

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEARS ENDED JUNE 30, 2009 AND 2008

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
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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, 2009 and 2008, 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, 2009 and 2008, 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 16, 2009, 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 should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (MD&A) on pages 4 through 18 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 16, 2009



## 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 severe economic difficulties in the 2008-09 fiscal year. These economic conditions for California had a difficult and constant changing impact on the District in 2008-09.

The Proposition 98 funding for community colleges represented a 2.4% increase over 2007-08. This funding level failed to keep pace with the base-line cost increases. The community college budget initially included a cost-of-living increase of .68% on general purpose apportionments with no COLA or growth for categorical programs. Due to continued decline in state economic conditions, COLA was rescinded with the February state budget revisions.

Growth for the system was funded at 2.0% by the State for 2008-09. The District was recovering from a drop in enrollment for the previous years and was able to restore 217.68 FTES. This brought the District to full restoration. The District shifted all of the possible summer FTES to the 2009-10 year ending the fiscal year maximizing our FTES at full growth and restoration of 7935. Restoration funding for 2008-09 was approximately \$965,011. Growth funding for the fiscal year was \$688,706.

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Governing Board Members

Judi D. Beck    Patricia A. Hunn    Harold J. Lucas    Duane K. Miller    Kendall S. Pierson    Rayola B. Pratt    Scott J. Swendiman  
McArthur    Corning    Red Bluff    Anderson    Redding    Shasta    Redding

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Superintendent/President  
Gary A. Lewis

**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009**

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There was a 1.5% deficit applied system-wide in this fiscal year, which resulted in approximately \$578,000 reduction to the District's general apportionment.

The State allocated \$60,289 in one time funding in 2008-09 which was due to a settlement for prior litigation.

The District granted a 1.50% increase in salaries for teaching adjunct faculty.

The State's economic condition continued to deteriorate over the course of the fiscal year which put the District in a conservative mode for protection of our reserves. For this fiscal year due to adjustments to spending and enrollment restoration and growth, the District was able to eliminate the budgeted deficit of \$952,067 ending the year with a net income of \$780,205. Through these efforts the District was able to achieve a 17.9% reserve for contingencies in 2008-09 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, 2009 and 2008:

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

	<u>2009</u>	<u>2008</u>	<u>% Change</u>
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ 11,298,444	\$ 7,931,436	42.5%
Restricted cash	1,227,813	408,871	200.3%
Accounts receivable	11,608,156	5,673,441	104.6%
Prepaid expenses	808,691	114,595	605.7%
Inventory	<u>22,385</u>	<u>4,506</u>	396.8%
Total current assets	<u>24,965,489</u>	<u>14,132,849</u>	76.6%
Noncurrent assets:			
Restricted cash	17,094,470	17,560,458	-2.7%
Restricted investments	4,496,965	3,170,796	41.8%
Nondepreciable capital assets	23,880,174	9,752,712	144.9%
Depreciable capital assets, net	34,586,072	31,738,195	9.0%
Deferred costs, net	<u>1,253,219</u>	<u>737,453</u>	69.9%
Total noncurrent assets	<u>81,310,900</u>	<u>62,959,614</u>	29.1%
<b>Total Assets</b>	<u>\$ 106,276,389</u>	<u>\$ 77,092,463</u>	37.9%



**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009**

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	<u>2009</u>	<u>2008</u>	<u>% Change</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 4,207,349	\$ 4,705,974	-10.6%
Deferred revenue	3,099,747	1,911,069	62.2%
Short-term debt	3,850,000	-	100.0%
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	1,874,864	944,864	98.4%
Amounts held in trust for others	<u>3,498,201</u>	<u>3,198,340</u>	9.4%
Total current liabilities	<u>16,701,552</u>	<u>10,931,638</u>	52.8%
Noncurrent liabilities:			
Other post employment benefits obligation	91,070	-	100.0%
Compensated absences, noncurrent portion	1,111,146	1,055,182	5.3%
Golden Handshake, noncurrent portion	318,670	426,681	-25.3%
Long-term debt, noncurrent portion	<u>55,350,278</u>	<u>41,886,564</u>	32.1%
Total noncurrent liabilities	<u>56,871,164</u>	<u>43,368,427</u>	31.1%
<b>Total Liabilities</b>	<u>73,572,716</u>	<u>54,300,065</u>	35.5%
<b>Net Assets</b>			
Investments in capital assets, net of related debt	18,730,741	12,966,998	44.4%
Restricted - expendable	3,684,107	2,068,024	78.1%
Unrestricted	<u>10,288,825</u>	<u>7,757,376</u>	32.6%
<b>Total Net Assets</b>	<u>32,703,673</u>	<u>22,792,398</u>	43.5%
<b>Total Liabilities and Net Assets</b>	<u>\$ 106,276,389</u>	<u>\$ 77,092,463</u>	37.9%

Current cash and cash equivalents consist mainly of cash in the County Treasury. The District began the 2008-09 fiscal year with a healthy cash balance. The current year proved to have its own new challenges in managing cash due to new state deferrals of cash payments from one fiscal year to another. Due to the new deferrals and the uncertainty of the 2009-10 state budget, the District participated in a mid-year Tax Revenue Anticipation Note (TRAN). The ending cash balance at June 30, 2009 included \$3,850,000 in TRAN borrowing. With that considered, there was a small decrease in cash and cash equivalents at year-end.

Receivables include receivables from State and federal grants, students, as well as general apportionment earned but not received by year-end. In 2009, the State instituted new deferrals of apportionment funding. In addition to the previous June deferral, approximately 8% of January through April apportionment was deferred until July, 2009. These funds were earned and receivable in the 2008-09 fiscal year totaling \$3,738,436 at June 30, 2009. In addition, the State had postponed reimbursements for State-funded construction projects in December, 2008. At June 30, 2009 the District's receivable for construction of the Library Annex was \$4,012,714. These two items constitute most of the increase in receivables from the prior year.

Prepaid expenses increased slightly due to the District solar project that was in the early stages at June 30, 2009.

**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009**

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Restricted cash and cash equivalents consist mainly of amounts relating to the Bond Construction funds. This balance increased due to new lease revenue bonds issued in fiscal 2009 for the solar project and other energy and safety projects.

Inventory increased slightly due to recording inventory for food services that had not previously been recorded.

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

Accounts payable consist of payables due to vendors. There was a slight decrease 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 2009-10 fiscal year of \$941,092. The District obtained various new Career Technical Education and Economic Workforce and Development grants which resulted in increased deferred revenues.

Short-term debt consists of the mid-year TRAN borrowing as described earlier.

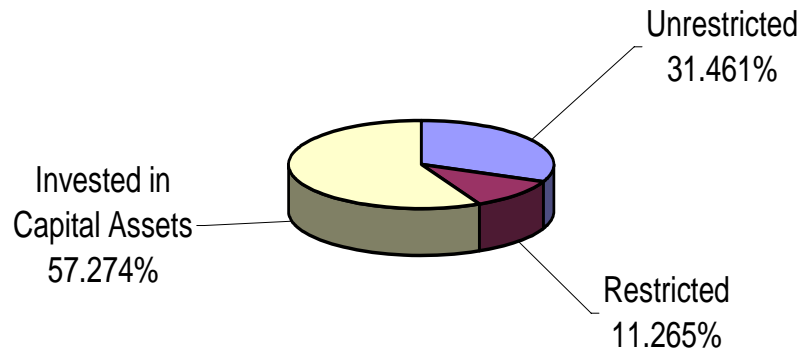
Long-term liabilities (non-current portion) are long-term debt to be paid in one year or later. Compensated absences payable of \$1,111,146 and bonds payable of \$55,350,278 are the two major components of the non-current portion. This reflects an increase in bonds payable due to the issuance of a new lease revenue bond, energy loan, and a slight increase in compensated absences payable. In addition, the current year is the first year of GASB 45 implementation resulting in a liability being recognized of \$91,070 for Other Post Employment Benefits (OPEB). This amount is the difference between what the actuarial-based estimate of our Annual Required Contribution (ARC) and actual contributions made for the fiscal year.

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, 2009**

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**NET ASSETS – JUNE 30, 2009**



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 and inventory	<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>	<u>\$ 77,092,463</u>	<u>\$ 73,350,113</u>	5.1%

**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009**

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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, 2009**

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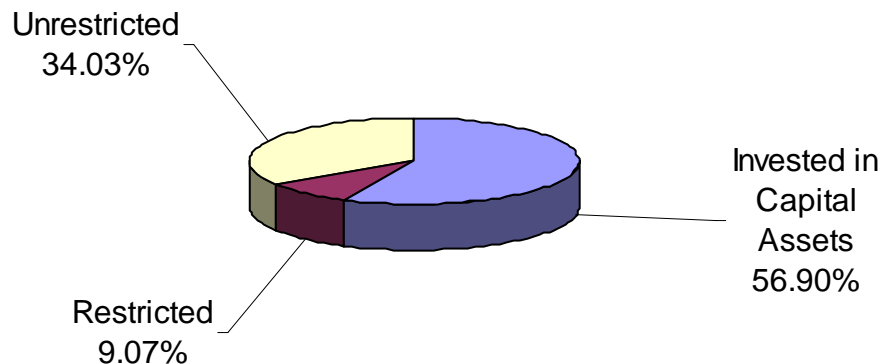
Accounts payable consist of payables due to vendors. There was a very slight increase in accounts payable for this fiscal year.

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, 2009**

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**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, 2009 and 2008:

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

	<u>2009</u>	<u>2008</u>	<u>% Change</u>
Operating revenues	\$ 24,915,948	\$ 21,437,202	16.2%
Operating expenses	<u>63,300,980</u>	<u>60,423,402</u>	4.8%
Operating Loss	(38,385,032)	(38,986,200)	-1.5%
Non-operating revenues and expenses	<u>39,400,455</u>	<u>38,366,314</u>	2.7%
Income Before Other Revenue and Expenses	1,015,423	(619,886)	263.8%
Other revenue and expenses	<u>8,895,852</u>	<u>339,739</u>	2518.4%
Increase in Net Assets	9,911,275	(280,147)	3637.9%
Net Assets - beginning of year	<u>22,792,398</u>	<u>23,072,545</u>	-1.2%
Net Assets - end of year	\$ <u><u>32,703,673</u></u>	\$ <u><u>22,792,398</u></u>	43.5%

Net tuition and fees were \$6,375,113, less Board of Governor tuition waivers of \$1,743,040. This includes enrollment fees, non-resident tuitions, and other student fees. Regular enrollment fees stayed at \$20 per unit for 2009. 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 \$463,929 and dorm fees were \$383,515 for 2008-09.

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

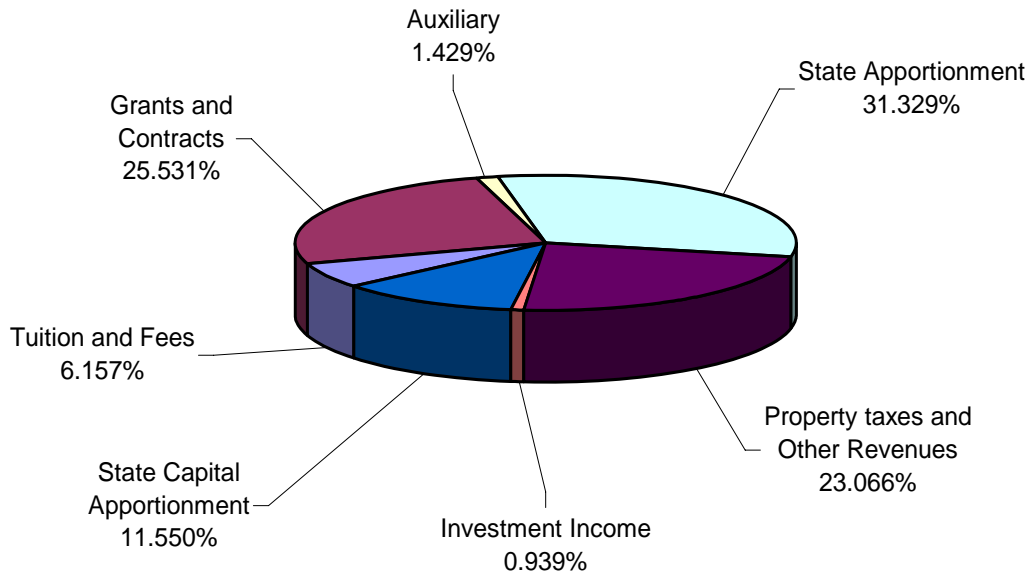
State apportionments, non-capital, consist of State apportionment of \$23,571,319. State apportionment represents total general apportionment earned less regular enrollment fees and property taxes.

State taxes and other revenue consist primarily of local property tax revenue of \$15,163,015, and State lottery revenue of \$879,377.

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.

**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009**

**REVENUES – JUNE 30, 2009**



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	\$ 21,437,202	\$ 20,514,147	4.5%
Operating expenses	<u>60,423,402</u>	<u>55,008,245</u>	9.8%
Operating Loss	(38,986,200)	(34,494,098)	13.0%
Non-operating revenues and expenses	<u>38,366,314</u>	<u>38,151,847</u>	0.6%
Income Before Other Revenue and Expenses	(619,886)	3,657,749	-116.9%
Other revenue and expenses	<u>339,739</u>	<u>1,098,102</u>	-69.1%
(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>22,792,398</u>	\$ <u>23,072,545</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  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009**

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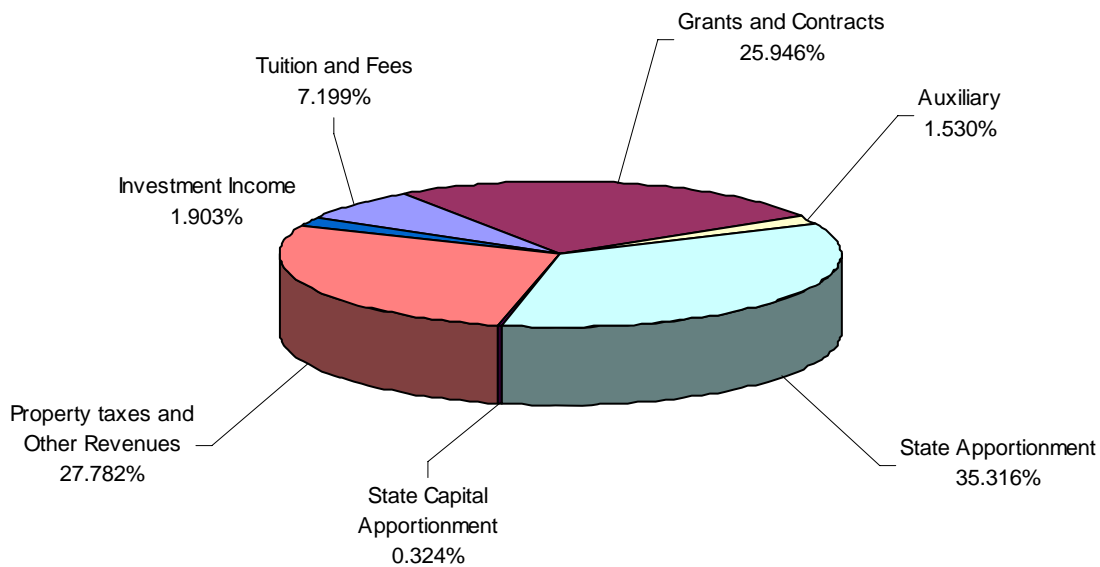
Auxiliary enterprise sales and charges are primarily bookstore commissions and food service revenues with a small amount of rental income.

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**





**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009**

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**OPERATING EXPENSES (BY NATURAL CLASSIFICATION)**

The following table summarizes the changes between June 30, 2009 and 2008:

**Expenses By Natural Classification**

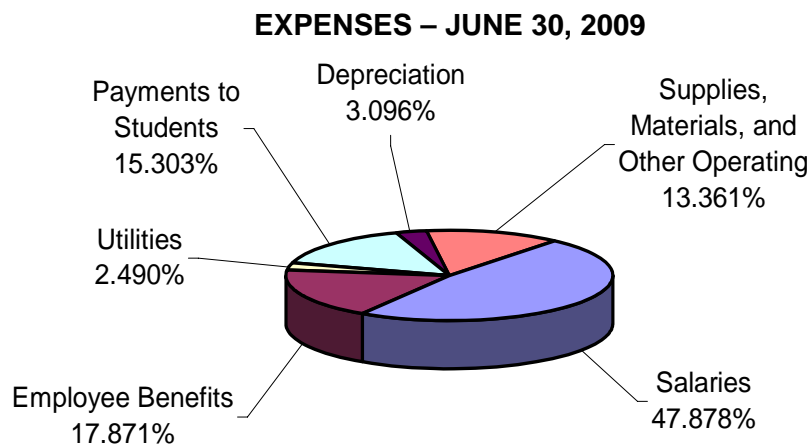
	<u>2009</u>	<u>2008</u>	<u>% Change</u>
Salaries	\$ 30,307,183	\$ 30,000,009	1.0%
Employee benefits	11,312,741	10,705,371	5.7%
Payments to students	9,686,901	7,997,154	21.1%
Supplies, materials, and other operating expenses	8,457,665	8,657,080	-2.3%
Utilities	1,576,444	1,477,359	6.7%
Depreciation and amortization expense	<u>1,960,046</u>	<u>1,586,429</u>	23.6%
	<u>\$ 63,300,980</u>	<u>\$ 60,423,402</u>	4.8%

Compensation and employee benefits reflect a \$914,544 increase from the prior year. This was due to the slight salary increases noted earlier, step increases, and increases in health insurance costs for the year 2008-09.

Supplies, materials, other operating expenses and services consist of those non-capital expenditures made by the District. The slight decrease in this area was due to the conservative approach to spending for this fiscal 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 and the number of eligible students.



**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009**

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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	10,705,371	10,319,335	3.7%
Payments to students	7,997,154	6,891,301	16.0%
Supplies, materials, and other operating expenses	8,657,080	8,251,712	4.9%
Utilities	1,477,359	1,304,445	13.3%
Depreciation and amortization expense	<u>1,586,429</u>	<u>1,214,485</u>	30.6%
	<u>\$ 60,423,402</u>	<u>\$ 55,008,245</u>	9.8%

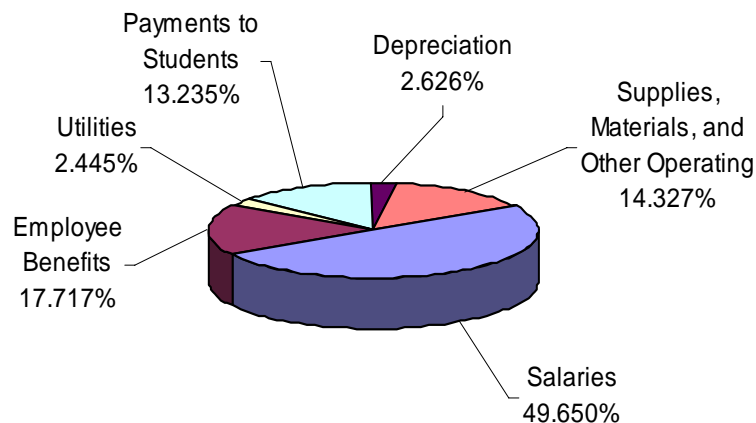
Compensation and employee benefits reflect a \$3,359,078 increase from the prior year. This was due to the salary increases noted earlier and additional staffing in 2007-2008.

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, 2009**

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**STATEMENT OF CASH FLOWS**

The following table summarizes the changes between June 30, 2009 and 2008:

**Condensed Statement of Cash Flows**

	<u>2009</u>	<u>2008</u>	<u>% Change</u>
Cash received from operations	\$ 25,940,146	\$ 21,728,776	19.4%
Cash expended for operations	<u>(61,182,015)</u>	<u>(57,738,053)</u>	6.0%
Net cash used by operating activities	(35,241,869)	(36,009,277)	-2.1%
Net cash provided by non-capital financing activities	41,865,858	38,061,060	10.0%
Net cash provided (used) by capital and related financing activities	(2,215,352)	(5,150,577)	-57.0%
Net cash provided (used) by investing activities	<u>(688,675)</u>	<u>592,044</u>	-216.3%
Net increase (decrease) in cash and cash equivalents	3,719,962	(2,506,750)	248.4%
Cash and cash equivalents, beginning of year	<u>25,900,765</u>	<u>28,407,515</u>	-8.8%
Cash and cash equivalents, end of year	\$ <u>29,620,727</u>	\$ <u>25,900,765</u>	14.4%

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 \$20,160,512. Cash outlays were primarily payments to or on behalf of employees of \$30,288,926, payments to suppliers of \$8,940,363, and payments for scholarships and grants of \$9,686,901.

General apportionment of \$21,597,897 and local property taxes of \$15,057,851 are the primary sources of non-capital financing.

Completion of the Trinity Center, construction on the Tehama Center, the library annex and renovation of the theater, energy upgrades, and scheduled maintenance projects used \$19,423,754 in the capital and related financing activities.

**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009**

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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	\$ 21,728,776	\$ 20,264,036	7.2%
Cash expended for operations	<u>(57,738,053)</u>	<u>(53,361,264)</u>	8.2%
Net cash used by operating activities	(36,009,277)	(33,097,228)	8.8%
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	(5,150,577)	(12,765,059)	-59.7%
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 \$16,372,392. Cash outlays were primarily payments to or on behalf of employees of \$29,787,817, payments to suppliers of \$8,238,886, 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.

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

The 2009-2010 State Budget represents a very different economic condition for California over the previous years. The 2009-2010 State Budget does not include a cost-of-living adjustment (COLA) or growth funds. It includes a 3.39% workload reduction in FTES. The District budget contains a deficit of \$1,900,504 in the general fund. The District is planning changes for the 2009-10 year, making every effort to reduce that deficit prior to the end of the fiscal year. Categorical programs are experiencing cuts from 16% to 64%. Federal ARRA funding will give the District some one-time relief to mitigate these cuts, however, significant changes will need to occur for subsequent years. Projections of the State budget for 2010-2011 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 2009-2010 budget was based on FTES decreasing due to the state workload reduction. At the time of this writing, it appears the District will experience a significant increase of FTES in 2009-10. This may result in significant unfunded growth for the District.

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 reduce costs in order to maintain as healthy of a reserve as possible to carry into the next year.

The District is continuing to monitor its fixed costs. Wherever possible the District is renegotiating external contracts to operate as efficiently as possible.

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

	June 30,	
	2009	2008
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 11,298,444	\$ 7,931,436
Restricted cash and cash equivalents	1,227,813	408,871
Accounts receivable, net	11,608,156	5,673,441
Prepaid expenses	808,691	114,595
Inventory	22,385	4,506
<b>Total current assets</b>	<b>24,965,489</b>	<b>14,132,849</b>
<b>Noncurrent assets:</b>		
Restricted cash and cash equivalents	17,094,470	17,560,458
Restricted investments	4,496,965	3,170,796
Nondepreciable capital assets	23,880,174	9,752,712
Depreciable capital assets, net	34,586,072	31,738,195
Deferred costs, net	1,253,219	737,453
<b>Total noncurrent assets</b>	<b>81,310,900</b>	<b>62,959,614</b>
<b>Total assets</b>	<b>\$ 106,276,389</b>	<b>\$ 77,092,463</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 4,207,349	\$ 4,705,974
Deferred revenue	3,099,747	1,911,069
Short-term debt	3,850,000	-
Compensated absences, current portion	64,146	64,146
Early retirement incentive program, current portion	107,245	107,245
Long-term debt, current portion	1,874,864	944,864
Amounts held for others	3,498,201	3,198,340
<b>Total current liabilities</b>	<b>16,701,552</b>	<b>10,931,638</b>
<b>Noncurrent liabilities:</b>		
Other post employment benefits obligation	91,070	-
Compensated absences, noncurrent portion	1,111,146	1,055,182
Early retirement incentive program, noncurrent portion	318,670	426,681
Long-term debt, noncurrent portion	55,350,278	41,886,564
<b>Total noncurrent liabilities</b>	<b>56,871,164</b>	<b>43,368,427</b>
<b>Total liabilities</b>	<b>73,572,716</b>	<b>54,300,065</b>
<b>NET ASSETS</b>		
Investments in capital assets, net of related debt	18,730,741	12,966,998
Restricted - expendable	3,684,107	2,068,024
Unrestricted	10,288,825	7,757,376
<b>Total net assets</b>	<b>32,703,673</b>	<b>22,792,398</b>
<b>Total liabilities and net assets</b>	<b>\$ 106,276,389</b>	<b>\$ 77,092,463</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,	
	2009	2008
<b>OPERATING REVENUES</b>		
Tuition and fees	\$ 6,375,113	\$ 7,401,604
Less: scholarship discount and allowance	1,743,040	2,950,882
<b>Net tuition and fees</b>	4,632,073	4,450,722
Grants and contracts, non-capital:		
Federal	10,493,989	8,886,998
State	7,894,041	6,423,708
Local	821,026	729,684
Auxiliary enterprise sales and charges	1,074,819	946,090
<b>Total operating revenues</b>	24,915,948	21,437,202
<b>OPERATING EXPENSES</b>		
Salaries	30,307,183	30,000,009
Employee benefits	11,312,741	10,705,371
Payments to students	9,686,901	7,997,154
Supplies, materials, and other operating expenses and services	8,457,665	8,657,080
Utilities	1,576,444	1,477,359
Depreciation and amortization expense	1,960,046	1,586,429
<b>Total operating expenses</b>	63,300,980	60,423,402
<b>OPERATING LOSS</b>	(38,385,032)	(38,986,200)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
State apportionments, non-capital	23,571,319	21,833,179
Local property taxes	15,163,015	14,880,944
State taxes and other revenues	1,263,401	1,444,872
Federal other revenues	87,707	97,267
Investment income, non-capital	491,568	561,774
Investment income, capital	215,125	614,767
Interest expense - capital asset-related debt	(2,025,460)	(1,679,770)
Loss on disposal of capital assets	(15,523)	(8,910)
Other non-operating revenues (expenses)	649,303	622,191
<b>Total non-operating revenues (expenses)</b>	39,400,455	38,366,314

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,	
	2009	2008
<b>INCOME (LOSS) BEFORE OTHER REVENUES AND EXPENSES</b>	1,015,423	(619,886)
State apportionments, capital	8,689,583	200,483
Local property taxes and revenues, capital	148,269	139,256
Gifts and grants, capital	58,000	-
<b>CHANGE IN NET ASSETS</b>	9,911,275	(280,147)
<b>NET ASSETS, BEGINNING OF YEAR</b>	22,792,398	23,072,545
<b>NET ASSETS, END OF YEAR</b>	\$ 32,703,673	\$ 22,792,398

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,	
	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$ 4,408,024	\$ 4,075,960
Federal grants and contracts	10,528,441	8,967,694
State grants and contracts	8,860,290	6,583,786
Local grants and contracts	771,781	820,912
Payments to/on behalf of employees	(30,288,926)	(29,787,817)
Payments for benefits	(10,689,381)	(10,200,229)
Payments for scholarships and grants	(9,686,901)	(7,997,154)
Payments to suppliers	(8,940,363)	(8,238,886)
Payments for utilities	(1,576,444)	(1,477,359)
Auxiliary enterprise sales and charges	1,071,749	948,303
Other receipts (payments)	299,861	295,513
<b>Net cash used by operating activities</b>	<b>(35,241,869)</b>	<b>(36,009,277)</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
State apportionments, non-capital	21,597,897	21,374,895
Local property taxes	15,057,851	15,134,987
State taxes and other revenues	1,263,401	1,444,872
Federal other revenues	87,707	97,267
Short-term borrowing, net	3,850,000	-
Other receipts (payments)	9,002	9,039
<b>Net cash provided by non-capital financing activities</b>	<b>41,865,858</b>	<b>38,061,060</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchases of capital assets	(19,423,754)	(8,187,005)
Interest paid on long-term debt	(1,918,385)	(1,682,209)
Principal paid on long-term debt	(919,863)	(399,863)
Proceeds from long-term debt	15,313,577	3,845,000
Issuance costs paid on long-term debt	(554,482)	(141,449)
State apportionments, capital	4,871,945	130,000
Local property taxes, capital	142,485	128,680
Grants and gifts, capital	58,000	541,502
Interest received on capital investments	215,125	614,767
<b>Net cash used by capital and related financing activities</b>	<b>(2,215,352)</b>	<b>(5,150,577)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Sale of investments	1,188,214	836,722
Purchase of investments	(2,514,383)	(981,731)
Interest on investments	637,494	737,053
<b>Net cash (used) provided by investing activities</b>	<b>(688,675)</b>	<b>592,044</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,	
	2009	2008
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	3,719,962	(2,506,750)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	25,900,765	28,407,515
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 29,620,727	\$ 25,900,765
 <b>COMPONENTS OF CASH AND CASH EQUIVALENTS:</b>		
Cash and cash equivalents	\$ 11,298,444	\$ 7,931,436
Restricted cash and cash equivalents (current)	1,227,813	408,871
Restricted cash and cash equivalents (noncurrent)	17,094,470	17,560,458
<b>Total cash and cash equivalents</b>	\$ 29,620,727	\$ 25,900,765
 <b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>		
Operating loss	\$ (38,385,032)	\$ (38,986,200)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization expense	1,960,046	1,586,429
On-behalf payments for benefits	640,301	613,152
Change in allowance for doubtful accounts	258,148	36,608
(Increase) decrease in:		
Accounts receivable	(436,781)	(315,845)
Prepaid expenses	(694,096)	54,636
Inventory	(17,879)	2,082
Increase (decrease) in:		
Accounts payable	(94,138)	454,902
Deferred revenue	1,188,678	248,922
Other post employment benefits obligation	91,070	-
Compensated absences	55,964	108,534
Early retirement incentive program	(108,011)	(108,010)
Amounts held for others	299,861	295,513
<b>Net cash used by operating activities</b>	\$ (35,241,869)	\$ (36,009,277)

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,	
	2009	2008
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 186,368	\$ 147,833
Investments	765,749	922,913
Pledge receivable, current	190,000	190,000
Accounts receivable	3,646	19,434
Accrued interest receivable	3,508	4,192
<b>Total current assets</b>	1,149,271	1,284,372
<b>Property:</b>		
Land	89,219	89,219
Building	310,781	310,781
	400,000	400,000
Less accumulated depreciation	83,736	73,377
<b>Property, net</b>	316,264	326,623
<b>Other assets:</b>		
Beneficial interest in CRAT	285,000	285,000
Pledge receivable, noncurrent	50,000	-
<b>Total other assets</b>	335,000	285,000
<b>Total assets</b>	\$ 1,800,535	\$ 1,895,995
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 7,600	\$ 5,823
Grant payable	29,000	-
Long-term debt, current portion	4,212	4,007
<b>Total current liabilities</b>	40,812	9,830
<b>Long-term debt, net of current maturities</b>	368,464	372,677
<b>Total liabilities</b>	409,276	382,507
<b>NET ASSETS</b>		
Unrestricted	629,651	781,220
Temporarily restricted	761,608	732,268
<b>Total net assets</b>	1,391,259	1,513,488
<b>Total liabilities and net assets</b>	\$ 1,800,535	\$ 1,895,995

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,	
	2009	2008
<b>CHANGES IN UNRESTRICTED NET ASSETS:</b>		
<b>Revenues and gains:</b>		
Contributions:		
Public support	\$ 95,018	\$ 93,725
<b>Total contributions</b>	95,018	93,725
Other revenues and gains (loss):		
Investment income (loss)	(116,765)	(40,474)
<b>Total other revenues and gains (loss)</b>	(116,765)	(40,474)
<b>Total unrestricted revenues and gains</b>	(21,747)	53,251
<b>Net assets released from restrictions</b>	69,014	202,671
<b>Total unrestricted revenues and gains</b>	47,267	255,922
<b>Expenses:</b>		
Program services:		
Catholic Healthcare West/Mercy work study program	-	50,000
Dental hygiene program	-	39,660
Burney property expenses	32,569	32,368
Health Science Building support	29,000	29,000
Scholarships	2,250	5,244
Other programs	35,104	38,739
<b>Total program services expenses</b>	98,923	195,011
Supporting services:		
Management and general	99,913	76,239
<b>Total supporting services expenses</b>	99,913	76,239
<b>Total expenses</b>	198,836	271,250
<b>Change in unrestricted net assets</b>	(151,569)	(15,328)

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,	
	2009	2008
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:</b>		
<b>Revenues, gains and other support:</b>		
Contributions:		
Public support	74,193	52,739
<b>Total contributions</b>	74,193	52,739
Other revenues, gains and support:		
Lease income	24,161	27,896
<b>Total other revenues, gains and support</b>	24,161	27,896
<b>Net assets released from restrictions</b>	(69,014)	(202,671)
<b>Change in temporarily restricted net assets</b>	29,340	(122,036)
<b>CHANGE IN NET ASSETS</b>	(122,229)	(137,364)
<b>NET ASSETS, BEGINNING OF YEAR</b>	1,513,488	1,650,852
<b>NET ASSETS, END OF YEAR</b>	\$ 1,391,259	\$ 1,513,488

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,	
	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (122,229)	\$ (137,364)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	10,359	10,179
Net investment income (loss) reinvested	116,765	40,474
(Increase) decrease in:		
Pledge receivable	-	140,000
Accounts receivable	15,788	(15,758)
Pledge receivable	(50,000)	-
Accrued interest receivable	684	(55)
Increase (decrease) in:		
Accounts payable	1,777	2,532
Grant payable	29,000	(541,502)
<b>Net cash provided (used) by operating activities</b>	<b>2,144</b>	<b>(501,494)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	122,000	232,143
Purchase of investments	(81,601)	(228,338)
<b>Net cash provided by investing activities</b>	<b>40,399</b>	<b>3,805</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on long-term debt	(4,008)	(3,811)
<b>Net cash used by financing activities</b>	<b>(4,008)</b>	<b>(3,811)</b>
<b>NET CHANGE IN CASH</b>	38,535	(501,500)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	147,833	649,333
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 186,368	\$ 147,833
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:</b>		
Cash paid for interest	\$ 18,743	\$ 18,938

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

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

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, 2009 AND 2008

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.

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, 2009 AND 2008

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.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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 \$38,716 and \$27,947 for the years ended June 30, 2009 and 2008, 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.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NET ASSETS

- *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.
- *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.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

NOTE 1      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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.

**ON-BEHALF PAYMENTS**

GASB Statement 24 requires that direct on-behalf payments for fringe benefits and salaries made by an entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) on behalf of all Community College Districts in California. These payments are included in employee benefits expense and other non-operating revenues.

**RECLASSIFICATIONS**

Certain reclassifications have been made to fiscal year 2008. The most significant reclassifications were made between state and local grants and contracts, noncapital and state apportionments, capital to reclassify scheduled maintenance and categorical revenues to conform with fiscal year 2009 presentation.

**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.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

ENDOWMENT INVESTMENT AND SPENDING POLICIES

The Foundation's endowment consists of 2 funds established for scholarships and for other specified purposes benefiting the District. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation currently has no donor-restricted endowment funds and no Board approved investment return objectives, risk parameter and strategies nor any spending policy related to their endowments.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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).



SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2009 AND 2008

NOTE 2 CASH AND INVESTMENTS

The cash and investments as of June 30, 2009 and 2008, are displayed on the statement of net assets as follows:

District:	June 30,	
	2009	2008
Cash and cash equivalents	\$ 11,298,444	\$ 7,931,436
Restricted cash and cash equivalents – current	1,227,813	408,871
Restricted cash and cash equivalents – non-current	<u>17,094,470</u>	<u>17,560,458</u>
Total cash and cash equivalents	<u>\$ 29,620,727</u>	<u>\$ 25,900,765</u>
Restricted investments	<u>\$ 4,496,965</u>	<u>\$ 3,170,796</u>
Total investments	<u>\$ 4,496,965</u>	<u>\$ 3,170,796</u>

Foundation:	June 30,	
	2009	2008
Cash and cash equivalents	<u>\$ 186,368</u>	<u>\$ 147,833</u>
Investments	765,749	922,913
Beneficial interest in charitable remainder annuity trust	<u>285,000</u>	<u>285,000</u>
Total investments	<u>\$ 1,050,749</u>	<u>\$ 1,207,913</u>

Deposits – At June 30, 2009 and 2008, the carrying amount of the District's and Foundation's deposits are summarized as follows:

District:	June 30,	
	2009	2008
Cash in County Treasury	\$ 21,560,160	\$ 23,930,796
Cash on hand and in banks	<u>8,060,567</u>	<u>1,969,969</u>
Total deposits	<u>\$ 29,620,727</u>	<u>\$ 25,900,765</u>
Foundation:		
Cash on hand and in banks	<u>\$ 186,368</u>	<u>\$ 147,833</u>
Total deposits	<u>\$ 186,368</u>	<u>\$ 147,833</u>

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

NOTE 2 CASH AND INVESTMENTS

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 .89 years and .42 years at June 30, 2009 and 2008 respectively.

As of the date of these financial statements, the County of Shasta's 2009 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.

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, \$354,015 and \$375,837 of the District bank balances and \$122,114 and \$63,165 of the Foundation bank balances at June 30, 2009 and 2008 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 matures as follows: \$484,918 matures April 1, 2031; \$392,862 matures May 1, 2029; \$713,793 matures May 1, 2034.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2009 AND 2008

NOTE 2 CASH AND INVESTMENTS

At June 30, 2009, 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 4.92 years and 6.32 years at June 30, 2009 and 2008 respectively.

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

See Note 15 for information regarding the beneficial interest in charitable remainder annuity trust.

As of June 30, 2009 and 2008, the investments consist of:

District:	June 30,	
	2009	2008
Mutual Funds	\$ 1,591,573	\$ 484,948
Bonds	2,905,392	1,813,891
Treasury Notes	-	871,957
Total investments	\$ 4,496,965	\$ 3,170,796
Foundation:	June 30,	
	2009	2008
Fixed income securities	\$ 765,749	\$ 922,913
Beneficial interest in charitable remainder annuity trust	285,000	285,000
Total investments	\$ 1,050,749	\$ 1,207,913

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.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

NOTE 2 CASH AND INVESTMENTS

At June 30, 2009 and 2008, 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.

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, 2009 and 2008, consist of the following:

	June 30,	
	2009	2008
District:		
Tuition and fees	\$ 2,518,650	\$ 2,013,176
Less allowance for doubtful accounts	625,000	366,852
Tuition and fees, net	1,893,650	1,646,324
Federal grants and contracts	556,664	652,029
State grants and contracts	863,701	878,394
Local grants and contracts	219,264	153,409
State apportionment, taxes and other revenues	7,288,257	1,497,197
Investment income, non-capital	38,148	184,074
Local property taxes	684,342	573,394
Reimbursements	54,581	88,500
Auxiliary enterprise sales and charges	3,190	120
Other	6,359	-
Total	\$ 11,608,156	\$ 5,673,441

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009, is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Nondepreciable assets:					
Land	\$ 3,687,652	\$ -	\$ -	\$ 152,234	\$ 3,839,886
Construction in progress	<u>6,065,060</u>	<u>17,832,005</u>	<u>(2,023)</u>	<u>(3,854,754)</u>	<u>20,040,288</u>
Total nondepreciable assets	<u>\$ 9,752,712</u>	<u>\$ 17,832,005</u>	<u>\$ (2,023)</u>	<u>\$ (3,702,520)</u>	<u>\$ 23,880,174</u>
Depreciable capital assets:					
Site improvements	\$ 7,786,502	\$ 19,254	\$ -	\$ 31,428	\$ 7,837,184
Buildings	37,557,426	63,204	(13,500)	3,671,092	41,278,222
Vehicles and equipment	7,562,592	876,602	(102,025)	-	8,337,169
Computer equipment	2,003,403	121,127	(70,174)	-	2,054,356
Leasehold improvements	<u>21,651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,651</u>
	<u>54,931,574</u>	<u>1,080,187</u>	<u>(185,699)</u>	<u>3,702,520</u>	<u>59,528,582</u>
Less accumulated depreciation:					
Site improvements	4,473,712	362,257	-	-	4,835,969
Buildings	11,243,494	838,033	-	-	12,081,527
Vehicles and equipment	5,779,075	496,682	(102,025)	-	6,173,732
Computer equipment	1,693,261	223,275	(70,174)	-	1,846,362
Leasehold improvements	<u>3,837</u>	<u>1,083</u>	<u>-</u>	<u>-</u>	<u>4,920</u>
	<u>23,193,379</u>	<u>1,921,330</u>	<u>(172,199)</u>	<u>-</u>	<u>24,942,510</u>
Total depreciable assets, net	<u>\$ 31,738,195</u>	<u>\$ (841,143)</u>	<u>\$ (13,500)</u>	<u>\$ 3,702,520</u>	<u>\$ 34,586,072</u>

There was no activity in the Foundation capital assets for the year ended June 30, 2009 other than depreciation expense of \$10,359.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

NOTE 4 CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
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, 2009 AND 2008

NOTE 5      ACCOUNTS PAYABLE

Accounts payable at June 30, 2009 and 2008, consist of the following:

District:	June 30,	
	2009	2008
Accrued payroll and related liabilities	\$ 302,035	\$ 339,742
Construction payables	1,365,042	1,876,604
Interest payable	822,689	715,615
Other	1,717,583	1,774,013
Total	\$ 4,207,349	\$ 4,705,974

NOTE 6      SHORT-TERM DEBT

The District participated in the California Community College Financing Authority 2008 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, 2009 was as follows:

	June 30, 2008 Balance	Drawn	Repaid	June 30, 2009 Balance
Participation in California Community College Financing Authority 2008 Tax and Revenue Anticipation Bonds	\$ _____ -	\$ <u>8,635,000</u>	\$ <u>(4,785,000)</u>	\$ <u>3,850,000</u>

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

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

NOTE 7 LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2009:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Long-term Debt:				
Revenue bonds	\$ 9,650,000	\$ 14,000,000	\$ (170,000)	\$ 23,480,000
General obligation bonds	33,181,428	-	(749,863)	32,431,565
Other financing	<u>-</u>	<u>1,313,577</u>	<u>-</u>	<u>1,313,577</u>
Total	<u>\$ 42,831,428</u>	<u>\$ 15,313,577</u>	<u>\$ (919,863)</u>	<u>\$ 57,225,142</u>
Other Long-term Liabilities:				
Compensated absences	<u>\$ 1,119,328</u>	<u>\$ 55,964</u>	<u>\$ -</u>	<u>\$ 1,175,292</u>
Early retirement incentive program	<u>\$ 533,926</u>	<u>\$ -</u>	<u>\$ (108,011)</u>	<u>\$ 425,915</u>

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>



SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

NOTE 7 LONG-TERM LIABILITIES

Long-term debt consists of the following individual debt issues at June 30, 2009 and 2008:

	June 30,	
	2009	2008
<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%.	\$ 5,700,000	\$ 5,805,000
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%.	3,780,000	3,845,000
2009 Lease Revenue Bond Series A, issued by California Community College Financing Authority. The District participated in this financing in the original amount of \$9,030,000. Final maturity 2034. Interest rate 3% to 5.375%.	9,030,000	-
2009 Lease Revenue Bond Series B, issued by California Community College Financing Authority. The District participated in this financing in the original amount of \$4,970,000. Final maturity 2029. Interest rate 2% to 5.35%.	<u>4,970,000</u>	<u>-</u>
Total revenue bonds	<u>23,480,000</u>	<u>9,650,000</u>

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

NOTE 7      LONG-TERM LIABILITIES

	June 30,	
	2009	2008
<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%.	8,675,000	8,950,000
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%.	<u>22,580,000</u>	<u>23,000,000</u>
Total general obligation bonds	31,280,000	31,975,000
Premium on 2002 general obligation bonds – Series A	211,488	223,130
Premium on 2002 general obligation bonds – Series B	<u>940,077</u>	<u>983,298</u>
Net general obligation bonds	<u>32,431,565</u>	<u>33,181,428</u>
<u>Other Financing</u>		
2009 Energy Upgrade Loan, issued by the California Energy Commission. The District participated in this financing in the original amount of \$1,313,577. Final maturity 2023. Interest rate 3.95%.	<u>1,313,577</u>	-
Total other financing	<u>1,313,577</u>	-
Total long-term debt	57,225,142	42,831,428
Less current portion	<u>1,874,864</u>	<u>944,864</u>
Total long-term debt, noncurrent portion	<u>\$ 55,350,278</u>	<u>\$ 41,886,564</u>

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2009 AND 2008

NOTE 7 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, 2009.

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

Year Ended June 30,	Principal	Interest	Total	Bond Premium	Total
2010	\$ 1,820,000	\$ 2,548,043	\$ 4,368,043	\$ 54,863	\$ 4,422,906
2011	1,976,870	2,663,851	4,640,721	54,863	4,695,584
2012	2,222,866	2,472,093	4,694,959	54,863	4,749,822
2013	2,426,309	2,388,082	4,814,391	54,863	4,869,254
2014	1,754,752	2,307,871	4,062,623	54,863	4,117,486
2015 – 2019	7,950,294	10,553,600	18,503,894	274,318	18,778,212
2020 – 2024	12,012,486	8,326,397	20,338,883	274,318	20,613,201
2025 – 2029	17,105,000	4,679,816	21,784,816	252,975	22,037,791
2030 – 2034	<u>8,805,000</u>	<u>704,906</u>	<u>9,509,906</u>	<u>75,639</u>	<u>9,585,545</u>
Total	\$ <u>56,073,577</u>	\$ <u>36,644,659</u>	92,718,236	1,151,565	93,869,801
Less interest			<u>36,644,659</u>	-	<u>36,644,659</u>
Net principal			\$ <u>56,073,577</u>	\$ <u>1,151,565</u>	\$ <u>57,225,142</u>

Other long-term liabilities at June 30, 2009 includes the following liabilities which have required principal payments:

	June 30,	
<u>Early Retirement Incentive Program</u>	<u>2009</u>	<u>2008</u>
In 2005, the District offered early retirement benefits to select employees. The 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%.	\$ 425,915	\$ 533,926
Less current portion	<u>107,245</u>	<u>107,245</u>
Early retirement incentive program, noncurrent portion	<u>\$ 318,670</u>	<u>\$ 426,681</u>

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2009 AND 2008

NOTE 7 LONG-TERM LIABILITIES

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

Year Ended June 30,	Amount
2010	\$ 107,245
2011	107,245
2012	107,245
2013	104,180
Total	\$ 425,915

NOTE 8 OPERATING LEASES

The District leases office and classroom facilities and other equipment under noncancelable operating leases. Total costs for such leases were \$467,407 and \$550,833 for the years ended June 30, 2009 and 2008, respectively.

The future minimum lease payments for noncancelable leases as of June 30, 2009, are as follows:

Year Ended June 30,	Amount
2010	\$ 188,678
2011	186,782
2012	164,113
2013	163,123
2014	155,526
2015	6,021
Total	\$ 864,243

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

NOTE 9      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, 2009 AND 2008

NOTE 9      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.

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, 2009 AND 2008

NOTE 9 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, 2009 and 2008, 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, 2009 and 2008, were 9.428% and 9.306% 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, 2009 AND 2008

NOTE 9 PENSION PLANS

B. Funding Policy

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

	Year Ended June 30,		
	2007	2008	2009
STRS	\$ 1,181,251	\$ 1,352,540	\$ 1,370,734
PERS	793,236	893,198	881,300
Total	\$ 1,974,487	\$ 2,245,738	\$ 2,252,034

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

The State of California makes contributions to CalSTRS on behalf of the District equaling approximately 4.517% of covered members' gross salaries. The contribution for the years ending June 30, 2009, 2008 and 2007 are estimated to have been \$646,753, \$613,152 and \$640,301, respectively. A District contribution to CalPERS was not required for the years ended June 30, 2009, 2008 and 2007. The payment amounts have been reflected in the basic financial statements as a component of employee benefits expense and other non-operating revenues.

NOTE 10 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 11 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.



SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 11 RISK MANAGEMENT

Coverage includes property, liability and workers' compensation insurance. Liability 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 \$24,000,000 is arranged independently for each member through the Schools Association for Excess Risk (SAFER). 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 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.

The District is a member of the Northern California Community Colleges Self Insurance Authority (NCCSIA) for workers' compensation coverage. The NCCSIA participates in a risk-sharing plan through the Protected Insurance Program for Schools Joint Powers Authority (PIPS) using Keenan and Associates, Inc. as the third-party administrator to process claims.

The District is also a member of the Shasta-Trinity Schools Insurance Group, a local JPA that provides a risk-sharing plan for health benefits coverage consisting of medical, dental, and vision programs. The JPA is self insured using specified third-party administrators to process claims.

NOTE 12 OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The District provides postemployment health care benefits for eligible employees who retire with CalPERS or CalSTRS pension benefits immediately upon termination of employment from the District through the Shasta-Tehama-Trinity Joint Community College District Postretirement Health Benefits Plan (the Plan). The Plan is a single employer OPEB plan administered by the District. Obligations of the plan members and the District are based on negotiated contracts with the various bargaining units of the District. The District implemented the new reporting requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB)* (GASB 45) prospectively for the fiscal year ended June 30, 2009.

A. Plan Description

Retirees receiving a pension from either CalSTRS or CalPERS are eligible for benefits depending on their most recent date of hire and their benefit eligibility service. The District pays up to 100% of the eligible retirees' medical, dental, and vision plan premiums.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2009 AND 2008

NOTE 12 OTHER POST-EMPLOYMENT BENEFITS (OPEB)

A. Plan Description

The retirement health benefit may continue for the lifetime of a surviving spouse and for other dependents as long as they are entitled to coverage under pertinent eligibility rules.

Currently, the District has 357 active full-time employees who are eligible for postretirement health benefits and 210 retirees who receive postretirement health benefits.

B. Funding Policy

The contribution requirements are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements. Additionally, the District has established an irrevocable trust (the "Trust") with Union Bank of California through the Retiree Health Benefit Program Joint Powers Authority to prefund a portion retiree health benefit costs.

The Trust will be funded with contributions based on the District's approved final budget annually.

C. Annual OPEB Costs and Net OPEB Obligation

Before the implementation of GASB 45, the District's expenses for postretirement health benefits were recognized only when paid. The District's annual OPEB cost (expense) is now calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) over a period of 30 years. The following table shows the components of the District's OPEB cost of the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Plan of the year ended June 30, 2009.

Annual OPEB cost for the year (ARC)	\$ 2,209,756
Contributions made for the year	<u>(2,118,686)</u>
Increase in net OPEB obligation	91,070
Net OPEB obligation, beginning of the year	<u>-</u>
Net OPEB obligation, end of year	\$ <u><u>91,070</u></u>

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2009 AND 2008

NOTE 12 OTHER POST-EMPLOYMENT BENEFITS (OPEB)

C. Annual OPEB Costs and Net OPEB Obligation

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal 2009 is as follows (since this is the first year of implementation, only the current year information is presented):

Annual OPEB cost	\$ 2,209,756
Percentage of annual OPEB costs contributed	95.87%
Net OPEB obligation	\$ 91,070

D. Funded status information

The District's funding status information is illustrated as follows:

Actuarial valuation date	November 20, 2007
Actuarial accrued liability (AAL)	\$ 40,385,462
Actuarial value of plan assets	\$ 936,611
Unfunded AAL (UAAL)	\$ 39,448,851
Funded ratio	2.31%
Covered payroll	\$ 22,596,278
UAAL as percentage of covered payroll	175%

As of June 30, 2009, the District has set aside approximately \$1,621,825 in an external trust fund and the fair value of the trust fund as of June 30, 2009 was approximately \$1,465,611.

E. Actuarial Methods and Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

NOTE 12 OTHER POST-EMPLOYMENT BENEFITS (OPEB)

E. Actuarial Methods and Assumptions

employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the November 20, 2007 actuarial valuation, the entry-age normal cost method was used. The actuarial assumptions included a 6.5% discount rate based on the assumption that a substantial portion of the ARC is funded. A 3.0% price inflation and a 3.0% wage inflation assumptions were used as well as an annual cost trend rate of 4.0%. Unfunded actuarial accrued liabilities are amortized to produce payments (principal and interest), which are a level percent of payroll over a 30-year period.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2009 AND 2008

NOTE 13 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, 2009 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	\$ 15,457,006	\$ 4,535,287	\$ 1,245,908	\$ -	\$ 21,238,201
Academic support	3,325,591	1,558,185	556,319	-	5,440,095
Student services	3,972,669	1,699,571	883,420	-	6,555,660
Plant operations and maintenance	1,588,353	754,515	1,707,922	-	4,050,790
Institutional support services	3,416,316	1,960,440	1,976,851	-	7,353,607
Community services and economic development	781,019	265,876	915,891	-	1,962,786
Ancillary services and auxiliary operations	1,766,229	538,867	2,128,895	-	4,433,991
Student aid	-	-	9,678,927	-	9,678,927
Physical property and related acquisitions	-	-	626,877	-	626,877
Depreciation and amortization expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,960,046</u>	<u>1,960,046</u>
Total	<u>\$ 30,307,183</u>	<u>\$ 11,312,741</u>	<u>\$ 19,721,010</u>	<u>\$ 1,960,046</u>	<u>\$ 63,300,980</u>

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

NOTE 13 FUNCTIONAL EXPENSES

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	1,451,527	787,694	-	5,530,669
Student services	4,088,201	1,619,040	1,068,189	-	6,775,430
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>\$ 10,705,371</u>	<u>\$ 18,131,593</u>	<u>\$ 1,586,429</u>	<u>\$ 60,423,402</u>

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2009 AND 2008

NOTE 14 COMMITMENTS

As of June 30, 2009, the District had unfinished construction contracts under the following project categories:

Federal, state and locally funded construction projects	\$ 8,420,083
Measure A Bond construction project	<u>695,116</u>
	<u>\$ 9,115,199</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 15 BENEFICIAL INTEREST IN CHARITABLE REMAINDER ANNUITY TRUSTS – FOUNDATION

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, 2009, 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, 2009, the balance of the note was \$372,676.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2009 AND 2008

NOTE 15 BENEFICIAL INTEREST IN CHARITABLE REMAINDER ANNUITY TRUSTS – FOUNDATION

During the current year, the Foundation was named as trustee and primary beneficiary of an additional charitable remainder annuity trust. The only asset held by the trust is a note receivable secured by a deed of trust on a parcel of land. The note is currently nonperforming and the Foundation has obtained an appraisal of the subject property. Currently, the present value of the amounts owed to the settlor under the trust agreement exceeds the fair market value of the property. The Foundation has therefore not recorded a contribution for this charitable remainder trust.

NOTE 16 INVESTMENT INCOME – FOUNDATION

A summary of return on investments consists of the following for the years ended June 30, 2009 and 2008, respectively:

	2009	2008
Interest and dividends	\$ 40,577	\$ 70,429
Net realized and unrealized gain (loss)	(157,342)	(110,903)
Total investment income (loss)	\$ (116,765)	\$ (40,474)

NOTE 17 TEMPORARILY RESTRICTED NET ASSETS – FOUNDATION

Temporarily restricted net assets are available for the following purposes:

	2009	2008
Dental programs	\$ 293,490	\$ 293,490
Scholarships	66,919	68,919
Other programs	401,199	369,859
Total	\$ 761,608	\$ 732,268



SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2009 AND 2008

NOTE 18    ENDOWMENTS – FOUNDATION

Endowment net asset composition by type of fund as of June 30, 2009 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Board designated endowment funds	\$ <u>454,995</u>	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>454,995</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ 454,895	\$ -	\$ -	\$ 454,895
Contributions	100	-	-	100
Investment loss	-	-	-	-
Net depreciation	-	-	-	-
Amounts appropriated for expenditure	-	-	-	-
Other amounts released from restrictions	<u>          -</u>	<u>          -</u>	<u>          -</u>	<u>          -</u>
Endowment net assets, end of year	\$ <u>454,995</u>	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>454,995</u>

Endowment net asset composition by type of fund as of June 30, 2008 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Board designated endowment funds	\$ <u>454,895</u>	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>454,895</u>

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

NOTE 18    ENDOWMENTS – FOUNDATION

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ 447,150	\$ -	\$ -	\$ 447,150
Contributions	7,745	-	-	7,745
Investment income	-	-	-	-
Net depreciation	-	-	-	-
Amounts appropriated for expenditure	-	-	-	-
Other amounts released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 454,895</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 454,895</u>

NOTE 19    FAIR VALUE MEASUREMENTS – FOUNDATION

The Foundation partially adopted Statement of Financial Accounting Standards No. 157, Fair Value Measurements, (SFAS 157) as of July 1, 2008. SFAS 157 clarifies the definition of fair value, describes methods used to appropriately measure fair value, and expands fair value disclosure requirements, but does not change existing guidance as to whether or not an instrument is carried at fair value. In February 2008, the Financial Accounting Standards Board issued FASB Staff Position (FSP) 157-2, which delays the effective date of SFAS 157 for all nonfinancial assets and liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), until January 1, 2009. In October 2008, the FASB issued FSP FAS 157-3, "Determining the Fair Value of a Financial Asset When the Market for that Asset is Not Active", with an immediate effective date. The purpose of this release was to provide further clarification regarding Level 3 inputs and the assumptions management may make when the market for the asset is not active. The adoption of FSP FAS 157-3 did not have a material effect on the Foundation's results of operations, financial position or liquidity. The partial adoption of SFAS No. 157 did not have a significant impact on the Foundation's financial position or results of operations. The Foundation does not expect the adoption of SFAS No. 157, as it relates to nonfinancial assets and liabilities, to have a significant impact on the Foundation's financial position or results of operations.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2009 AND 2008

NOTE 19 FAIR VALUE MEASUREMENTS – FOUNDATION

Fair values of assets measured on a recurring basis at June 30, 2009 are as follows:

	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Fixed income securities	\$ 765,749	\$ 765,749	\$ -	\$ -
Beneficial interest in CRAT	<u>285,000</u>	<u>-</u>	<u>-</u>	<u>285,000</u>
Total	<u>\$ 1,050,749</u>	<u>\$ 765,749</u>	<u>\$ -</u>	<u>\$ 285,000</u>

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

July 1, 2008	\$ 285,000
Total gains or losses (realized/unrealized)	-
Purchases, issuance, and settlements	-
Transfers in and/or out of Level 3	<u>-</u>
June 30, 2009	<u>\$ 285,000</u>

Fair value for the assets held by others (level 3) is determined by management's judgment to approximate the present value of the future distributions expected to be received.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2009 AND 2008

NOTE 19 FAIR VALUE MEASUREMENTS – FOUNDATION

Fair values of assets measured on a recurring basis at June 30, 2008 are as follows:

	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Fixed income securities	\$ 922,913	\$ 922,913	\$ -	\$ -
Beneficial interest in CRAT	<u>285,000</u>	<u>-</u>	<u>-</u>	<u>285,000</u>
Total	<u>\$ 1,207,913</u>	<u>\$ 922,913</u>	<u>\$ -</u>	<u>\$ 285,000</u>

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

July 1, 2007	\$ 285,000
Total gains or losses (realized/unrealized)	-
Purchases, issuance, and settlements	-
Transfers in and/or out of Level 3	<u>-</u>
June 30, 2008	<u>\$ 285,000</u>

Fair value for the assets held by others (level 3) is determined by management's judgment to approximate the present value of the future distributions expected to be received.

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SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
 ORGANIZATION  
 JUNE 30, 2009

BOARD OF TRUSTEES

Name	Office	Area	Term Expires
Mr. Kendall S. Pierson	Member	A	December 2009
Mr. Duane K. Miller	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

NAME	Office
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, 2009

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	\$ 26,917
Total Department of Interior		<u>26,917</u>
<u>Department of Veterans Affairs:</u>		
All-Volunteer Force Educational Assistance	64.124	2,701
Total Department of Veterans Affairs		<u>2,701</u>
<u>Department of Education:</u>		
Student Financial Aid Cluster		
Federal Supplemental Educational Opportunity Grants	84.007	209,276
Federal Family Education Loans	84.032	-
Federal Work-Study Program	84.033	154,872
Federal Pell Grant Program	84.063	7,674,766
Academic Competitiveness Grant	84.375	48,126
Total Student Financial Aid Cluster		<u>8,087,040</u>
TRIO Cluster		
TRIO - Student Support Services	84.042	265,971
TRIO - Talent Search	84.044	234,861
TRIO - Upward Bound	84.047	248,392
Total TRIO Cluster		<u>749,224</u>
Passed through State Department of Education -		
Career and Technical Education - Basic Grants to States	84.048	383,148
Gaining Early Awareness and Readiness for		
Undergraduate Programs (GEAR-UP)	84.334	979,179
Total Department of Education		<u>10,198,591</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	109,334
Total Department of Health and Human Services		<u>109,334</u>
<u>Corporation for National Service:</u>		
State and Local Homeland Security Training Program	94.005	154,046
Total Corporation for National Service		<u>154,046</u>
Total Federal Expenditures		<u>\$ 10,491,589</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, 2009

Description	Program Revenues			Total	Total Program Expenditures
	Cash Received	Increase (Decrease) Accounts Receivable	(Increase) Decrease in Deferred Income		
Extended Opportunity Programs and Services	\$ 1,212,919	\$ -	\$ (167,802)	\$ 1,045,117	\$ 1,045,117
CalGrant	779,291	2,829	2,764	784,884	784,884
Disabled Students Programs and Services	773,632	-	-	773,632	773,632
CalWorks	546,307	-	-	546,307	546,307
Student Financial Aid Administration	329,738	-	-	329,738	329,738
Matriculation	521,256	-	(89,903)	431,353	431,353
Foster Parent	220,072	(120,865)	-	99,207	99,207
Low Emission Equipment	617,941	-	(14,260)	603,681	603,681
Economic Workforce Development	1,121,853	7,779	-	1,129,632	1,129,632
Career Technical Education	1,461,660	-	(814,645)	647,015	647,015
Cooperative Agency Resources Education	143,903	-	(39,559)	104,344	104,344
SIEF	100,000	-	-	100,000	100,000
Small Business Development Center	132,650	46,000	-	178,650	178,650
All other categorical	1,189,638	23,257	-	1,212,895	1,212,895
	<u>\$ 9,150,860</u>	<u>\$ (41,000)</u>	<u>\$ (1,123,405)</u>	<u>\$ 7,986,455</u>	<u>\$ 7,986,455</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, 2009

Categories	Reported Data	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2008 Only)			
1. Noncredit	34.62		34.62
2. Credit	66.03		66.03
B. Summer Intersession (Summer 2009 Prior to July 1, 2009)			
1. Noncredit	-		-
2. Credit	100.27		100.27
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	5,836.19		5,836.19
(b) Daily Census Contact Hours	499.49		499.49
2. Actual Hours of Attendance Procedures Courses			
(a) Noncredit	404.26		404.26
(b) Credit	185.68		185.68
3. Independent Study/Work Experience Education Courses			
(a) Weekly Census Procedure Courses	631.82		631.82
(b) Daily Census Procedure Courses	176.82		176.82
(c) Noncredit Independent Study/Distance Education Courses	-		-
D. Total FTES	<u>7,935.18</u>		<u>7,935.18</u>
Supplemental Information (Subset of above information)			
E. In-Service Training Courses (FTES)	-		-
H. Basic Skills Courses and Immigrant Education			
1. Noncredit	290.86		290.86
2. Credit	202.33		202.33

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, 2009

	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, 2009 Annual Financial and Budget Report (CCFS-311) Fund Balance	<u>\$ 7,438,641</u>	<u>\$ 2,091,406</u>	<u>\$ 486,048</u>	<u>\$ 1,082,168</u>	<u>\$ 1,284,349</u>
Adjustment and reclassifications increasing (decreasing) the fund balance:					
Audit adjustments	-	-	1,106,655	-	-
Reclassification of Auxiliary Fund for financial statement purposes	508,201	-	-	-	(508,201)
Reclassification to Amounts held for Others	-	-	-	-	-
Rounding	-	(1)	(1)	-	-
Net adjustments and reclassifications	<u>508,201</u>	<u>(1)</u>	<u>1,106,654</u>	<u>-</u>	<u>(508,201)</u>
June 30, 2009 District Accounting Records Fund Balance	<u>\$ 7,946,842</u>	<u>\$ 2,091,405</u>	<u>\$ 1,592,702</u>	<u>\$ 1,082,168</u>	<u>\$ 776,148</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	Student Trust Funds	Scholarship and Loan Trust Fund	Trustees Investment Trust Fund
<u>\$ 4,571,378</u>	<u>\$ 13,360,186</u>	<u>\$ 1,236,956</u>	<u>\$ 2,386</u>	<u>\$ 122,478</u>	<u>\$ 203,853</u>	<u>\$ 3,161,340</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	(122,478)	(203,853)	(3,161,340)
<u>1</u>	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1</u>	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>(122,478)</u>	<u>(203,853)</u>	<u>(3,161,340)</u>
<u>\$ 4,571,379</u>	<u>\$ 13,360,185</u>	<u>\$ 1,236,956</u>	<u>\$ 2,385</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, 2009

	General	Bond Interest and Redemption Fund	General Obligation Bond Interest and Redemption Fund	Lease Revenue Bond Interest and Redemption Fund
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 7,996,202	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	1,227,813	-	-	-
Accounts receivable, net	7,279,781	-	66,316	-
Prepaid expenses	30,541	-	-	-
Inventory	4,526	-	-	-
Due from other funds	469,652	-	-	-
<b>Total current assets</b>	<b>17,008,515</b>	<b>-</b>	<b>66,316</b>	<b>-</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	-	25,177	1,999,912	1,130
Restricted investments	-	-	-	1,591,572
<b>Total noncurrent assets</b>	<b>-</b>	<b>25,177</b>	<b>1,999,912</b>	<b>1,592,702</b>
<b>Total assets</b>	<b>\$ 17,008,515</b>	<b>\$ 25,177</b>	<b>\$ 2,066,228</b>	<b>\$ 1,592,702</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,846,744	\$ -	\$ -	\$ -
Deferred revenue	2,982,859	-	-	-
Short-term debt	3,850,000	-	-	-
Compensated absences, current portion	64,146	-	-	-
Due to other funds	317,924	-	-	-
Amounts held for others	-	-	-	-
<b>Total liabilities</b>	<b>9,061,673</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND EQUITY:</b>				
Fund balances:				
Reserved for debt service	-	25,177	-	-
Reserved for equipment replacement and repairs	-	-	-	-
Reserved for revenue bond retirement	-	-	2,066,228	1,592,702
Reserved for special purposes	508,202	-	-	-
Unreserved:				
Undesignated	7,438,640	-	-	-
<b>Total fund equity</b>	<b>7,946,842</b>	<b>25,177</b>	<b>2,066,228</b>	<b>1,592,702</b>
<b>Total liabilities and fund equity</b>	<b>\$ 17,008,515</b>	<b>\$ 25,177</b>	<b>\$ 2,066,228</b>	<b>\$ 1,592,702</b>

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	Student Trusts
\$ 1,263,908	\$ 120,576	\$ 680,802	\$ -	\$ -	\$ -	\$ 1,236,956	\$ -
-	-	-	-	-	-	-	-
31,511	-	-	4,012,714	-	1,300	-	2,842
225	-	-	3,105	719,287	55,533	-	-
17,859	-	-	-	-	-	-	-
32,837	5,250	95,948	129,520	4,000,000	3,105	-	2,674
<u>1,346,340</u>	<u>125,826</u>	<u>776,750</u>	<u>4,145,339</u>	<u>4,719,287</u>	<u>59,938</u>	<u>1,236,956</u>	<u>5,516</u>
-	-	-	2,280,690	8,743,148	3,454,314	-	127,427
-	-	-	-	-	-	-	-
-	-	-	2,280,690	8,743,148	3,454,314	-	127,427
<u>\$ 1,346,340</u>	<u>\$ 125,826</u>	<u>\$ 776,750</u>	<u>\$ 6,426,029</u>	<u>\$ 13,462,435</u>	<u>\$ 3,514,252</u>	<u>\$ 1,236,956</u>	<u>\$ 132,943</u>
\$ 61,060	\$ -	\$ 602	\$ 727,735	\$ 71,400	\$ 637,307	\$ -	\$ 1,421
114,695	-	-	-	-	-	-	1,500
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
214,243	-	-	4,003,148	30,850	712	-	2,285
-	-	-	-	-	-	-	127,737
<u>389,998</u>	<u>-</u>	<u>602</u>	<u>4,730,883</u>	<u>102,250</u>	<u>638,019</u>	<u>-</u>	<u>132,943</u>
-	-	-	-	-	-	-	-
-	125,826	-	-	-	-	-	-
-	-	-	-	-	-	-	-
956,342	-	776,148	1,695,146	13,360,185	2,876,233	1,236,956	-
-	-	-	-	-	-	-	-
<u>956,342</u>	<u>125,826</u>	<u>776,148</u>	<u>1,695,146</u>	<u>13,360,185</u>	<u>2,876,233</u>	<u>1,236,956</u>	<u>-</u>
<u>\$ 1,346,340</u>	<u>\$ 125,826</u>	<u>\$ 776,750</u>	<u>\$ 6,426,029</u>	<u>\$ 13,462,435</u>	<u>\$ 3,514,252</u>	<u>\$ 1,236,956</u>	<u>\$ 132,943</u>

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

JUNE 30, 2009

	Student Financial Aid Fund	Scholarship and Loan Trust	Trustee Investment Trust	Total
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 11,298,444
Restricted cash and cash equivalents	-	-	-	1,227,813
Accounts receivable, net	159,918	(3,025)	56,799	11,608,156
Prepaid expenses	-	-	-	808,691
Inventory	-	-	-	22,385
Due from other funds	40,149	-	-	4,779,135
<b>Total current assets</b>	<u>200,067</u>	<u>(3,025)</u>	<u>56,799</u>	<u>29,744,624</u>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	2,939	255,314	204,419	17,094,470
Restricted investments	-	-	2,905,393	4,496,965
<b>Total noncurrent assets</b>	<u>2,939</u>	<u>255,314</u>	<u>3,109,812</u>	<u>21,591,435</u>
<b>Total assets</b>	<u>\$ 203,006</u>	<u>\$ 252,289</u>	<u>\$ 3,166,611</u>	<u>\$ 51,336,059</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 38,391	\$ -	\$ 3,384,660
Deferred revenue	693	-	-	3,099,747
Short-term debt	-	-	-	3,850,000
Compensated absences, current portion	-	-	-	64,146
Due to other funds	199,928	10,045	-	4,779,135
Amounts held for others	-	203,853	3,166,611	3,498,201
<b>Total liabilities</b>	<u>200,621</u>	<u>252,289</u>	<u>3,166,611</u>	<u>18,675,889</u>
<b>FUND EQUITY:</b>				
Fund balances:				
Reserved for debt service	-	-	-	25,177
Reserved for equipment replacement and repairs	-	-	-	125,826
Reserved for revenue bond retirement	-	-	-	3,658,930
Reserved for special purposes	2,385	-	-	21,411,597
Unreserved:				
Undesignated	-	-	-	7,438,640
<b>Total fund equity</b>	<u>2,385</u>	<u>-</u>	<u>-</u>	<u>32,660,170</u>
<b>Total liabilities and fund equity</b>	<u>\$ 203,006</u>	<u>\$ 252,289</u>	<u>\$ 3,166,611</u>	<u>\$ 51,336,059</u>

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, 2009

	General	Bond Interest and Redemption Fund	General Obligation Bond Interest and Redemption Fund	Lease Revenue Bond Interest and Redemption Fund
<b>OPERATING REVENUES</b>				
Tuition and fees	\$ 5,506,776	\$ -	\$ -	\$ -
Less: scholarship discount and allowance	1,743,040	-	-	-
<b>Net tuition and fees</b>	3,763,736	-	-	-
Grants and contracts, non-capital:				
Federal	2,397,423	-	-	-
State	7,098,659	-	-	-
Local	619,839	-	-	-
Auxiliary enterprise sales and charges	96,143	-	-	-
<b>Total operating revenues</b>	13,975,800	-	-	-
<b>OPERATING EXPENDITURES/EXPENSES</b>				
Salaries	29,772,886	-	-	-
Employee benefits	10,501,551	-	-	-
Payments to students	653,208	-	-	-
Supplies, materials, and other operating expenditures/expenses and services	7,191,389	-	-	-
Capital outlay	1,297,165	-	-	-
Utilities	1,418,821	-	-	-
<b>Total operating expenditures/expenses</b>	50,835,020	-	-	-
<b>OPERATING INCOME (LOSS)</b>	(36,859,220)	-	-	-
<b>NON-OPERATING REVENUES (EXPENDITURES)</b>				
State apportionments, non-capital	23,571,319	-	-	-
Local property taxes	12,987,978	-	2,175,037	-
State taxes and other revenues	1,227,051	-	36,350	-
Federal other revenue	87,707	-	-	-
Investment income, non-capital	347,185	-	31,572	169
Investment income, capital	-	-	-	27,938
Cost of issuance	-	-	-	-
Interest expense - capital asset-related debt	-	-	(1,524,578)	(448,671)
Debt services	-	-	(695,000)	(170,000)
Other non-operating revenues	9,002	-	-	-
<b>Total non-operating revenues (expenditures)</b>	38,230,242	-	23,381	(590,564)

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	Student Trusts
\$ 868,337	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
868,337	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
44,319	-	-	156,868	-	-	-	-
978,676	-	-	-	-	-	-	-
1,891,332	-	-	156,868	-	-	-	-
478,333	-	-	-	-	-	-	-
187,830	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
411,157	740	3,744	59,083	11,458	138,813	-	-
3,282	20,196	-	8,983,433	2,045,338	7,204,059	-	-
157,623	-	-	-	-	-	-	-
1,238,225	20,936	3,744	9,042,516	2,056,796	7,342,872	-	-
653,107	(20,936)	(3,744)	(8,885,648)	(2,056,796)	(7,342,872)	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
16,182	2,896	18,467	15,898	25,878	-	33,321	-
-	-	-	-	7,296	179,891	-	-
-	-	-	-	(554,482)	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
16,182	2,896	18,467	15,898	(521,308)	179,891	33,321	-



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, 2009

	General	Bond Interest and Redemption Fund	General Obligation Bond Interest and Redemption Fund	Lease Revenue Bond Interest and Redemption Fund
<b>Income (loss) before other revenues and expenditures</b>	1,371,022	-	23,381	(590,564)
<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>1,371,022</u>	<u>-</u>	<u>23,381</u>	<u>(590,564)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from long-term debt	-	-	-	-
Operating transfers in	-	-	-	2,286,411
Operating transfers out	<u>(545,416)</u>	<u>-</u>	<u>-</u>	<u>(589,053)</u>
<b>Total other financing sources (uses)</b>	<u>(545,416)</u>	<u>-</u>	<u>-</u>	<u>1,697,358</u>
<b>Excess of revenues and other financing sources over (under) expenditures and other financing uses</b>	825,606	-	23,381	1,106,794
<b>FUND EQUITY, BEGINNING OF YEAR</b>	<u>7,121,236</u>	<u>25,177</u>	<u>2,042,847</u>	<u>485,908</u>
<b>FUND EQUITY, END OF YEAR</b>	<u>\$ 7,946,842</u>	<u>\$ 25,177</u>	<u>\$ 2,066,228</u>	<u>\$ 1,592,702</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	Student Trusts
669,289	(18,040)	14,723	(8,869,750)	(2,578,104)	(7,162,981)	33,321	-
-	-	-	8,689,583	-	-	-	-
-	-	-	148,269	-	-	-	-
-	-	-	58,000	-	-	-	-
<u>669,289</u>	<u>(18,040)</u>	<u>14,723</u>	<u>26,102</u>	<u>(2,578,104)</u>	<u>(7,162,981)</u>	<u>33,321</u>	<u>-</u>
-	-	-	1,313,577	14,000,000	-	-	-
-	58,905	95,948	200,000	5,307,475	-	-	-
<u>(381,087)</u>	<u>-</u>	<u>(34,881)</u>	<u>(125,914)</u>	<u>(6,414,130)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(381,087)</u>	<u>58,905</u>	<u>61,067</u>	<u>1,387,663</u>	<u>12,893,345</u>	<u>-</u>	<u>-</u>	<u>-</u>
288,202	40,865	75,790	1,413,765	10,315,241	(7,162,981)	33,321	-
<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>\$ 956,342</u>	<u>\$ 125,826</u>	<u>\$ 776,148</u>	<u>\$ 1,695,146</u>	<u>\$ 13,360,185</u>	<u>\$ 2,876,233</u>	<u>\$ 1,236,956</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, 2009

	Student Financial Aid Fund	Scholarship and Loan Trust	Trustee Investment Trust	Total
<b>OPERATING REVENUES</b>				
Tuition and fees	\$ -	\$ -	\$ -	\$ 6,375,113
Less: scholarship discount and allowance	-	-	-	1,743,040
<b>Net tuition and fees</b>	-	-	-	4,632,073
Grants and contracts, non-capital:				
Federal	8,096,566	-	-	10,493,989
State	795,382	-	-	7,894,041
Local	-	-	-	821,026
Auxiliary enterprise sales and charges	-	-	-	1,074,819
<b>Total operating revenues</b>	<b>8,891,948</b>	<b>-</b>	<b>-</b>	<b>24,915,948</b>
<b>OPERATING EXPENDITURES/EXPENSES</b>				
Salaries	-	-	-	30,251,219
Employee benefits	-	-	-	10,689,381
Payments to students	9,033,693	-	-	9,686,901
Supplies, materials, and other operating expenditures/expenses and services	-	-	-	7,816,384
Capital outlay	-	-	-	19,553,473
Utilities	-	-	-	1,576,444
<b>Total operating expenditures/expenses</b>	<b>9,033,693</b>	<b>-</b>	<b>-</b>	<b>79,573,802</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(141,745)</b>	<b>-</b>	<b>-</b>	<b>(54,657,854)</b>
<b>NON-OPERATING REVENUES (EXPENDITURES)</b>				
State apportionments, non-capital	-	-	-	23,571,319
Local property taxes	-	-	-	15,163,015
State taxes and other revenues	-	-	-	1,263,401
Federal other revenue	-	-	-	87,707
Investment income, non-capital	-	-	-	491,568
Investment income, capital	-	-	-	215,125
Cost of issuance	-	-	-	(554,482)
Interest expense - capital asset-related debt	-	-	-	(1,973,249)
Debt services	-	-	-	(865,000)
Other non-operating revenues	-	-	-	9,002
<b>Total non-operating revenues (expenditures)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,408,406</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, 2009

	Student Financial Aid Fund	Scholarship and Loan Trust	Trustee Investment Trust	Total
<b>Income (loss) before other revenues and expenditures</b>	(141,745)	-	-	(17,249,448)
<b>OTHER REVENUES AND EXPENDITURES</b>				
State apportionments, capital	-	-	-	8,689,583
Local property taxes and revenues, capital	-	-	-	148,269
Grants and gifts, capital	-	-	-	58,000
<b>Excess of revenues over (under) expenditures</b>	<u>(141,745)</u>	<u>-</u>	<u>-</u>	<u>(8,353,596)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from long-term debt	-	-	-	15,313,577
Operating transfers in	141,742	-	-	8,090,481
Operating transfers out	-	-	-	(8,090,481)
<b>Total other financing sources (uses)</b>	<u>141,742</u>	<u>-</u>	<u>-</u>	<u>15,313,577</u>
<b>Excess of revenues and other financing sources over (under) expenditures and other financing uses</b>	(3)	-	-	6,959,981
<b>FUND EQUITY, BEGINNING OF YEAR</b>	<u>2,388</u>	<u>-</u>	<u>-</u>	<u>25,700,189</u>
<b>FUND EQUITY, END OF YEAR</b>	<u>\$ 2,385</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,660,170</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, 2009

Total Fund Equity - District Funds Included in the Reporting Entity		\$ 32,660,170
Assets recorded within the GASB 35 Statement of Net Assets not included in the District fund financial statements:		
Nondepreciable capital assets		23,880,174
Capitalized assets	\$ 59,528,582	
Accumulated depreciation	<u>(24,942,510)</u>	34,586,072
Deferred costs		1,253,219
Liabilities recorded within the GASB 35 Statement of Net Assets not recorded in the District fund financial statements:		
Accounts payable:		
Interest payable		(822,689)
Compensated absences	(1,111,146)	
Early retirement incentive program	(425,915)	
Long-term debt	<u>(57,225,142)</u>	(58,762,203)
Other post employment benefits obligation		<u>(91,070)</u>
Net assets reported within the GASB 35 Statement of Net Assets		<u><u>\$ 32,703,673</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, 2009

Total Net Change in Fund Equity - District Funds Included in the Reporting Entity	\$ 6,959,981
Compensated absence expense increase reported within GASB 35 Statements	(55,964)
Depreciation expense reported within the GASB 35 Statements	(1,921,330)
Capital outlay expense not reported within the GASB 35 Statements	18,912,192
Loss on disposal of capital assets reported within the GASB 35 Statements	(15,523)
Amortization of bond issuance cost reported within the GASB 35 Statements	(38,716)
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	(107,074)
Proceeds from long-term debt not reported within the GASB 35 Statements	(15,313,577)
Deferred costs of issuance not reported within the GASB 35 Statements	554,482
Principal payments on debt not reported within the GASB 35 Statements	865,000
Principal payments on other long-term liabilities not reported within the GASB 35 Statements	108,011
Additional expense of other post employment benefits reported within the GASB 35 Statements	<u>(91,070)</u>
Net change in net assets reported within the GASB 35 Statement of Revenues, Expenses, and Changes in Net Assets	<u><u>\$ 9,911,275</u></u>

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

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2009

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, 2009 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, 2009, 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 \$3,200,132 in loans under the Federal Family Education Loan Program for the year ended June 30, 2009.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
NOTES TO THE SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2009

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, 2009 and 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 16, 2009. 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 audit, 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*.

We noted certain matters that we reported to management of the District, in a separate letter dated November 16, 2009.

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 16, 2009

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, 2009. 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, 2009.

### 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 16, 2009

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, 2009, and have issued our report thereon dated November 16, 2009.

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, except for findings 2009-1 through 2009-3, described in the accompanying schedule of findings and questioned costs, the District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2009.

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 16, 2009

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2009

**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; Career and Technical Education – Basic Grants to States (Perkins IV) (CFDA 84.048).
8. The threshold for distinguishing Type A and B programs was \$314,748.
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, 2009

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

NONE

**D. FINDINGS – STATE COMPLIANCE AUDIT**

**2009-1 – Instructional Service Agreements**

**Statement of Condition:** During our testing of instructional service agreements, we noted that the District does not have a written contract or agreement with the individual providing instruction under the Instructional Service Agreement with the City of Redding. In addition, we noted that the agreement with the City of Redding did not contain certification from the City that the classes were not fully funded through other sources.

**Cause of Condition:** The District misunderstood the differing requirements between agencies and individual instructors within contracting agencies.

**Effect of Condition:** Without a signed contract or agreement with the instructor and without certification from the contracting entity that the classes are not fully funded through other sources, the District is not in compliance with the requirements of the Contracted District Audit Manual.

**Recommendation:** We recommend the District implement procedures to ensure they obtain a signed contract with each instructor when instruction is to be provided by employees of the contracting entity under an Instructional Service Agreement and that the District implement procedures to ensure that all written Instructional Service Agreements contain certification from the contracting entity that the classes will not be fully funded through other sources.

**Response:** The District will insure there are individual agreements with instructors where appropriate and that all agreements contain the required language.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2009

**D. FINDINGS – STATE COMPLIANCE AUDIT**

**2009-2 – State General Apportionment Funding System**

**Statement of Condition:** During our testing of census reporting, we noted incorrect reporting of attendance hours for 4 of 22 positive attendance courses that were selected for testing.

**Cause of Condition:** There were mathematical errors on the positive attendance rosters which were not noticed before input to Datatel.

**Effect of Condition:** The number of FTES overreported for the 4 courses above was fractional, however, the potential misrepresented FTES is unknown.

**Recommendation:** We recommend the District implement procedures to recalculate the total hours reported on positive attendance courses before inputting the hours into Datatel.

**Response:** The District will recalculate the total hours on positive attendance before entering the data into Datatel.

**2009-3 – Open Enrollment**

**Statement of Condition:** During our testing of open enrollment, we noted multiple courses listed in the class schedule that appeared to limit enrollment. Although the District's procedures over enrollment in these courses was not restrictive, the descriptions were. The descriptions included notes that the classes were designed for a specific type of student. However, the courses did not meet the requirements for limitation on enrollment and the descriptions did not affirm the availability of the course to all qualified students.

**Cause of Condition:** Lack of required verbiage affirming the availability of the course to all qualified students.

**Effect of Condition:** Students may be discouraged from enrolling in these courses because the descriptions indicate they are only for certain students.

**Recommendation:** For all courses designed to meet certain specialized needs or designed for certain students, we recommend the District also include verbiage affirming the availability of the course to all qualified students.

**Response:** The District will include the recommended verbiage to meet the expectations of "open enrollment."

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2009

**D. FINDINGS – STATE COMPLIANCE AUDIT**

NONE

INDEPENDENT AUDITORS' COMMUNICATION  
TO THE BOARD OF TRUSTEES

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

In planning and performing our audit of the basic financial statements of Shasta-Tehama-Trinity Joint Community College District (District) for the year ended June 30, 2009, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control. However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency.

This letter does not affect our report dated November 16, 2009, on the financial statements of the District.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various District personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

## **CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

### **2009-A – INTERNAL CONTROLS OVER PAYROLL**

#### **Finding**

We noted that, although the District's internal control policy is that pay rate changes be made by human resource personnel and not payroll personnel, there are no system controls preventing payroll personnel from making such a change.

#### **Recommendation**

We recommend the District either set up controls in the accounting software to restrict payroll personnel from being able to make a change to employee pay rates or implement alternative procedures, such as review of rates after payroll preparation by an employee separate from the payroll function.

### **2009-B – CONCURRENT ENROLLMENT**

#### **Finding**

During our audit of the current year, we noted that there were a number of students coded as special admit K-12 students who were, in fact, not concurrently enrolled students. Through our discussion with Admissions and Records personnel, it appears a portion of the errors may have been due to the student incorrectly filling out their enrollment application due to unclear questions contained therein.

#### **Recommendation**

We recommend the District implement procedures to ensure that only students who are concurrently enrolled are coded as such. Possible solutions include revisions to the enrollment application to clarify certain questions and implementing procedures to review the listing of students coded as concurrent throughout the year to ensure its accuracy.

### **2009-C – SUSPENSION AND DEBARMENT**

#### **Finding**

Federal guidelines (OMB Circular A-133 Compliance Supplement Section I) stipulate that recipient's of Federal funds do not contract for goods or services totaling \$20,000 or more with vendors who are suspended or debarred. While it does not appear the District has made such contracts, we noted there are no procedures in place to insure they do not contract with such entities.

Recommendation

We recommend the District implement procedures to ensure vendors paid with federal dollars are not suspended or debarred. This can be accomplished through certification from the vendor or reference to the Excluded Parties List System, available online.

We would like to thank District management and staff for their assistance throughout the audit engagement. We appreciate the opportunity of serving as independent auditors for the District for the year ended June 30, 2009. If we can provide additional information or assistance in connection with implementing any of these recommendations, we will be pleased to do so.

This report is intended solely for the information and use of the audit committee, Board of Trustees, management, 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*

NYSTROM & COMPANY LLP  
Certified Public Accountants

November 16, 2009