplementary information.

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SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2007

NOTE 1 PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The audit of the Shasta-Tehama-Trinity Joint Community College District for the year ended June 30, 2008 was conducted in accordance with OMB Circular A-133, which requires disclosure of the financial activities of all federally funded programs. To comply with A-133 the Schedule of Expenditures of Federal Awards was prepared for the Shasta-Tehama-Trinity Joint Community College District.

The schedule has been prepared on the accrual basis of accounting.

Schedule of Workload Measures for State General Apportionment

The Schedule of Workload Measures for State General Apportionment Annualized Attendance as of June 30, 2008, represents the basis of apportionment of the Shasta-Tehama-Trinity Joint Community College District's annual source of funding.

Reconciliation of Annual Financial and Budget Report (CCFS-311) with District Accounting Records

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

NOTE 2 FEDERAL FAMILY EDUCATIONAL LOAN PROGRAM

The District granted \$2,535,827 in loans under the Federal Family Education Loan Program for the year ended June 30, 2008.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2007

NOTE 3 COMBINING FINANCIAL STATEMENTS SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES

Basis of Accounting

The accompanying Combining Balance Sheet – District Funds Included in the Reporting Entity, Combining Statement of Revenues, Expenditures/Expenses, and Changes in Fund Equity – District Funds Included in the Reporting Entity are presented on the modified accrual basis of accounting with the exception of the Classified B.U.M. Benefit Fund and Retirees Benefit Fund, which are presented on the accrual basis of accounting consistent with the presentation in the entity-wide financial statements.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable" and "available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers property taxes available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Property taxes, franchise taxes, licenses, interest revenue and charges for services are susceptible to accrual. Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time.

The District reports deferred revenue on its combining balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.



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

Board of Trustees  
Shasta-Tehama-Trinity Joint  
Community College District  
Redding, California

We have audited the financial statements of the business-type activities and the discretely presented component unit of the Shasta-Tehama-Trinity Joint Community College District (District) as of and for the years ended June 30, 2008 and 2007 which collectively comprise the District's basic financial statements and have issued our report thereon dated November 5, 2008. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards prescribed by the State Department of Finance.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

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

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

*Nystrom & Company LLP*

November 5, 2008

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees  
Shasta-Tehama-Trinity Joint  
Community College District  
Redding, California

Compliance

We have audited the compliance of Shasta-Tehama-Trinity Joint Community College District (District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

### Internal Control Over Compliance

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

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

*Nystrom & Company LLP*

November 5, 2008

INDEPENDENT AUDITORS' REPORT  
ON STATE COMPLIANCE REQUIREMENTS

Board of Trustees  
Shasta-Tehama-Trinity Joint  
Community College District  
Redding, California

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Shasta-Tehama-Trinity Joint Community College District (District) as of and for the year ended June 30, 2008, and have issued our report thereon dated November 5, 2008.

Our audit was conducted 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the standards prescribed by the State Department of Finance and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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

ANNUAL COMPLIANCE FOCUS

General Directives Testing Structure

1. State General Apportionment Required Data Elements

Administration Testing Structure

1. Fiscal Operations – Salaries of Classroom Instructors: 50 Percent Law
2. Fiscal Operations – GANN Limit Calculation
3. Apportionments – Residency Determination for Credit Courses
4. Apportionments – Concurrent Enrollment of K-12 Students in Community College Credit Courses

5. Apportionments – Apportionment for Instructional Service Agreements/Contracts
6. Apportionments – Enrollment Fee
7. Apportionments – Students Actively Enrolled
8. Open Enrollment
9. Student Fee – Instructional Materials and Health Fees

#### Student Services Testing Structure

1. Matriculation – Uses of Matriculation Funds
2. CalWORKs – Use of State and Federal TANF Funding

#### Facilities Testing Structure

1. Scheduled Maintenance Program

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

Our audit was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2008.

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

*Nystrom & Company LLP*

November 5, 2008

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2008 AND 2007

**A. SUMMARY OF AUDITORS' RESULTS**

1. The Independent Auditors' Report expresses an unqualified opinion on the financial statements of the Shasta-Tehama-Trinity Joint Community College District.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Shasta-Tehama-Trinity Joint Community College District were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The independent auditors' report on compliance for the major federal award programs for the Shasta-Tehama-Trinity Joint Community College District expresses an unqualified opinion.
6. There are no audit findings relative to the major federal award programs for the Shasta-Tehama-Trinity Joint Community College District.
7. The programs tested as major programs include: 1) Federal Supplemental Educational Opportunity Grants Program (CFDA 84.007); Federal Family Education Loan Program (CFDA 84.032); Federal Work-Study Program (CFDA 84.033); Federal Pell Grant Program (CFDA 84.063) and Academic Competitiveness Grant (CFDA 84.375A). These programs together comprise the student financial aid "cluster" program as defined in the Compliance Supplement; 2) Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP) (CFDA 84.334).
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The Shasta-Tehama-Trinity Joint Community College District qualified as a low-risk auditee.

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT**

NONE



SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2008 AND 2007

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD  
PROGRAMS AUDIT**

Questioned  
Costs

NONE

**D. FINDINGS – STATE COMPLIANCE AUDIT**

NONE

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2008 AND 2007

**D. FINDINGS – STATE COMPLIANCE AUDIT**

**2007-1 – Students Actively Enrolled**

**Statement of Condition:** During our testing in the prior year we noted that there were two course sections (both in the Summer of 2006) of the twenty sections that we selected for testing where the census data per the instructor did not agree to the census data claimed in the 2005/2006 CCFS-320. This was due to the fact that the census reports were received from the instructors after the filing of the CCFS 320. Based on our audit, we noted that 5.83 FTES were incorrectly claimed for the Summer of 2006 due to the receipt of late census reports.

**Recommendation:** We recommended the District evaluate whether revised CCFS 320 should be filed in circumstances where the original report is filed prior to the receipt of all of the census reports.

**Status:** The District filed an amended CCFS 320 in the current year reflecting any changes to the original census information filed.