

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEARS ENDED JUNE 30, 2011 AND 2010

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS

FOR THE FISCAL YEARS ENDED

JUNE 30, 2011 AND 2010

	Page
INTRODUCTION	1
INDEPENDENT AUDITORS' REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION)	4
BASIC FINANCIAL STATEMENTS	
Business-type Activities:	
Statements of Net Assets	20
Statements of Revenues, Expenses, and Changes in Net Assets	22
Statements of Cash Flows	24
Discretely Presented Component Unit:	
Statements of Financial Position	26
Statements of Activities	27
Statements of Cash Flows	29
Notes to the Financial Statements	30
SUPPLEMENTARY INFORMATION	
Organization.....	67
Schedule of Expenditures of Federal Awards	68
Schedule of State Financial Awards	70
Schedule of Workload Measures for State General Apportionment	71
Reconciliation of Annual Financial and Budget Report (CCFS-311) with District Accounting Records.....	72
Combining Balance Sheet – District Funds Included in the Reporting Entity	73
Combining Statement of Revenues, Expenditures/Expenses and Changes in Fund Equity – District Funds Included in the Reporting Entity	75

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS

FOR THE FISCAL YEARS ENDED

JUNE 30, 2011 AND 2010

	Page
SUPPLEMENTARY INFORMATION	
Reconciliation of Fund Equity to Net Assets	79
Reconciliation of Change in Fund Equity to Change in Net Assets	80
Notes to the Supplementary Information	81
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	83
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	85
INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE REQUIREMENTS	87
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	89
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	93
INDEPENDENT AUDITORS' COMMUNICATION TO THE BOARD OF TRUSTEES.....	94

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, 2011 and 2010, 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 and 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 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 the 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, 2011 and 2010, 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 30, 2011, 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. 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 purposes 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. The remaining supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Matson and Isom

November 30, 2011



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 continued to experience severe economic difficulties in 2010-11. The State was a record 100 days late in passing its budget. System-wide community colleges fared better than most in this budget, being spared additional cuts. Because of economic uncertainty mid-year cuts were anticipated but did not materialize for 2010-11.

The community college budget contained no cost-of-living increase and no restoration of the severe cuts for categorical programs from the prior year.

Growth for the system was funded at 2.21% by the State for 2010-11. The District enrollment continued to grow which resulted in \$861,765 in growth funding. The District enrollment for 2010-11 was 7,789 FTES, but the State only funded 7,734 FTES. The unfunded FTES represented another \$251,020 reduction in apportionment from the State. In addition to the unfunded FTES, the system was assessed a deficit coefficient factor resulting in a loss of apportionment of \$203,192 at the time of this writing.

_____			Governing Board Members _____			
Judi D. Beck McArthur	Harold J. Lucas Red Bluff	Duane K. Miller Anderson	Kendall S. Pierson Redding	Rayola B. Pratt Shasta	Robert M. Steinacher Corning	Scott J. Swendiman Redding
_____			Superintendent/President _____			
			Joe Wyse			

**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

The State's economic condition continued to deteriorate over the course of the fiscal year which caused the District to continue in a conservative mode for protection of our reserves. For this fiscal year due to unexpected revenues, adjustments to spending, managed hiring, and increased efficiencies, the District was able to eliminate the budgeted deficit of \$166,641, ending the year with a net gain of \$2,880,715 in the general fund. Through these efforts the District was able to achieve a 23% reserve for contingencies in 2010-11 in the general fund. This reserve is essential due to the increased deferral of revenues that the State has imposed.

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, 2011 and 2010:

Condensed Statement of Net Assets			
As of June 30			
	<u>2011</u>	<u>2010</u>	% Change
Assets			
Current Assets:			
Cash and cash equivalents	\$ 8,059,402	\$ 6,876,409	17.2%
Restricted cash	1,955,510	7,193,598	-72.8%
Accounts receivable	9,845,301	8,239,151	19.5%
Note receivable - current portion	30,000	-	0.0%
Prepaid expenses	594,560	66,907	788.6%
Inventory	20,871	21,397	-2.5%
Total current assets	<u>20,505,644</u>	<u>22,397,462</u>	-8.4%
Noncurrent assets:			
Restricted cash	3,890,054	4,349,327	-10.6%
Restricted investments	4,904,202	4,803,041	2.1%
Note receivable - noncurrent portion	270,000	-	0.0%
Nondepreciable capital assets	7,609,627	9,483,420	-19.8%
Depreciable capital assets, net	56,420,440	57,065,430	-1.1%
Other post employment benefits	4,407,090	227,603	1836.3%
Deferred costs, net	1,138,822	1,196,020	-4.8%
Total noncurrent assets	<u>78,640,235</u>	<u>77,124,841</u>	2.0%
Total Assets	<u>\$ 99,145,879</u>	<u>\$ 99,522,303</u>	-0.4%

**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

	<u>2011</u>	<u>2010</u>	% Change
Liabilities			
Current liabilities:			
Accounts payable	\$ 2,749,019	\$ 3,446,502	-20.2%
Deferred revenue	2,482,537	2,285,902	8.6%
Short-term debt		-	#DIV/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	2,302,729	2,054,863	12.1%
Amounts held in trust for others	3,991,080	3,827,660	4.3%
Total current liabilities	<u>11,696,756</u>	<u>11,786,318</u>	-0.8%
Noncurrent liabilities:			
Compensated absences, noncurrent portion	1,090,554	1,106,919	-1.5%
Golden Handshake, noncurrent portion	102,648	210,660	-51.3%
Long-term debt, noncurrent portion	51,040,505	53,320,415	-4.3%
Total noncurrent liabilities	<u>52,233,707</u>	<u>54,637,994</u>	-4.4%
Total Liabilities	<u>63,930,463</u>	<u>66,424,312</u>	-3.8%
Net Assets			
Investments in capital assets, net of related debt	13,592,356	18,719,629	-27.4%
Restricted - expendable	3,493,095	3,751,712	-6.9%
Unrestricted	18,129,965	10,626,650	70.6%
Total Net Assets	<u>35,215,416</u>	<u>33,097,991</u>	6.4%
Total Liabilities and Net Assets	<u>\$ 99,145,879</u>	<u>\$ 99,522,303</u>	-0.4%

Current cash and cash equivalents consist mainly of cash in the County Treasury. The District is adjusting to the new state deferrals implemented in 2009/2010. TRAN issuance is carefully considered each year to determine whether to participate in mid-year or traditional TRAN offerings. In 2010/2011, the District participated in the traditional TRAN (\$4M) and carefully protected cash in anticipation of additional deferrals in the 2011/2012 proposed state budget. The District was able to end the 2010/2011 year with an increase in cash and cash equivalents due to unexpected revenues (mandated costs and lottery) and careful spending.

Restricted cash decreased as lease revenue bond funds were expended on capital projects.

Receivables include receivables from State and federal grants, students, as well as general apportionment earned but not received by year-end. In 2010, the State instituted additional deferrals of apportionment funding. At June 30, 2010, the total deferral was \$4,741,588. By June 30, 2011, the amount due from the state deferral had grown to \$5,676,512. This accounted for most of the increase in accounts receivable.

Note receivable is a new category for the District. It is the result of selling modular buildings from our former Tehama County site. Current portion represents the portion due the District in 2011/2012 with the balance due in the subsequent nine years.

**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

Prepaid expenses increased due to timing issues and the passage of an on-time budget from the State. In the prior year the District was forced to wait on payment of certain things due to an uncertain and late State budget in October 2010.

Inventory remained constant for the fiscal year.

Non-depreciable capital assets decreased slightly as construction in progress was finalized and transferred to depreciable capital assets.

Depreciable capital assets are the historical value of buildings, site improvements and equipment less accumulated depreciation. Although there were increases due to construction being completed there were also reductions due to the sale of the Tehama modular buildings. The net change was slight.

Other post employment benefits represent the difference between what the actuarial-based estimate of our Annual Required Contribution (ARC) and actual contributions made for the fiscal year. The District experienced a significant increase due to the one-time deposit of \$3,555,841 into the irrevocable trust for the future retiree health benefits.

Accounts payable decreased slightly in this fiscal year. The anticipated on-time budget allowed for timely payments to vendors as the year closed.

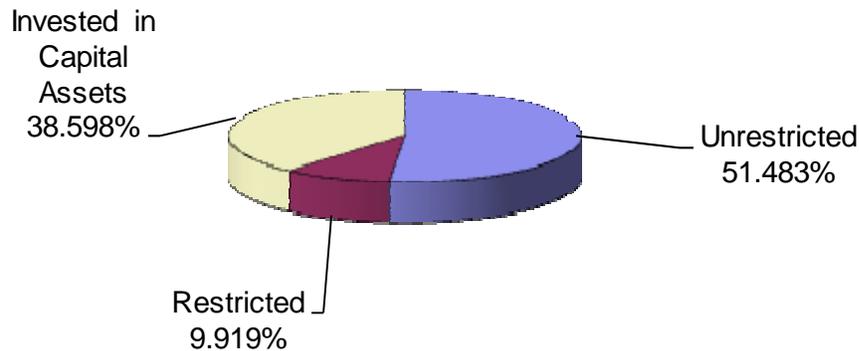
Deferred revenue relates mainly to federal, State, and local program funds received but not yet earned as of the end of the fiscal year. Most grants are earned when expended (up to the grant amount awarded). Also included are deferred student fees for the 2011/2012 fiscal year of \$940,235.

Long-term liabilities (non-current portion) are long-term debt to be paid in one year or later. Compensated absences payable of \$1,090,554 and bonds payable of \$51,040,505 are the two major components of the non-current portion.

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, 2011**

NET ASSETS - JUNE 30, 2011



The following table summarizes the changes between June 30, 2010 and 2009:

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

	<u>2010</u>	<u>2009</u>	<u>% Change</u>
Assets			
Current Assets:			
Cash and cash equivalents	\$ 6,876,409	\$ 11,298,444	-39.1%
Restricted cash	7,193,598	1,227,813	485.9%
Accounts receivable	8,239,151	11,608,156	-29.0%
Prepaid expenses	66,907	808,691	-91.7%
Inventory	21,397	22,385	-4.4%
Total current assets	<u>22,397,462</u>	<u>24,965,489</u>	-10.3%
Noncurrent assets:			
Restricted cash	4,349,327	17,094,470	-74.6%
Restricted investments	4,803,041	4,496,965	6.8%
Nondepreciable capital assets	9,483,420	23,880,174	-60.3%
Depreciable capital assets, net	57,065,430	34,586,072	65.0%
Other post employment benefits	227,603	-	-
Deferred costs, net	1,196,020	1,253,219	-4.6%
Total noncurrent assets	<u>77,124,841</u>	<u>81,310,900</u>	-5.1%
Total Assets	<u>\$ 99,522,303</u>	<u>\$ 106,276,389</u>	-6.4%

**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

	<u>2010</u>	<u>2009</u>	% Change
Liabilities			
Current liabilities:			
Accounts payable	\$ 3,446,502	\$ 4,207,349	-18.1%
Deferred revenue	2,285,902	3,099,747	-26.3%
Short-term debt	-	3,850,000	0.0%
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	2,054,863	1,874,864	9.6%
Amounts held in trust for others	3,827,660	3,498,201	9.4%
Total current liabilities	<u>11,786,318</u>	<u>16,701,552</u>	-29.4%
Noncurrent liabilities:			
Other post employment benefits obligation	-	91,070	0.0%
Compensated absences, noncurrent portion	1,106,919	1,111,146	-0.4%
Golden Handshake, noncurrent portion	210,660	318,670	-33.9%
Long-term debt, noncurrent portion	53,320,415	55,350,278	-3.7%
Total noncurrent liabilities	<u>54,637,994</u>	<u>56,871,164</u>	-3.9%
Total Liabilities	<u>66,424,312</u>	<u>73,572,716</u>	-9.7%
Net Assets			
Investments in capital assets, net of related debt	18,719,629	18,730,741	-0.1%
Restricted - expendable	3,751,712	3,684,107	1.8%
Unrestricted	10,626,650	10,288,825	3.3%
Total Net Assets	<u>33,097,991</u>	<u>32,703,673</u>	1.2%
Total Liabilities and Net Assets	<u>\$ 99,522,303</u>	<u>\$ 106,276,389</u>	-6.4%

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. That cash balance dropped in part from the state deferrals. In addition, the District chose not to issue a mid-year TRAN as the concern was greater for the need of increased TRAN in the 2010-11 fiscal year. The current year proved to have its own new challenges in managing cash due to additional state deferrals of cash payments from one fiscal year to another. With that considered, there was a significant 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 2010, the State instituted additional deferrals of apportionment funding. In addition to the previous June deferral, approximately 8% of January through May apportionment was deferred until July, 2010. These funds were earned and receivable in the 2009-10 fiscal year totaling \$4,741,558 at June 30, 2010. There was an additional intra year deferral of funds from July to October. The State did resume funding for the State-funded construction projects which resulted in all of our library annex funding being collected in 2010. The payment of those funds accounted for the overall reduction in receivables for the District.

**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

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

Restricted cash and cash equivalents consist mainly of amounts relating to the Bond Construction funds. This balance decreased due to most of our large construction projects coming to an end in 2010.

Inventory remained constant for the fiscal year.

Depreciable capital assets are the historical value of buildings, site improvements and equipment less accumulated depreciation. The increases were due to the completion of the Tehama Campus and Library Annex. The footnotes to the financial statements contain a breakdown of the net capital assets. The decrease in non-depreciable capital assets relates directly in that the construction in progress from the prior year is now included in the net depreciable capital assets.

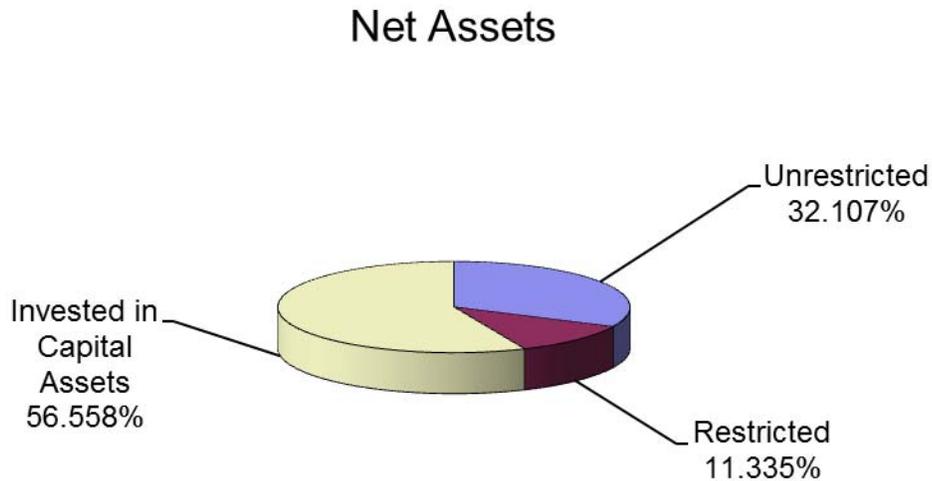
Accounts payable consist of payables due to vendors. There was a slight decrease in accounts payable for this fiscal year. This is attributable to the controlled spending of the District.

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 2010-11 fiscal year of \$894,288.

Short-term debt consists of the mid-year TRAN borrowing. The District chose not to participate in for the 2009-10 fiscal year.

Long-term liabilities (non-current portion) are long-term debt to be paid in one year or later. Compensated absences payable of \$1,106,919 and bonds payable of \$53,320,415 are the two major components of the non-current portion. The prior year was 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. In the current year the District actually has an asset recorded (\$223,603) due to our contributions to the irrevocable trust established for this purpose.

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.



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.

**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

The following table summarizes the changes between June 30, 2011 and 2010:

Condensed Statement of Revenues, Expenses and Changes in Net Assets

	<u>2011</u>	<u>2010</u>	% Change
Operating revenues	\$ 28,616,239	\$ 27,632,949	3.6%
Operating expenses	<u>65,264,557</u>	<u>65,506,171</u>	-0.4%
Operating Loss	(36,648,318)	(37,873,222)	-3.2%
Non-operating revenues and expenses	<u>38,375,158</u>	<u>36,522,131</u>	5.1%
Income Before Other Revenue and Expenses	1,726,840	(1,351,091)	-227.8%
Other revenue and expenses	<u>390,585</u>	<u>1,745,409</u>	-77.6%
Increase in Net Assets	2,117,425	394,318	437.0%
Net Assets - beginning of year	<u>33,097,991</u>	<u>32,703,673</u>	1.2%
Net Assets - end of year	<u><u>\$ 35,215,416</u></u>	<u><u>\$ 33,097,991</u></u>	6.4%

Net tuition and fees were \$7,542,568, less the Board of Governor tuition waivers of \$2,961,428. This includes enrollment fees, non-resident tuitions, and other student fees. Enrollment fees are set by the State for all community colleges. Most of the enrollment fees (98%) are included in the calculation of the general apportionment. Campus Center fees were \$391,531 and dorm fees were \$439,123 for 2010/2011.

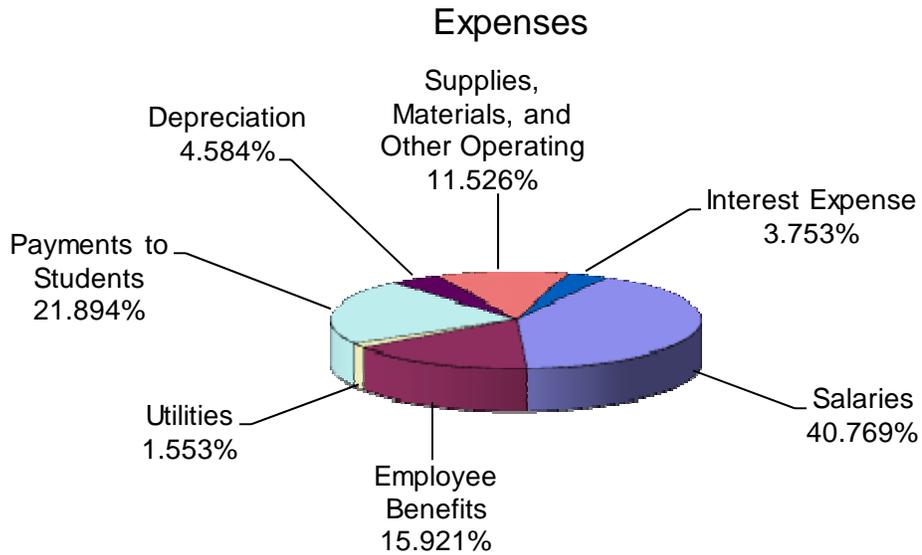
Auxiliary enterprise sales and charges are primarily bookstore commissions and food service sales with a small amount of rental income.

State apportionments, non-capital, consist of State apportionment of \$24,729,412. State apportionment represents total general fund apportionment earned less regular enrollment fees and property taxes.

Property taxes and other revenue consist primarily of local property tax revenue (\$13,664,957) and State lottery revenue of \$1,181,875.

There was a decrease in investment income due to the current market conditions.

**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**



The following table summarizes the changes between June 30, 2010 and 2009:

Condensed Statement of Revenues, Expenses and Changes in Net Assets

	<u>2010</u>	<u>2009</u>	<u>% Change</u>
Operating revenues	\$ 27,632,949	\$ 24,915,948	10.9%
Operating expenses	65,506,171	62,660,679	4.5%
Operating Loss	(37,873,222)	(37,744,731)	0.3%
Non-operating revenues and expenses	36,522,131	38,760,154	-5.8%
Income Before Other Revenue and Expenses	(1,351,091)	1,015,423	-233.1%
Other revenue and expenses	1,745,409	8,895,852	-80.4%
Increase in Net Assets	394,318	9,911,275	-96.0%
Net Assets - beginning of year	32,703,673	22,792,398	43.5%
Net Assets - end of year	<u>\$ 33,097,991</u>	<u>\$ 32,703,673</u>	1.2%

**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

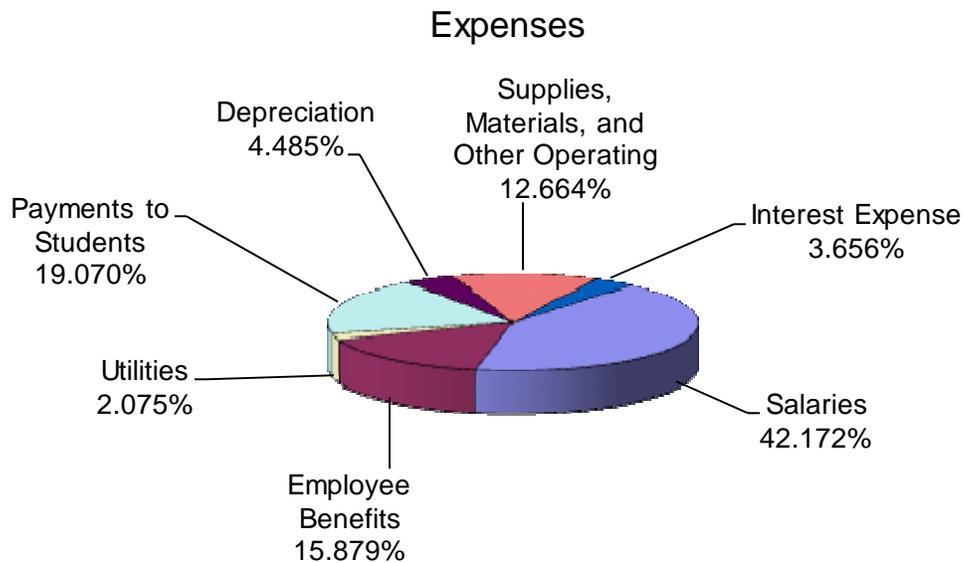
Net tuition and fees were \$6,693,527, less Board of Governor tuition waivers of \$2,448,657. This includes enrollment fees, non-resident tuitions, and other student fees. Regular enrollment fees increased to \$26 per unit for fall 2009-10. These fees are set by the State for all community colleges. Most of the regular enrollment fees are included in the calculation of general apportionment (98%). Campus Center fees were \$414,019 and dorm fees were \$403,740 for 2009-10.

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 \$22,360,641. 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 \$14,768,697, and State lottery revenue of \$1,084,189.

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, 2011**

Operating Expenses (by Natural Classification)

The following table summarizes the changes between June 30, 2011 and 2010:

Expenses by Natural Classification			
	<u>2011</u>	<u>2010</u>	% Change
Salaries	\$ 27,645,450	\$ 28,673,343	-3.6%
Employee benefits	10,796,023	10,796,555	0.0%
Payments to students	14,846,294	12,966,199	14.5%
Supplies, materials, and other operating expenses	7,815,907	8,610,228	-9.2%
Utilities	1,052,792	1,410,583	-25.4%
Depreciation and amortization expense	3,108,091	3,049,263	1.9%
	<u>\$ 65,264,557</u>	<u>\$ 65,506,171</u>	-0.4%

Salaries and employee benefits reflect only a slight decrease of \$415,451 from the prior year. While salaries decreased, the related employee benefits increased. The managed hiring and keeping positions open that began two years ago still remained a priority allowing the District to maneuver through the current economic times.

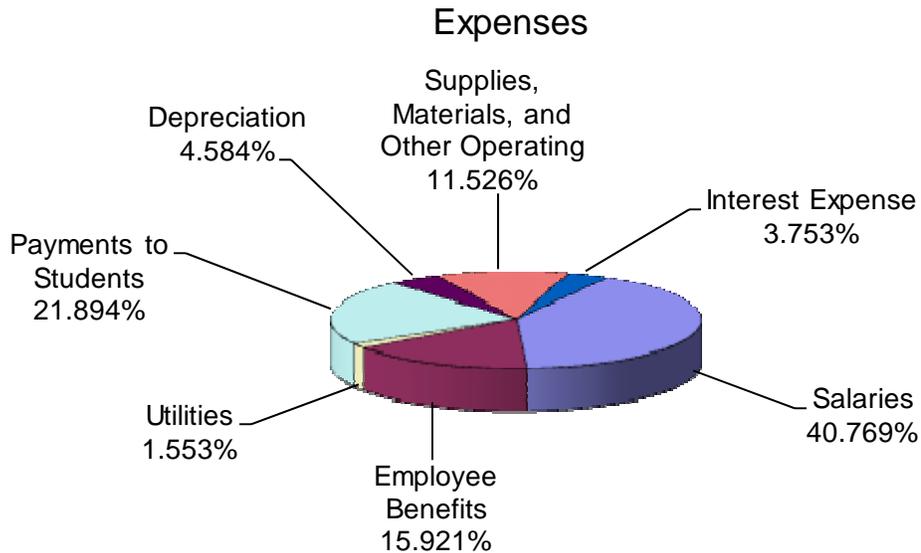
Payments to students are made possible through student service grants and financial aid. These payments will fluctuate with the available funding and eligibility of students. This year's increase was primarily due to increased student financial aid.

Supplies, materials, other operating expenses and services consist of those non-capital expenditures made by the District. This area decreased slightly in the current year as the District worked to conserve wherever possible.

Utilities decreased with the solar field being in service for the full fiscal year.

Depreciation increased slightly as capital projects were completed.

**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**



The following table summarizes the changes between June 30, 2010 and 2009:

Expenses by Natural Classification

	<u>2010</u>	<u>2009</u>	<u>% Change</u>
Salaries	\$ 28,673,343	\$ 30,307,183	-5.4%
Employee benefits	10,796,555	10,672,440	1.2%
Payments to students	12,966,199	9,686,901	33.9%
Supplies, materials, and other operating expenses	8,610,228	8,457,665	1.8%
Utilities	1,410,583	1,576,444	-10.5%
Depreciation and amortization expense	3,049,263	1,960,046	55.6%
	<u>\$ 65,506,171</u>	<u>\$ 62,660,679</u>	4.5%

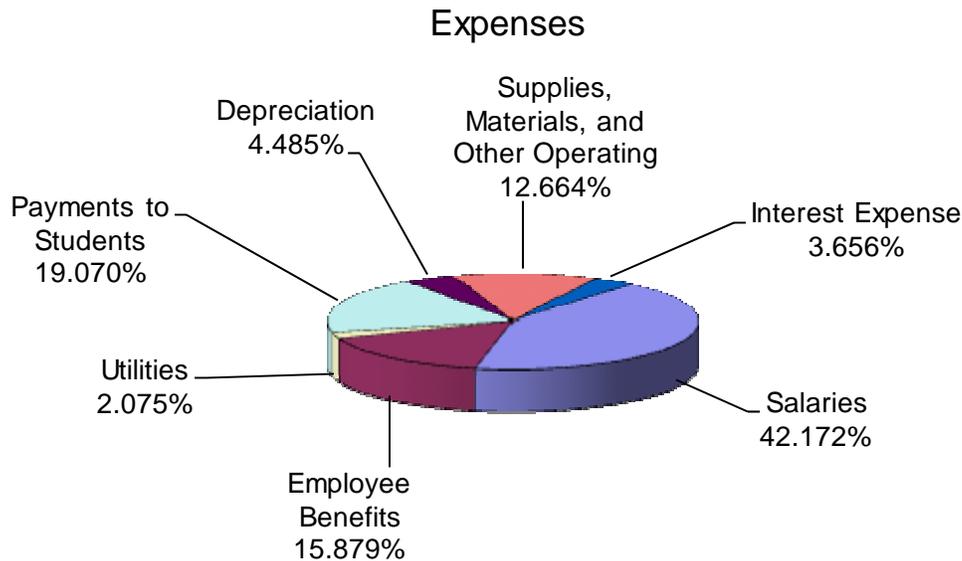
Compensation and employee benefits reflect a \$1,532,874 decrease from the prior year. This was due to the managed hiring noted earlier and keeping positions open wherever possible. In addition, the workload reduction mandated by the State resulted in substantially less adjunct faculty being needed in the 2010 fiscal year.

Supplies, materials, other operating expenses and services consist of those non-capital expenditures made by the District. This area remained fairly comparable to the prior 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 completions in the current year.

**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

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. The increase was due primarily to increases in PELL award limits.



Statement of Cash Flows

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.

The following table summarizes the changes between June 30, 2011 and 2010:

Condensed Statement of Cash Flows

	<u>2011</u>	<u>2010</u>	% Change
Cash received from operations	\$ 29,287,396	\$ 27,158,262	7.8%
Cash expended for operations	<u>(67,345,116)</u>	<u>(61,867,971)</u>	8.9%
Net cash used by operating activities	(38,057,720)	(34,709,709)	9.6%
Net cash provided by non-capital financing activities	38,750,527	34,059,717	13.8%
Net cash provided (used) by capital and related financing activities	(5,267,741)	(10,533,716)	-50.0%
Net cash provided (used) by investing activities	<u>60,566</u>	<u>(17,685)</u>	-442.5%
Net increase (decrease) in cash and cash equivalents	(4,514,368)	(11,201,393)	-59.7%
Cash and cash equivalents, beginning of year	<u>18,419,334</u>	<u>29,620,727</u>	-37.8%
Cash and cash equivalents, end of year	<u><u>\$ 13,904,966</u></u>	<u><u>\$ 18,419,334</u></u>	-24.5%

**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

Cash receipts from operating activities consist primarily of federal, State, and local grants and contracts of \$23,384,187. Cash outlays were primarily payments to or on behalf of employees of \$27,413,676, benefits of \$15,083,522, payments to suppliers of \$8,948,832 and payments for scholarships and grants of \$14,846,294.

General apportionment of \$23,427,289 and local property taxes of \$13,103,309 are the primary sources of non-capital financing activities.

Net cash used by capital and related financing activities was reduced significantly as the state-funded Library Annex was substantially completed in the prior year.

The following table summarizes the changes between June 30, 2010 and 2009:

Condensed Statement of Cash Flows

	<u>2010</u>	<u>2009</u>	% Change
Cash received from operations	\$ 27,158,262	\$ 25,940,146	4.7%
Cash expended for operations	<u>(61,867,971)</u>	<u>(61,182,015)</u>	1.1%
Net cash used by operating activities	(34,709,709)	(35,241,869)	-1.5%
Net cash provided by non-capital financing activities	34,059,717	41,865,858	-18.6%
Net cash provided (used) by capital and related financing activities	(10,533,716)	(2,215,352)	375.5%
Net cash provided (used) by investing activities	<u>(17,685)</u>	<u>(688,675)</u>	-97.4%
Net increase (decrease) in cash and cash equivalents	(11,201,393)	3,719,962	-401.1%
Cash and cash equivalents, beginning of year	<u>29,620,727</u>	<u>25,900,765</u>	14.4%
Cash and cash equivalents, end of year	<u>\$ 18,419,334</u>	<u>\$ 29,620,727</u>	-37.8%

Cash receipts from operating activities consist primarily of Federal, State, and local grants and contracts of \$19,949,743. Cash outlays were primarily payments to or on behalf of employees of \$28,738,177, payments to suppliers of \$7,529,774, and payments for scholarships and grants of \$12,966,199.

General apportionment of \$21,502,413 and local property taxes of \$14,886,853 are the primary sources of non-capital financing.

Completion of the Tehama Center, the Library Annex, and the solar project and various smaller projects used \$11,984,157 in the capital and related financing activities.

Economic Factors That May Affect the Future

The 2011-2012 State Budget continues to be challenging. The State Budget includes cuts to overall funding to the community college system of 4.9% which equates to a workload reduction of 6.2%. The 2011-2012 State Budget does not include a cost-of-living adjustment (COLA) or growth funding. The District budget contains a deficit of \$668,222 in the general fund. At the time of this writing, it appears that additional cuts will materialize in January, 2012 as the projected Tier I and Tier II cuts built into the 2011/2012 budget are implemented. The District's share of these additional cuts may be \$708,381. At this time it is uncertain whether these would be in the form of additional workload reduction or deficit funding. It is likely that it will be a combination of the two. Projections of the State budget for 2011-2012 and subsequent years continue to be critical.

The 2011-2012 budget was based on funded FTES reduced slightly due to the workload reduction imposed by the State. At the time of this writing, it appears the District will experience a slight decrease of reported FTES in 2011-12. However, due to the unfunded FTES this will likely result in unchanged funding 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. We are already seeing an impact on the District's utility costs due to the completion of the solar project. Wherever possible the District is renegotiating external contracts to operate as efficiently as possible.

THIS PAGE INTENTIONALLY LEFT BLANK

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

	June 30,	
	2011	2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,059,402	\$ 6,876,409
Restricted cash and cash equivalents	1,955,510	7,193,598
Accounts receivable, net	9,845,301	8,239,151
Note receivable, current portion	30,000	-
Prepaid expenses	594,560	66,907
Inventory	20,871	21,397
Total current assets	20,505,644	22,397,462
Noncurrent assets:		
Restricted cash and cash equivalents	3,890,054	4,349,327
Restricted investments	4,904,202	4,803,041
Note receivable, noncurrent portion	270,000	-
Nondepreciable capital assets	7,609,627	9,483,420
Depreciable capital assets, net	56,420,440	57,065,430
Other post employment benefits obligation	4,407,090	227,603
Deferred costs, net	1,138,822	1,196,020
Total noncurrent assets	78,640,235	77,124,841
Total assets	\$ 99,145,879	\$ 99,522,303
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 2,749,019	\$ 3,446,502
Deferred revenue	2,482,537	2,285,902
Compensated absences, current portion	64,146	64,146
Early retirement incentive program, current portion	107,245	107,245
Long-term debt, current portion	2,302,729	2,054,863
Amounts held for others	3,991,080	3,827,660
Total current liabilities	11,696,756	11,786,318
Noncurrent liabilities:		
Compensated absences, noncurrent portion	1,090,554	1,106,919
Early retirement incentive program, noncurrent portion	102,648	210,660
Long-term debt, noncurrent portion	51,040,505	53,320,415
Total noncurrent liabilities	52,233,707	54,637,994
Total liabilities	63,930,463	66,424,312

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

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

	June 30,	
	2011	2010
NET ASSETS		
Investments in capital assets, net of related debt	13,592,356	18,719,629
Restricted - expendable	3,493,095	3,751,712
Unrestricted	18,129,965	10,626,650
Total net assets	35,215,416	33,097,991
Total liabilities and net assets	\$ 99,145,879	\$ 99,522,303

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,	
	2011	2010
OPERATING REVENUES		
Tuition and fees	\$ 7,542,568	\$ 7,530,321
Less: scholarship discount and allowance	2,961,428	2,448,657
Net tuition and fees	4,581,140	5,081,664
Grants and contracts, non-capital:		
Federal	16,500,179	14,545,538
State	5,887,228	6,199,092
Local	695,862	831,510
Auxiliary enterprise sales and charges	951,830	975,145
Total operating revenues	28,616,239	27,632,949
OPERATING EXPENSES		
Salaries	27,645,450	28,673,343
Employee benefits	10,796,023	10,796,555
Payments to students	14,846,294	12,966,199
Supplies, materials, and other operating expenses and services	7,815,907	8,610,228
Utilities	1,052,792	1,410,583
Depreciation and amortization expense	3,108,091	3,049,263
Total operating expenses	65,264,557	65,506,171
OPERATING LOSS	(36,648,318)	(37,873,222)
NON-OPERATING REVENUES (EXPENSES)		
State apportionments, non-capital	24,729,412	22,360,641
Local property taxes	13,664,957	14,768,697
State taxes and other revenues	1,508,186	1,382,942
Federal other revenues	71,059	78,906
Investment income, non-capital	167,545	290,783
Investment income, capital	37,250	67,512
Interest expense - capital asset-related debt	(2,544,951)	(2,485,953)
Gain on disposal of capital assets	101,016	-
Other non-operating revenues (expenses)	640,684	58,603
Total non-operating revenues (expenses)	38,375,158	36,522,131

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,	
	2011	2010
INCOME (LOSS) BEFORE OTHER REVENUES AND EXPENSES	1,726,840	(1,351,091)
State apportionments, capital	245,103	1,598,114
Local property taxes and revenues, capital	145,482	147,295
CHANGE IN NET ASSETS	2,117,425	394,318
NET ASSETS, BEGINNING OF YEAR	33,097,991	32,703,673
NET ASSETS, END OF YEAR	\$ 35,215,416	\$ 33,097,991

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,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$ 4,784,584	\$ 5,904,100
Federal grants and contracts	16,104,539	14,270,733
State grants and contracts	6,721,041	4,929,824
Local grants and contracts	559,757	749,186
Payments to/on behalf of employees	(27,413,676)	(28,738,177)
Payments for benefits	(15,083,522)	(11,223,238)
Payments for scholarships and grants	(14,846,294)	(12,966,199)
Payments to suppliers	(8,949,982)	(7,529,774)
Payments for utilities	(1,052,792)	(1,410,583)
Auxiliary enterprise sales and charges	955,205	974,960
Other receipts (payments)	163,420	329,459
Net cash used by operating activities	(38,057,720)	(34,709,709)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
State apportionments, non-capital	23,427,289	21,502,413
Local property taxes	13,103,309	14,886,853
State taxes and other revenues	1,508,186	1,382,942
Federal other revenues	71,059	78,906
Short-term borrowing, net	-	(3,850,000)
Other receipts (payments)	640,684	58,603
Net cash provided by non-capital financing activities	38,750,527	34,059,717
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of capital assets	(1,088,143)	(11,984,157)
Interest paid on long-term debt	(2,575,389)	(2,496,330)
Principal paid on long-term debt	(2,032,044)	(1,849,864)
State apportionments, capital	245,103	5,486,235
Local property taxes, capital	145,482	242,888
Interest received on capital investments	37,250	67,512
Net cash used by capital and related financing activities	(5,267,741)	(10,533,716)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of investments	1,457,354	1,772,386
Purchase of investments	(1,558,515)	(2,078,462)
Interest on investments	161,727	288,391
Net cash provided (used) by investing activities	60,566	(17,685)

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,	
	2011	2010
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,514,368)	(11,201,393)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	18,419,334	29,620,727
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 13,904,966	\$ 18,419,334
 COMPONENTS OF CASH AND CASH EQUIVALENTS:		
Cash and cash equivalents	\$ 8,059,402	\$ 6,876,409
Restricted cash and cash equivalents (current)	1,955,510	7,193,598
Restricted cash and cash equivalents (noncurrent)	3,890,054	4,349,327
Total cash and cash equivalents	\$ 13,904,966	\$ 18,419,334
 RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	\$ (36,648,318)	\$ (37,873,222)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization expense	3,108,091	3,049,263
Change in allowance for doubtful accounts	(15,169)	78,300
(Increase) decrease in:		
Accounts receivable	278,608	49,455
Prepaid expenses	(527,653)	741,784
Inventory	526	988
Increase (decrease) in:		
Accounts payable	(309,996)	159,019
Deferred revenue	196,635	(813,845)
Other post employment benefits obligation	(4,179,487)	(318,673)
Compensated absences	(16,365)	(4,227)
Early retirement incentive program	(108,012)	(108,010)
Amounts held for others	163,420	329,459
Net cash used by operating activities	\$ (38,057,720)	\$ (34,709,709)
 NON-CASH INVESTING AND FINANCING ACTIVITIES:		
During the current year, the District sold buildings in exchange for a note receivable of \$300,000.		

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,	
	2011	2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 114,832	\$ 179,953
Investments	1,020,129	827,765
Contribution receivable, current	1,691,940	-
Loan receivable, current	18,200	28,604
Accounts receivable	4,340	3,457
Accrued interest receivable	6,409	2,786
Total current assets	2,855,850	1,042,565
Property:		
Land	89,219	89,219
Building	310,781	310,781
	400,000	400,000
Less accumulated depreciation	104,453	94,095
Property, net	295,547	305,905
Other assets:		
Beneficial interest in CRAT	-	285,000
Loan receivable, noncurrent	12,600	-
Total other assets	12,600	285,000
Total assets	\$ 3,163,997	\$ 1,633,470
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 965	\$ 967
Depository liabilities	41,740	-
Long-term debt, current portion	-	4,427
Total current liabilities	42,705	5,394
Long-term debt, net of current maturities	-	364,038
Total liabilities	42,705	369,432
NET ASSETS		
Unrestricted	1,079,482	667,950
Temporarily restricted	2,041,810	596,088
Total net assets	3,121,292	1,264,038
Total liabilities and net assets	\$ 3,163,997	\$ 1,633,470

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,	
	2011	2010
CHANGES IN UNRESTRICTED NET ASSETS:		
Revenues and gains:		
Contributions:		
Public support	\$ 99,847	\$ 94,897
Total contributions	99,847	94,897
Other revenues and gains (loss):		
Investment income (loss)	173,165	78,618
Total other revenues and gains (loss)	173,165	78,618
Total unrestricted revenues and gains (loss)	273,012	173,515
Net assets released from restrictions	363,238	62,541
Total unrestricted revenues and gains	636,250	236,056
Expenses:		
Program services:		
Teaching garden program	27,449	25,555
Heavy equipment program	1,000	7,000
Burney property expenses	30,017	32,355
Scholarships	5,750	1,250
Tehama campus expenses	30,113	3,900
Other programs	17,803	20,072
Total program services expenses	112,132	90,132
Supporting services:		
Management and general	68,492	70,281
Fundraising	44,094	37,344
Total supporting services expenses	112,586	107,625
Total expenses	224,718	197,757
Change in unrestricted net assets	411,532	38,299

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,	
	2011	2010
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Revenues, gains and other support:		
Contributions:		
Public support	1,785,252	61,153
Total contributions	1,785,252	61,153
Other revenues, gains (loss) and support:		
Lease income	23,708	26,208
Bad debt loss on temporarily restricted net assets	-	(190,340)
Total other revenues, gains (loss) and support	23,708	(164,132)
Net assets released from restrictions	(363,238)	(62,541)
Change in temporarily restricted net assets	1,445,722	(165,520)
CHANGE IN NET ASSETS	1,857,254	(127,221)
NET ASSETS, BEGINNING OF YEAR	1,264,038	1,391,259
NET ASSETS, END OF YEAR	\$ 3,121,292	\$ 1,264,038

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,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,857,254	\$ (127,221)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	10,358	10,359
Net investment income reinvested	(173,165)	(78,618)
Non-cash contribution	(79,415)	-
(Increase) decrease in:		
Contributions receivable, current	(1,691,940)	190,000
Accounts receivable	(883)	189
Loan receivable	(2,196)	21,396
Accrued interest receivable	(3,623)	722
Increase (decrease) in:		
Accounts payable	(2)	(6,633)
Depository liabilities	41,740	-
Grant payable	-	(29,000)
Net cash used by operating activities	(41,872)	(18,806)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	84,740	230,533
Purchase of investments	(103,939)	(213,931)
Net cash provided (used) by investing activities	(19,199)	16,602
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on long-term debt	(4,050)	(4,211)
Net cash used by financing activities	(4,050)	(4,211)
NET DECREASE IN CASH	(65,121)	(6,415)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	179,953	186,368
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 114,832	\$ 179,953
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Cash paid for interest	\$ 16,804	\$ 18,538

NON-CASH INVESTING AND FINANCING ACTIVITY

During the year, the CRAT was terminating resulting in the forgiveness of the outstanding debt and an additional non-cash contribution of \$79,415.

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, 2011 AND 2010

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 Governmental Accounting Standards Board (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, 2011 AND 2010

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, 2011 AND 2010

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, 2011 AND 2010

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 Student Senate, 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 \$57,198 and \$57,199 for the years ended June 30, 2011 and 2010, 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, 2011 AND 2010

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, 2011 AND 2010

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, 2011 AND 2010

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. The payment amounts have not been reported in the basic financial statements as management believe they are immaterial to the financial statements taken as a whole.

RECLASSIFICATIONS

Certain reclassifications have been made to fiscal year 2010 to conform to the 2011 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, 2011 AND 2010

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.

DEPOSITORY LIABILITIES

The Foundation administers funds for the District and District sanctioned clubs as well as individuals and entities that desire to benefit the District. Depository liabilities represent the amount of these funds held.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DONATED SERVICES

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

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, 2011 AND 2010

NOTE 2 CASH AND INVESTMENTS

The cash and investments as of June 30, 2011 and 2010, are displayed on the statement of net assets as follows:

	June 30,	
	2011	2010
District:		
Cash and cash equivalents	\$ 8,059,402	\$ 6,876,409
Restricted cash and cash equivalents – current	1,955,510	7,193,598
Restricted cash and cash equivalents – non-current	<u>3,890,054</u>	<u>4,349,327</u>
Total cash and cash equivalents	<u>\$ 13,904,966</u>	<u>\$ 18,419,334</u>
Restricted investments	<u>\$ 4,904,202</u>	<u>\$ 4,803,041</u>
Total investments	<u>\$ 4,904,202</u>	<u>\$ 4,803,041</u>
Foundation:		
Cash and cash equivalents	<u>\$ 114,832</u>	<u>\$ 179,953</u>
Investments	\$ 1,020,129	\$ 827,765
Beneficial interest in charitable remainder annuity trust	<u>-</u>	<u>285,000</u>
Total investments	<u>\$ 1,020,129</u>	<u>\$ 1,112,765</u>

Deposits – At June 30, 2011 and 2010, the carrying amount of the District's and Foundation's deposits are summarized as follows:

	June 30,	
	2011	2010
District:		
Cash in County Treasury	\$ 12,649,970	\$ 14,435,063
Cash on hand and in banks	<u>1,254,996</u>	<u>3,984,271</u>
Total deposits	<u>\$ 13,904,966</u>	<u>\$ 18,419,334</u>
Foundation:		
Cash on hand and in banks	<u>\$ 114,832</u>	<u>\$ 179,953</u>
Total deposits	<u>\$ 114,832</u>	<u>\$ 179,953</u>

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

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 1.71 years and .96 years at June 30, 2011 and 2010, respectively.

As of the date of these financial statements, the County of Shasta's 2011 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, \$523,577 and \$477,547 of the District bank balances and all of the Foundation bank balances at June 30, 2011 and 2010 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: \$484,933 matures April 1, 2031; \$393,232 matures May 1, 2029; \$713,793 matures May 1, 2034.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011 AND 2010

NOTE 2 CASH AND INVESTMENTS

At June 30, 2011, 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 4.31 years and 4.87 years at June 30, 2011 and 2010, 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, 2011 and 2010, the investments consist of:

	June 30,	
	2011	2010
District:		
Mutual funds	\$ 1,591,983	\$ 1,592,276
Bonds	3,312,219	3,210,765
Total investments	\$ 4,904,202	\$ 4,803,041
Foundation:		
Municipal bonds	\$ 174,505	\$ -
Corporate/government bonds	249,664	371,942
Mutual funds	595,960	455,823
Beneficial interest in charitable remainder annuity trust	-	285,000
Total investments	\$ 1,020,129	\$ 1,112,765

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, 2011 AND 2010

NOTE 2 CASH AND INVESTMENTS

At June 30, 2011 and 2010, 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, 2011 and 2010, consist of the following:

	June 30,	
	2011	2010
District:		
Tuition and fees	\$ 1,173,293	\$ 1,333,057
Less allowance for doubtful accounts	688,131	703,300
Tuition and fees, net	485,162	629,757
Federal grants and contracts	1,233,365	818,014
State grants and contracts	1,010,849	1,701,413
Local grants and contracts	422,011	295,911
State apportionment, taxes and other revenues	5,560,487	4,258,364
Investment income, non-capital	46,358	40,540
Local property taxes	1,032,241	470,593
Reimbursements	42,434	20,869
Auxiliary enterprise sales and charges	-	3,375
Other	12,394	315
Total	\$ 9,845,301	\$ 8,239,151

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011, is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Nondepreciable assets:					
Land	\$ 3,839,886	\$ -	\$ -	\$ -	\$ 3,839,886
Construction in progress	<u>5,643,534</u>	<u>361,954</u>	<u>-</u>	<u>(2,235,747)</u>	<u>3,769,741</u>
Total nondepreciable assets	\$ <u>9,483,420</u>	\$ <u>361,954</u>	\$ <u>--</u>	\$ <u>(2,235,747)</u>	\$ <u>7,609,627</u>
Depreciable capital assets:					
Site improvements	\$ 16,436,975	\$ 8,623	\$ -	\$ -	\$ 16,445,598
Buildings	57,459,895	48,841	(545,916)	2,235,747	59,198,567
Vehicles and equipment	8,588,274	206,166	(311,444)	(125,474)	8,357,522
Computer equipment	2,205,765	88,286	(155,478)	125,474	2,264,047
Leasehold improvements	<u>25,861</u>	<u>17,224</u>	<u>(7,509)</u>	<u>-</u>	<u>35,576</u>
	<u>84,716,770</u>	<u>369,140</u>	<u>(1,020,347)</u>	<u>2,235,747</u>	<u>86,301,310</u>
Less accumulated depreciation:					
Site improvements	6,037,607	1,189,111	-	-	7,226,718
Buildings	13,248,901	1,171,050	359,858	-	14,060,093
Vehicles and equipment	6,507,310	447,945	305,427	(36,281)	6,613,547
Computer equipment	1,851,416	241,008	155,478	36,281	1,973,227
Leasehold improvements	<u>6,106</u>	<u>1,779</u>	<u>600</u>	<u>-</u>	<u>7,285</u>
	<u>27,651,340</u>	<u>3,050,893</u>	<u>821,363</u>	<u>-</u>	<u>29,880,870</u>
Total depreciable assets, net	\$ <u>57,065,430</u>	\$ <u>(2,681,753)</u>	\$ <u>(198,984)</u>	\$ <u>2,235,747</u>	\$ <u>56,420,440</u>

There was no activity in the Foundation capital assets for the year ended June 30, 2011 other than depreciation expense of \$10,358.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010, is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Nondepreciable assets:					
Land	\$ 3,839,886	\$ -	\$ -	\$ -	\$ 3,839,886
Construction in progress	20,040,288	10,368,555	-	(24,765,309)	5,643,534
Total nondepreciable assets	<u>\$ 23,880,174</u>	<u>\$ 10,368,555</u>	<u>\$ -</u>	<u>\$ (24,765,309)</u>	<u>\$ 9,483,420</u>
Depreciable capital assets:					
Site improvements	\$ 7,837,184	\$ 10,921	\$ -	\$ 8,588,870	\$ 16,436,975
Buildings	41,278,222	5,234	-	16,176,439	57,459,895
Vehicles and equipment	8,337,169	341,502	(90,397)	-	8,588,274
Computer equipment	2,054,356	344,246	(192,837)	-	2,205,765
Leasehold improvements	21,651	4,210	-	-	25,861
	<u>59,528,582</u>	<u>706,113</u>	<u>(283,234)</u>	<u>24,765,309</u>	<u>84,716,770</u>
Less accumulated depreciation:					
Site improvements	4,835,969	1,201,638	-	-	6,037,607
Buildings	12,081,527	1,167,374	-	-	13,248,901
Vehicles and equipment	6,173,732	423,975	(90,397)	-	6,507,310
Computer equipment	1,846,362	197,891	(192,837)	-	1,851,416
Leasehold improvements	4,920	1,186	-	-	6,106
	<u>24,942,510</u>	<u>2,992,064</u>	<u>(283,234)</u>	<u>-</u>	<u>27,651,340</u>
Total depreciable assets, net	<u>\$ 34,586,072</u>	<u>\$ (2,285,951)</u>	<u>\$ -</u>	<u>\$ 24,765,309</u>	<u>\$ 57,065,430</u>

There was no activity in the Foundation capital assets for the year ended June 30, 2010 other than depreciation expense of \$10,359.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011 AND 2010

NOTE 5 ACCOUNTS PAYABLE

Accounts payable at June 30, 2011 and 2010, consist of the following:

	June 30,	
	2011	2010
District:		
Accrued payroll and related liabilities	\$ 489,567	\$ 241,428
Interest payable	781,874	812,312
Construction payables	98,504	455,553
Other	1,379,074	1,937,209
Total	\$ 2,749,019	\$ 3,446,502

NOTE 6 SHORT-TERM DEBT

The District participated in the California Community College Financing Authority 2009 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.

There was no short-term debt activity for the year ended June 30, 2011.

Short-term debt activity for the year ended June 30, 2010 was as follows:

	June 30, 2009 Balance	Drawn	Repaid	June 30, 2010 Balance
Participation in California Community College Financing Authority 2009 Tax and Revenue Anticipation Bonds	\$ <u>3,850,000</u>	\$ <u>6,535,000</u>	\$ <u>(10,385,000)</u>	\$ _____ -

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 7 LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2011:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Long-term Debt:				
Revenue bonds	\$ 22,505,000	\$ -	\$ 1,020,000	\$ 21,485,000
General obligation bonds	31,556,701	-	1,009,863	30,546,838
Other financing	<u>1,313,577</u>	<u>-</u>	<u>2,181</u>	<u>1,311,396</u>
Total	\$ <u>55,375,278</u>	\$ <u>-</u>	\$ <u>2,032,044</u>	\$ <u>53,343,234</u>
Other Long-term Liabilities:				
Compensated absences	\$ <u>1,171,065</u>	\$ <u>-</u>	\$ <u>16,365</u>	\$ <u>1,154,700</u>
Early retirement incentive program	\$ <u>317,905</u>	\$ <u>-</u>	\$ <u>108,012</u>	\$ <u>209,893</u>

The following is a summary of changes in long-term liabilities for the year ended June 30, 2010:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Long-term Debt:				
Revenue bonds	\$ 23,480,000	\$ -	\$ (975,000)	\$ 22,505,000
General obligation bonds	32,431,565	-	(874,864)	31,556,701
Other financing	<u>1,313,577</u>	<u>-</u>	<u>-</u>	<u>1,313,577</u>
Total	\$ <u>57,225,142</u>	\$ <u>-</u>	\$ <u>(1,849,864)</u>	\$ <u>55,375,278</u>
Other Long-term Liabilities:				
Compensated absences	\$ <u>1,175,292</u>	\$ <u>-</u>	\$ <u>4,227</u>	\$ <u>1,171,065</u>
Early retirement incentive program	\$ <u>425,915</u>	\$ <u>-</u>	\$ <u>(108,010)</u>	\$ <u>317,905</u>

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011 AND 2010

NOTE 7 LONG-TERM LIABILITIES

Long-term debt consists of the following individual debt issues at June 30, 2011 and 2010:

	June 30,	
	2011	2010
<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%.	\$ 5,465,000	\$ 5,585,000
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%.	3,650,000	3,725,000
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%.	7,755,000	8,400,000
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>4,615,000</u>	<u>4,795,000</u>
Total revenue bonds	<u>21,485,000</u>	<u>22,505,000</u>

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 7 LONG-TERM LIABILITIES

	June 30,	
	2011	2010
<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%.	8,025,000	8,375,000
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>21,455,000</u>	<u>22,060,000</u>
Total general obligation bonds	29,505,000	30,460,000
Premium on 2002 general obligation bonds – Series A	188,206	199,847
Premium on 2002 general obligation bonds – Series B	<u>853,632</u>	<u>896,854</u>
Net general obligation bonds	<u>30,546,838</u>	<u>31,556,701</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>1,311,396</u>	<u>1,313,577</u>
Total other financing	<u>1,311,396</u>	<u>1,313,577</u>
Total long-term debt	53,343,234	55,375,278
Less current portion	<u>2,302,729</u>	<u>2,054,863</u>
Total long-term debt, noncurrent portion	\$ <u>51,040,505</u>	\$ <u>53,320,415</u>

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011 AND 2010

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, 2012.

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
2012	\$ 2,247,866	\$ 2,472,093	\$ 4,719,959	\$ 54,863	\$ 4,774,822
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	1,303,331	2,239,366	3,542,697	54,863	3,597,560
2016	1,451,956	2,181,916	3,633,872	54,863	3,688,735
2017 – 2021	9,436,454	9,787,349	19,223,803	274,318	19,498,121
2022 – 2026	13,935,728	7,049,010	20,984,738	274,319	21,259,057
2027 – 2031	18,495,000	2,854,289	21,349,289	218,886	21,568,175
2032 – 2034	<u>1,250,000</u>	<u>136,793</u>	<u>1,386,793</u>	<u>-</u>	<u>1,386,793</u>
Total	\$ <u>52,301,396</u>	\$ <u>31,416,769</u>	83,718,165	1,041,838	84,760,003
Less interest			<u>31,416,769</u>	<u>-</u>	<u>31,416,769</u>
Net principal			\$ <u>52,301,396</u>	\$ <u>1,041,838</u>	\$ <u>53,343,234</u>

Other long-term liabilities at June 30, 2011 includes the following liabilities which have required principal payments:

	June 30,	
	2011	2010
<u>Early Retirement Incentive Program</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%.	\$ 209,893	\$ 317,905
Less current portion	<u>107,245</u>	<u>107,245</u>
Early retirement incentive program, noncurrent portion	\$ <u>102,648</u>	\$ <u>210,660</u>

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011 AND 2010

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
2012	\$ 107,245
2013	102,648
Total	\$ 209,893

NOTE 8 OPERATING LEASES

The District leases office and classroom facilities and other equipment under noncancelable operating leases. Total costs for such leases were \$377,360 and \$423,325 for the years ended June 30, 2011 and 2010, respectively.

The future minimum lease payments for noncancelable leases as of June 30, 2011, are as follows:

Year Ended June 30,	Amount
2012	\$ 245,848
2013	247,471
2014	242,361
2015	5,886
Total	\$ 741,566

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

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, postretirement 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, 2011 AND 2010

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.

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.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011 AND 2010

NOTE 9 PENSION PLANS

A. Plan Descriptions and Provisions

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

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, 2011 and 2010, 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, 2011 and 2010, were 10.707% and 9.709% of annual payroll. The contribution requirements of the plan members are established by State statutes.

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

	Year Ended June 30,		
	2009	2010	2011
STRS	\$ 1,370,734	\$ 1,308,128	\$ 1,278,159
PERS	881,300	859,894	918,767
Total	\$ 2,252,034	\$ 2,168,022	\$ 2,196,926

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 9 PENSION PLANS

B. Funding Policy

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, 2011, 2010 and 2009 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, 2011, 2010 and 2009. The payment amounts have not been reported in the basic financial statements as management believe they are immaterial to the financial statements taken as a whole.

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.

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.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 11 RISK MANAGEMENT

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 POSTEMPLOYMENT 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.

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 323 active full-time employees who are eligible for postretirement health benefits and 233 retirees who receive postretirement health benefits.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011 AND 2010

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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, 2011 and 2010.

	2011	2010
Annual OPEB cost for the year (ARC)	\$ 1,966,535	\$ 1,966,535
Contributions made for the year	<u>(6,146,022)</u>	<u>(2,285,208)</u>
Change in net OPEB obligation	(4,179,487)	(318,673)
Net OPEB obligation, beginning of the year	<u>(227,603)</u>	<u>91,070</u>
Net OPEB obligation (prepaid), end of year	\$ <u><u>(4,407,090)</u></u>	\$ <u><u>(227,603)</u></u>

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011 AND 2010

NOTE 12 OTHER POSTEMPLOYMENT 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 years' 2009, 2010 and 2011 is as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Annual OPEB cost	\$ 1,966,535	\$ 1,966,535	\$ 2,209,756
Percentage of annual OPEB costs contributed	312.53%	116.20%	95.87%
Net OPEB obligation	\$ (4,407,090)	\$ (227,603)	\$ 91,070

D. Funded Status Information

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

Actuarial valuation date	June 14, 2010
Actuarial accrued liability (AAL)	\$ 35,597,240
Actuarial value of plan assets	\$ 1,248,784
Unfunded AAL (UAAL)	\$ 34,348,456
Funded ratio	3.50%
Covered payroll	\$ 21,899,769
UAAL as percentage of covered payroll	157%

As of June 30, 2011, the District has set aside approximately \$6,133,193 in an external trust fund and the fair value of the trust fund as of June 30, 2011 was approximately \$6,741,748.

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.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

E. Actuarial Methods and Assumptions

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

In the June 14, 2010 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, 2011 AND 2010

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, 2011 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	\$ 13,931,189	\$ 2,293,492	\$ 972,140	\$ -	\$ 17,196,821
Academic support	3,377,672	1,327,526	600,544	-	5,305,742
Student services	3,435,220	1,304,525	625,947	-	5,365,692
Plant operations and maintenance	1,507,454	796,826	1,213,700	-	3,517,980
Institutional support services	3,045,229	4,141,381	1,828,590	-	9,015,200
Community services and economic development	534,024	195,508	1,003,071	-	1,732,603
Ancillary services and auxiliary operations	1,814,662	736,765	2,190,173	-	4,741,600
Student aid	-	-	14,840,521	-	14,840,521
Physical property and related acquisitions	-	-	440,307	-	440,307
Depreciation and amortization expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,108,091</u>	<u>3,108,091</u>
Total	\$ <u>27,645,450</u>	\$ <u>10,796,023</u>	\$ <u>23,714,693</u>	\$ <u>3,108,091</u>	\$ <u>65,264,557</u>

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011 AND 2010

NOTE 13 FUNCTIONAL EXPENSES

The functional expenses classifications for the year ended June 30, 2010 is as follows:

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Supplies Materials and Other Expenses and Services</u>	<u>Depreciation and Amortization</u>	<u>Total</u>
Instructional activities	\$ 14,599,523	\$ 4,352,131	\$ 1,415,629	\$ -	\$ 20,367,283
Academic support	3,348,112	1,263,212	733,546	-	5,344,870
Student services	3,544,068	1,338,243	736,260	-	5,618,571
Plant operations and maintenance	1,552,789	762,220	1,525,489	-	3,840,498
Institutional support services	3,213,834	2,124,286	1,813,041	-	7,151,161
Community services and economic development	605,041	194,741	1,058,179	-	1,857,961
Ancillary services and auxiliary operations	1,809,976	761,722	1,999,701	-	4,571,399
Student aid	-	-	12,958,400	-	12,958,400
Physical property and related acquisitions	-	-	746,765	-	746,765
Depreciation and amortization expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,049,263</u>	<u>3,049,263</u>
Total	<u>\$ 28,673,343</u>	<u>\$ 10,796,555</u>	<u>\$ 22,987,010</u>	<u>\$ 3,049,263</u>	<u>\$ 65,506,171</u>

NOTE 14 COMMITMENTS

As of June 30, 2011, the District had unfinished construction contracts under the following project categories:

Federal, state and locally funded construction projects	\$ 591,227
Measure A Bond construction project	<u>-</u>
	<u>\$ 591,227</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.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011 AND 2010

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 had been named as the irrevocable remainder beneficiary of a charitable remainder annuity trust (the trust is administered by the trustees).

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 terminated during the current year and all principal and interest in the trust was distributed to the Foundation.

During the prior 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, 2011 and 2010, respectively:

	2011	2010
Interest and dividends	\$ 36,821	\$ 31,360
Net realized and unrealized gain (loss)	136,344	47,258
Total investment income (loss)	\$ 173,165	\$ 78,618

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011 AND 2010

NOTE 17 TEMPORARILY RESTRICTED NET ASSETS – FOUNDATION

Temporarily restricted net assets are available for the following purposes:

	2011	2010
Dental programs	\$ 103,150	\$ 103,150
Scholarships	657,219	65,919
Assistance to needy students	1,096,940	-
Other programs	184,501	427,019
Total	\$ 2,041,810	\$ 596,088

NOTE 18 ENDOWMENTS – FOUNDATION

Endowment net asset composition by type of fund as of June 30, 2011 is as follows:

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

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011 AND 2010

NOTE 18 ENDOWMENTS – FOUNDATION

Endowment net asset composition by type of fund as of June 30, 2010 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>
Endowment net assets, beginning of year	\$ 454,995	\$ -	\$ -	\$ 454,995
Contributions	-	-	-	-
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>

NOTE 19 FAIR VALUE MEASUREMENTS – FOUNDATION

Fair values of assets measured on a recurring basis at June 30, 2011 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>
Municipal bonds	\$ 174,505	\$ 174,505	\$ -	\$ -
Corporate/government bonds	249,664	249,664	-	-
Mutual funds	595,960	595,960	-	-
Beneficial interest in CRAT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>1,020,129</u>	\$ <u>1,020,129</u>	\$ <u>-</u>	\$ <u>-</u>

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011 AND 2010

NOTE 19 FAIR VALUE MEASUREMENTS – FOUNDATION

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

July 1, 2010	\$ 285,000
Total gains or losses (realized/unrealized)	-
Purchases, issuance, and settlements	(285,000)
Transfers in and/or out of Level 3	<u>-</u>
June 30, 2011	\$ <u><u>-</u></u>

Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets.

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.

Fair values of assets measured on a recurring basis at June 30, 2010 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>
Municipal bonds	\$ -	\$ -	\$ -	\$ -
Corporate/government bonds	371,942	371,942	-	-
Mutual funds	455,823	455,823	-	-
Beneficial interest in CRAT	<u>285,000</u>	<u>-</u>	<u>-</u>	<u>285,000</u>
Total	<u>\$ 1,112,765</u>	<u>\$ 827,765</u>	<u>\$ -</u>	<u>\$ 285,000</u>

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 19 FAIR VALUE MEASUREMENTS – FOUNDATION

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

July 1, 2009	\$ 285,000
Total gains or losses (realized/unrealized)	-
Purchases, issuance, and settlements	-
Transfers in and/or out of Level 3	<u>-</u>
June 30, 2010	\$ <u>285,000</u>

THIS PAGE INTENTIONALLY LEFT BLANK

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
 ORGANIZATION
 JUNE 30, 2011

BOARD OF TRUSTEES

Name	Office	Area	Term Expires
Mr. Kendall S. Pierson	Vice President	A	December 2013
Mr. Duane K. Miller	Member	B	December 2013
Mr. Scott J. Swendiman	Clerk	C	December 2012
Mrs. Judi D. Beck	President	D	December 2012
Mrs. Rayola B. Pratt	Member	E	December 2012
Mr. Harold J. Lucas	Member	F	December 2013
Mr. Robert Steinacher	Member	G	December 2013

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, 2011

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	\$ 32,758
Bureau of Land Management - Native Plant Grant - ARRA	15.231	12,474
Total Department of Interior		<u>45,232</u>
<u>Department of Agriculture</u>		
US Forest Service	10.679	21,421
US Forest Service - Conservation Intern Program	10.688	113,435
Total Department of Agriculture		<u>134,856</u>
<u>Department of Labor</u>		
WIA Adult Program	17.258	57,852
Total Department of Labor		<u>57,852</u>
<u>National Science Foundation</u>		
Education and Human Resources	47.076	78,867
Total National Science Foundation		<u>78,867</u>
<u>Department of Veterans Affairs:</u>		
All-Volunteer Force Educational Assistance	64.124	3,174
Total Department of Veterans Affairs		<u>3,174</u>
<u>Department of Education:</u>		
Student Financial Aid Cluster		
Federal Supplemental Educational Opportunity Grants	84.007	270,301
Federal Work-Study Program	84.033	178,600
Federal Pell Grant Program	84.063	12,820,838
Academic Competitiveness Grant	84.375	36,420
Total Student Financial Aid Cluster		<u>13,306,159</u>
TRIO Cluster		
TRIO - Student Support Services	84.042	319,453
TRIO - Talent Search	84.044	267,047
TRIO - Upward Bound	84.047	247,832
Total TRIO Cluster		<u>834,332</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 EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Disbursements/ Expenditures
<u>Department of Education:</u> (Continued)		
Passed through State Department of Education - Career and Technical Education - Basic Grants to States	84.048	540,657
Tech-Prep Education	85.243	67,027
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP)	84.334	1,033,841
State Fiscal Stabilization Fund - ARRA	84.394	<u>36,612</u>
Total Department of Education		<u>15,818,628</u>
<u>Department of Health and Human Services:</u>		
Foster Care Title IV-E	93.658	77,155
Passed through State Department of Education - Administration for Children and Families - Temporary Assistance for Needy Families (TANF)	93.558	<u>134,862</u>
Total Department of Health and Human Services		<u>212,017</u>
<u>Corporation for National Service:</u>		
State and Local Homeland Security Training Program	94.005	<u>122,110</u>
Total Corporation for National Service		<u>122,110</u>
Total Federal Expenditures		<u>\$ 16,472,736</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, 2011

Description	Program Revenues			Total	Total Program Expenditures
	Cash Received	Increase (Decrease) Accounts Receivable	(Increase) Decrease in Deferred Income		
Extended Opportunity Programs and Services	\$ 718,693	\$ 40,045	\$ -	\$ 758,738	\$ 758,738
CalGrant	933,444	776	-	934,220	934,220
Disabled Students Programs and Services	407,571	130	-	407,701	407,701
CalWorks	399,591	-	-	399,591	399,591
Student Financial Aid Administration	352,462	-	-	352,462	352,462
Matriculation	332,676	-	8,433	341,109	341,109
Foster Parent	140,120	23,676	-	163,796	163,796
Economic Workforce Development	246,000	-	(61,066)	184,934	184,934
Career Technical Education	1,624,184	41,710	(909,269)	756,625	756,625
EDD Green Job Corps	237,280			237,280	237,280
Small Business Development Center	693	323,997		324,690	324,690
All other categorical	162,393	537,730	325,959	1,026,082	1,026,082
	<u>\$ 5,555,107</u>	<u>\$ 968,064</u>	<u>\$ (635,943)</u>	<u>\$ 5,887,228</u>	<u>\$ 5,887,228</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, 2011

Categories	Reported Data	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2010 Only)			
1. Noncredit	15.38		15.38
2. Credit	445.37		445.37
B. Summer Intersession (Summer 2011 Prior to July 1, 2011)			
1. Noncredit	-		-
2. Credit	-		-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	5,826.25		5,826.25
(b) Daily Census Contact Hours	353.86		353.86
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	191.67		191.67
(b) Credit	158.50		158.50
3. Alternative Attendance Accounting Procedure			
(a) Weekly Census Procedure Courses	655.35		655.35
(b) Daily Census Procedure Courses	142.63		142.63
(c) Noncredit Independent Study/Distance Education Courses	-		-
D. Total FTES	<u>7,789.01</u>		<u>7,789.01</u>
Supplemental Information (Subset of above information)			
E. In-Service Training Courses (FTES)	-		-
H. Basic Skills Courses and Immigrant Education			
1. Noncredit	154.13		154.13
2. Credit	185.15		185.15

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, 2011

	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, 2011 Annual Financial and Budget Report (CCFS-311) Fund Balance	<u>\$ 10,293,814</u>	<u>\$ 1,899,156</u>	<u>\$ 1,593,937</u>	<u>\$ 1,359,895</u>	<u>\$ 1,416,898</u>
Adjustment and reclassifications increasing (decreasing) the fund balance:					
Audit adjustments	-	-	-	-	-
Reclassification of Auxiliary Fund for financial statement purposes	588,414	-	-	-	(588,414)
Reclassification to Amounts held for Others	-	-	-	-	-
Rounding	<u>(1)</u>	<u>1</u>	<u>1</u>	<u>(1)</u>	<u>1</u>
Net adjustments and reclassifications	<u>588,413</u>	<u>1</u>	<u>1</u>	<u>(1)</u>	<u>(588,413)</u>
June 30, 2011 District Accounting Records Fund Balance	<u>\$ 10,882,227</u>	<u>\$ 1,899,157</u>	<u>\$ 1,593,938</u>	<u>\$ 1,359,894</u>	<u>\$ 828,485</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>\$ 2,160,285</u>	<u>\$ 1,440,673</u>	<u>\$ 897,944</u>	<u>\$ 2,387</u>	<u>\$ 186,716</u>	<u>\$ 308,378</u>	<u>\$ 3,453,450</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	(186,716)	(308,378)	(3,453,450)
<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>(186,716)</u>	<u>(308,378)</u>	<u>(3,453,450)</u>
<u><u>\$ 2,160,286</u></u>	<u><u>\$ 1,440,674</u></u>	<u><u>\$ 897,944</u></u>	<u><u>\$ 2,387</u></u>	<u><u>\$ -</u></u>	<u><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, 2011

	General	Bond Interest and Redemption Fund	General Obligation Bond Interest and Redemption Fund	Lease Revenue Bond Interest and Redemption Fund
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 4,786,651	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	98,385	-	-	-
Accounts receivable, net	9,207,065	-	99,185	-
Note receivable	-	-	-	-
Prepaid expenses	594,560	-	-	-
Inventory	11,330	-	-	-
Due from other funds	576,847	-	-	-
Total current assets	15,274,838	-	99,185	-
Noncurrent assets:				
Restricted cash and cash equivalents	-	25,177	1,774,795	1,955
Restricted investments	-	-	-	1,591,983
Total noncurrent assets	-	25,177	1,774,795	1,593,938
Total assets	\$ 15,274,838	\$ 25,177	\$ 1,873,980	\$ 1,593,938
LIABILITIES				
Accounts payable	\$ 1,732,999	\$ -	\$ -	\$ -
Deferred revenue	2,378,822	-	-	-
Compensated absences, current portion	64,146	-	-	-
Due to other funds	216,644	-	-	-
Amounts held for others	-	-	-	-
Total liabilities	4,392,611	-	-	-
FUND EQUITY:				
Fund balances:				
Reserved for debt service	-	25,177	1,873,980	1,593,938
Designated for special purposes	588,414	-	-	-
Unreserved:				
Undesignated	10,293,813	-	-	-
Total fund equity	10,882,227	25,177	1,873,980	1,593,938
Total liabilities and fund equity	\$ 15,274,838	\$ 25,177	\$ 1,873,980	\$ 1,593,938

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
\$ 1,377,652	\$ 223,234	\$ 773,921	\$ -	\$ -	\$ -	\$ 897,944	\$ -
-	-	-	-	1,530,246	326,879	-	-
24,548	-	-	189,100	-	-	-	20,592
-	-	-	300,000	-	-	-	-
-	-	-	-	-	-	-	-
9,541	-	-	-	-	-	-	-
87,963	5,250	62,529	39,170	13	-	-	14,958
<u>1,499,704</u>	<u>228,484</u>	<u>836,450</u>	<u>528,270</u>	<u>1,530,259</u>	<u>326,879</u>	<u>897,944</u>	<u>35,550</u>
-	-	-	1,403,641	-	-	-	156,642
-	-	-	-	-	-	-	-
-	-	-	1,403,641	-	-	-	156,642
<u>\$ 1,499,704</u>	<u>\$ 228,484</u>	<u>\$ 836,450</u>	<u>\$ 1,931,911</u>	<u>\$ 1,530,259</u>	<u>\$ 326,879</u>	<u>\$ 897,944</u>	<u>\$ 192,192</u>
\$ 35,491	\$ 1,976	\$ 7,965	\$ 97,652	\$ 60,415	\$ 852	\$ -	\$ 1,021
103,715	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
227,112	-	-	-	29,170	-	-	1,418
-	-	-	-	-	-	-	189,753
<u>366,318</u>	<u>1,976</u>	<u>7,965</u>	<u>97,652</u>	<u>89,585</u>	<u>852</u>	<u>-</u>	<u>192,192</u>
-	-	-	-	-	-	-	-
1,133,386	226,508	828,485	1,834,259	1,440,674	326,027	897,944	-
-	-	-	-	-	-	-	-
<u>1,133,386</u>	<u>226,508</u>	<u>828,485</u>	<u>1,834,259</u>	<u>1,440,674</u>	<u>326,027</u>	<u>897,944</u>	<u>-</u>
<u>\$ 1,499,704</u>	<u>\$ 228,484</u>	<u>\$ 836,450</u>	<u>\$ 1,931,911</u>	<u>\$ 1,530,259</u>	<u>\$ 326,879</u>	<u>\$ 897,944</u>	<u>\$ 192,192</u>

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

JUNE 30, 2011

	Student Financial Aid Fund	Scholarship and Loan Trust	Trustee Investment Trust	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 8,059,402
Restricted cash and cash equivalents	-	-	-	1,955,510
Accounts receivable, net	244,903	13,550	46,358	9,845,301
Note receivable	-	-	-	300,000
Prepaid expenses	-	-	-	594,560
Inventory	-	-	-	20,871
Due from other funds	34,626	24,788	-	846,144
Total current assets	279,529	38,338	46,358	21,621,788
Noncurrent assets:				
Restricted cash and cash equivalents	12,628	380,844	134,372	3,890,054
Restricted investments	-	-	3,312,219	4,904,202
Total noncurrent assets	12,628	380,844	3,446,591	8,794,256
Total assets	\$ 292,157	\$ 419,182	\$ 3,492,949	\$ 30,416,044
LIABILITIES				
Accounts payable	\$ 13,030	\$ 15,744	\$ -	\$ 1,967,145
Deferred revenue	-	-	-	2,482,537
Compensated absences, current portion	-	-	-	64,146
Due to other funds	276,740	95,060	-	846,144
Amounts held for others	-	308,378	3,492,949	3,991,080
Total liabilities	289,770	419,182	3,492,949	9,351,052
FUND EQUITY:				
Fund balances:				
Reserved for debt service	-	-	-	3,493,095
Reserved for special purposes	2,387	-	-	7,278,084
Unreserved:				
Undesignated	-	-	-	10,293,813
Total fund equity	2,387	-	-	21,064,992
Total liabilities and fund equity	\$ 292,157	\$ 419,182	\$ 3,492,949	\$ 30,416,044

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, 2011

	General	Bond Interest and Redemption Fund	General Obligation Bond Interest and Redemption Fund	Lease Revenue Bond Interest and Redemption Fund
OPERATING REVENUES				
Tuition and fees	\$ 6,711,913	\$ -	\$ -	\$ -
Less: scholarship discount and allowance	2,961,428	-	-	-
Net tuition and fees	3,750,485	-	-	-
Grants and contracts, non-capital:				
Federal	3,250,916	-	-	-
State	4,863,612	-	-	-
Local	639,612	-	-	-
Auxiliary enterprise sales and charges	104,584	-	-	-
Total operating revenues	12,609,209	-	-	-
OPERATING EXPENDITURES/EXPENSES				
Salaries	27,156,180	-	-	-
Employee benefits	14,899,121	-	-	-
Payments to students	547,278	-	-	-
Supplies, materials, and other operating expenditures/expenses and services	6,714,228	-	-	-
Capital outlay	653,953	-	-	-
Utilities	964,647	-	-	-
Total operating expenditures/expenses	50,935,407	-	-	-
OPERATING INCOME (LOSS)	(38,326,198)	-	-	-
NON-OPERATING REVENUES (EXPENDITURES)				
State apportionments, non-capital	24,729,412	-	-	-
Local property taxes	11,554,963	-	2,109,994	-
State taxes and other revenues	1,470,870	-	37,316	-
Federal other revenue	71,059	-	-	-
Investment income, non-capital	110,383	-	8,940	322
Investment income, capital	-	-	-	29,997
Interest expense - capital asset-related debt	(105,436)	-	(1,459,897)	(1,038,561)
Debt services	(1,745)	-	(955,000)	(1,020,000)
Other non-operating revenues	568,832	-	-	-
Total non-operating revenues (expenditures)	38,398,338	-	(258,647)	(2,028,242)

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
\$ 830,655	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
830,655	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
36,250	-	-	20,000	-	-	-	-
847,246	-	-	-	-	-	-	-
1,714,151	-	-	20,000	-	-	-	-
505,635	-	-	-	-	-	-	-
184,400	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
431,662	-	5,428	116,364	6,938	75,433	-	-
2,318	15,972	7,966	150,222	271,666	93,791	-	-
88,145	-	-	-	-	-	-	-
1,212,160	15,972	13,394	266,586	278,604	169,224	-	-
501,991	(15,972)	(13,394)	(246,586)	(278,604)	(169,224)	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
9,467	1,579	5,910	9,605	14,096	-	7,243	-
-	-	-	-	4,366	2,887	-	-
(26,359)	-	-	-	-	-	-	-
(436)	-	-	-	-	-	-	-
71,403	-	-	300,449	-	-	-	-
54,075	1,579	5,910	310,054	18,462	2,887	7,243	-

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, 2011

	General	Bond Interest and Redemption Fund	General Obligation Bond Interest and Redemption Fund	Lease Revenue Bond Interest and Redemption Fund
Income (loss) before other revenues and expenditures	72,140	-	(258,647)	(2,028,242)
OTHER REVENUES AND EXPENDITURES				
State apportionments, capital	-	-	-	-
Local property taxes and revenues, capital	-	-	-	-
Grants and gifts, capital	-	-	-	-
Excess of revenues over (under) expenditures	<u>72,140</u>	<u>-</u>	<u>(258,647)</u>	<u>(2,028,242)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	4,024,711	-	-	4,050,520
Operating transfers out	<u>(1,211,961)</u>	<u>-</u>	<u>-</u>	<u>(2,022,248)</u>
Total other financing sources (uses)	<u>2,812,750</u>	<u>-</u>	<u>-</u>	<u>2,028,272</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	2,884,890	-	(258,647)	30
FUND EQUITY, BEGINNING OF YEAR	<u>7,997,337</u>	<u>25,177</u>	<u>2,132,627</u>	<u>1,593,908</u>
FUND EQUITY, END OF YEAR	<u>\$ 10,882,227</u>	<u>\$ 25,177</u>	<u>\$ 1,873,980</u>	<u>\$ 1,593,938</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
556,066	(14,393)	(7,484)	63,468	(260,142)	(166,337)	7,243	-
-	-	-	245,103	-	-	-	-
-	-	-	145,482	-	-	-	-
-	-	-	-	-	-	-	-
<u>556,066</u>	<u>(14,393)</u>	<u>(7,484)</u>	<u>454,053</u>	<u>(260,142)</u>	<u>(166,337)</u>	<u>7,243</u>	<u>-</u>
-	58,905	62,529	10,000	-	-	-	-
<u>(507,193)</u>	<u>-</u>	<u>(35,466)</u>	<u>(147,163)</u>	<u>(4,156,857)</u>	<u>-</u>	<u>(152,975)</u>	<u>-</u>
<u>(507,193)</u>	<u>58,905</u>	<u>27,063</u>	<u>(137,163)</u>	<u>(4,156,857)</u>	<u>-</u>	<u>(152,975)</u>	<u>-</u>
48,873	44,512	19,579	316,890	(4,416,999)	(166,337)	(145,732)	-
<u>1,084,513</u>	<u>181,996</u>	<u>808,906</u>	<u>1,517,369</u>	<u>5,857,673</u>	<u>492,364</u>	<u>1,043,676</u>	<u>-</u>
<u>\$ 1,133,386</u>	<u>\$ 226,508</u>	<u>\$ 828,485</u>	<u>\$ 1,834,259</u>	<u>\$ 1,440,674</u>	<u>\$ 326,027</u>	<u>\$ 897,944</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, 2011

	Student Financial Aid Fund	Scholarship and Loan Trust	Trustee Investment Trust	Total
OPERATING REVENUES				
Tuition and fees	\$ -	\$ -	\$ -	\$ 7,542,568
Less: scholarship discount and allowance	-	-	-	2,961,428
Net tuition and fees	-	-	-	4,581,140
Grants and contracts, non-capital:				
Federal	13,249,263	-	-	16,500,179
State	1,023,616	-	-	5,887,228
Local	-	-	-	695,862
Auxiliary enterprise sales and charges	-	-	-	951,830
Total operating revenues	14,272,879	-	-	28,616,239
OPERATING EXPENDITURES/EXPENSES				
Salaries	-	-	-	27,661,815
Employee benefits	-	-	-	15,083,521
Payments to students	14,299,016	-	-	14,846,294
Supplies, materials, and other operating expenditures/expenses and services	1,060	-	-	7,351,113
Capital outlay	-	-	-	1,195,888
Utilities	-	-	-	1,052,792
Total operating expenditures/expenses	14,300,076	-	-	67,191,423
OPERATING INCOME (LOSS)	(27,197)	-	-	(38,575,184)
NON-OPERATING REVENUES (EXPENDITURES)				
State apportionments, non-capital	-	-	-	24,729,412
Local property taxes	-	-	-	13,664,957
State taxes and other revenues	-	-	-	1,508,186
Federal other revenue	-	-	-	71,059
Investment income, non-capital	-	-	-	167,545
Investment income, capital	-	-	-	37,250
Interest expense - capital asset-related debt	-	-	-	(2,630,253)
Debt services	-	-	-	(1,977,181)
Other non-operating revenues	-	-	-	940,684
Total non-operating revenues (expenditures)	-	-	-	36,511,659

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, 2011

	Student Financial Aid Fund	Scholarship and Loan Trust	Trustee Investment Trust	Total
Income (loss) before other revenues and expenditures	(27,197)	-	-	(2,063,525)
OTHER REVENUES AND EXPENDITURES				
State apportionments, capital	-	-	-	245,103
Local property taxes and revenues, capital	-	-	-	145,482
Excess of revenues over (under) expenditures	(27,197)	-	-	(1,672,940)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	27,198	-	-	8,233,863
Operating transfers out	-	-	-	(8,233,863)
Total other financing sources (uses)	27,198	-	-	-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	1	-	-	(1,672,940)
FUND EQUITY, BEGINNING OF YEAR	2,386	-	-	22,737,932
FUND EQUITY, END OF YEAR	<u>\$ 2,387</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,064,992</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, 2011

Total Fund Equity - District Funds Included in the Reporting Entity		\$ 21,064,992
Assets recorded within the GASB 35 Statement of Net Assets not included in the District fund financial statements:		
Nondepreciable capital assets		7,609,627
Capitalized assets	\$ 86,301,310	
Accumulated depreciation	<u>(29,880,870)</u>	56,420,440
Deferred costs		1,138,822
Other post employment benefits obligation		<u>4,407,090</u>
Liabilities recorded within the GASB 35 Statement of Net Assets not recorded in the District fund financial statements:		
Accounts payable:		
Interest payable		(781,874)
Compensated absences	(1,090,554)	
Early retirement incentive program	(209,893)	
Long-term debt	<u>(53,343,234)</u>	(54,643,681)
Net assets reported within the GASB 35 Statement of Net Assets		<u><u>\$ 35,215,416</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, 2011

Total Net Change in Fund Equity - District Funds Included in the Reporting Entity	\$ (1,672,940)
Compensated absence expense decrease reported within GASB 35 Statements	16,365
Depreciation expense reported within the GASB 35 Statements	(3,050,893)
Capital outlay expense not reported within the GASB 35 Statements	731,094
Loss on disposal of capital assets reported within the GASB 35 Statements	(198,984)
Amortization of bond issuance cost reported within the GASB 35 Statements	(57,198)
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	30,438
Principal payments on debt not reported within the GASB 35 Statements	1,977,181
Principal payments on other long-term liabilities not reported within the GASB 35 Statements	108,012
Decrease in expense of other post employment benefits reported within the GASB 35 Statements	<u>4,179,487</u>
Net change in net assets reported within the GASB 35 Statement of Revenues, Expenses, and Changes in Net Assets	<u><u>\$ 2,117,425</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, 2011

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, 2011 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, 2011, 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 DIRECT LOAN PROGRAM

The District granted \$3,578,842 in loans under the Direct Loan Program for the year ended June 30, 2011.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
NOTES TO THE SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2011

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.

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2011 and 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 30, 2011. 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 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

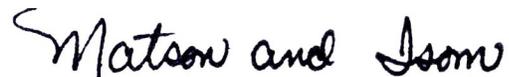
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material 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 30, 2011.

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, the Chancellor's Office, the California 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.



November 30, 2011

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON 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 Shasta-Tehama-Trinity Joint Community College District's (District) compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2011. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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, the Chancellor's Office, the California 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.

Matson and Isom

November 30, 2011

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, 2011, and have issued our report thereon dated November 30, 2011.

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 California 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

- 421. Salaries of Classroom Instructors: 50 Percent Law
- 423. Apportionment for Instructional Service Agreements/Contracts
- 424. State General Apportionment Required Data Elements
- 425. Residency Determination for Credit Courses
- 426. Students Actively Enrolled
- 427. Concurrent Enrollment of K-12 Students in Community College Credit Courses
- 431. GANN Limit Calculation

- 432. Enrollment Fee
- 433. CalWORKs – Use of State and Federal TANF Funding
- 435. Open Enrollment
- 437. Student Fee – Instructional Materials and Health Fees
- 473. Economic and Workforce Development (EWD)
- 474. Extended Opportunity Programs and Services (EOPS)
- 475. Disabled Student Programs and Services (DSPS)
- 477. Cooperative Agencies Resources for Education (CARE)
- 478. Preference for Veterans and Qualified Spouses for Federally Funded Qualified Training Programs
- 479. To Be Arranged Hours (TBA)

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 2011-1 through 2011-3 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, 2011.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

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, the California Community Colleges Chancellor's Office, the 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.

Matson and Isom

November 30, 2011

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

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, which would be required to be reported in accordance with *Government Auditing Standards*, 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 that could have a Direct and Material Effect on 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 on all major federal programs.
6. Audit findings, if any, relative to the major federal award programs for the Shasta-Tehama-Trinity Joint Community College District that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in Part C of this Schedule.
7. The programs tested as major programs include: 1) Federal Supplemental Educational Opportunity Grants Program (CFDA 84.007); Direct Loan (CFDA 84.268); Federal Work-Study Program (CFDA 84.033); Federal Pell Grant Program (CFDA 84.063) and Academic Competitiveness Grant (CFDA 84.375A). These programs together comprise the student financial aid "cluster" program as defined in the Compliance Supplement; 2) Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP) (CFDA 84.334)
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The Shasta-Tehama-Trinity Joint Community College District was determined to be 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, 2011

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

NONE

D. FINDINGS – STATE COMPLIANCE AUDIT

2011-1 – Instructional Materials Fees

Statement of Condition: Per California Code of Regulations (CCR), Title 5, Section 59402, districts are permitted to charge fees that are optional in nature, provided the fee is not in conflict or inconsistent with existing law and appropriately advertised as optional. The District provided us with a list of optional materials fees. The fees included on the list include courses in the fields of Fire Science and Construction that have instructional materials fees requirements that are not listed in the class schedules as optional.

Questioned Cost: None

Cause of Condition: Confusion as to whether the fees are optional or mandatory.

Effect of Condition: Students may mistakenly deem the instructional materials fees listed to be mandatory, when in fact they are optional.

Recommendation: We recommend the District include verbiage affirming that certain instruction materials fees are optional.

Response: The District will include verbiage affirming that material fees are optional where appropriate.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

**D. FINDINGS – STATE COMPLIANCE AUDIT
(Continued)**

2011-2 – Open Enrollment

Statement of Condition: Per California Education Code section 76002, if a course is held on a high school campus it will not meet the open enrollment requirements if the class is held during the time the campus is closed to the general public, as defined by the governing board of the school district. The District originally reported FTES for several courses held on high school campuses during the hours the high school campus was closed to the general public. The District removed such FTES in their final 320 reporting to the Chancellor's Office

Questioned Cost: None

Cause of Condition: The District believed that if a College student simply had to check in at the high school office, then the class could be held without limiting enrollment.

Effect of Condition: If the District had not removed the FTES for these courses they would have claimed FTES for apportionment that were generated by courses that did not meet the open enrollment requirements.

Recommendation: We recommend the District develop a procedure that would capture courses held on high school campuses during hours the high school campus is closed to the general public so the FTES generated by these courses are not claimed for apportionment.

District Response: Although the District cannot change the schedule for 2011/2012 academic year, the coding of such classes has been changed so that FTES are not generated in the MIS reporting. Beginning Fall 2012 there will not be classes offered during open hours for the high school campuses.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

**D. FINDINGS – STATE COMPLIANCE AUDIT
(Continued)**

2011-3 – To Be Arranged (TBA)

Statement of Condition: The California Community Colleges Chancellor's Office instructs districts that a clear description of the course, including the number of TBA hours required, must be published in the official general catalog and schedule of classes and/or addenda. The number of hours of instruction for To be Arranged Hours (TBA) courses were not listed in the course catalog (or addenda) or in the course outline for the TBA courses selected for testing.

Questioned Costs: None

Cause of Condition: The District was unaware of the TBA requirement.

Effect of Condition: The courses may not be well publicized which may affect the students selection of courses.

Recommendation: We recommend that the District update their catalog and course outlines to include the number of TBA hours required for all TBA courses.

District Response: The District will update the catalog and course outlines to include the number of TBA hours required for all TBA courses. The online catalog will allow the District to do this for the Spring 2012 semester and the course outlines will be done as soon as possible.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2011

FINDINGS – STATE COMPLIANCE AUDIT

2010-1 – Open Enrollment

Statement of Condition: During our testing of open enrollment in the prior year, 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.

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.

Status: We noted during our testing of the current year that there were no courses listed in the class schedule that appear to limit enrollment. The District appears to be including verbiage affirming the availability of the course to all qualified students.

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, 2011, 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 30, 2011, 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

2011-A – 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.

2011-B – DIRECT LOANS

Finding

One of the requirements of the Direct Loan Student Financial Aid program is that the District reconcile the School Account Statement (SAS) data file monthly to the internal financial records. The District was not performing such reconciliations on a monthly basis.

Recommendation

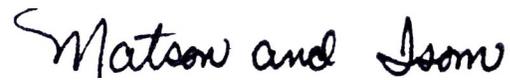
We recommend that the District develop a procedure to reconcile these amounts monthly.

FOLLOW UP ON PRIOR YEAR FINDINGS AND RECOMMENDATIONS

See finding 2011-A.

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, 2011. 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.

A handwritten signature in black ink that reads "Matson and Isom". The script is cursive and fluid, with the first letters of "Matson" and "Isom" being capitalized and prominent.

MATSON AND ISOM
Certified Public Accountants

November 30, 2011