



MATSON
& ISOM

SHASTA-TEHAMA-TRINITY JOINT
COMMUNITY COLLEGE DISTRICT

Redding, California

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITORS' REPORTS

June 30, 2013

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*Shasta-Tehama-Trinity Joint
Community College District*

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Community College District*

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Shasta-Tehama-Trinity Joint Community College District (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the District, as of June 30, 2013, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT

Continued

Change in Accounting Principles

As discussed in note 14, the District adopted new accounting guidance, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The beginning net position was increased by \$1,568,608, as a result of capitalizing interest costs of bond projects that were previously expensed. Our opinion is not modified with respect to this matter.

The District also adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The beginning net position was decreased by \$1,143,284, as a result of expensing the costs associated with the issuance of bonds. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed as supplementary information in the table of contents and the schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

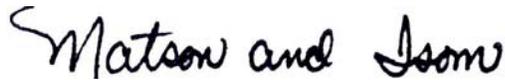
The supplementary information and the schedule of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied 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 supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

INDEPENDENT AUDITORS' REPORT

Continued

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Matson and Isom". The signature is written in a cursive, flowing style.

November 27, 2013
Redding, California

MANAGEMENTS' DISCUSSION AND ANALYSIS
(Required Supplementary Information)



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

FINANCIAL HIGHLIGHTS

California began to experience some slow economic recovery in 2012-13. The State passed an on-time budget in June 2012. System-wide community colleges saw an increase of \$210 million over 2011-12. This was with the assumption that the November ballot initiative (Prop 30) would pass. If Prop 30 had not passed trigger cuts were in place to be implemented immediately.

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

There was \$50M in growth/restoration funding provided by the State for 2012-13. The District enrollment for 2012-13 was 7,269 FTES which left only 12 FTES unfunded by the State. This allowed the District to capture approximately \$394,000 in restoration funding for 2012-13.

The Budget Act also included \$159.9M in funding to buy down cash deferrals of apportionment payments, some of which were repaid in July, 2013 (\$5,445,040). Although the cash deferrals were reduced in the 2012-13, the anticipated passage of Prop 30 created an additional change to the District’s funding model. Because the amount of the funding related to Prop 30 was unknown and some of the state revenue did not begin until January, 2013, the District was not paid any of the Prop 30 (Education Protection Act, EPA) funding until late June, 2013. This created the need to continue to protect cash balances and manage cash flows carefully.

			Governing Board Members						
Rhonda E. Nehr 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						

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

June 30, 2013 and 2012

*Shasta-Tehama-Trinity Joint
Community College District*

With concern surrounding the passage of the November initiative, the District continued in a conservative mode for protection of our fund balance. For this fiscal year due to these adjustments to spending, continued managed hiring, and increased efficiencies, the District was able to again reduce the budgeted deficit of \$948,432, ending the year with a net income of \$92,886 in the general fund. Through these efforts the District was able to maintain a fund balance of 26.9% of actual expenditures in the general fund for 2012-13. This fund represents net equity for the District which does not equate to cash reserves.

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

Statement of Net Position

The Statement of Net Position 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 position, the difference between assets and liabilities, is an indicator of the financial health of a District.

The following table summarizes the changes between June 30, 2013 and 2012:

Condensed Statement of Net Position			
As of June 30			
	<u>2013</u>	<u>2012</u>	% Change
Assets			
Current Assets:			
Cash and cash equivalents	\$ 9,836,537	\$ 6,951,851	41.5%
Restricted cash	633,358	1,273,728	-50.3%
Accounts receivable	7,115,551	9,939,439	-28.4%
Prepaid expenses	153,501	69,287	121.5%
Inventory	19,211	19,543	-1.7%
Total current assets	<u>17,758,158</u>	<u>18,253,848</u>	-2.7%
Noncurrent Assets:			
Restricted cash	4,017,050	5,598,402	-28.2%
Restricted investments	4,146,345	4,608,865	-10.0%
Nondepreciable capital assets	4,511,916	8,103,142	-44.3%
Depreciable capital assets, net	56,426,256	55,204,759	2.2%
Other post employment benefits	5,039,235	4,568,276	10.3%
Total noncurrent assets	<u>74,140,802</u>	<u>78,083,444</u>	-5.0%
Total Assets	<u>\$ 91,898,960</u>	<u>\$ 96,337,292</u>	-4.6%
Deferred Outflow of Resources	<u>\$ 251,412</u>	<u>\$ 263,198</u>	-4.5%

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

June 30, 2013 and 2012

*Shasta-Tehama-Trinity Joint
Community College District*

	<u>2013</u>	<u>2012</u>	% Change
Liabilities			
Current liabilities:			
Accounts payable	\$ 1,857,872	\$ 1,653,220	12.4%
Advances from grantors and students	1,705,574	2,499,875	-31.8%
Compensated absences - current portion	64,146	64,146	0.0%
Long-term debt, current portion	1,699,752	2,608,055	-34.8%
Amounts held in trust for others	4,072,048	4,099,844	-0.7%
Total current liabilities	<u>9,399,392</u>	<u>10,925,140</u>	-14.0%
Noncurrent liabilities:			
Compensated absences, noncurrent portion	1,022,863	1,039,336	-1.6%
Long-term debt, noncurrent portion	46,842,623	48,619,090	-3.7%
Total noncurrent liabilities	<u>47,865,486</u>	<u>49,658,426</u>	-3.6%
Total Liabilities	<u>\$ 57,264,878</u>	<u>\$ 60,583,566</u>	-5.5%
Net Position			
Net investment in capital assets	\$ 13,238,855	\$ 14,533,458	-8.9%
Restricted - expendable	2,426,324	4,315,611	-43.8%
Unrestricted	19,220,315	17,167,855	12.0%
Total Net Position	<u>\$ 34,885,494</u>	<u>\$ 36,016,924</u>	-3.1%

Current cash and cash equivalents consist mainly of cash in the County Treasury. With the anticipation and then ultimate passage of proposition 30 there were significant changes in how the District received state funding. Because of the uncertainty at the beginning of the year the allocations were conservative on the monthly basis. In response to this the District was very careful in monitoring cash flow needs during the year. The revenues resulting from proposition 30 were segregated into the Education Protection Account (EPA). The funding from EPA was not received until June 25, 2013. This resulted in a higher than normal cash balance at June 30.

Restricted cash decreased as grant funds were expended on final projects.

Receivables include receivables from State and federal grants, students, as well as general apportionment earned but not received by year-end. In 2013, the State reduced deferrals of apportionment funding. At June 30, 2013, the total deferral was \$5,445,040. This was the primary reason for the decrease in accounts receivable.

Prepaid expenses increased due to timing issues. Because of the changes in the deferrals the District had the ability to meet the demands of prepayment needs.

Inventory remained constant for the fiscal year.

Non-depreciable capital assets decreased as construction in progress was reclassified to finished projects.

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

June 30, 2013 and 2012

*Shasta-Tehama-Trinity Joint
Community College District*

Depreciable capital assets are the historical value of buildings, site improvements, and equipment less accumulated depreciation. There were slight increases as completed projects were reclassified.

Other postemployment 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 modest increase due to the return on investments in the trust and a contribution of \$288,137. A new actuarial study is currently under way which updates the requirements for future retiree health benefits. This study is done every two years.

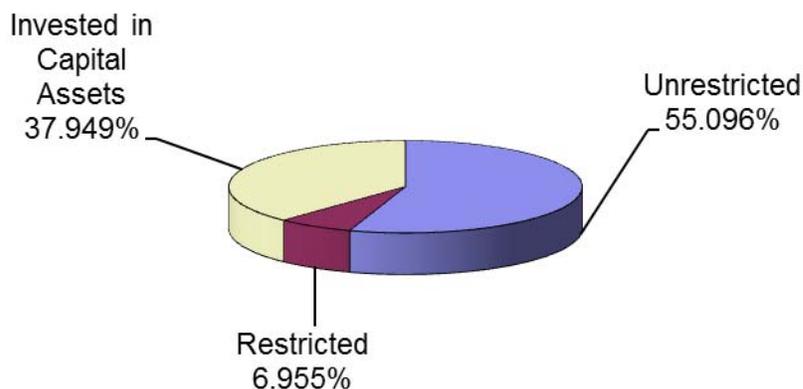
Accounts payable increased slightly in this fiscal year. This was due in part to the trust contribution discussed above.

Advances of 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 2013/2014 fiscal year of \$1,078,958.

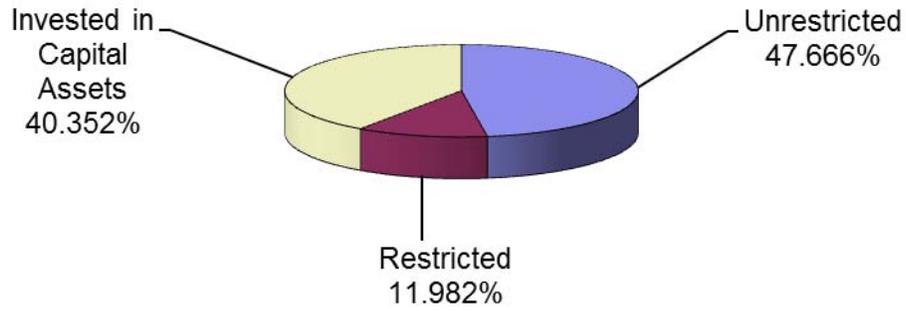
Long-term liabilities (non-current portion) are long-term debt to be paid in one year or later. Compensated absences payable of \$1,022,863 and bonds payable of \$44,165,000 are the two components of the non-current portion.

Unrestricted net position 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 Balance. Reserves are also maintained in other funds at prudent levels. Restricted net position consists of assets held for construction and bond debt service.

Net Position - June 30, 2013



Net Position - June 30, 2012



**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

June 30, 2013 and 2012

*Shasta-Tehama-Trinity Joint
Community College District*

Statement of Revenues, Expenses, and Changes in Net Position

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

The following table summarizes the changes between June 30, 2013 and 2012:

Condensed Statement of Revenues, Expenses and Changes in Net Position

	<u>2013</u>	<u>2012</u>	<u>% Change</u>
Operating revenues	\$ 12,967,262	\$ 13,933,605	-6.9%
Operating expenses	48,262,731	49,909,021	-3.3%
Operating Loss	(35,295,469)	(35,975,416)	-1.9%
Non-operating revenues and expenses	36,250,266	38,104,557	-4.9%
Income Before Other Revenue and Expenses	954,797	2,129,141	-55.2%
Other revenue and expenses	(2,086,227)	(1,752,957)	19.0%
Increase in Net Position	(1,131,430)	376,184	-400.8%
Net Position - beginning of year, as restated	36,016,924	35,640,740	1.1%
Net Position - end of year	<u>\$ 34,885,494</u>	<u>\$ 36,016,924</u>	-3.1%

Net tuition and fees were \$10,296,946, less the Board of Governor tuition waivers of \$5,518,114. 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 \$353,813 and dorm fees were \$449,294 for 2012/2013.

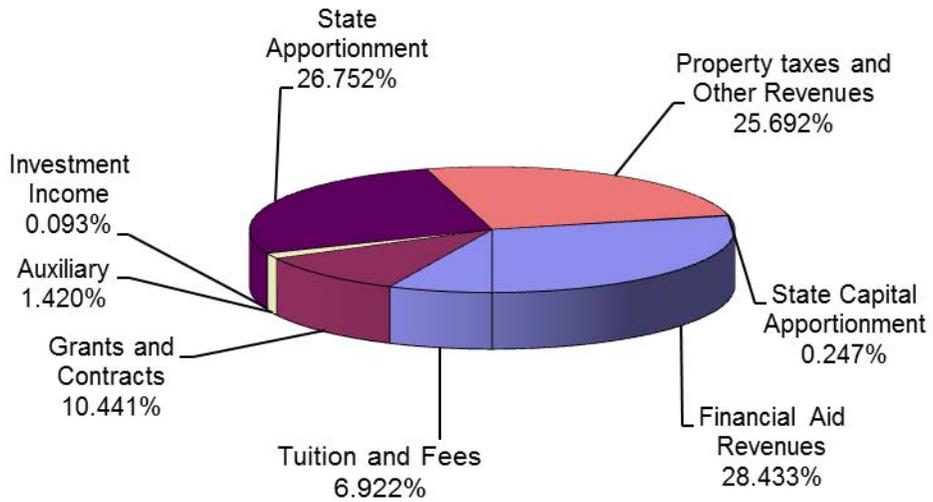
Auxiliary enterprise sales and charges are primarily bookstore commissions and food service sales with a small amount of rental income.

State apportionments, non-capital; consist of State apportionment of \$18,468,460. Of that amount \$5,764,108 was the new EPA funding. State apportionment represents total general fund apportionment earned less regular enrollment fees and property taxes.

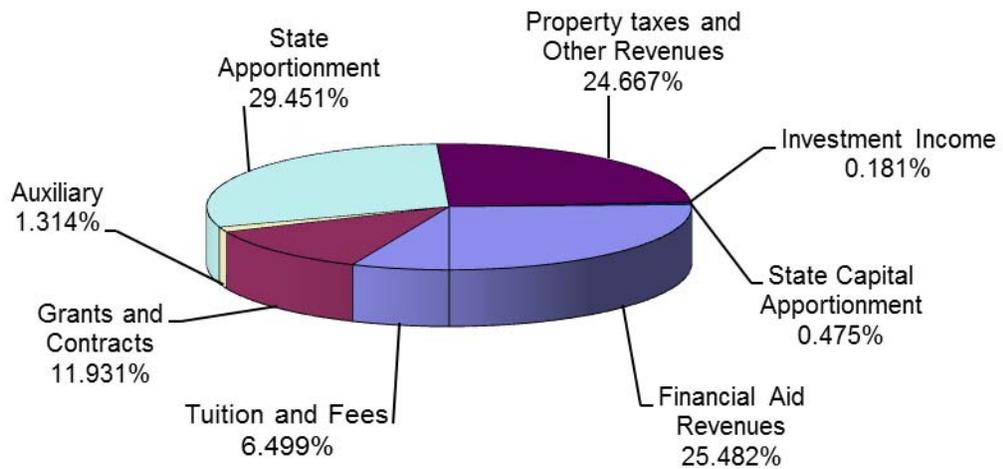
Property taxes and other revenue consist primarily of local property tax revenue (\$15,506,135) and State lottery revenue of \$992,778.

There was a decrease in investment income due to the current market conditions and fewer investments held.

Revenues - June 30, 2013



Revenues - June 30, 2012



**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

June 30, 2013 and 2012

*Shasta-Tehama-Trinity Joint
Community College District*

Operating Expenses (by Natural Classification)

The following table summarizes the changes between June 30, 2013 and 2012:

Expenses by Natural Classification

	<u>2013</u>	<u>2012</u>	% Change
Salaries	\$ 26,808,406	\$ 27,031,334	-0.8%
Employee benefits	10,556,399	10,851,519	-2.7%
Supplies, materials, and other operating expenses	6,519,010	6,910,147	-5.7%
Utilities	1,107,194	1,063,989	4.1%
Depreciation	2,864,582	3,618,119	-20.8%
Payments to students	407,140	433,913	-6.2%
	<u>\$ 48,262,731</u>	<u>\$ 49,909,021</u>	-3.3%

Salaries and employee benefits reflect a decrease of \$518,048 from the prior year. The managed hiring and keeping positions open that began four years ago still remained a priority allowing the District to maneuver through the current economic times.

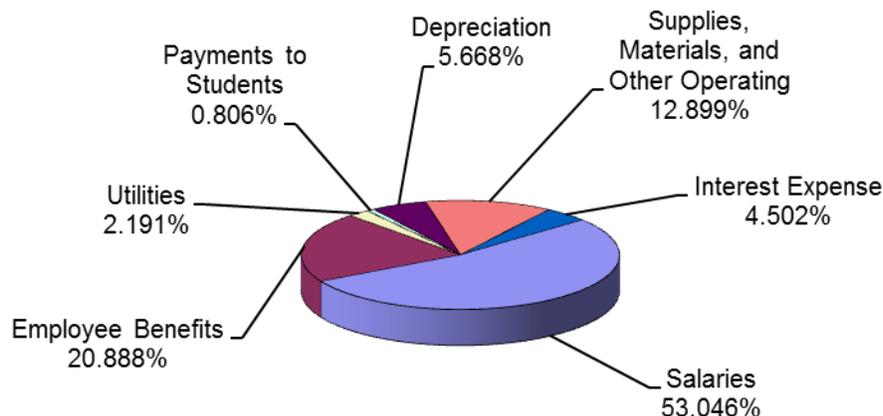
Payments to students are made possible through student service grants. These payments will fluctuate with the available funding and eligibility of students.

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 continued to conserve wherever possible.

Utilities remained stable with only small rate increases.

Depreciation expense decreased slightly as expected.

Expenses - June 30, 2013

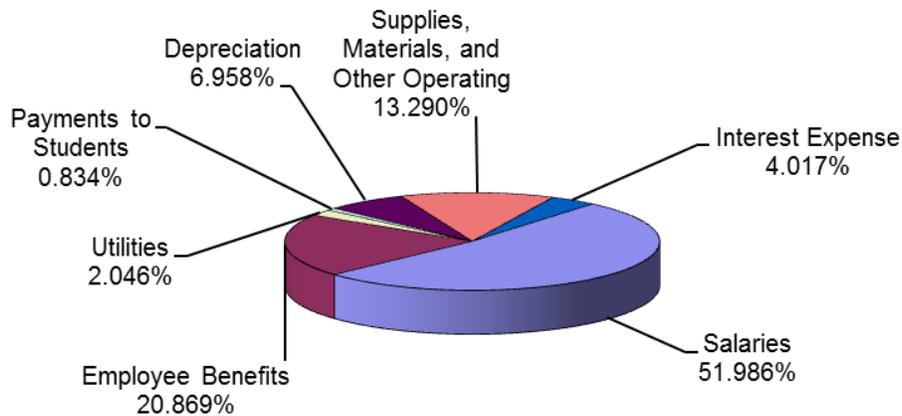


**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

June 30, 2013 and 2012

*Shasta-Tehama-Trinity Joint
Community College District*

Expenses - June 30, 2012



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, 2013 and 2012:

Condensed Statement of Cash Flows

	<u>2013</u>	<u>2012</u>	% Change
Cash received from operations	\$ 12,706,054	\$ 15,067,748	-15.7%
Cash expended for operations	<u>(46,093,312)</u>	<u>(46,922,005)</u>	-1.8%
Net cash used by operating activities	(33,387,258)	(31,854,257)	4.8%
Net cash provided by non-capital financing activities	38,672,601	36,860,363	4.9%
Net cash provided (used) by capital and related financing activities	(5,124,858)	(5,487,238)	-6.6%
Net cash provided (used) by investing activities	<u>502,479</u>	<u>400,147</u>	25.6%
Net increase (decrease) in cash and cash equivalents	662,964	(80,985)	-918.6%
Cash and cash equivalents, beginning of year	<u>13,823,981</u>	<u>13,904,966</u>	-0.6%
Cash and cash equivalents, end of year	<u>\$ 14,486,945</u>	<u>\$ 13,823,981</u>	4.8%

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

June 30, 2013 and 2012

*Shasta-Tehama-Trinity Joint
Community College District*

Cash receipts from operating activities consist primarily of federal, State, and local grants and contracts of \$7,076,459. Cash outlays were primarily payments to or on behalf of employees of \$26,863,063, benefits of \$11,129,104, and payments to suppliers of \$6,403,534.

General apportionment of \$21,325,002 and local property taxes of \$15,117,757 are the primary sources of non-capital financing activities.

Net cash used by capital and related financing activities was decreased slightly as expected.

Economic Factors That May Affect the Future

The 2013-2014 State Budget was a refreshing change from the previous few years. The State Budget was passed on time for the third year since the passage of Proposition 25. The 2013-2014 State Budget includes a cost-of-living adjustment (COLA) of 1.57%, the first since the 2007-08 budget year. It does contain \$89.4M in access (restoration) funding. There was continued progress in buying down the state deferrals. It also includes \$30M in deferred maintenance and instructional equipment that was specified as one-time money. In addition, this budget contains a long awaited increase to categorical programs of \$88M specifically targeting Student Success and Support (former matriculation), DSPS, CalWORKS, and EOPS/CARE. The Education Protection Act (EPA) funding will be distributed to the districts on a quarterly basis in 2013/14 which will help in managing cash flows, but the revenues from this source continue to be uncertain. The District budget contains a deficit of \$2,181,045 in the general fund. Planning will be crucial to finishing 2014 and planning for 2015. Projections of the State budget for 2013-2014 and subsequent years continue to be critical.

The 2013-2014 Budget was based on funded FTES consistent with the prior year. At the time of this writing, it appears the District will experience a slight decrease of reported FTES in 2013-14. However, due to the availability of stability funding, this will likely result in unchanged funding for the District.

Given the State's slow economic recovery, the District continues to research ways to increase its sources of non-State revenue and reduce costs where possible in order to maintain as healthy of a fund balance as possible to carry into the next year.

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

FINANCIAL SECTION

STATEMENT OF NET POSITION*Shasta-Tehama-Trinity Joint
Community College District*

June 30, 2013

ASSETS**CURRENT ASSETS**

Cash and cash equivalents	\$ 9,836,537
Restricted cash and cash equivalents	633,358
Accounts receivable - net	7,115,551
Prepaid expenses	153,501
Inventories	19,211

Total Current Assets17,758,158**NONCURRENT ASSETS**

Restricted cash and cash equivalents	4,017,050
Restricted investments	4,146,345
Nondepreciable capital assets	4,511,916
Depreciable capital assets - net	56,426,256
Other postemployment benefits (obligation) asset	5,039,235

Total Noncurrent Assets74,140,802**Total Assets**91,898,960**DEFERRED OUTFLOW OF RESOURCES**

Deferred loss on refundings - net	251,412
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Total Deferred Outflow of Resources251,412**LIABILITIES****CURRENT LIABILITIES**

Accounts payable	1,857,872
Advances from grantors and students	1,705,574
Compensated absences - current portion	64,146
Long-term debt - current portion	1,699,752
Amounts held in trust for others	4,072,048

Total Current Liabilities9,399,392**NONCURRENT LIABILITIES**

Compensated absences - noncurrent portion	1,022,863
Long-term debt - noncurrent portion	46,842,623

Total Noncurrent Liabilities47,865,486**Total Liabilities**57,264,878**NET POSITION**

Net investment in capital assets	13,238,855
Restricted - expendable	2,426,324
Unrestricted	19,220,315

Total Net Position\$ 34,885,494*The accompanying notes are an integral part of these financial statements.*

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

*Shasta-Tehama-Trinity Joint
Community College District*

Year Ended June 30, 2013

OPERATING REVENUES	
Tuition and fees	\$ 10,296,946
Less: Scholarship discounts and allowances	5,518,114
Net Tuition and Fees	4,778,832
Grants and contracts - noncapital:	
Federal	1,716,742
State	4,922,019
Local	569,056
Auxiliary enterprise sales and charges	980,613
Total Operating Revenues	12,967,262
OPERATING EXPENSES	
Salaries	26,808,406
Employee benefits	10,556,399
Supplies, materials, and other operating expenditures	6,519,010
Utilities	1,107,194
Depreciation	2,864,582
Payments to students	407,140
Total Operating Expenses	48,262,731
Operating Loss	(35,295,469)
NONOPERATING REVENUES (EXPENSES)	
State apportionments - noncapital	18,468,460
Local property taxes - noncapital	15,506,135
State taxes and other revenues - noncapital	1,385,881
Federal other revenues	95,365
Investment income - noncapital	45,829
Financial aid revenues - federal	18,677,403
Financial aid revenues - state	951,668
Financial aid expenses	(19,630,610)
Other nonoperating revenues (expenses)	750,135
Total Nonoperating Revenues (Expenses)	36,250,266
Income Before Other Revenues and Expenses	954,797
OTHER REVENUES, EXPENSES, GAINS OR LOSSES	
Local property taxes and revenues - capital	170,581
Interest expense - capital asset-related debt	(2,275,132)
Investment income - capital	18,324
Total Other Revenues, Expenses, Gains, or Losses	(2,086,227)
Change in Net Position	(1,131,430)
Net Position - Beginning of Year, As Restated (Note 14)	36,016,924
Net Position - End of Year	\$ 34,885,494

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

STATEMENT OF CASH FLOWS*Shasta-Tehama-Trinity Joint
Community College District*

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Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 4,648,982
Federal grants and contracts	1,901,246
State grants and contracts	4,286,392
Local grants and contracts	888,821
Payments to/on behalf of employees	(26,863,063)
Payments for benefits	(11,129,104)
Payments for scholarships and grants	(407,140)
Payments to suppliers	(6,403,534)
Payments for utilities	(1,107,194)
Auxiliary enterprise sales and charges	980,613
Other payments	(183,277)
Net Cash Used by Operating Activities	(33,387,258)

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES**

State apportionments - noncapital	21,325,002
Local property taxes - noncapital	15,117,757
State taxes and other revenues	1,385,881
Federal other revenues	95,365
Financial aid receipts - federal	18,677,403
Financial aid receipts - state	951,668
Financial aid disbursements	(19,630,610)
Other receipts	750,135
Net Cash Provided by Noncapital Financing Activities	38,672,601

**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES**

Local property taxes - capital	170,581
Purchases of capital assets	(495,125)
Interest paid on long-term debt	(2,235,614)
Principal paid on long-term debt	(2,583,026)
Interest received on capital investments	18,326
Net Cash Used by Capital and Related Financing Activities	(5,124,858)

CASH FLOWS FROM INVESTING ACTIVITIES

Sale of investments	1,876,613
Purchase of investments	(1,414,093)
Interest on investments	39,959
Net Cash Provided by Investing Activities	502,479
Net Change in Cash and Cash Equivalents	662,964
Cash and Cash Equivalents - Beginning of Year	13,823,981
Cash and Cash Equivalents - End of Year	\$ 14,486,945

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

STATEMENT OF CASH FLOWS*Shasta-Tehama-Trinity Joint**Community College District*

Page 2 of 2

Year Ended June 30, 2013

**COMPONENTS OF CASH AND
CASH EQUIVALENTS**

Cash and cash equivalents	\$ 9,836,537
Restricted cash and cash equivalents - current	633,358
Restricted cash and cash equivalents - noncurrent	4,017,050
Total Cash and Cash Equivalents	\$ 14,486,945

**RECONCILIATION OF OPERATING LOSS TO
NET CASH USED BY OPERATING ACTIVITIES**

Operating loss	\$ (35,295,469)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	2,864,582
Allowance for doubtful accounts	(100,000)
Changes in:	
Accounts receivable	461,594
Prepaid expenses	(84,214)
Inventories	332
Accounts payable	177,192
Advances from grantors and students	(794,301)
Other postemployment benefit (obligation) asset	(470,959)
Compensated absences	(16,473)
Early retirement incentive program	(101,746)
Amounts held in trust for others	(27,796)
Net Cash Used by Operating Activities	\$ (33,387,258)

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

**STATEMENT OF FINANCIAL
POSITION - FOUNDATION**

*Shasta-Tehama-Trinity Joint
Community College District*

Year Ended June 30, 2013

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 111,117
Investments	3,140,357
Loan receivable - current	13,200
Accounts receivable	2,381
Accrued interest receivable	18,007

Total Current Assets	3,285,062
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PROPERTY

Land	89,219
Building	310,781

Subtotal	400,000
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Less: Accumulated depreciation	125,172
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Property - Net	274,828
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OTHER ASSETS

Loan receivable - noncurrent	13,200
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Total Assets	\$ 3,573,090
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LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 1,411
Depository liabilities	68,026

Total Liabilities	69,437
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NET ASSETS

Unrestricted	1,168,400
Temporarily restricted	2,335,253

Total Net Assets	3,503,653
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Total Liabilities and Net Assets	\$ 3,573,090
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The accompanying notes are an integral part of these financial statements.

**STATEMENT OF ACTIVITIES -
FOUNDATION**

*Shasta-Tehama-Trinity Joint
Community College District*

Year Ended June 30, 2013

CHANGES IN UNRESTRICTED NET ASSETS

Revenues and Gains

Contributions:

Public support \$ 73,808

Total Contributions 73,808

Other revenues and gains (loss):

Investment income (loss) 118,954

Other income 20,990

Total Other Revenues and Gains (Loss) 139,944

Total Unrestricted Revenues and Gains (Loss) 213,752

Net Assets Released from Restrictions 26,377

Total Unrestricted Revenues and Gains 240,129

Expenses

Program services:

Teaching garden program 1,664

Burney property expenses 12,740

Scholarships 9,245

Tehama campus expenses 333

Nursing program expenses 15,135

Other programs 19,406

Total Program Services Expenses 58,523

Supporting services:

Management and general 74,368

Fundraising 42,688

Total Supporting Services Expenses 117,056

Total Expenses 175,579

Changes in Unrestricted Net Assets 64,550

**CHANGES IN TEMPORARILY RESTRICTED
NET ASSETS**

Revenues, Gains, and Other Support

Contributions:

Public support 184,728

Total Contributions 184,728

Other revenues, gains (loss), and support:

Investment income (loss) 119,966

Net Assets Released from Restrictions (26,377)

Change in Temporarily Restricted Net Assets 278,317

Change in Net Assets 342,867

Net Assets - Beginning of Year 3,160,786

Net Assets - End of Year \$ 3,503,653

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

**STATEMENT OF CASH FLOWS -
FOUNDATION**

*Shasta-Tehama-Trinity Joint
Community College District*

Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 342,867
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:	
Depreciation	10,359
Net investment income reinvested	(238,920)
Changes in:	
Accounts receivable	658
Prepaid expense	1,188
Loan receivable	(10,800)
Accrued interest receivable	(3,935)
Accounts payable	(916)
Depository liabilities	13,790
Net Cash Provided (Used) by Operating Activities	<u>114,291</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of investments	781,387
Purchase of investments	<u>(1,332,036)</u>
Net Cash Used by Investing Activities	<u>(550,649)</u>
Net Increase (Decrease) in Cash	(436,358)
Cash and Cash Equivalents - Beginning of Year	<u>547,475</u>
Cash and Cash Equivalents - End of Year	<u>\$ 111,117</u>

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The District identified the Shasta College Foundation (the 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 Statement Nos. 34, 35, 37, 38, and 39 provides a comprehensive, entity-wide perspective of the District’s overall financial position, results of operations and cash flows, and replaces the fund-group perspective previously required. The District now follows the “business-type activities” reporting requirements of GASB Statement No. 34 that provides a comprehensive one-line look at the District’s financial activities.

The basic financial statements of the 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.

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 advances of 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.

**NOTES TO THE FINANCIAL
STATEMENTS**

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

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.

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 consists 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.

Prepaid Expenses 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 - 80 years for buildings, 10 years for site improvements, 3 - 8 years for equipment and vehicles.

Deferred Loss on Refundings – Net The District recognized a net financial statement loss of \$263,198 in the 2011-12 year. Such loss is being amortized over the life of the new debt.

Advances from Grantors and Students Advances from grantors and students 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. Advances of revenues also include amounts received from grant and contract sponsors that have not yet been earned.

**NOTES TO THE FINANCIAL
STATEMENTS**

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

Amounts Held in Trust 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 expensed in the year incurred. Amortization of bond premium and discount costs was \$101,736 for the year ended June 30, 2013.

Deferred Outflows/Inflows of Resources In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District only has one item that qualifies for reporting in this category, which is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District does not have any item of this type.

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

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

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

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

**NOTES TO THE FINANCIAL
STATEMENTS**

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

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 nonoperating, according to the following criteria:

Operating Revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, (3) some federal, state, and local grants contracts and federal appropriations, and (4) interest on institutional student loans.

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

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

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

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

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

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

**NOTES TO THE FINANCIAL
STATEMENTS**

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

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

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

DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION

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

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

Basis of Presentation Net 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.

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).

**NOTES TO THE FINANCIAL
STATEMENTS**

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

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

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

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

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.

Endowment Investment and Spending Policies The Foundation's endowment consists of two 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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

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

Donated Services Donated services are recognized as contributions in accordance with 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.

2. CASH AND INVESTMENTS

The cash and investments as of June 30, 2013, for the District and Foundation are as follows:

District	
CURRENT	
Cash and cash equivalents	\$ 9,836,537
Restricted cash and cash equivalents	633,358
NONCURRENT	
Restricted cash and cash equivalents	4,017,050
Total Cash and Cash Equivalents	\$ 14,486,945
Total Restricted Investments	\$ 4,146,345
Foundation	
Cash and cash equivalents	\$ 111,117
Total Cash and Cash Equivalents	\$ 111,117
Investments	\$ 3,140,357
Total Investments	\$ 3,140,357

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

	District	Foundation
Cash in County Treasury	\$ 13,110,014	\$ -
Cash on hand and in banks	1,376,931	111,117
Total Deposits	\$ 14,486,945	\$ 111,117

**NOTES TO THE FINANCIAL
STATEMENTS**

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

As provided for by *California Education Code*, Section 41001, a significant portion of the District's cash balances of most funds is deposited with the 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 2.12 years at June 30, 2013.

As of the date of these financial statements, the County of Shasta's 2013 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% of an entity's deposits. California law also allows financial institutions to secure an entity's deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits.

All cash held by financial institutions is collateralized by securities that are held by the broker or dealer, or by its trust department or agent, but not in the District's name. In addition, \$286,625 of the District's bank balances and all of the Foundation's bank balances at June 30, 2013, are insured.

Investments

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

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

The District invests funds in a US Bank Investment Agreement to satisfy debt service reserve requirements. The investment amount of \$717,337 matures May 1, 2034.

At June 30, 2013, the District's fiduciary fund investments consisted 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 8.08 years at June 30, 2013.

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

**NOTES TO THE FINANCIAL
STATEMENTS**

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

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

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

	District	Foundation (Level 1)
Mutual funds	\$ 717,403	\$ 1,627,395
Municipal bonds	-	540,932
Corporate/government bonds	3,428,942	972,030
Total Investments	\$ 4,146,345	\$ 3,140,357

Risk Information

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity its fair value is to changes in market interest rates. *California Government Code*, Section 53601, limits 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

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

At June 30, 2013, 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% of total investments.

**NOTES TO THE FINANCIAL
STATEMENTS**

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

Custodial Credit Risk

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

3. ACCOUNTS RECEIVABLE

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

Tuition and fees	\$ 720,032
Less: Allowance for doubtful accounts	475,000
Tuition and Fees - Net	245,032
Federal grants and contracts	306,387
State grants and contracts	1,006,874
Local grants and contracts	156,328
State apportionment	4,369,475
Investment income - noncapital	46,592
Local property taxes	804,587
Reimbursements	113,053
Other	67,223
Total	\$ 7,115,551

**NOTES TO THE FINANCIAL
STATEMENTS**

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

4. CAPITAL ASSETS

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

	Balance June 30, 2012	Additions	Deductions	Transfers	Balance June 30, 2013
NONDEPRECIABLE CAPITAL ASSETS					
Land	\$ 3,839,886	\$ -	\$ -	\$ -	\$ 3,839,886
Construction in progress	4,263,256	90,149	-	(3,681,375)	672,030
Total Nondepreciable Capital Assets	\$ 8,103,142	\$ 90,149	\$ -	\$ (3,681,375)	\$ 4,511,916
DEPRECIABLE CAPITAL ASSETS					
Site improvements	\$ 16,500,143	\$ -	\$ -	\$ 141,137	\$ 16,641,280
Buildings and improvements	61,362,485	8,034	-	3,540,238	64,910,757
Vehicle and equipment	8,432,098	341,611	(52,555)	-	8,721,154
Computer equipment	2,211,205	55,059	(29,123)	-	2,237,141
Leasehold improvements	41,540	-	-	-	41,540
Total Depreciable Capital Assets	88,547,471	404,704	(81,678)	3,681,375	92,551,872
Less: Accumulated depreciation	33,342,712	2,864,582	(81,678)	-	36,125,616
Total Depreciable Assets - Net	\$ 55,204,759	\$ (2,459,878)	\$ -	\$ 3,681,375	\$ 56,426,256

There was no activity in the Foundation capital assets for the year ended June 30, 2013, other than depreciation expense of \$10,359.

5. ACCOUNTS PAYABLE

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

Accrued payroll and related liabilities	\$ 127,006
Interest payable	658,019
Other	1,072,847
Total	\$ 1,857,872

6. LONG-TERM LIABILITIES

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

June 30, 2013	Beginning Balance	Additions	Reductions	Ending Balance
Revenue bonds	\$ 20,114,596	\$ -	\$ 1,043,397	\$ 19,071,199
General obligation bonds	29,782,255	-	1,453,341	28,328,914
Other financing	1,228,550	-	86,288	1,142,262
Total Long-Term Debt	\$ 51,125,401	\$ -	\$ 2,583,026	\$ 48,542,375
Compensated Absences	\$ 1,103,482	\$ -	\$ 16,473	\$ 1,087,009
Early Retirement Incentive Program	\$ 101,746	\$ -	\$ 101,746	\$ -

**NOTES TO THE FINANCIAL
STATEMENTS**

June 30, 2013

*Shasta-Tehama-Trinity Joint
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Long-term debt consisted of the following individual debt issues at June 30, 2013:

REVENUE BONDS	
2008 Lease Revenue Bond Series 2008A, issued by California Community College Financing Authority, in the original amount of \$3,845,000. Final maturity in 2028. Interest rate ranges from 3.50% to 5.00%.	\$ 3,450,000
2009 Lease Revenue Bond Series A, issued by California Community College Financing Authority, in the original amount of \$9,030,000. Final maturity in 2034. Interest rate ranges from 3.00% to 5.38%.	6,405,000
2012 Lease Revenue Refunding Bond Series 2012A, issued by California Community College Financing Authority, in the original amount of \$9,495,000. Final maturity in 2030. Interest rate ranges from 2.00% to 5.00%.	<u>8,770,000</u>
Subtotal	18,625,000
Premium on 2012 Lease Revenue Refunding Bonds	<u>446,199</u>
Subtotal - Revenue Bonds	<u>19,071,199</u>
GENERAL OBLIGATION BONDS	
1966 Issue - Series B in the original amount of \$4,000,000. Final maturity in 1991 (see below). Interest rates ranging from 3.30% to 4.75%.	25,000
2002 General Obligation Bonds Series 2002B, issued in the original amount of \$23,000,000. Final maturity in 2031. Interest rate ranges from 4.00% to 5.25%.	20,015,000
2011 General Obligation Refunding Bonds, issued in the original amount of \$7,250,000. Final maturity in 2028. Interest rate ranges from 2.00% to 5.00%.	<u>7,085,000</u>
Subtotal	27,125,000
Premium on 2002 General Obligation Bonds - Series B	767,190
Premium on 2011 General Obligation Bonds - Series A	<u>436,724</u>
Subtotal - General Obligation Bonds	<u>28,328,914</u>
OTHER FINANCING	
2009 Energy Upgrade Loan, issued by the California Energy Commission, in the original amount of \$1,313,577. Final maturity in 2023, with an interest rate of 3.95%.	<u>1,142,262</u>
Total Other Financing	<u>1,142,262</u>
Total Long-Term Debt	48,542,375
Less: Current portion	<u>1,699,752</u>
Total Long-Term Debt - Noncurrent Portion	<u>\$ 46,842,623</u>

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

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, 2014.

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

Year Ending June 30	Principal	Interest	Total	Bond Premium	Total
2014	\$ 1,699,752	\$ 2,112,735	\$ 3,812,487	\$ 100,383	\$ 3,912,870
2015	1,208,332	2,062,355	3,270,687	100,383	3,371,070
2016	1,521,956	2,022,580	3,544,536	100,383	3,644,919
2017	1,645,923	1,968,814	3,614,737	100,383	3,715,120
2018	1,799,678	1,912,251	3,711,929	100,383	3,812,312
2019-2023	11,090,919	8,417,906	19,508,825	501,916	20,010,741
2024-2028	16,000,702	5,282,106	21,282,808	486,856	21,769,664
2029-2033	11,485,000	1,169,563	12,654,563	159,426	12,813,989
2034	440,000	23,650	463,650	-	463,650
Total	\$ 46,892,262	\$ 24,971,960	71,864,222	1,650,113	73,514,335
Less: Interest			24,971,960	-	24,971,960
Net Principal			\$ 46,892,262	\$ 1,650,113	\$ 48,542,375

7. OPERATING LEASES

The District leases office and classroom facilities and other equipment under noncancelable operating leases. Total costs for such leases was \$300,615 for the year ended June 30, 2013.

The future minimum lease payments as of June 30, 2013, are as follows:

2014	\$ 254,391
2015	28,941
2016	23,055
2017	23,055
2018	5,322
Total	\$ 334,764

8. 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.

California State Teachers' Retirement System (CalSTRS)

Plan Description

All certificated employees and those employees meeting minimum standards adopted by the Board of Governors of the California Community Colleges and employed 50% 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%, 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 CalSTRS. Copies of the CalSTRS annual financial report may be obtained from the CalSTRS Executive Office, 100 Waterfront Place, Sacramento, California 95605.

The CalSTRP, a defined benefit pension plan, provides retirement, disability, and death benefits, and depending on which component of the CalSTRP 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 2% 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% factor used at age 60, service of 30 or more years will increase the percentage age factor to be applied.

Disability benefits are generally the maximum of 50% of final compensation for most applicants. Eligible dependent children can increase this benefit up to a maximum of 90% of final compensation. After five years of credited service, members become 100% 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.

Funding Policy

Active plan members are required to contribute 8.0% of their gross salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Board based upon recommendations made by the consulting actuary. The required employer contribution rate for the fiscal year ended June 30, 2013, was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statutes. The District's contributions to CalSTRS for the fiscal years ended June 30, 2013, 2012, and 2011, were \$1,213,735, \$1,197,710, and \$1,278,159, respectively, and equaled 100% of the required contributions for each year.

California Public Employees' Retirement System (CalPERS)

Plan Description

All full-time classified employees participate in 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 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% of final compensation for each year of service credit.

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

The Public Employees' Retirement Law (Part 3 of the *California Government Code*, Section 20000 et seq.) establishes benefit provisions for CalPERS. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95811.

Funding Policy

Active plan members are required to contribute 7.0% of their salary, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year ended June 30, 2013, was 11.417% of annual payroll. The contribution requirements of the plan members are established by state statutes. The District's contributions to CalPERS for the fiscal years ended June 30, 2013, 2012, and 2011, were \$1,000,021, \$942,725, and \$918,767, respectively, and equaled 100% of the required contribution for each year.

All contributions were made in accordance with actuarially determined requirements and equaled 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 State of California amounts have not been reported in the basic financial statements as management believes they are immaterial to the financial statements taken as a whole.

9. STATE AND FEDERAL ALLOWANCES, AWARDS, AND GRANTS

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

10. RISK MANAGEMENT

The District is a member of the Statewide Association of Community Colleges Joint Powers Authority (the Authority). The Authority is a member of the Statewide 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 \$5,000 retention amount are covered up to \$5,000,000 per occurrence. Coverage above the \$5,000,000 level up to \$250,000,000 is arranged independently for each member through SAFER. There has been no significant reduction in any of the insurance coverages from prior year. Settled claims resulting from these programs have not exceeded insurance coverage in each of the past three fiscal years.

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

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

11. 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.

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.

**NOTES TO THE FINANCIAL
STATEMENTS**

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

Currently, the District has 319 active full-time employees who are eligible for postretirement health benefits and 239 retirees who receive postretirement health benefits.

Funding Policy

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

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

Annual OPEB Cost 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 GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs 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, 2013:

Annual required contributions	\$ 1,985,543
Interest on net OPEB obligation	(296,938)
Adjustment to annual required contribution	349,827
Annual OPEB Cost	2,038,432
Contributions	(2,509,391)
Change in Net OPEB Obligation (Asset)	(470,959)
Net OPEB Obligation (Asset) - Beginning of Year	(4,568,276)
Net OPEB Obligation (Asset) - End of Year	\$ (5,039,235)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal years ended June 30, 2013, 2012, and 2011, were as follows:

Year Ended	Annual OPEB Cost	Actual Employer Contributions	Percentage Contributed	Net Ending OPEB Obligation (Asset)
June 30, 2011	\$ 1,966,535	\$ (6,146,022)	312.53%	\$ (4,407,090)
June 30, 2012	\$ 2,036,566	\$ (2,197,752)	107.92%	\$ (4,568,276)
June 30, 2013	\$ 2,038,432	\$ (2,509,391)	123.10%	\$ (5,039,235)

**NOTES TO THE FINANCIAL
STATEMENTS**

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

Funded Status and Funding Progress

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

	June 14, 2010	July 1, 2012
Actuarial accrued liability (AAL)	\$ 35,597,240	\$ 39,430,443
Actuarial value of plan assets	1,248,784	6,561,028
Unfunded Actuarial Accrued Liability	\$ 34,348,456	\$ 32,869,415
Funded ratio (actuarial value of plan assets/AAL)	3.51%	16.64%
Covered payroll (active members)	\$ 21,899,769	\$ 20,476,726
UAAL as a Percentage of Covered Payroll	156.84%	160.52%

As of June 30, 2013, the District has set aside approximately \$6,537,184 in an external trust fund and the fair value of the trust fund as of June 30, 2013, was approximately \$8,124,667.

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 health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members), and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the 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 July 1, 2011, 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 assumption was 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.

12. 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*.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

The functional expenses classifications for the year ended June 30, 2013, are as follows:

June 30, 2013	Salaries	Employee Benefits	Supplies, Materials, and Other Expenses and Services	Depreciation and Amortization	Total
Instructional activities	\$ 13,535,511	\$ 4,186,130	\$ 647,895	\$ -	\$ 18,369,536
Academic support	3,251,631	1,273,049	552,304	-	5,076,984
Student services	3,331,928	1,218,934	501,873	-	5,052,735
Plant operations and maintenance	1,445,516	673,434	1,556,413	-	3,675,363
Institutional support services	2,922,598	2,167,849	1,977,883	-	7,068,330
Community services and economic development	685,033	246,599	878,051	-	1,809,683
Ancillary services and operations	1,636,189	790,404	1,509,539	-	3,936,132
Student aid	-	-	409,386	-	409,386
Depreciation	-	-	-	2,864,582	2,864,582
Total	\$ 26,808,406	\$ 10,556,399	\$ 8,033,344	\$ 2,864,582	\$ 48,262,731

13. COMMITMENTS

As of June 30, 2013, the District had no unfinished construction contracts.

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.

14. CHANGE IN ACCOUNTING PRINCIPLES

The District adopted the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*, effective July 1, 2012. The beginning net position was increased by \$1,568,608 as a result of capitalizing interest on the bond projects that were previously expensed.

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

The District adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective July 1, 2012. This statement improves financial reporting by clarifying the appropriate use of the financial elements deferred outflows of resources and deferred inflows of financial resources to ensure consistency in financial reporting. The District implemented this statement in the year ended June 30, 2013. As a result, prior year deferred bond issuance costs of \$1,143,284 have been expensed.

**NOTES TO THE FINANCIAL
STATEMENTS**

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

Net Position - July 1, 2012 - as Previously Reported	\$ 35,591,600
GASB 62 adjustment	1,568,608
GASB 65 adjustment	(1,143,284)
Net Position - July 1, 2012 - as Restated	<u>\$ 36,016,924</u>

15. IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

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

**16. BENEFICIAL INTEREST IN CHARITABLE REMAINDER ANNUITY TRUSTS -
FOUNDATION**

During the 2010 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.

17. INVESTMENT INCOME - FOUNDATION

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

Interest and dividends	\$ 119,270
Net realized and unrealized gain (loss)	140,640
Management fees	(20,990)
Total Investment Income (Loss)	<u>\$ 238,920</u>

**NOTES TO THE FINANCIAL
STATEMENTS**

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

18. TEMPORARILY RESTRICTED NET ASSETS - FOUNDATION

Temporarily restricted net assets are available for the following purposes at June 30, 2013:

Dental programs	\$ 103,150
Scholarships	696,149
Assistance to needy students	1,195,920
Athletic programs	160,531
Other programs	179,503
Total	\$ 2,335,253

19. ENDOWMENTS – FOUNDATION

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Board-Designated Endowment Funds	\$ 454,995	\$ -	\$ -	\$ 454,995
Endowment net assets - beginning of year	\$ 454,995	\$ -	\$ -	\$ 454,995
Contributions	-	-	-	-
Investment loss	-	-	-	-
Net depreciation	-	-	-	-
Amounts appropriated for expenditures	-	-	-	-
Other amounts released from restrictions	-	-	-	-
Endowment Net Assets - End of Year	\$ 454,995	\$ -	\$ -	\$ 454,995

SUPPLEMENTARY INFORMATION SECTION

ORGANIZATION STRUCTURE

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District***Board of Trustees**

Name	Office	Area	Term Expires
Mr. Kendall S. Pierson	Member	A	2016
Mr. Duane K. Miller	Vice President	B	2014
Mr. Scott J. Swendiman	President	C	2016
Mrs. Judi D. Beck	Member	D	2016
Mrs. Rayola B. Pratt	Member	E	2016
Mr. Harold J. Lucas	Member	F	2014
Mr. Robert Steinacher	Clerk	G	2014

ADMINISTRATION

Mr. Joe Wyse
District Superintendent/President

Ms. Meredith Randall
Vice President for Academic Affairs

Mr. Morris Rodrigue
Vice President of Administrative Services

**SCHEDULE OF WORKLOAD
MEASURES FOR STATE GENERAL
APPORTIONMENT**

*Shasta-Tehama-Trinity Joint
Community College District*

June 30, 2013

	Reported Data
SUMMER INTERSESSION (Summer 2012 only)	
Noncredit	5
Credit	353
SUMMER INTERSESSION (Summer 2013 - Prior to July 1, 2013)	
Noncredit	-
Credit	330
PRIMARY TERMS (Exclusive of Summer Intersession)	
Census Procedure Courses	
Weekly Census Contact Hours	4,928
Daily Census Contact Hours	341
Actual Hours of Attendance Procedure Courses	
Noncredit	193
Credit	261
Alternative Attendance Accounting Procedure	
Weekly Census Contact Hours	681
Daily Census Contact Hours	178
Noncredit Independent Study/Distance Education Courses	-
Total FTES	7,270
SUPPLEMENTARY INFORMATION (Subset of above information)	
IN-SERVICE TRAINING COURSES (FTES)	18
BASIC SKILLS COURSES AND IMMIGRANT EDUCATION	
Noncredit	92
Credit	171

See the accompanying notes to the supplementary information.

**SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass Through/ Grant Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF INTERIOR			
Indian Self-Determination Contract Support		15.024	\$ 46,190
Total U.S. Department of Interior			<u>46,190</u>
U.S. DEPARTMENT OF AGRICULTURE			
U.S. Forest Service - Conservation Intern Program		10.688	68,634
Total U.S. Department of Agriculture			<u>68,634</u>
NATIONAL SCIENCE FOUNDATION			
Education and Human Resources		47.076	12,865
Total National Science Foundation			<u>12,865</u>
SMALL BUSINESS ADMINISTRATION			
Passed Through The CSU, Chico Research Foundation			
Small Business Development Centers	13-004	59.037	156,498
Total Small Business Administration			<u>156,498</u>
U.S. DEPARTMENT OF VETERAN AFFAIRS			
All-Volunteer Force Educational Assistance		64.124	3,021
Total U.S. Department of Veteran Affairs			<u>3,021</u>
U.S. DEPARTMENT OF EDUCATION			
Financial Aid Cluster			
Federal Supplemental Education Opportunity Grants		84.007	87,972
Federal Work-Study Program		84.033	159,650
Federal Pell Grant Program		84.063	14,358,051
Federal Direct Student Loans		84.268	4,066,485
Total Financial Aid Cluster			<u>18,672,158</u>
TRIO Cluster			
TRIO - Student Support Services		84.042	272,281
TRIO - Talent Search		84.044	234,985
TRIO - Upward Bound		84.047	236,645
Total TRIO Cluster			<u>743,911</u>
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP)		84.334	52,197
Passed Through State Department of Education			
Career and Technical Education - Basic Grants to States	13-112-110	84.048	460,323
Total U.S. Department of Education			<u>19,928,589</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through the Chancellor's Office			
Foster Care Title IV-E	FKCE	93.658	77,973
Temporary Assistance for Needy Families		93.558	107,522
Total U.S. Department of Health and Human Services			<u>185,495</u>
CORPORATION FOR NATIONAL SERVICES			
State and Local Homeland Security Training Program		94.005	145,292
Total Corporation for National Service			<u>145,292</u>
Total Expenditures of Federal Awards			<u>\$ 20,546,584</u>

See the accompanying notes to the supplementary information.

**SCHEDULE OF EXPENDITURES OF
STATE AWARDS**

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

	Program Revenues			
	Cash Received	Accounts Receivable	Deferred Revenue	Total
Extended Opportunity Programs and Services	\$ 720,086	\$ (12,903)	\$ -	\$ 707,183
CALGrants	943,753	6,558	-	950,311
Disabled Students Programs and Services	377,331	-	-	377,331
CalWORKS	448,304	(93,114)	-	355,190
Student Financial Aid administration	361,951	-	-	361,951
Matriculation	242,857	6,930	-	249,787
Economic Workforce Development	244,642	380,785	-	625,427
Career Tech Education	1,268,097	80,857	(324,563)	1,024,391
Cooperative Agency Resources Education	88,695	(1,738)	-	86,957
Foster Parent	126,657	43,458	-	170,115
All other categorical	10,864,569	660,153	(243,188)	11,281,534
Total State Programs	\$ 15,686,942	\$ 1,070,986	\$ (567,751)	\$ 16,190,177

See the accompanying notes to the supplementary information.

**RECONCILIATION OF ANNUAL FINANCIAL
AND BUDGET REPORT (FORM CCFS-311)
WITH AUDITED FINANCIAL STATEMENTS**
June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*
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	General Fund	2002 Revenue Bond and Bond Interest and Redemption Funds	Lease Revenue Bond Interest and Redemption Funds	Revenue Operations and Repair and Replacement Fund	Balance Forward
June 30, 2013, Annual Financial and Budget Report (CCFS-311) Fund Balance	\$ 10,526,707	\$ 1,693,431	\$ 732,894	\$ 1,434,588	\$ 14,387,620
Adjustment and reclassifications increasing (decreasing) the fund balance:					
District adjustments	-	-	-	-	-
Reclassification of Auxiliary Fund for financial statement purposes	469,204	-	-	-	469,204
Reclassification of amounts held for others	-	-	-	-	-
Rounding	1	(1)	-	(2)	(2)
Net Adjustments and Reclassifications	469,205	(1)	-	(2)	469,202
June 30, 2013, District Accounting Records Fund Balance	\$ 10,995,912	\$ 1,693,430	\$ 732,894	\$ 1,434,586	\$ 14,856,822

See the accompanying notes to the supplementary information.

	Balance Brought Forward	Auxiliary Fund	Capital Outlay and General Obligation Bond Project Funds	Lease Revenue Bond Construction Fund	Balance Forward
June 30, 2013, Annual Financial and Budget Report (CCFS-311) Fund Balance	\$ 14,387,620	\$ 1,211,737	\$ 2,114,885	\$ 890,609	\$ 18,604,851
Adjustment and reclassifications increasing (decreasing) the fund balance:					
District adjustments	-	-	-	-	-
Reclassification of Auxiliary Fund for financial statement purposes	469,204	(469,204)	-	-	-
Reclassification of amounts held for others	-	-	-	-	-
Rounding	(2)	-	1	1	-
Net Adjustments and Reclassifications	469,202	(469,204)	1	1	-
June 30, 2013, District Accounting Records Fund Balance	\$ 14,856,822	\$ 742,533	\$ 2,114,886	\$ 890,610	\$ 18,604,851

See the accompanying notes to the supplementary information.

**RECONCILIATION OF ANNUAL FINANCIAL
AND BUDGET REPORT (FORM CCFS-311)
WITH AUDITED FINANCIAL STATEMENTS**
June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*
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	Balance Brought Forward	Classified B.U.M. Benefit Fund	Student Financial Aid Fund	Student Trust Funds	Balance Forward
June 30, 2013, Annual Financial and Budget Report (CCFS-311) Fund Balance	\$ 18,604,851	\$ 270,780	\$ 4,302	\$ 216,279	\$ 19,096,212
Adjustment and reclassifications increasing (decreasing) the fund balance:					
District adjustments	-	-	-	-	-
Reclassification of Auxiliary Fund for financial statement purposes	-	-	-	-	-
Reclassification of amounts held for others	-	-	-	(216,279)	(216,279)
Rounding	-	-	(1)	-	(1)
Net Adjustments and Reclassifications	-	-	(1)	(216,279)	(216,280)
June 30, 2013, District Accounting Records Fund Balance	\$ 18,604,851	\$ 270,780	\$ 4,301	\$ -	\$ 18,879,932

See the accompanying notes to the supplementary information.

	Balance Brought Forward	Scholarship and Loan Trust Fund	Trustees Investment Trust Fund	Total
June 30, 2013, Annual Financial and Budget Report (CCFS-311) Fund Balance	\$ 19,096,212	\$ 247,901	\$ 3,666,231	\$ 23,010,344
Adjustment and reclassifications increasing (decreasing) the fund balance:				
District adjustments	-	-	-	-
Reclassification of Auxiliary Fund for financial statement purposes	-	-	-	-
Reclassification of amounts held for others	(216,279)	(247,901)	(3,666,231)	(4,130,411)
Rounding	(1)	-	-	(1)
Net Adjustments and Reclassifications	(216,280)	(247,901)	(3,666,231)	(4,130,412)
June 30, 2013, District Accounting Records Fund Balance	\$ 18,879,932	\$ -	\$ -	\$ 18,879,932

See the accompanying notes to the supplementary information.

RECONCILIATION OF 50% LAW CALCULATION

June 30, 2013

Shasta-Tehama-Trinity Joint

Community College District

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	Object Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 and AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
ACADEMIC SALARIES							
INSTRUCTIONAL SALARIES							
Contract or regular	1100	\$ 8,252,744	\$ -	\$ 8,252,744	\$ 8,252,744	\$ -	\$ 8,252,744
Other	1300	3,924,127	-	3,924,127	3,924,127	-	3,924,127
Total Instructional Salaries		12,176,871	-	12,176,871	12,176,871	-	12,176,871
NON-INSTRUCTIONAL SALARIES							
Contract or regular	1200	-	-	-	3,193,700	-	3,193,700
Other	1400	-	-	-	148,833	-	148,833
Total Non-Instructional Salaries		-	-	-	3,342,533	-	3,342,533
Total Academic Salaries		12,176,871	-	12,176,871	15,519,404	-	15,519,404
CLASSIFIED SALARIES							
NON-INSTRUCTIONAL SALARIES							
Regular status	2100	-	-	-	5,690,065	-	5,690,065
Other	2300	-	-	-	469,183	-	469,183
Total Non-Instructional Salaries		-	-	-	6,159,248	-	6,159,248
INSTRUCTIONAL AIDES							
Regular status	2200	587,051	-	587,051	587,051	-	587,051
Other	2400	176,948	-	176,948	176,948	-	176,948
Total Instructional Aides		763,999	-	763,999	763,999	-	763,999
Total Classified Salaries		763,999	-	763,999	6,923,247	-	6,923,247
OTHER							
Employee benefits	3000	4,456,513	-	4,456,513	9,296,997	-	9,296,997
Supplies and materials	4000	-	-	-	646,035	-	646,035
Other operating expenses	5000	24,163	-	24,163	3,207,231	-	3,207,231
Equipment replacement	6420	-	-	-	-	-	-
Total Other		4,480,676	-	4,480,676	13,150,263	-	13,150,263
Total Expenditures Prior to Exclusions		\$ 17,421,546	\$ -	\$ 17,421,546	\$ 35,592,914	\$ -	\$ 35,592,914

See the accompanying note to the supplementary information.

RECONCILIATION OF 50% LAW CALCULATION

June 30, 2013

Shasta-Tehama-Trinity Joint

Community College District

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	Object Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 and AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
EXCLUSIONS							
ACTIVITIES TO EXCLUDE							
Instructional Staff-Retirees' Benefits and Retirement Incentives	5900	\$ 988,037	\$ -	\$ 988,037	\$ 988,037	\$ -	\$ 988,037
Student Health Services Above Amount Collected	6441	-	-	-	75,849	-	75,849
Student Transportation	6491	-	-	-	-	-	-
Non-instructional Staff Retirees' Benefits and Retirement Incentives	6740	-	-	-	970,701	-	970,701
Total Instructional Salaries		988,037	-	988,037	2,034,587	-	2,034,587
OBJECTS TO EXCLUDE							
Rents and leases	5060	-	-	-	227,583	-	227,583
Lottery expenditures		-	-	-	-	-	-
Academic salaries	1000	-	-	-	84,454	-	84,454
Classified salaries	2000	-	-	-	369,674	-	369,674
Employee benefits	3000	-	-	-	218,000	-	218,000
Subtotal		-	-	-	899,711	-	899,711
Supplies and materials:	4000						
Software	4100	-	-	-	-	-	-
Books, magazines, and periodicals	4200	-	-	-	-	-	-
Instructional supplies and materials	4300	-	-	-	7	-	7
Non-instructional supplies and materials	4400	-	-	-	4,010	-	4,010
Total Supplies and Materials		-	-	-	4,017	-	4,017
Other operating expenses and services	5000	-	-	-	100,114	-	100,114
Capital outlay	6000	-	-	-	-	-	-
Library books	6300	-	-	-	-	-	-
Subtotal		-	-	-	100,114	-	100,114
Equipment	6400						
Equipment - additional	6410	-	-	-	-	-	-
Equipment - replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		988,037	-	988,037	3,038,429	-	3,038,429
Other outgo	7000	-	-	-	-	-	-
Total Exclusions		988,037	-	988,037	3,038,429	-	3,038,429
Total for ECS 84362 - 50% Law		\$16,433,509	\$ -	\$16,433,509	\$32,554,485	\$ -	\$32,554,485
Percentage of CEE (Instructional Salary Cost/Total CEE)		50.48%	0.00%	50.48%			
50% of Current Expense of Education					\$16,277,240	\$ -	\$16,277,240

See the accompanying note to the supplementary information.

**RECONCILIATION OF EDUCATION
PROTECTION ACCOUNT EXPENDITURES**

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

	Object Code	Salaries and Benefits (1000-3000)	Operating Expenses (4000-5000)	Capital Outlay (6000)	Total
EPA Proceeds	8630				\$ 5,764,108
Activity Classification:					
Instructional activities	0100-5900	\$ 5,673,588	\$ 73,028	\$ -	5,746,616
Other support activities:					
Equipment Additional		-	-	17,492	17,492
Item		-	-	-	-
Item		-	-	-	-
Item		-	-	-	-
Total Expenditures for EPA		<u>\$ 5,673,588</u>	<u>\$ 73,028</u>	<u>\$ 17,492</u>	5,764,108
Total Revenue Less Expenditures					<u>\$ -</u>

See the accompanying note to the other supplementary information.

**COMBINING BALANCE SHEET –
DISTRICT FUNDS INCLUDED
IN THE REPORTING ENTITY**

*Shasta-Tehama-Trinity Joint
Community College District*
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June 30, 2013	General Fund	Bond Interest and Redemption Funds	General Obligation Bond Interest and Redemption Funds	Lease Revenue Bond Interest and Redemption Funds	Balance Forward
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 7,681,747	\$ -	\$ -	\$ -	\$ 7,681,747
Restricted cash and cash equivalents	(260,572)	-	-	-	(260,572)
Accounts receivable - net	6,904,828	-	47,608	-	6,952,436
Prepaid expenses	153,106	-	-	-	153,106
Inventories	12,441	-	-	-	12,441
Due from other funds	367,672	-	-	-	367,672
Total Current Assets	14,859,222	-	47,608	-	14,906,830
NONCURRENT ASSETS					
Restricted cash and cash equivalents	-	25,177	1,620,645	15,491	1,661,313
Restricted investments	-	-	-	717,403	717,403
Total Noncurrent Assets	-	25,177	1,620,645	732,894	2,378,716
Total Assets	\$ 14,859,222	\$ 25,177	\$ 1,668,253	\$ 732,894	\$ 17,285,546
LIABILITIES					
Accounts payable	\$ 1,124,711	\$ -	\$ -	\$ -	\$ 1,124,711
Advances from grantors and students	1,617,654	-	-	-	1,617,654
Compensated absences - current portion	64,146	-	-	-	64,146
Due to other funds	1,056,799	-	-	-	1,056,799
Amounts held in trust for others	-	-	-	-	-
Total Liabilities	3,863,310	-	-	-	3,863,310
FUND EQUITY					
Fund balances:					
Reserved for debt service	-	25,177	1,668,253	732,894	2,426,324
Reserved for special purposes	469,204	-	-	-	469,204
Unreserved:					
Undesignated	10,526,708	-	-	-	10,526,708
Total Fund Equity	10,995,912	25,177	1,668,253	732,894	13,422,236
Total Liabilities and Fund Equity	\$ 14,859,222	\$ 25,177	\$ 1,668,253	\$ 732,894	\$ 17,285,546

See the accompanying notes to the supplementary information.

**COMBINING BALANCE SHEET –
DISTRICT FUNDS INCLUDED
IN THE REPORTING ENTITY**

June 30, 2013	Balance Brought Forward	Revenue Operations Fund	Repair and Replacement Fund	Parking Improvement Fund	Balance Forward
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 7,681,747	\$ 823,769	\$ 319,975	\$ 690,266	\$ 9,515,757
Restricted cash and cash equivalents	(260,572)	-	-	-	(260,572)
Accounts receivable - net	6,952,436	18,611	-	-	6,971,047
Prepaid expenses	153,106	395	-	-	153,501
Inventories	12,441	6,770	-	-	19,211
Due from other funds	367,672	642,992	5,250	52,267	1,068,181
Total Current Assets	14,906,830	1,492,537	325,225	742,533	17,467,125
NONCURRENT ASSETS					
Restricted cash and cash equivalents	1,661,313	-	-	-	1,661,313
Restricted investments	717,403	-	-	-	717,403
Total Noncurrent Assets	2,378,716	-	-	-	2,378,716
Total Assets	\$ 17,285,546	\$ 1,492,537	\$ 325,225	\$ 742,533	\$ 19,845,841
LIABILITIES					
Accounts payable	\$ 1,124,711	\$ 42,539	\$ 20,557	\$ -	\$ 1,187,807
Advances from grantors and students	1,617,654	87,920	-	-	1,705,574
Compensated absences - current portion	64,146	-	-	-	64,146
Due to other funds	1,056,799	232,160	-	-	1,288,959
Amounts held in trust for others	-	-	-	-	-
Total Liabilities	3,863,310	362,619	20,557	-	4,246,486
FUND EQUITY					
Fund balances:					
Reserved for debt service	2,426,324	-	-	-	2,426,324
Reserved for special purposes	469,204	1,129,918	304,668	742,533	2,646,323
Unreserved:					
Undesignated	10,526,708	-	-	-	10,526,708
Total Fund Equity	13,422,236	1,129,918	304,668	742,533	15,599,355
Total Liabilities and Fund Equity	\$ 17,285,546	\$ 1,492,537	\$ 325,225	\$ 742,533	\$ 19,845,841

See the accompanying notes to the supplementary information.

**COMBINING BALANCE SHEET –
DISTRICT FUNDS INCLUDED IN
THE REPORTING ENTITY**

June 30, 2013	Balance Brought Forward	Capital Outlay Projects Fund	Lease Revenue Bond Construction Fund	Classified B.U.M. Benefit Fund	Balance Forward
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 9,515,757	\$ -	\$ -	\$ 320,780	\$ 9,836,537
Restricted cash and cash equivalents	(260,572)	-	893,930	-	633,358
Accounts receivable - net	6,971,047	-	-	-	6,971,047
Prepaid expenses	153,501	-	-	-	153,501
Inventories	19,211	-	-	-	19,211
Due from other funds	1,068,181	349,000	-	-	1,417,181
Total Current Assets	17,467,125	349,000	893,930	320,780	19,030,835
NONCURRENT ASSETS					
Restricted cash and cash equivalents	1,661,313	1,765,965	-	-	3,427,278
Restricted investments	717,403	-	-	-	717,403
Total Noncurrent Assets	2,378,716	1,765,965	-	-	4,144,681
Total Assets	\$ 19,845,841	\$ 2,114,965	\$ 893,930	\$ 320,780	\$ 23,175,516
LIABILITIES					
Accounts payable	\$ 1,187,807	\$ 79	\$ 3,320	\$ -	\$ 1,191,206
Advances from grantors and students	1,705,574	-	-	-	1,705,574
Compensated absences - current portion	64,146	-	-	-	64,146
Due to other funds	1,288,959	-	-	50,000	1,338,959
Amounts held in trust for others	-	-	-	-	-
Total Liabilities	4,246,486	79	3,320	50,000	4,299,885
FUND EQUITY					
Fund balances:					
Reserved for debt service	2,426,324	-	-	-	2,426,324
Reserved for special purposes	2,646,323	2,114,886	890,610	270,780	5,922,599
Unreserved:					
Undesignated	10,526,708	-	-	-	10,526,708
Total Fund Equity	15,599,355	2,114,886	890,610	270,780	18,875,631
Total Liabilities and Fund Equity	\$ 19,845,841	\$ 2,114,965	\$ 893,930	\$ 320,780	\$ 23,175,516

See the accompanying notes to the supplementary information.

**COMBINING BALANCE SHEET –
DISTRICT FUNDS INCLUDED IN
THE REPORTING ENTITY**

June 30, 2013	Balance Brought Forward	Student Trusts	Student Financial Aid Fund	Scholarship and Loan Trust Fund	Balance Forward
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 9,836,537	\$ -	\$ -	\$ -	\$ 9,836,537
Restricted cash and cash equivalents	633,358	-	-	-	633,358
Accounts receivable - net	6,971,047	25,260	72,652	-	7,068,959
Prepaid expenses	153,501	-	-	-	153,501
Inventories	19,211	-	-	-	19,211
Due from other funds	1,417,181	7,102	3,338	-	1,427,621
Total Current Assets	19,030,835	32,362	75,990	-	19,139,187
NONCURRENT ASSETS					
Restricted cash and cash equivalents	3,427,278	193,919	17,686	250,800	3,889,683
Restricted investments	717,403	-	-	-	717,403
Total Noncurrent Assets	4,144,681	193,919	17,686	250,800	4,607,086
Total Assets	\$ 23,175,516	\$ 226,281	\$ 93,676	\$ 250,800	\$ 23,746,273
LIABILITIES					
Accounts payable	\$ 1,191,206	\$ 1,772	\$ 5,675	\$ 1,200	\$ 1,199,853
Advances from grantors and students	1,705,574	-	-	-	1,705,574
Compensated absences - current portion	64,146	-	-	-	64,146
Due to other funds	1,338,959	3,263	83,700	1,699	1,427,621
Amounts held in trust for others	-	221,246	-	247,901	469,147
Total Liabilities	4,299,885	226,281	89,375	250,800	4,866,341
FUND EQUITY					
Fund balances:					
Reserved for debt service	2,426,324	-	-	-	2,426,324
Reserved for special purposes	5,922,599	-	4,301	-	5,926,900
Unreserved:					
Undesignated	10,526,708	-	-	-	10,526,708
Total Fund Equity	18,875,631	-	4,301	-	18,879,932
Total Liabilities and Fund Equity	\$ 23,175,516	\$ 226,281	\$ 93,676	\$ 250,800	\$ 23,746,273

See the accompanying notes to the supplementary information.

**COMBINING BALANCE SHEET –
DISTRICT FUNDS INCLUDED IN
THE REPORTING ENTITY**

*Shasta-Tehama-Trinity Joint
Community College District*

Page 5 of 5

June 30, 2013	Balance Brought Forward	Trustee Investment Trust	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 9,836,537	\$ -	\$ 9,836,537
Restricted cash and cash equivalents	633,358	-	633,358
Accounts receivable - net	7,068,959	46,592	7,115,551
Prepaid expenses	153,501	-	153,501
Inventories	19,211	-	19,211
Due from other funds	1,427,621	-	1,427,621
Total Current Assets	19,139,187	46,592	19,185,779
NONCURRENT ASSETS			
Restricted cash and cash equivalents	3,889,683	127,367	4,017,050
Restricted investments	717,403	3,428,942	4,146,345
Total Noncurrent Assets	4,607,086	3,556,309	8,163,395
Total Assets	\$ 23,746,273	\$ 3,602,901	\$ 27,349,174
LIABILITIES			
Accounts payable	\$ 1,199,853	\$ -	\$ 1,199,853
Advances from grantors and students	1,705,574	-	1,705,574
Compensated absences - current portion	64,146	-	64,146
Due to other funds	1,427,621	-	1,427,621
Amounts held in trust for others	469,147	3,602,901	4,072,048
Total Liabilities	4,866,341	3,602,901	8,469,242
FUND EQUITY			
Fund balances:			
Reserved for debt service	2,426,324	-	2,426,324
Reserved for special purposes	5,926,900	-	5,926,900
Unreserved:			
Undesignated	10,526,708	-	10,526,708
Total Fund Equity	18,879,932	-	18,879,932
Total Liabilities and Fund Equity	\$ 23,746,273	\$ 3,602,901	\$ 27,349,174

See the accompanying notes to the supplementary information.

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES/EXPENSES, AND CHANGES IN
FUND EQUITY – DISTRICT FUNDS INCLUDED
IN THE REPORTING ENTITY**

*Shasta-Tehama-Trinity Joint
Community College District*
Page 1 of 5

Year Ended June 30, 2013	General Fund	Bond Interest and Redemption Funds	General Obligation Bond Interest and Redemption Funds	Lease Revenue Bond Interest and Redemption Funds	Balance Forward
OPERATING REVENUES					
Tuition and fees	\$ 9,485,913	\$ -	\$ -	\$ -	\$ 9,485,913
Less: Scholarship discounts and allowances	5,518,114	-	-	-	5,518,114
Net Tuition and Fees	3,967,799	-	-	-	3,967,799
Grants and contracts - noncapital:					
Federal	1,716,742	-	-	-	1,716,742
State	4,922,019	-	-	-	4,922,019
Local	551,481	-	-	-	551,481
Auxiliary enterprise sales and charges	96,485	-	-	-	96,485
Total Operating Revenues	11,254,526	-	-	-	11,254,526
OPERATING EXPENDITURES/EXPENSES					
Salaries	26,297,545	-	-	-	26,297,545
Employee benefits	10,811,734	-	-	-	10,811,734
Supplies, materials, and other operating expenditures	5,584,736	-	-	-	5,584,736
Utilities	999,475	-	-	-	999,475
Payments to students	407,140	-	-	-	407,140
Capital outlay	652,117	-	-	-	652,117
Total Operating Expenditures/Expenses	44,752,747	-	-	-	44,752,747
Operating Income (Loss)	(33,498,221)	-	-	-	(33,498,221)
NONOPERATING REVENUES (EXPENDITURES)					
State apportionments - noncapital	18,468,460	-	-	-	18,468,460
Local property taxes - noncapital	14,110,604	-	1,395,531	-	15,506,135
State taxes and other revenues - noncapital	1,364,609	-	21,272	-	1,385,881
Federal other revenues	95,365	-	-	-	95,365
Investment income - noncapital	26,673	-	8,222	110	35,005
Financial aid revenues - federal	-	-	-	-	-
Financial aid revenues - state	-	-	-	-	-
Financial aid expenses	-	-	-	-	-
Debt services	(69,031)	-	(1,380,000)	(1,015,000)	(2,464,031)
Other nonoperating revenues (expenses)	605,594	-	-	-	605,594
Bond issuance costs	-	-	-	-	-
Income (Loss) Before Other Revenues and Expenditures/Expenses	1,104,053	-	45,025	(1,014,890)	134,188
OTHER REVENUES AND EXPENDITURES					
State apportionments - capital	-	-	-	-	-
Gifts and grants - capital	-	-	-	-	-
Investment income - capital	-	-	-	5,286	5,286
Excess of Revenues Over (Under) Expenditures/Expenses	1,065,903	-	(1,493,828)	(1,865,818)	(2,293,743)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	208,125	-	-	2,933,715	3,141,840
Operating transfers out	(1,316,233)	-	-	(1,463,358)	(2,779,591)
Total Other Financing Sources (Uses)	(1,108,108)	-	-	1,470,357	362,249
Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses	(42,205)	-	(1,493,828)	(395,461)	(1,931,494)
Fund Equity - Beginning of Year	11,038,117	25,177	3,162,081	1,128,355	15,353,730
Fund Equity - End of Year	\$ 10,995,912	\$ 25,177	\$ 1,668,253	\$ 732,894	\$ 13,422,236

See the accompanying notes to the supplementary information.

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES/EXPENSES, AND CHANGES IN
FUND EQUITY – DISTRICT FUNDS INCLUDED
IN THE REPORTING ENTITY**

Year Ended June 30, 2013	Balance Brought Forward	Revenue Operations Fund	Repair and Replacement Fund	Parking Improvement Fund	Balance Forward
OPERATING REVENUES					
Tuition and fees	\$ 9,485,913	\$ 811,033	\$ -	\$ -	\$ 10,296,946
Less: Scholarship discounts and allowances	5,518,114	-	-	-	5,518,114
Net Tuition and Fees	3,967,799	811,033	-	-	4,778,832
Grants and contracts - noncapital:					
Federal	1,716,742	-	-	-	1,716,742
State	4,922,019	-	-	-	4,922,019
Local	551,481	17,575	-	-	569,056
Auxiliary enterprise sales and charges	96,485	884,128	-	-	980,613
Total Operating Revenues	11,254,526	1,712,736	-	-	12,967,262
OPERATING EXPENDITURES/EXPENSES					
Salaries	26,297,545	527,334	-	-	26,824,879
Employee benefits	10,811,734	215,624	-	-	11,027,358
Supplies, materials, and other operating expenditures	5,584,736	432,577	-	-	6,017,313
Utilities	999,475	107,719	-	-	1,107,194
Payments to students	407,140	-	-	-	407,140
Capital outlay	652,117	13,854	20,557	-	686,528
Total Operating Expenditures/Expenses	44,752,747	1,297,108	20,557	-	46,070,412
Operating Income (Loss)	(33,498,221)	415,628	(20,557)	-	(33,103,150)
NONOPERATING REVENUES (EXPENDITURES)					
State apportionments - noncapital	18,468,460	-	-	-	18,468,460
Local property taxes - noncapital	15,506,135	-	-	-	15,506,135
State taxes and other revenues - noncapital	1,385,881	-	-	-	1,385,881
Federal other revenue	95,365	-	-	-	95,365
Investment income - noncapital	35,005	4,529	1,321	3,085	43,940
Financial aid revenues - federal	-	-	-	-	-
Financial aid revenues - state	-	-	-	-	-
Financial aid expenses	-	-	-	-	-
Debt services	(2,464,031)	(17,258)	-	-	(2,481,289)
Other nonoperating revenues (expenses)	605,594	76,303	-	-	681,897
Total Nonoperating Revenues (Expenditures)	33,632,409	63,574	1,321	3,085	33,700,389
Income (Loss) Before Other Revenues and Expenditures/Expenses	134,188	479,202	(19,236)	3,085	597,239
OTHER REVENUES AND EXPENDITURES					
Local property taxes and revenues - capital	-	-	-	-	-
Interest expense - capital asset-related debt	(2,433,217)	(9,538)	-	-	(2,442,755)
Investment income - capital	5,286	-	-	-	5,286
Excess of Revenues Over (Under) Expenditures/Expenses	(2,293,743)	469,664	(19,236)	3,085	(1,840,230)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	3,141,840	-	58,905	52,267	3,253,012
Operating transfers out	(2,779,591)	(415,154)	-	(28,892)	(3,223,637)
Total Other Financing Sources (Uses)	362,249	(415,154)	58,905	23,375	29,375
Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses	(1,931,494)	54,510	39,669	26,460	(1,810,855)
Fund Equity - Beginning of Year	15,353,730	1,075,408	264,999	716,073	17,410,210
Fund Equity - End of Year	\$ 13,422,236	\$ 1,129,918	\$ 304,668	\$ 742,533	\$ 15,599,355

See the accompanying notes to the supplementary information.

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES/EXPENSES, AND CHANGES IN
FUND EQUITY – DISTRICT FUNDS INCLUDED
IN THE REPORTING ENTITY**

Year Ended June 30, 2013	Balance Brought Forward	Capital Outlay Projects Fund	Lease Revenue Bond Construction Fund	Classified B.U.M. Benefit Funds	Balance Forward
OPERATING REVENUES					
Tuition and fees	\$ 10,296,946	\$ -	\$ -	\$ -	\$ 10,296,946
Less: Scholarship discounts and allowances	5,518,114	-	-	-	5,518,114
Net Tuition and Fees	4,778,832	-	-	-	4,778,832
Grants and contracts - noncapital:					
Federal	1,716,742	-	-	-	1,716,742
State	4,922,019	-	-	-	4,922,019
Local	569,056	-	-	-	569,056
Auxiliary enterprise sales and charges	980,613	-	-	-	980,613
Total Operating Revenues	12,967,262	-	-	-	12,967,262
OPERATING EXPENDITURES/EXPENSES					
Salaries	26,824,879	-	-	-	26,824,879
Employee benefits	11,027,358	-	-	-	11,027,358
Supplies, materials, and other operating expenditures	6,017,313	72,392	-	-	6,089,705
Utilities	1,107,194	-	-	-	1,107,194
Payments to students	407,140	-	-	-	407,140
Capital outlay	686,528	179,075	58,554	-	924,157
Total Operating Expenditures/Expenses	46,070,412	251,467	58,554	-	46,380,433
Operating Income (Loss)	(33,103,150)	(251,467)	(58,554)	-	(33,413,171)
NONOPERATING REVENUES (EXPENDITURES)					
State apportionments - noncapital	18,468,460	-	-	-	18,468,460
Local property taxes - noncapital	15,506,135	-	-	-	15,506,135
State taxes and other revenues - noncapital	1,385,881	-	-	-	1,385,881
Federal other revenues	95,365	-	-	-	95,365
Investment income - noncapital	43,940	-	-	1,885	45,825
Financial aid revenues - federal	-	-	-	-	-
Financial aid revenues - state	-	-	-	-	-
Financial aid expenses	-	-	-	-	-
Debt services	(2,481,289)	-	-	-	(2,481,289)
Other nonoperating revenues (expenses)	681,897	68,238	-	-	750,135
Bond issuance costs	-	-	-	-	-
Income (Loss) Before Other Revenues and Expenditures/Expenses	597,239	(183,229)	(58,554)	1,885	357,341
OTHER REVENUES AND EXPENDITURES					
State apportionments - capital	-	-	-	-	-
Gifts and grants - capital	-	-	-	-	-
Investment income - capital	5,286	8,349	4,689	-	18,324
Excess of Revenues Over (Under) Expenditures/Expenses	(1,840,230)	(4,299)	(53,865)	1,885	(1,896,509)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	3,253,012	349,000	-	-	3,602,012
Operating transfers out	(3,223,637)	(173,703)	-	(208,125)	(3,605,465)
Total Other Financing Sources (Uses)	29,375	175,297	-	(208,125)	(3,453)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses					
	(1,810,855)	170,998	(53,865)	(206,240)	(1,899,962)
Fund Equity - Beginning of Year	17,410,210	1,943,888	944,475	477,020	20,775,593
Fund Equity - End of Year	\$ 15,599,355	\$ 2,114,886	\$ 890,610	\$ 270,780	\$ 18,875,631

See the accompanying notes to the supplementary information.

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES/EXPENSES, AND CHANGES IN
FUND EQUITY – DISTRICT FUNDS INCLUDED
IN THE REPORTING ENTITY**

*Shasta-Tehama-Trinity Joint
Community College District*
Page 4 of 5

Year Ended June 30, 2013	Balance Brought Forward	Student Trust Fund	Student Financial Aid Fund	Scholarship and Loan Trust Fund	Balance Forward
OPERATING REVENUES					
Tuition and fees	\$ 10,296,946	\$ -	\$ -	\$ -	\$ 10,296,946
Less: Scholarship discounts and allowances	5,518,114	-	-	-	5,518,114
Net Tuition and Fees	4,778,832	-	-	-	4,778,832
Grants and contracts - noncapital:					
Federal	1,716,742	-	-	-	1,716,742
State	4,922,019	-	-	-	4,922,019
Local	569,056	-	-	-	569,056
Auxiliary enterprise sales and charges	980,613	-	-	-	980,613
Total Operating Revenues	12,967,262	-	-	-	12,967,262
OPERATING EXPENDITURES/EXPENSES					
Salaries	26,824,879	-	-	-	26,824,879
Employee benefits	11,027,358	-	-	-	11,027,358
Supplies, materials, and other operating expenditures	6,089,705	-	-	-	6,089,705
Utilities	1,107,194	-	-	-	1,107,194
Payments to students	407,140	-	-	-	407,140
Capital outlay	924,157	-	-	-	924,157
Total Operating Expenditures/Expenses	46,380,433	-	-	-	46,380,433
Operating Income (Loss)	(33,413,171)	-	-	-	(33,413,171)
NONOPERATING REVENUES (EXPENDITURES)					
State apportionments - noncapital	18,468,460	-	-	-	18,468,460
Local property taxes - noncapital	15,506,135	-	-	-	15,506,135
State taxes and other revenues - noncapital	1,385,881	-	-	-	1,385,881
Federal other revenue	95,365	-	-	-	95,365
Investment income - noncapital	45,825	-	-	-	45,825
Financial aid revenues - federal	-	-	18,677,403	-	18,677,403
Financial aid revenues - state	-	-	951,668	-	951,668
Financial aid expenses	-	-	(19,630,610)	-	(19,630,610)
Debt services	(2,481,289)	-	-	-	(2,481,289)
Other nonoperating revenues (expenses)	750,135	-	-	-	750,135
Bond issuance costs	-	-	-	-	-
Income (Loss) Before Other Revenues and Expenditures/Expenses	357,341	-	(1,539)	-	355,802
OTHER REVENUES AND EXPENDITURES					
State apportionments - capital	-	-	-	-	-
Gifts and grants - capital	-	-	-	-	-
Investment income - capital	18,324	-	-	-	18,324
Excess of Revenues Over (Under) Expenditures/Expenses	(1,896,509)	-	(1,539)	-	(1,898,048)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	3,602,012	-	3,453	-	3,605,465
Operating transfers out	(3,605,465)	-	-	-	(3,605,465)
Total Other Financing Sources (Uses)	(3,453)	-	3,453	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses	(1,899,962)	-	1,914	-	(1,898,048)
Fund Equity - Beginning of Year	20,775,593	-	2,387	-	20,777,980
Fund Equity - End of Year	\$ 18,875,631	\$ -	\$ 4,301	\$ -	\$ 18,879,932

See the accompanying notes to the supplementary information.

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES/EXPENSES, AND CHANGES IN
FUND EQUITY – DISTRICT FUNDS INCLUDED
IN THE REPORTING ENTITY**

*Shasta-Tehama-Trinity Joint
Community College District*

Page 5 of 5

Year Ended June 30, 2013	Balance Brought Forward	Trustee Investment Trust	Total
OPERATING REVENUES			
Tuition and fees	\$ 10,296,946	\$ -	\$ 10,296,946
Less: Scholarship discounts and allowances	5,518,114	-	5,518,114
Net Tuition and Fees	4,778,832	-	4,778,832
Grants and contracts - noncapital:			
Federal	1,716,742	-	1,716,742
State	4,922,019	-	4,922,019
Local	569,056	-	569,056
Auxiliary enterprise sales and charges	980,613	-	980,613
Total Operating Revenues	12,967,262	-	12,967,262
OPERATING EXPENDITURES/EXPENSES			
Salaries	26,824,879	-	26,824,879
Employee benefits	11,027,358	-	11,027,358
Supplies, materials, and other operating expenditures	6,089,705	-	6,089,705
Utilities	1,107,194	-	1,107,194
Payments to students	407,140	-	407,140
Capital outlay	924,157	-	924,157
Total Operating Expenditures/Expenses	46,380,433	-	46,380,433
Operating Income (Loss)	(33,413,171)	-	(33,413,171)
NONOPERATING REVENUES (EXPENDITURES)			
State apportionments - noncapital	18,468,460	-	18,468,460
Local property taxes - noncapital	15,506,135	-	15,506,135
State taxes and other revenues - noncapital	1,385,881	-	1,385,881
Federal other revenue	95,365	-	95,365
Investment income - noncapital	45,825	-	45,825
Financial aid revenues - federal	18,677,403	-	18,677,403
Financial aid revenues - state	951,668	-	951,668
Financial aid expenses	(19,630,610)	-	(19,630,610)
Debt services	(2,481,289)	-	(2,481,289)
Other nonoperating revenues	750,135	-	750,135
Bond issuance costs	-	-	-
Income (Loss) Before Other Revenues and Expenditures/Expenses	355,802	-	355,802
OTHER REVENUES AND EXPENDITURES			
State apportionments - capital	-	-	-
Gifts and grants - capital	-	-	-
Investment income - capital	18,324	-	18,324
Excess of Revenues Over (Under) Expenditures/Expenses	(1,898,048)	-	(1,898,048)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	3,605,465	-	3,605,465
Operating transfers out	(3,605,465)	-	(3,605,465)
Total Other Financing Sources (Uses)	-	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses	(1,898,048)	-	(1,898,048)
Fund Equity - Beginning of Year	20,777,980	-	20,777,980
Fund Equity - End of Year	\$ 18,879,932	\$ -	\$ 18,879,932

See the accompanying notes to the supplementary information.

**RECONCILIATION OF FUND EQUITY
TO NET POSITION**

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

Total Fund Equity - District Funds Included in the Reporting Entity		\$ 18,879,932
Assets recorded within the GASB 35 Statement of Net Position not included in the District fund financial statements:		
Nondepreciable capital assets		4,511,916
Capitalized assets	\$ 92,551,872	
Accumulated depreciation	<u>(36,125,616)</u>	56,426,256
Other postemployment benefits obligation		5,039,235
Deferred loss on refundings - net		251,412
Liabilities recorded within the GASB 35 Statement of Net Position not recorded in the District fund financial statements:		
Accounts payable:		
Interest payable		(658,019)
Compensated absences	(1,022,863)	
Long-term debt	<u>(48,542,375)</u>	<u>(49,565,238)</u>
Net Position Reported Within the GASB 35 Statement of Net Position		\$ 34,885,494

See the accompanying notes to the supplementary information.

**RECONCILIATION OF CHANGE IN FUND
EQUITY TO CHANGE IN NET POSITION**

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

Total Net Change in Fund Equity - District Funds Included in the Reporting Entity	\$ (1,898,048)
Compensated absence expense reduction reported within GASB 35 Statements	16,473
Depreciation expense reported within GASB 35 Statements	(2,864,582)
Capital outlay expense not reported within the GASB 35 Statements	494,852
Amortization of bond premium reported within the GASB 35 Statements	128,667
Change in accrued interest expense on capital asset related debt reported within the GASB 35 Statements	27,174
Amortization of deferred gain on advance refunding within the GASB 35 Statements	11,786
Principal payments on debt not reported within the GASB 35 Statements	2,481,289
Increase in expense of other postemployment benefits reported with the GASB 35 Statements	470,959
Net Change in Net Position Reported Within the GASB 35 Statement of Revenues, Expenses, and Changes in Net Position	\$ (1,131,430)

See the accompanying notes to the supplementary information.

1. PURPOSE OF SCHEDULES

Schedule of Workload Measures for State General Apportionment

The schedule of workload measures for state general apportionment annualized attendance as of June 30, 2013, represents the basis of apportionment of the District's annual source of funding.

Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards

The audit of the District for the year ended June 30, 2013, was conducted in accordance with OMB Circular A-133, which requires disclosure of the financial activities of all federally funded programs. To comply with OMB A-133, the schedule of expenditures of federal awards was prepared for the District.

The schedules have been prepared on the accrual basis of accounting.

Reconciliation of Annual Financial and Budget Report (Form 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.

Reconciliation of 50% Law Calculation

This schedule provides the information necessary to reconcile the 50% law calculation as reported on the Form CCFS-311 to the audited financial statements.

Reconciliation of Education Protection Account Expenditures

This schedule provides the information necessary to reconcile the Education Protection Account Expenditures reported on the Form CCFS-311 to the audited financial statements.

2. 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.

**NOTES TO THE SUPPLEMENTARY
INFORMATION**

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

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 advances of revenue on its combining balance sheet. Advances of revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Advances of 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 advances of revenue is removed and revenue is recognized.

OTHER REPORTS SECTION



MATSON
& ISOM

**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**

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

We have audited, 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, the financial statements of the business-type activities of Shasta-Tehama-Trinity Joint Community College District (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 27, 2013.

Internal Control over Financial Reporting

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

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

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

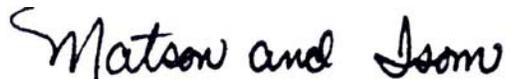
**INDEPENDENT AUDITORS' REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Continued

We noted certain matters that we have reported to management of the District in a separate letter dated November 27, 2013.

Purpose of this Report

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

A handwritten signature in black ink that reads "Matson and Isom". The signature is written in a cursive, flowing style.

November 27, 2013
Redding, California



MATSON
& ISOM

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited Shasta-Tehama-Trinity Joint Community College District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (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, 2013. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance.

Opinion

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2013.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

Continued

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Matson and Isom

November 27, 2013
Redding, California



MATSON
& ISOM

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

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

Compliance

We have audited the Shasta-Tehama-Trinity Joint Community College District (the District) compliance with the types of state compliance requirements described in the *California Community Colleges Contracted District Audit Manual 2012-13*, published by the California Community Colleges Chancellor's Office, for the year ended June 30, 2013. The applicable state compliance requirements are identified in the table below.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the District's management.

Auditors' Responsibility

Our responsibility is to express an opinion on District's compliance with the state laws and regulations based on our audit.

We conducted our audit 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 *California Community Colleges Contracted District Audit Manual 2012-13*, published by the California Community Colleges Chancellor's Office. Those standards and the *California Community Colleges Contracted District Audit Manual 2012-13*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on compliance with the state laws and regulations described in the schedule below. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide legal determination of the District's compliance with those requirements.

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Continued

SALARIES OF CLASSROOM INSTRUCTORS: 50 PERCENT LAW
APPORTIONMENT FOR INSTRUCTIONAL SERVICE AGREEMENTS/CONTRACTS
STATE GENERAL APPORTIONMENT FUNDING SYSTEM
RESIDENCY DETERMINATION FOR CREDIT COURSES
STUDENTS ACTIVELY ENROLLED
CONCURRENT ENROLLMENT OF K-12 STUDENTS IN
COMMUNITY COLLEGE CREDIT COURSES
GANN LIMIT CALCULATION
CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CALWORKS)
OPEN ENROLLMENT
STUDENT FEES - INSTRUCTIONAL AND OTHER MATERIALS
STUDENT FEES - HEALTH FEES AND USE OF HEALTH FEE FUNDS
EXTENDED OPPORTUNITY PROGRAMS AND SERVICES (EOPS) AND
COOPERATIVE AGENCIES RESOURCES FOR EDUCATION (CARE)
DISABLED STUDENT PROGRAMS AND SERVICES (DSPS)
TO BE ARRANGED HOURS (TBA)
PROPOSITION 1D STATE BOND FUNDED PROJECTS
PROPOSITION 30 EDUCATION PROTECTION ACCOUNT FUNDS

Opinion

In our opinion, except for findings 13-1 and 13-2 described in the accompanying schedule of findings and questioned cost, the District complied, in all material respects, with the state laws and regulations referred to above that are applicable to the District for the year ended June 30, 2013.

The District's Response to Findings

The District's responses to the noncompliance findings identified in our audit are described in the schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on them.

Purpose of This Report

The purpose of this report on internal control is solely to describe the scope of our testing of internal control over compliance, and the results of that testing, based on the *California Community Colleges Contracted District Audit Manual 2012-13*. Accordingly, this report is not suitable for any other purpose.

Matson and Isom

November 27, 2013
Redding, California

FINDINGS AND RECOMMENDATIONS SECTION

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

**SECTION I
SUMMARY OF AUDIT RESULTS**

FINANCIAL STATEMENTS

Type of auditors' report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiency identified not considered to be a material weakness?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiency identified not considered to be a material weakness?	None reported
Type of auditors' report issued on compliance for major program	Unmodified
Audit findings disclosed relative to major federal award programs?	No
Identification of major programs	
CFDA Nos. 84.007, 84.033, 84.063, and 84.268	Student Financial Assistance Cluster
CFDA Nos. 84.042, 84.044, and 84.047	TRIO Cluster
Threshold for distinguishing types A and B programs	\$300,000
Determined to be a low-risk auditee?	Yes

STATE AWARDS

Internal control over state programs	
Material weaknesses identified?	No
Significant deficiency identified not considered to be a material weakness?	None reported
Type of auditors' report issued on compliance for state programs	Qualified

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

**SECTION II FINDINGS
FINANCIAL STATEMENTS AUDIT**

None.

**SECTION III FINDINGS
FEDERAL AWARDS AUDIT**

None.

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

**SECTION IV FINDINGS
STATE AWARDS AUDIT**

STATE COMPLIANCE (CARE)

13-1

Significant Deficiency

Condition

The District CARE advisory committee only held one meeting during the 2012-13 academic year.

Criteria

Per the CARE Program Guidelines (Revised August 1, 2010), each CARE program shall have advisory committee and/or interagency group meetings. The advisory committee and/or interagency group meetings shall meet at least twice during each academic year.

Effect

The District is not in compliance with the CARE Program Guidelines.

Recommendation

We recommend that the District hold at least two CARE advisory committee meetings each academic year.

Response

The District typically holds a joint EOPS and CARE advisory committee meeting each term. During the 2012-13 year, a change in the administration of the programs occurred and a second meeting was not held during the Spring term. The District will continue to follow its policy of holding one per term in the future.

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

STATE COMPLIANCE (FTES - 424)

13-2

Reportable Condition

Condition

During our testing of the General Apportionment Funding System we noted eleven course sections where the census date was calculated incorrectly. In all eleven of the course sections the census date used for calculation of contact hours and full time equivalent students was one day later than the correct calculation of the census date.

Criteria

Per the Student Attendance Accounting Manual (SAAM), census dates are to be calculated as the week/day nearest 20% of the total number of section meetings.

Effect

We noted no errors in the reporting of the FTES for the above eleven course sections.

Recommendation

We recommend the District institute procedures to re-calculate census dates for the various attendance methods on a regular basis to ensure that the system is calculating the census dates correctly in all cases.

Response

The District will re-calculate important section dates for daily census sections as necessary throughout the year. As changes are made to section information or campus calendar information in Colleague, the program to calculate and populate dates for affected sections will be run to update the section record.

CORRECTIVE ACTION PLAN
June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

None.

**SUMMARY SCHEDULE OF
PRIOR AUDIT FINDINGS**

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

STATE COMPLIANCE (To Be Arranged TBA)

12-1

Significant Deficiency

Condition

One of the 25 courses tested for state general apportionment did not list the number of To be Arranged (TBA) hours required in the class schedule, course catalog, or approved outline of record.

Criteria

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 TBA courses were not listed in the course catalog (or addenda), course catalog, or in the course outline for the TBA courses selected for testing.

Effect

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.

Current Status

No TBA findings were noted in the current year.

**SUMMARY SCHEDULE OF
PRIOR AUDIT FINDINGS**

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

STATE COMPLIANCE (CARE)

12-2

Significant Deficiency

Condition

The District CARE advisory committee only held one meeting during the 2011-12 academic year.

Criteria

Per the CARE Program Guidelines (Revised August 1, 2010), each CARE program shall have advisory committee and/or interagency group meetings. The advisory committee and/or interagency group meetings shall meet at least twice during each academic year.

Effect

The District is not in compliance with the CARE Program Guidelines.

Recommendation

We recommend that the District hold at least two CARE advisory committee meetings each academic year.

Current Status

See current finding 13-1

**SUMMARY SCHEDULE OF
PRIOR AUDIT FINDINGS**

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

STATE COMPLIANCE (CalWORKS)

12-3

Significant Deficiency

Condition

The District used \$3,382.43 of CalWORKS funds to purchase office furniture, which is defined by the Chancellor's Office as an unallowable cost.

Criteria

Districts are required to expend CalWORKS Program State funds to provide specialized student support services, curriculum development, or instruction to eligible students. Per the CalWORKS Program Handbook (Updated November 2010), the cost of office furniture (e.g., desks, chairs, bookcases, etc.) is not allowed as a program expenditure.

Effect

The District is not in compliance with the requirements of the Chancellor's Office regarding allowable expenditures stated in the CalWORKS Program Handbook Guidelines.

Recommendation

We recommend the District implement a procedure to ensure that all program expenditures meet the allowability guidelines stated in the Chancellor's Office CalWORKS Program Handbook before they are charged to the program.

Current Status

During our testing of the current year, we noted no unallowable purchases made with CalWORKS funds.

**SUMMARY SCHEDULE OF
PRIOR AUDIT FINDINGS**

June 30, 2013

*Shasta-Tehama-Trinity Joint
Community College District*

STATE COMPLIANCE (To Be Arranged TBA)

12-4

Significant Deficiency

Condition

The District was unable to provide supporting documentation for the To Be Arranged (TBA) hours completed by students for three of the four courses tested for TBA hours. The FTES claimed for apportionment under the weekly census method for these three courses total 15.56.

Criteria

The California Community Colleges Chancellor's Office instructs districts that all students enrolled in a course with TBA hours must be required to fulfill the hours and other conditions for TBA and all student participation must be documented. Per the Chancellor's Office Second To Be Arranged (TBA) Hours Follow-Up Memorandum, "Supporting documentation, such as actual attendance rosters or electronic attendance tracking records, will need to be retained by the District."

Effect

The courses may not meet the requirements of the weekly census type as reported and as such, the FTES reported for these three courses may be overstated.

Recommendation

We recommend that the District review the census types and requirements of TBA courses and update the course census types to comply with the guidelines.

Current Status

No TBA findings were noted in the current year.