



MATSON  
& ISOM

SHASTA-TEHAMA-TRINITY JOINT  
COMMUNITY COLLEGE DISTRICT

**Redding, California**

FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION WITH  
INDEPENDENT AUDITORS' REPORTS

**June 30, 2012 and 2011**

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*Shasta-Tehama-Trinity Joint  
Community College District*

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& ISOM

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Shasta-Tehama-Trinity Joint Community College District (the District), as of and for the years ended June 30, 2012 and 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the District, as of June 30, 2012 and 2011, and the respective changes in financial position and cash flows, thereof, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2012 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 4 through 18 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

## INDEPENDENT AUDITORS' REPORT

Continued

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The remaining supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards, 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 financial statements. The remaining supplementary information and the schedule of expenditures 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information in the remaining 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.

*Matson and Isom*

November 2, 2012  
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 Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. The Statement of Net Assets presents the assets, liabilities, and net assets of the District as of the end of the fiscal year using the accrual basis of accounting, which is comparable to the accounting basis used by most private-sector institutions. Net assets – the difference between assets and liabilities – are one way to measure the financial health of the District. The Statement of Revenues, Expenses and Changes in Net Assets focuses on the costs of the District’s operational activities, which are supported mainly by State apportionment, property taxes and other revenues. This approach is intended to summarize and simplify the user’s analysis of the cost of various District services to students and the public. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

### FINANCIAL HIGHLIGHTS

California continued to experience severe economic difficulties in 2011-12. The State passed an on-time budget in June 2011. System-wide community colleges sustained 4.86% in cuts. In addition, there were two levels of potential cuts provided for in the 2011-12 Budget Act based on the State achieving certain revenue assumptions (Tier 1 and Tier 2).

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 no Growth Funding provided by the State for 2011-12. Instead, the Budget Act contained a 6.2% reduction in the base apportionment. This workload reduction resulted in approximately \$2.6M in reduced funding by the State. The District enrollment was reduced through fewer course offerings but the District still maintained enrollment at the reduced base level. The District enrollment for 2011-12 was 7,192 FTES which were fully funded by the State. In addition to the workload reduction, the system was assessed a deficit coefficient factor resulting in a loss of apportionment of \$838,123 at the time of this writing.

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#### Governing Board Members

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

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

June 30, 2012 and 2011

*Shasta-Tehama-Trinity Joint  
Community College District*

The Budget Act also included new cash deferrals of apportionment payments, some of which were repaid in July, 2012 and some in October, 2012. The tiered cuts previously referred to were the result of concern over the revenue projections. These cuts were activated when it was determined that the state revenues from property taxes and enrollment fees were falling short of the anticipated amounts. There was one other aspect of the Budget Act that was to include increased enrollment fees paid by the students. The Chancellor's Office was able to appeal to delay that fee increase until summer, 2012 which created an additional revenue shortfall.

The State's economic condition continued to deteriorate over the course of the fiscal year which caused the District to continue in a conservative mode for protection of our reserves. For this fiscal year due to unexpected revenues, adjustments to spending, continued managed hiring, and increased efficiencies, the District was able to again reduce the budgeted deficit of \$668,222, ending the year with a net income of \$140,007 in the general fund. Through these efforts the District was able to maintain a 26.9% reserve for contingencies in 2011-12 in the general fund. This reserve is essential due to the increased deferral of revenues that the State has imposed and the potential of Proposition 30 not passing the general election in November, 2012.

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

**Statement of Net Assets**

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

The following table summarizes the changes between June 30, 2012 and 2011:

<b>Condensed Statement of Net Assets</b>			
<b>As of June 30</b>			
	<u>2012</u>	<u>2011</u>	<b>% Change</b>
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 6,951,851	\$ 8,059,402	-13.7%
Restricted cash	1,273,728	1,955,510	-34.9%
Accounts receivable	9,939,439	9,845,301	1.0%
Note receivable - current portion	-	30,000	
Prepaid expenses	69,287	594,560	-88.3%
Inventory	19,543	20,871	-6.4%
Total current assets	<u>18,253,848</u>	<u>20,505,644</u>	-11.0%
<b>Noncurrent assets:</b>			
Restricted cash	5,598,402	3,890,054	43.9%
Restricted investments	4,608,865	4,904,202	-6.0%
Note receivable - noncurrent portion	-	270,000	-100.0%
Nondepreciable capital assets	8,103,142	7,609,627	6.5%
Depreciable capital assets, net	53,636,151	56,420,440	-4.9%
Other post employment benefits	4,568,276	4,407,090	-
Deferred costs, net	1,143,284	1,138,822	0.4%
Total noncurrent assets	<u>77,658,120</u>	<u>78,640,235</u>	-1.2%
<b>Total Assets</b>	<u>\$ 95,911,968</u>	<u>\$ 99,145,879</u>	-3.3%

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

June 30, 2012 and 2011

*Shasta-Tehama-Trinity Joint  
Community College District*

	<u>2012</u>	<u>2011</u>	<u>% Change</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 1,653,220	\$ 2,749,019	-39.9%
Deferred revenue	2,499,875	2,482,537	0.7%
Compensated absences, current portion	64,146	64,146	0.0%
Early retirement incentive program - current portion	101,746	107,245	-5.1%
Long-term debt, current portion	2,506,309	2,302,729	8.8%
Amounts held in trust for others	4,099,844	3,991,080	2.7%
Total current liabilities	<u>10,925,140</u>	<u>11,696,756</u>	-6.6%
Noncurrent liabilities:			
Compensated absences, noncurrent portion	1,039,336	1,090,554	-4.7%
Early retirement incentive program - noncurrent portion	-	102,648	-100.0%
Long-term debt, noncurrent portion	48,355,892	51,040,505	-5.3%
Total noncurrent liabilities	<u>49,395,228</u>	<u>52,233,707</u>	-5.4%
<b>Total Liabilities</b>	<u>60,320,368</u>	<u>63,930,463</u>	-5.6%
<b>Net Assets</b>			
Investments in capital assets, net of related debt	12,964,850	13,592,356	-4.6%
Restricted - expendable	4,315,611	3,493,095	23.5%
Unrestricted	18,311,139	18,129,965	1.0%
<b>Total Net Assets</b>	<u>35,591,600</u>	<u>35,215,416</u>	1.1%
<b>Total Liabilities and Net Assets</b>	<u>\$ 95,911,968</u>	<u>\$ 99,145,879</u>	-3.3%

Current cash and cash equivalents consist mainly of cash in the County Treasury. The District is adjusting to the new state deferrals implemented in 2009/2010 and increased in 2011/12. TRAN issuance is carefully considered each year to determine whether to participate in mid-year or traditional TRAN offerings. In 2011/12, the District did not participate in the TRAN offerings and carefully protected cash in anticipation of additional deferrals in the 2011/2012 proposed state budget and concern surrounding the possible need for mid-year 2012/13. The District was able to end the 2011/12 year with a decrease of only \$1M in cash and cash equivalents due to unexpected revenues (mandated costs and lottery) and careful spending.

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

Receivables include receivables from State and federal grants, students, as well as general apportionment earned but not received by year-end. In 2012, the State instituted additional deferrals of apportionment funding. At June 30, 2011, the total deferral was \$5,676,512. By June 30, 2012, the amount due from the state deferral had grown to \$7,070,863. This accounted for the increase in accounts receivable.

Note receivable was a new category for the District in 2010/11. It was the result of selling modular buildings from our former Tehama County site. Current portion represented the portion due the District in 2011/2012 with the balance due in the subsequent nine years. This note was paid in full in 2011/12.

Prepaid expenses decreased due to timing issues and the concern over the new increased deferrals from the State. It was determined that cash needed to be protected for day to day operations.

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

June 30, 2012 and 2011

*Shasta-Tehama-Trinity Joint  
Community College District*

Inventory remained constant for the fiscal year.

Non-depreciable capital assets increased slightly as construction in progress was ongoing.

Depreciable capital assets are the historical value of buildings, site improvements and equipment less accumulated depreciation. There were slight decreases as completed projects become more fully depreciated and adjustments were made to the remaining life of some capital assets.

Other post employment benefits represent the difference between what the actuarial-based estimate of our Annual Required Contribution (ARC) and actual contributions made for the fiscal year. The District experienced a modest increase due to the return on investments in the trust. In addition, a new actuarial study was completed which updates the requirements for future retiree health benefits. This study is done every two years.

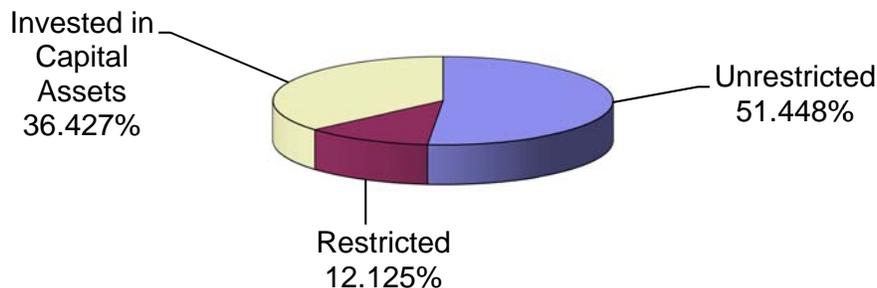
Accounts payable decreased in this fiscal year. The on-time budget allowed for timely payments to vendors as the year closed. The total spending was decreased as well, resulting in less funding owed to vendors.

Deferred revenue relates mainly to federal, State, and local program funds received but not yet earned as of the end of the fiscal year. Most grants are earned when expended (up to the grant amount awarded). Also included are deferred student fees for the 2012/2013 fiscal year of \$1,132,797.

Long-term liabilities (non-current portion) are long-term debt to be paid in one year or later. Compensated absences payable of \$1,039,336 and bonds payable of \$48,355,892 are the two components of the non-current portion.

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

**Net Assets - June 30, 2012**



**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

June 30, 2012 and 2011

*Shasta-Tehama-Trinity Joint  
Community College District*

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

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

	<u>2011</u>	<u>2010</u>	<b>% Change</b>
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 8,059,402	\$ 6,876,409	17.2%
Restricted cash	1,955,510	7,193,598	-72.8%
Accounts receivable	9,845,301	8,239,151	19.5%
Note receivable - current portion	30,000	-	0.0%
Prepaid expenses	594,560	66,907	788.6%
Inventory	20,871	21,397	-2.5%
Total current assets	<u>20,505,644</u>	<u>22,397,462</u>	-8.4%
<b>Noncurrent assets:</b>			
Restricted cash	3,890,054	4,349,327	-10.6%
Restricted investments	4,904,202	4,803,041	2.1%
Note receivable - noncurrent portion	270,000	-	0.0%
Nondepreciable capital assets	7,609,627	9,483,420	-19.8%
Depreciable capital assets, net	56,420,440	57,065,430	-1.1%
Other post employment benefits	4,407,090	227,603	1836.3%
Deferred costs, net	1,138,822	1,196,020	-4.8%
Total noncurrent assets	<u>78,640,235</u>	<u>77,124,841</u>	2.0%
<b>Total Assets</b>	<u>\$ 99,145,879</u>	<u>\$ 99,522,303</u>	-0.4%
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 2,749,019	\$ 3,446,502	-20.2%
Deferred revenue	2,482,537	2,285,902	8.6%
Compensated absences, current portion	64,146	64,146	0.0%
Early retirement incentive program - current portion	107,245	107,245	0.0%
Long-term debt, current portion	2,302,729	2,054,863	12.1%
Amounts held in trust for others	3,991,080	3,827,660	4.3%
Total current liabilities	<u>11,696,756</u>	<u>11,786,318</u>	-0.8%
<b>Noncurrent liabilities:</b>			
Compensated absences, noncurrent portion	1,090,554	1,106,919	-1.5%
Early retirement incentive program - noncurrent portion	102,648	210,660	-51.3%
Long-term debt, noncurrent portion	51,040,505	53,320,415	-4.3%
Total noncurrent liabilities	<u>52,233,707</u>	<u>54,637,994</u>	-4.4%
<b>Total Liabilities</b>	<u>63,930,463</u>	<u>66,424,312</u>	-3.8%
<b>Net Assets</b>			
Investments in capital assets, net of related debt	13,592,356	18,719,629	-27.4%
Restricted - expendable	3,493,095	3,751,712	-6.9%
Unrestricted	18,129,965	10,626,650	70.6%
<b>Total Net Assets</b>	<u>35,215,416</u>	<u>33,097,991</u>	6.4%
<b>Total Liabilities and Net Assets</b>	<u>\$ 99,145,879</u>	<u>\$ 99,522,303</u>	-0.4%

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

June 30, 2012 and 2011

*Shasta-Tehama-Trinity Joint  
Community College District*

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

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

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

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

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

Inventory remained constant for the fiscal year.

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

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

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

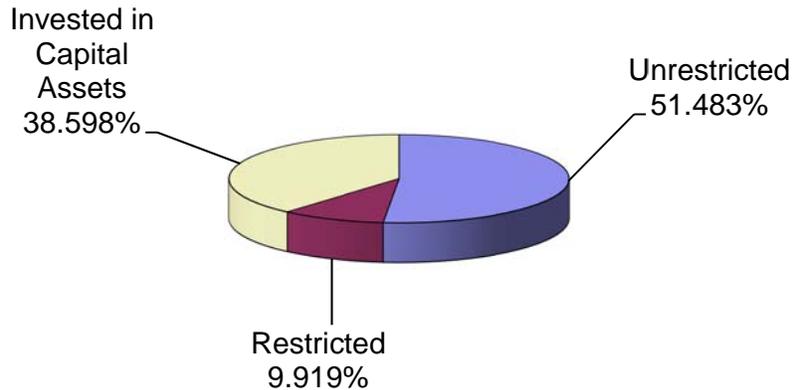
Accounts payable decreased slightly in this fiscal year. The anticipated on-time budget allowed for timely payments to vendors as the year closed.

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

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

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

### Net Assets - June 30, 2011



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

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

The following table summarizes the changes between June 30, 2012 and 2011:

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

	<u>2012</u>	<u>2011</u>	<u>% Change</u>
Operating revenues	\$ 31,917,255	\$ 28,616,239	11.5%
Operating expenses	68,109,201	65,264,557	4.4%
Operating Loss	(36,191,946)	(36,648,318)	-1.2%
Non-operating revenues and expenses	36,233,080	38,375,158	-5.6%
Income Before Other Revenue and Expenses	41,134	1,726,840	-97.6%
Other revenue and expenses	335,050	390,585	-14.2%
Increase in Net Assets	376,184	2,117,425	-82.2%
Net Assets - beginning of year	35,215,416	33,097,991	6.4%
Net Assets - end of year	<u>\$ 35,591,600</u>	<u>\$ 35,215,416</u>	1.1%

**MANAGEMENT'S DISCUSSION  
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June 30, 2012 and 2011

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Net tuition and fees were \$8,620,877, less the Board of Governor tuition waivers of \$4,034,464. 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 \$369,242 and dorm fees were \$457,640 for 2011/2012.

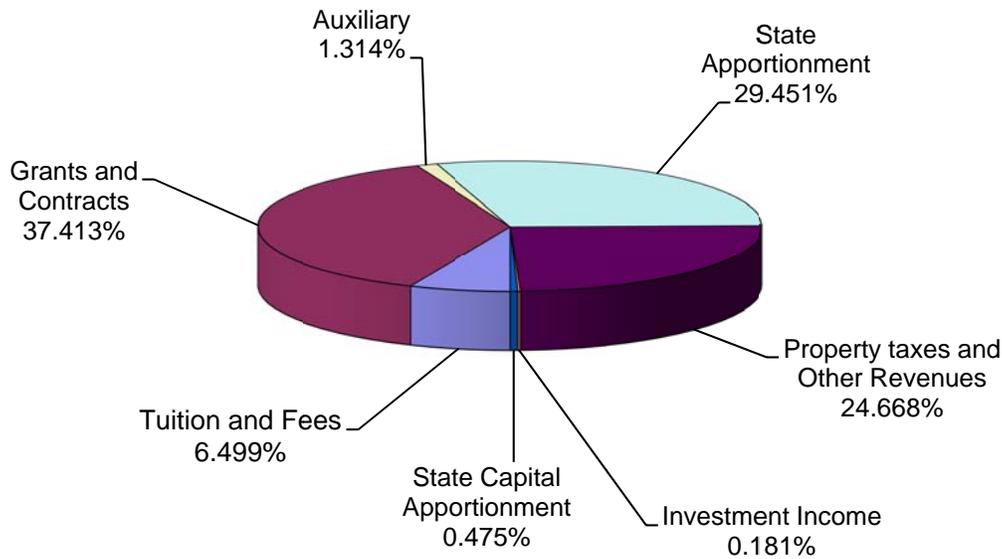
Auxiliary enterprise sales and charges are primarily bookstore commissions and food service sales with a small amount of rental income.

State apportionments, non-capital, consist of State apportionment of \$20,784,252. 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 (\$14,908,575) and State lottery revenue of \$1,167,363.

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

**Revenues**



**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

June 30, 2012 and 2011

*Shasta-Tehama-Trinity Joint  
Community College District*

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

Condensed Statement of Revenues, Expenses and Changes in Net Assets

	<u>2011</u>	<u>2010</u>	<b>% Change</b>
Operating revenues	\$ 28,616,239	\$ 27,632,949	3.6%
Operating expenses	<u>65,264,557</u>	<u>66,119,323</u>	-1.3%
Operating Loss	(36,648,318)	(38,486,374)	-4.8%
Non-operating revenues and expenses	<u>38,375,158</u>	<u>37,135,283</u>	3.3%
Income Before Other Revenue and Expenses	1,726,840	(1,351,091)	-227.8%
Other revenue and expenses	<u>390,585</u>	<u>1,745,409</u>	-77.6%
Increase in Net Assets	2,117,425	394,318	437.0%
Net Assets - beginning of year	<u>33,097,991</u>	<u>32,703,673</u>	1.2%
Net Assets - end of year	<u>\$ 35,215,416</u>	<u>\$ 33,097,991</u>	6.4%

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

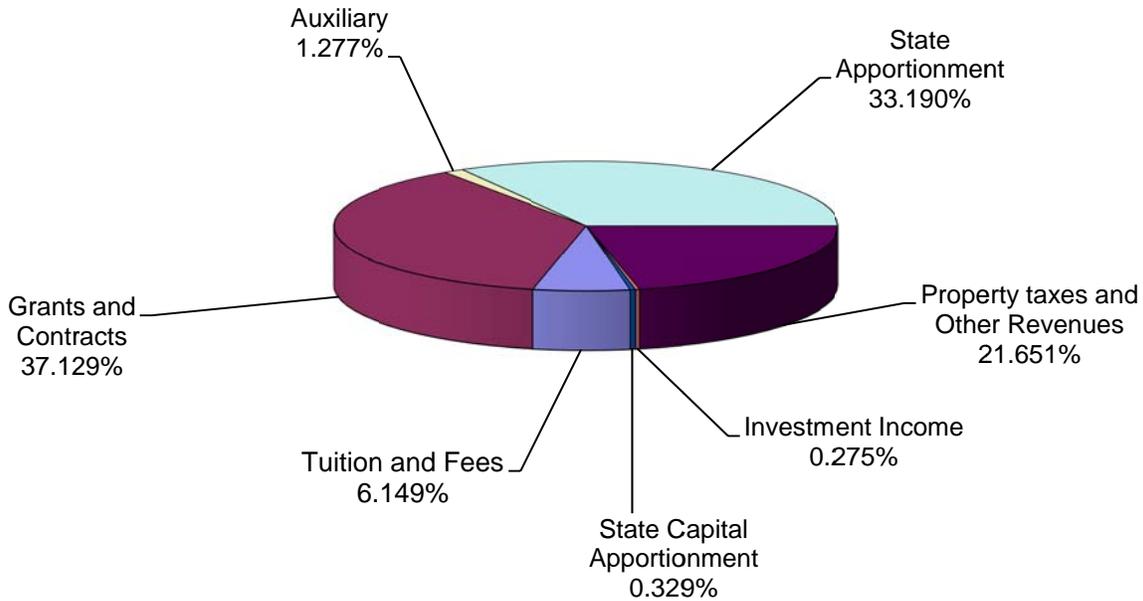
Auxiliary enterprise sales and charges are primarily bookstore commissions and food service sales with a small amount of rental income.

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

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

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

**Revenues**



**Operating Expenses (by Natural Classification)**

The following table summarizes the changes between June 30, 2012 and 2011:

**Expenses by Natural Classification**

	<u>2012</u>	<u>2011</u>	<u>% Change</u>
Salaries	\$ 27,031,334	\$ 27,645,450	-2.2%
Employee benefits	10,851,519	10,796,023	0.5%
Payments to students	18,634,093	14,846,294	25.5%
Supplies, materials, and other operating expenses	6,910,147	7,815,907	-11.6%
Utilities	1,063,989	1,052,792	1.1%
Depreciation and amortization expense	3,618,119	3,108,091	16.4%
	<u>\$ 68,109,201</u>	<u>\$ 65,264,557</u>	4.4%

Salaries and employee benefits reflect a decrease of \$558,620 from the prior year. The related employee benefits increased only slightly. The managed hiring and keeping positions open that began three years ago still remained a priority allowing the District to maneuver through the current economic times.

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

June 30, 2012 and 2011

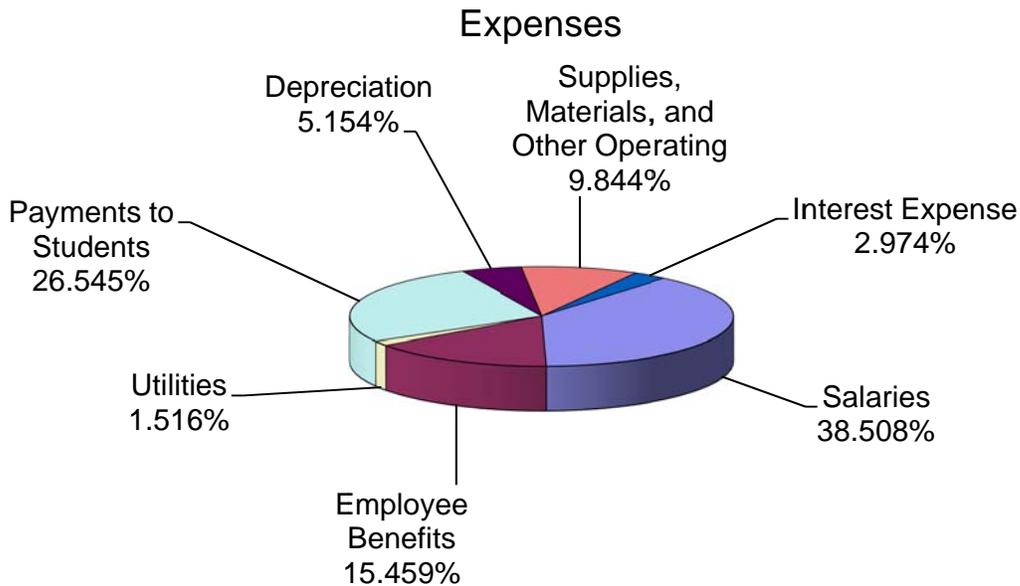
*Shasta-Tehama-Trinity Joint  
Community College District*

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

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

Utilities remained stable with only small rate increases.

Depreciation expense increased as completed assets were depreciated and remaining life on some assets were adjusted.



**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

June 30, 2012 and 2011

*Shasta-Tehama-Trinity Joint  
Community College District*

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

**Expenses by Natural Classification**

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

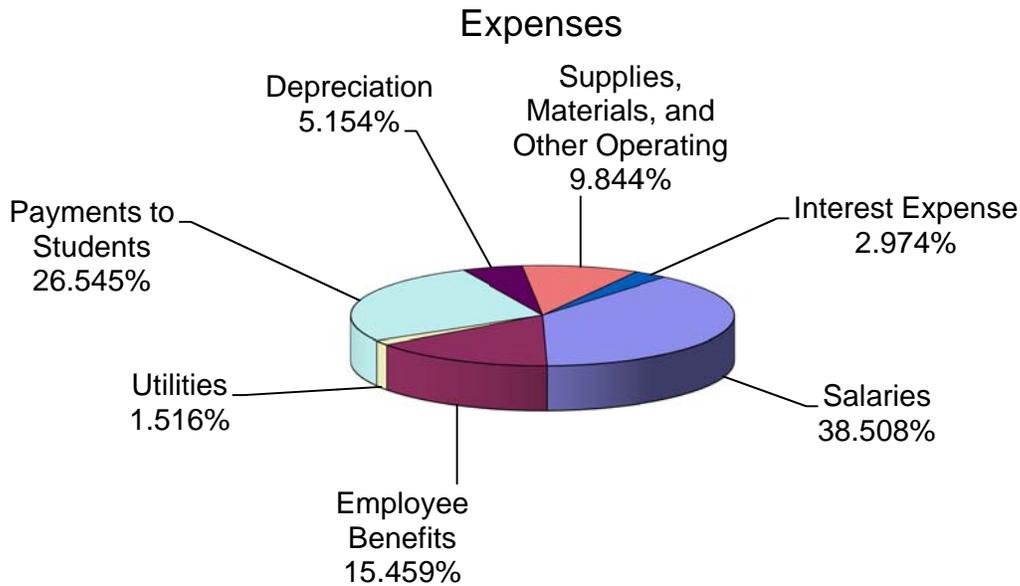
Salaries and employee benefits reflect a decrease of \$1,028,425 from the prior year. While salaries decreased, the related employee benefits remained fairly even. The managed hiring and keeping positions open that began two years ago still remained a priority allowing the District to maneuver through the current economic times.

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

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

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

Depreciation increased slightly as capital projects were completed.



**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, 2012 and 2011:

**Condensed Statement of Cash Flows**

	<u>2012</u>	<u>2011</u>	<b>% Change</b>
Cash received from operations	\$ 33,157,740	\$ 29,288,546	13.2%
Cash expended for operations	<u>(65,228,527)</u>	<u>(67,346,266)</u>	-3.1%
Net cash used by operating activities	(32,070,787)	(38,057,720)	-15.7%
Net cash provided by non-capital financing activities	37,076,893	38,750,527	-4.3%
Net cash provided (used) by capital and related financing activities	(5,487,238)	(5,267,741)	4.2%
Net cash provided (used) by investing activities	<u>400,147</u>	<u>60,566</u>	560.7%
Net increase (decrease) in cash and cash equivalents	(80,985)	(4,514,368)	-98.2%
Cash and cash equivalents, beginning of year	<u>13,904,966</u>	<u>18,419,334</u>	-24.5%
Cash and cash equivalents, end of year	<u>\$ 13,823,981</u>	<u>\$ 13,904,966</u>	-0.6%

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

June 30, 2012 and 2011

*Shasta-Tehama-Trinity Joint  
Community College District*

Cash receipts from operating activities consist primarily of federal, State, and local grants and contracts of \$27,173,058. Cash outlays were primarily payments to or on behalf of employees of \$27,406,929, benefits of \$11,120,852, payments to suppliers of \$7,005,086 and payments for scholarships and grants of \$18,634,093.

General apportionment of \$19,051,499 and local property taxes of \$15,524,607 are the primary sources of non-capital financing activities.

Net cash used by capital and related financing activities was increased slightly due in part to refunding of bonds increasing principal payments.

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

**Condensed Statement of Cash Flows**

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

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

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

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

**Economic Factors That May Affect the Future**

The 2012-2013 State Budget continues to be challenging. The State Budget was passed on time for the second year since the passage of Proposition 25. The 2012-2013 State Budget does not include a cost-of-living adjustment (COLA) or additional cuts to base funding. It does contain \$50M in growth/restoration funding and a partial buy down of the deferrals implemented in the previous years. It also includes a new mandated cost block grant that could be elected instead of the normal submission process of mandated costs. It does assume the passage of Proposition 30 in November, 2012, however. If Proposition 30 does not pass it also includes automatic mid-year reductions in funding beginning in January, 2013. The District's share of the mid-year cuts would be approximately \$2.3M. This is expected to come in the form of a reduction in base funding. The District budget contains a deficit of \$948,432 in the general fund. At the time of this writing, it appears that additional cuts will materialize in January, 2013. The District's budget does not include this mid-year cut, but has reserved a portion of the fund balance to cover this reduction for the remainder of the 2013 fiscal year. Planning will be crucial to finishing 2013 and planning for 2014. Projections of the State budget for 2012-2013 and subsequent years continue to be critical.

The 2012-2013 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 2012-13. However, due to the availability of stability funding, this will likely result in unchanged funding for the District.

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

The District is continuing to monitor its fixed costs. We have seen a stabilization of the District's utility costs due to the completion of the solar project. Wherever possible the District is renegotiating external contracts to operate as efficiently as possible.

**FINANCIAL SECTION**

**STATEMENTS OF NET ASSETS**

*Shasta-Tehama-Trinity Joint  
Community College District*

June 30	<b>2012</b>	<b>2011</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 6,951,851	\$ 8,059,402
Restricted cash and cash equivalents	1,273,728	1,955,510
Accounts receivable - net	9,939,439	9,845,301
Note receivable - current portion	-	30,000
Prepaid expenses	69,287	594,560
Inventories	19,543	20,871
<b>Total Current Assets</b>	<b>18,253,848</b>	<b>20,505,644</b>
<b>NONCURRENT ASSETS</b>		
Restricted cash and cash equivalents	5,598,402	3,890,054
Restricted investments	4,608,865	4,904,202
Note receivable - noncurrent portion	-	270,000
Nondepreciable capital assets	8,103,142	7,609,627
Depreciable capital assets - net	53,636,151	56,420,440
Other postemployment benefits obligation	4,568,276	4,407,090
Deferred costs - net	1,143,284	1,138,822
<b>Total Noncurrent Assets</b>	<b>77,658,120</b>	<b>78,640,235</b>
<b>Total Assets</b>	<b>\$ 95,911,968</b>	<b>\$ 99,145,879</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,653,220	\$ 2,749,019
Deferred revenue	2,499,875	2,482,537
Compensated absences - current portion	64,146	64,146
Early retirement incentive program - current portion	101,746	107,245
Long-term debt - current portion	2,506,309	2,302,729
Amounts held for others	4,099,844	3,991,080
<b>Total Current Liabilities</b>	<b>10,925,140</b>	<b>11,696,756</b>
<b>NONCURRENT LIABILITIES</b>		
Compensated absences - noncurrent portion	1,039,336	1,090,554
Early retirement incentive program - noncurrent portion	-	102,648
Long-term debt - noncurrent portion	48,355,892	51,040,505
<b>Total Noncurrent Liabilities</b>	<b>49,395,228</b>	<b>52,233,707</b>
<b>Total Liabilities</b>	<b>60,320,368</b>	<b>63,930,463</b>
<b>NET ASSETS</b>		
Investments in capital assets - net of related debt	12,964,850	13,592,356
Restricted - expendable	4,315,611	3,493,095
Unrestricted	18,311,139	18,129,965
<b>Total Net Assets</b>	<b>35,591,600</b>	<b>35,215,416</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 95,911,968</b>	<b>\$ 99,145,879</b>

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

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

*Shasta-Tehama-Trinity Joint  
Community College District*

Years Ended June 30	<b>2012</b>	<b>2011</b>
<b>OPERATING REVENUES</b>		
Tuition and fees	\$ 8,620,877	\$ 7,542,568
Less: Scholarship discounts and allowances	4,034,464	2,961,428
<b>Tuition and Fees - Net</b>	4,586,413	4,581,140
Grants and contracts - noncapital:		
Federal	19,849,463	16,500,179
State	5,932,452	5,887,228
Local	621,774	695,862
Auxiliary enterprise sales and charges	927,153	951,830
<b>Total Operating Revenues</b>	31,917,255	28,616,239
<b>OPERATING EXPENSES</b>		
Salaries	27,031,334	27,645,450
Employee benefits	10,851,519	10,796,023
Payments to students	18,634,093	14,846,294
Supplies, materials, and other operating expenditures	6,910,147	7,815,907
Utilities	1,063,989	1,052,792
Depreciation and amortization	3,618,119	3,108,091
<b>Total Operating Expenses</b>	68,109,201	65,264,557
<b>Operating Loss</b>	(36,191,946)	(36,648,318)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State apportionments - noncapital	20,784,252	24,729,412
Local property taxes	14,908,575	13,664,957
State taxes and other revenues	1,581,954	1,508,186
Federal other revenues	170,195	71,059
Investment income - noncapital	99,174	167,545
Investment income - capital	28,299	37,250
Interest expense - capital asset-related debt	(2,088,007)	(2,544,951)
Gain on disposal of capital assets	-	101,016
Other nonoperating revenues (expenses)	748,638	640,684
<b>Total Nonoperating Revenues (Expenses)</b>	36,233,080	38,375,158
<b>Income (Loss) Before Other Revenues and Expenses</b>	41,134	1,726,840
State apportionments - capital	187,717	245,103
Local property taxes and revenues - capital	147,333	145,482
<b>Change in Net Assets</b>	376,184	2,117,425
<b>Net Assets - Beginning of Year</b>	35,215,416	33,097,991
<b>Net Assets - End of Year</b>	\$ 35,591,600	\$ 35,215,416

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

**STATEMENTS OF CASH FLOWS**

*Shasta-Tehama-Trinity Joint  
Community College District*

Page 1 of 2

Years Ended June 30	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 4,948,765	\$ 4,784,584
Federal grants and contracts	20,566,202	16,104,539
State grants and contracts	5,861,107	6,721,041
Local grants and contracts	748,171	559,757
Payments to/on behalf of employees	(27,406,929)	(27,413,676)
Payments for benefits	(11,120,852)	(15,083,522)
Payments for scholarships and grants	(18,634,093)	(14,846,294)
Payments to suppliers	(7,005,086)	(8,949,982)
Payments for utilities	(1,063,989)	(1,052,792)
Auxiliary enterprise sales and charges	927,153	955,205
Other receipts	108,764	163,420
<b>Net Cash Used by Operating Activities</b>	<b>(32,070,787)</b>	<b>(38,057,720)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State apportionments - noncapital	19,051,499	23,427,289
Local property taxes	15,524,607	13,103,309
State taxes and other revenues	1,581,954	1,508,186
Federal other revenues	170,195	71,059
Other receipts (payments)	748,638	640,684
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>37,076,893</b>	<b>38,750,527</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
State apportionments - capital	187,717	245,103
Local property taxes - capital	147,333	145,482
Proceeds from note receivable	300,000	-
Purchases of capital assets	(1,372,608)	(1,088,143)
Debt proceeds	17,438,298	-
Interest paid on long-term debt	(2,502,792)	(2,575,389)
Principal paid on long-term debt	(19,713,485)	(2,032,044)
Interest received on capital investments	28,299	37,250
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(5,487,238)</b>	<b>(5,267,741)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of investments	1,557,362	1,457,354
Purchase of investments	(1,262,025)	(1,558,515)
Interest on investments	104,810	161,727
<b>Net Cash Provided by Investing Activities</b>	<b>400,147</b>	<b>60,566</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(80,985)</b>	<b>(4,514,368)</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>13,904,966</b>	<b>18,419,334</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 13,823,981</b>	<b>\$ 13,904,966</b>

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

**STATEMENTS OF CASH FLOWS**

*Shasta-Tehama-Trinity Joint  
Community College District*

Page 2 of 2

Years Ended June 30	<b>2012</b>	<b>2011</b>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents	\$ 6,951,851	\$ 8,059,402
Restricted cash and cash equivalents - current	1,273,728	1,955,510
Restricted cash and cash equivalents - noncurrent	5,598,402	3,890,054
<b>Total Cash and Cash Equivalents</b>	<b>\$ 13,823,981</b>	<b>\$ 13,904,966</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (36,191,946)	\$ (36,648,318)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization	3,618,119	3,108,091
Allowance for doubtful accounts	(113,131)	(15,169)
Changes in:		
Accounts receivable	1,130,078	278,608
Prepaid expenses	525,273	(527,653)
Inventories	1,328	526
Accounts payable	(846,059)	(309,996)
Deferred revenue	17,338	196,635
Other postemployment benefit obligation	(161,186)	(4,179,487)
Compensated absences	(51,218)	(16,365)
Early retirement incentive program	(108,147)	(108,012)
Amounts held for others	108,764	163,420
<b>Net Cash Used by Operating Activities</b>	<b>\$ (32,070,787)</b>	<b>\$ (38,057,720)</b>

**NON-CASH INVESTING AND FINANCING ACTIVITIES**

During the prior year, the District sold buildings in exchange for a note receivable of \$300,000.

During the current year, the District refinanced general obligation and lease revenue bonds with an original total cost of issuance in the amount of \$238,705 and recognized cost of issuance on the current year refunding bonds in the amount of \$275,368.

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

**STATEMENTS OF FINANCIAL  
POSITION - FOUNDATION**

*Shasta-Tehama-Trinity Joint  
Community College District*

For the Years Ended June 30	<b>2012</b>	<b>2011</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 547,475	\$ 114,832
Investments	2,350,788	1,020,129
Contribution receivable - current	-	1,691,940
Loan receivable - current	15,600	18,200
Accounts receivable	3,039	4,340
Accrued interest receivable	14,072	6,409
Prepaid expense	1,188	-
<b>Total Current Assets</b>	<b>2,932,162</b>	<b>2,855,850</b>
<b>PROPERTY</b>		
Land	89,219	89,219
Building	310,781	310,781
<b>Subtotal</b>	<b>400,000</b>	<b>400,000</b>
Less: Accumulated depreciation	114,813	104,453
<b>Property - Net</b>	<b>285,187</b>	<b>295,547</b>
<b>OTHER ASSETS</b>		
Loan receivable - noncurrent	-	12,600
<b>Total Other Assets</b>	<b>-</b>	<b>12,600</b>
<b>Total Assets</b>	<b>\$ 3,217,349</b>	<b>\$ 3,163,997</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 2,327	\$ 965
Depository liabilities	54,236	41,740
<b>Total Liabilities</b>	<b>56,563</b>	<b>42,705</b>
<b>NET ASSETS</b>		
Unrestricted	1,103,850	1,079,482
Temporarily restricted	2,056,936	2,041,810
<b>Total Net Assets</b>	<b>3,160,786</b>	<b>3,121,292</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,217,349</b>	<b>\$ 3,163,997</b>

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

**STATEMENTS OF ACTIVITIES -  
FOUNDATION**

*Shasta-Tehama-Trinity Joint  
Community College District*

For the Years Ended June 30	<b>2012</b>	<b>2011</b>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
<b>Revenues and Gains</b>		
Contributions:		
Public support	\$ 116,795	\$ 99,847
<b>Total Contributions</b>	<b>116,795</b>	<b>99,847</b>
Other revenues and gains (loss):		
Investment income (loss)	91,463	173,165
<b>Total Other Revenues and Gains (Loss)</b>	<b>91,463</b>	<b>173,165</b>
<b>Total Unrestricted Revenues and Gains (Loss)</b>	<b>208,258</b>	<b>273,012</b>
<b>Net Assets Released from Restrictions</b>	<b>22,641</b>	<b>363,238</b>
<b>Total Unrestricted Revenues and Gains</b>	<b>230,899</b>	<b>636,250</b>
<b>Expenses</b>		
Program services:		
Teaching garden program	35,061	27,449
Heavy equipment program	-	1,000
Burney property expenses	13,457	30,017
Scholarships	3,529	5,750
Tehama campus expenses	306	30,113
Nursing program expenses	11,027	-
Other programs	31,143	17,803
<b>Total Program Services Expenses</b>	<b>94,523</b>	<b>112,132</b>
Supporting services:		
Management and general	66,419	68,492
Fundraising	45,589	44,094
<b>Total Supporting Services Expenses</b>	<b>112,008</b>	<b>112,586</b>
<b>Total Expenses</b>	<b>206,531</b>	<b>224,718</b>
<b>Changes in Unrestricted Net Assets</b>	<b>24,368</b>	<b>411,532</b>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>		
<b>Revenues, Gains, and Other Support</b>		
Contributions:		
Public support	37,246	1,785,252
<b>Total Contributions</b>	<b>37,246</b>	<b>1,785,252</b>
Other revenues, gains (loss), and support:		
Investment income (loss)	521	-
Lease income	-	23,708
<b>Total Other Revenues, Gains (Loss), and Support</b>	<b>521</b>	<b>23,708</b>
<b>Net Assets Released from Restrictions</b>	<b>(22,641)</b>	<b>(363,238)</b>
<b>Change in Temporarily Restricted Net Assets</b>	<b>15,126</b>	<b>1,445,722</b>
<b>Change in Net Assets</b>	<b>39,494</b>	<b>1,857,254</b>
<b>Net Assets - Beginning of Year</b>	<b>3,121,292</b>	<b>1,264,038</b>
<b>Net Assets - End of Year</b>	<b>\$ 3,160,786</b>	<b>\$ 3,121,292</b>

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

**STATEMENTS OF CASH FLOWS -  
FOUNDATION**

*Shasta-Tehama-Trinity Joint  
Community College District*

For the Years Ended June 30	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 39,494	\$ 1,857,254
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	10,360	10,358
Net investment income reinvested	(91,984)	(173,165)
Noncash contribution	-	(79,415)
Changes in:		
Contributions receivable - current	1,691,940	(1,691,940)
Accounts receivable	1,301	(883)
Prepaid expense	(1,188)	-
Loan receivable	15,200	(2,196)
Accrued interest receivable	(7,663)	(3,623)
Accounts payable	1,362	(2)
Depository liabilities	12,496	41,740
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>1,631,824</b>	<b>(1,899,126)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	95,574	84,740
Purchase of investments	(1,334,249)	(103,939)
<b>Net Cash Used by Investing Activities</b>	<b>(1,238,675)</b>	<b>(19,199)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on long-term debt	-	(4,050)
<b>Net Cash Used by Financing Activities</b>	<b>-</b>	<b>(4,050)</b>
<b>Net Increase (Decrease) in Cash</b>	<b>432,643</b>	<b>(65,121)</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>114,832</b>	<b>179,953</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 547,475</b>	<b>\$ 114,832</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION</b>		
<b>Cash Paid for Interest</b>	<b>\$ -</b>	<b>\$ 16,804</b>
<b>NONCASH INVESTING AND FINANCING ACTIVITY</b>		
During the 2011 year, the CRAT was terminated resulting in the forgiveness of the outstanding debt and an additional noncash contribution of \$79,415.		

*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. The District has elected to follow GASB pronouncements and not Financial Accounting Standards Board (FASB) pronouncements after 1989, as presented by GASB Statement No. 20.

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.

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Exceptions to the accrual basis of accounting are as follows:

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

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

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

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

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

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

**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.

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

***Amounts Held for Others*** Amounts held for others represents funds held by the District for the Student Senate, scholarship and loan trust fund, and student clubs.

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

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

***Long-Term Liabilities*** Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which does not differ materially from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Amortization of issuance costs was \$57,198 and \$57,199 for the years ended June 30, 2012 and 2011, respectively.

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

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

*Restricted Net Assets-Expendable:* Restricted expendable net assets represent resources which are legally or contractually obligated to be spent in accordance with restrictions imposed by external third parties.

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

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

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

***Operating Revenues:*** Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, (3) most federal, state, and local grants 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 and investment income.

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

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

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

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

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

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

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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.

***Reclassifications*** Certain reclassifications have been made to fiscal year 2011 to conform to the 2012 presentation.

**DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION**

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

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

***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).

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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 2008 and beyond remain subject to examination by the Internal Revenue Service. The Foundation's California income tax returns for tax years 2007 and beyond remain subject to examination by the Franchise Tax Board.

The Foundation did not have unrecognized tax benefits as of June 30, 2012, 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, 2012, 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.

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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, 2012 and 2011, for the District and Foundation are as follows:

<b>District</b>	<b>2012</b>	<b>2011</b>
<b>CURRENT</b>		
Cash and cash equivalents	\$ 6,951,851	\$ 8,059,402
Restricted cash and cash equivalents	1,273,728	1,955,510
<b>NONCURRENT</b>		
Restricted cash and cash equivalents	5,598,402	3,890,054
<b>Total Cash and Cash Equivalents</b>	<u>\$ 13,823,981</u>	<u>\$ 13,904,966</u>
<b>Total Restricted Investments</b>	<u>\$ 4,608,865</u>	<u>\$ 4,904,202</u>
<b>Foundation</b>	<b>2012</b>	<b>2011</b>
Cash and cash equivalents	\$ 547,475	\$ 114,832
<b>Total Cash and Cash Equivalents</b>	<u>\$ 547,475</u>	<u>\$ 114,832</u>
Investments	\$ 2,350,788	\$ 1,020,129
<b>Total Investments</b>	<u>\$ 2,350,788</u>	<u>\$ 1,020,129</u>

At June 30, 2012 and 2011, the carrying amount of the District’s and Foundation’s deposits are summarized as follows:

<b>District</b>	<b>2012</b>	<b>2011</b>
Cash in County Treasury	\$ 12,383,415	\$ 12,649,970
Cash on hand and in banks	1,440,566	1,254,996
<b>Total Deposits</b>	<u>\$ 13,823,981</u>	<u>\$ 13,904,966</u>

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<b>Foundation</b>	<b>2012</b>	<b>2011</b>
Cash on hand and in banks	\$ 547,475	\$ 114,832
<b>Total Deposits</b>	<b>\$ 547,475</b>	<b>\$ 114,832</b>

As provided for by *Education Code*, Section 41001, a significant portion of the District’s cash balances of most funds is deposited with the Shasta County Treasurer for the purpose of increasing interest earned through County investment activities. The County Treasury’s Pooled Money Investment account’s weighted average maturities was 1.91 years and 1.71 years at June 30, 2012 and 2011, respectively.

As of the date of these financial statements, the County of Shasta’s 2012 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, \$441,335 and \$523,577 of the District’s bank balances and \$125,407 and \$114,832 of the Foundation’s bank balances at June 30, 2012 and 2011, respectively, are insured.

**Investments**

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

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

The District invests funds in a US Bank Investment Agreement to satisfy debt service reserve requirements. The investment amount matures as follows: \$250,218 matures August 1, 2027; \$390,597 matures May 1, 2029; \$716,196 matures May 1, 2034.

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At June 30, 2012, 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 6.56 years 4.31 years at June 30, 2012 and 2011, respectively.

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

See note 14 for information regarding the beneficial interest in the charitable remainder annuity trust.

As of June 30, 2012 and 2011, the investments consisted of:

<b>District</b>	<b>2012</b>	<b>2011</b>
Mutual funds	\$ 1,363,192	\$ 1,591,983
Bonds	3,245,673	3,312,219
<b>Total Investments</b>	<b>\$ 4,608,865</b>	<b>\$ 4,904,202</b>
<b>Foundation</b>	<b>2012</b>	<b>2011</b>
Municipal bonds	\$ 593,048	\$ 174,505
Corporate/government bonds	430,354	249,664
Mutual funds	1,327,386	595,960
<b>Total Investments</b>	<b>\$ 2,350,788</b>	<b>\$ 1,020,129</b>

**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.

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At June 30, 2012 and 2011, 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.

**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, 2012 and 2011, consisted of the following:

	<b>2012</b>	<b>2011</b>
Tuition and fees	\$ 968,067	\$ 1,173,293
Less: Allowance for doubtful accounts	575,000	688,131
<b>Tuition and Fees - Net</b>	393,067	485,162
Federal grants and contracts	490,853	1,233,365
State grants and contracts	938,661	1,010,849
Local grants and contracts	325,133	422,011
State apportionment	7,293,240	5,560,487
Investment income - noncapital	40,722	46,358
Local property taxes	416,209	1,032,241
Reimbursements	41,554	42,434
Other	-	12,394
<b>Total</b>	<b>\$ 9,939,439</b>	<b>\$ 9,845,301</b>

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**4. CAPITAL ASSETS**

Capital asset activity for the years ended June 30, 2012 and 2011, is summarized as follows:

	Balance June 30, 2011	Additions	Deductions	Transfers	Balance June 30, 2012
<b>NONDEPRECIABLE CAPITAL ASSETS</b>					
Land	\$ 3,839,886	\$ -	\$ -	\$ -	\$ 3,839,886
Construction in progress	3,769,741	873,411	-	(379,896)	4,263,256
<b>Total Nondepreciable Capital Assets</b>	<b>\$ 7,609,627</b>	<b>\$ 873,411</b>	<b>\$ -</b>	<b>\$ (379,896)</b>	<b>\$ 8,103,142</b>
<b>DEPRECIABLE CAPITAL ASSETS</b>					
Site improvements	\$ 16,445,598	\$ 31,539	\$ -	\$ 23,006	\$ 16,500,143
Buildings and improvements	59,198,567	21,949	-	339,666	59,560,182
Vehicle and equipment	8,357,522	351,415	(276,839)	-	8,432,098
Computer equipment	2,264,047	7,401	(60,243)	-	2,211,205
Leasehold improvements	35,576	(11,260)	-	17,224	41,540
<b>Total Depreciable Capital Assets</b>	<b>86,301,310</b>	<b>401,044</b>	<b>(337,082)</b>	<b>379,896</b>	<b>86,745,168</b>
Less: Accumulated depreciation	29,880,870	3,565,229	(337,082)	-	33,109,017
<b>Total Depreciable Assets - Net</b>	<b>\$ 56,420,440</b>	<b>\$ (3,164,185)</b>	<b>\$ -</b>	<b>\$ 379,896</b>	<b>\$ 53,636,151</b>

There was no activity in the Foundation capital assets for the year ended June 30, 2012, other than depreciation expense of \$10,360.

	Balance June 30, 2010	Additions	Deductions	Transfers	Balance June 30, 2011
<b>NONDEPRECIABLE CAPITAL ASSETS</b>					
Land	\$ 3,839,886	\$ -	\$ -	\$ -	\$ 3,839,886
Construction in progress	5,643,534	361,954	-	(2,235,747)	3,769,741
<b>Total Nondepreciable Capital Assets</b>	<b>\$ 9,483,420</b>	<b>\$ 361,954</b>	<b>\$ -</b>	<b>\$ (2,235,747)</b>	<b>\$ 7,609,627</b>
<b>DEPRECIABLE CAPITAL ASSETS</b>					
Site improvements	\$ 16,436,975	\$ 8,623	\$ -	\$ -	\$ 16,445,598
Buildings	57,459,895	48,841	(545,916)	2,235,747	59,198,567
Vehicles and equipment	8,588,274	206,166	(311,444)	(125,474)	8,357,522
Computer equipment	2,205,765	88,286	(155,478)	125,474	2,264,047
Leasehold improvements	25,861	17,224	(7,509)	-	35,576
<b>Total Depreciable Capital Assets</b>	<b>84,716,770</b>	<b>369,140</b>	<b>(1,020,347)</b>	<b>2,235,747</b>	<b>86,301,310</b>
Less: Accumulated depreciation	27,651,340	3,050,893	821,363	-	29,880,870
<b>Total Depreciable Assets - Net</b>	<b>\$ 57,065,430</b>	<b>\$ (2,681,753)</b>	<b>\$ (198,984)</b>	<b>\$ 2,235,747</b>	<b>\$ 56,420,440</b>

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

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**5. ACCOUNTS PAYABLE**

Accounts payable at June 30, 2012 and 2011, consisted of the following:

<b>District</b>	<b>2012</b>	<b>2011</b>
Accrued payroll and related liabilities	\$ 165,190	\$ 489,567
Construction payables	351	98,504
Interest payable	630,287	781,874
Other	857,392	1,379,074
<b>Total</b>	<b>\$ 1,653,220</b>	<b>\$ 2,749,019</b>

**6. LONG-TERM LIABILITIES**

The long-term liability activity for the years ended June 30, 2012 and 2011, is as follows:

June 30, 2012	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Revenue bonds	\$ 21,485,000	\$ 9,536,326	\$ 11,352,169	\$ 19,669,157
General obligation bonds	30,546,838	7,914,143	8,496,487	29,964,494
Other financing	1,311,396	-	82,846	1,228,550
<b>Total Long-Term Debt</b>	<b>\$ 53,343,234</b>	<b>\$ 17,450,469</b>	<b>\$ 19,931,502</b>	<b>\$ 50,862,201</b>
<b>Compensated Absences</b>	\$ 1,154,700	\$ -	\$ 51,218	\$ 1,103,482
<b>Early Retirement Incentive Program</b>	<b>\$ 209,893</b>	<b>\$ -</b>	<b>\$ 108,147</b>	<b>\$ 101,746</b>

June 30, 2011	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Revenue bonds	\$ 22,505,000	\$ -	\$ 1,020,000	\$ 21,485,000
General obligation bonds	31,556,701	-	1,009,863	30,546,838
Other financing	1,313,577	-	2,181	1,311,396
<b>Total Long-Term Debt</b>	<b>\$ 55,375,278</b>	<b>\$ -</b>	<b>\$ 2,032,044</b>	<b>\$ 53,343,234</b>
<b>Compensated Absences</b>	\$ 1,171,065	\$ -	\$ 16,365	\$ 1,154,700
<b>Early Retirement Incentive Program</b>	<b>\$ 317,905</b>	<b>\$ -</b>	<b>\$ 108,012</b>	<b>\$ 209,893</b>

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Long-term debt consists of the following individual debt issues at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
<b>REVENUE BONDS</b>		
2001 Lease Revenue Bonds Series 2001A, issued by California Community College Financing Authority, in the original amount of \$6,270,000. Final maturity in 2031. Interest rate ranges from 3.25% to 5.63%. This bond was refinanced during the fiscal year ended June 30, 2012, and replaced with the 2012 Lease Revenue Bond Series A.	\$ -	\$ 5,465,000
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%.	3,560,000	3,650,000
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%.	7,090,000	7,755,000
2009 Lease Revenue Bond Series B, issued by California Community College Financing Authority, in the original amount of \$4,970,000. Final maturity in 2029. Interest rate ranges from 2.00% to 5.35%. This bond was refinanced during the fiscal year ended June 30, 2012, and replaced with the 2012 Lease Revenue Bond Series A.	-	4,615,000
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%.	8,990,000	-
<b>Subtotal</b>	19,640,000	21,485,000
Loss on 2012 Refunding	(445,439)	-
Premium on 2012 Lease Revenue Refunding Bonds	474,596	-
<b>Revenue Bonds - Net</b>	19,669,157	21,485,000
<b>Balance Forward</b>	\$ 19,669,157	\$ 21,485,000

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	<b>2012</b>	<b>2011</b>
<b>Balance Brought Forward</b>	\$ 19,669,157	\$ 21,485,000
<b>GENERAL OBLIGATION BONDS</b>		
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	25,000
2002 General Obligation Bonds Series 2002A, issued in the original amount of \$11,000,000. Final maturity in 2028. Interest rate ranges from 3.00% to 5.38%. This bond was refinanced during the fiscal year ended June 30, 2012, and replaced with the 2011 General Obligation Refunding Bond Series A.	425,000	8,025,000
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%.	20,805,000	21,455,000
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%.	7,250,000	-
<b>Subtotal</b>	28,505,000	29,505,000
Deferred Gain on Refunding	182,241	-
Premium on 2002 General Obligation Bonds - Series A	-	188,206
Premium on 2002 General Obligation Bonds - Series B	810,410	853,632
Premium on 2011 General Obligation Bonds - Series A	466,843	-
<b>General Obligation Bonds - Net</b>	<b>29,964,494</b>	<b>30,546,838</b>
<b>OTHER FINANCING</b>		
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%.	1,228,550	1,311,396
<b>Total Other Financing</b>	<b>1,228,550</b>	<b>1,311,396</b>
<b>Total Long-Term Debt</b>	<b>50,862,201</b>	<b>53,343,234</b>
Less: Current portion	2,506,309	2,302,729
<b>Total Long-Term Debt - Noncurrent Portion</b>	<b>\$ 48,355,892</b>	<b>\$ 51,040,505</b>

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, 2013.

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**Refunded Debt**

The 2012 Lease Revenue Refunding Bond Series 2012A was issued to refinance the 2009 Lease Revenue Bond Series B and the 2001 Lease Revenue Bonds Series 2011A in the 2011/2012 year. The District recognized a financial statement loss of \$445,439 on the refinance and it is being amortized over the life of the new debt. The issuance resulted in an economic gain of \$856,354.

The 2011 General Obligation Refunding Bonds were issued to refinance the 2002 General Obligation Bonds Series 2002A in the 2011/2012 year. The District recognized a financial statement gain of \$182,241 on the refinance and it is being amortized over the life of the new debt. The issuance resulted in an economic gain of \$560,432.

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
2013	\$ 2,506,309	\$ 2,173,303	\$ 4,679,612	\$ 84,322	\$ 4,763,934
2014	1,674,752	2,112,735	3,787,487	84,322	3,871,809
2015	1,208,331	2,062,355	3,270,686	84,322	3,355,008
2016	1,521,956	2,022,580	3,544,536	84,322	3,628,858
2017	1,645,923	1,968,814	3,614,737	84,322	3,699,059
2018-2022	10,313,252	8,825,946	19,139,198	421,609	19,560,807
2023-2027	14,848,027	6,038,322	20,886,349	421,609	21,307,958
2028-2032	14,800,000	1,855,606	16,655,606	223,823	16,879,429
2033-2034	855,000	69,606	924,606	-	924,606
<b>Total</b>	<b>\$ 49,373,550</b>	<b>\$ 27,129,267</b>	<b>76,502,817</b>	<b>1,488,651</b>	<b>77,991,468</b>
Less: Interest			27,129,267	-	27,129,267
<b>Net Principal</b>			<b>\$ 49,373,550</b>	<b>\$ 1,488,651</b>	<b>\$ 50,862,201</b>

Other long-term liabilities at June 30, 2012, include the following liabilities which have required principal payments:

	2012	2011
In 2005, the District offered early retirement benefits to select employees. The liability for the 19 employees who accepted the offer was \$857,958, payable in eight equal payments ending in 2013. The interest rate is 8%.	\$ 101,746	\$ 209,893
Less: Current portion	101,746	107,245
<b>Early Retirement Incentive Program - Noncurrent Portion</b>	<b>\$ -</b>	<b>\$ 102,648</b>

The annual principal payment requirement on the Early Retirement Incentive Program liability is as follows:

2013	\$ 101,746
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**7. OPERATING LEASES**

The District leases office and classroom facilities and other equipment under noncancelable operating leases. Total costs for such leases were \$307,353 and \$377,360 for the years ended June 30, 2012 and 2011, respectively.

The future minimum lease payments as of June 30, 2012, are as follows:

Year Ending June 30	
2013	\$ 247,246
2014	242,361
2015	5,886
<b>Total</b>	<b>\$ 495,493</b>

**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 STRS. Copies of the STRS annual financial report may be obtained from the STRS Executive Office, 7667 Folsom Boulevard, Sacramento, California 95851.

The STRP, a defined benefit pension plan, provides retirement, disability, and death benefits, and depending on which component of the STRP the employee is in, postretirement cost-of-living adjustments may also be offered. Employees in the DB Plan attaining the age of 60 with five years of credited California service (service), are eligible for "normal" retirement and are entitled to a monthly benefit of 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.

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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 years ended June 30, 2012 and 2011, were 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, 2012, 2011, and 2010, were \$1,197,710, \$1,278,159, and \$1,308,128, 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 the CalPERS, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. The 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 compensation is reduced if the plan is coordinated with Social Security. Retirement after age 55 will increase the percentage rate to a maximum of 2.5% at age 63 with an increased rate. The plan also provides death and disability benefits. Retirement benefits fully vest after five years of credited service. Upon separation from the Fund, members' accumulated contributions are refundable with interest credited through the date of separation.

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

***Funding Policy***

Active plan members are required to contribute 7.0% of their salary (7.0% of monthly salary over \$133.33 if the member participates in Social Security), and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal years ended June 30, 2012 and 2011, were 10.923% and 10.707%, respectively, 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, 2012, 2011, and 2010, were \$942,725, \$918,767, and \$859,894, 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 State Wide Association of Community Colleges Joint Powers Authority (the Authority). The Authority is a member of the State Wide Association of Community Colleges Joint Powers Authority (SWACC). The Authority provides for a risk-sharing plan whereby the member districts share in the claims costs as well as the administration costs of providing property and liability coverages. Financial statements are available from each Authority upon request.

Coverage includes property, liability and workers' compensation insurance. Liability losses in excess of the District's \$10,000 retention amount are covered up to \$5,000,000 per occurrence. Coverage above the \$5,000,000 level up to \$24,000,000 is arranged independently for each member through the Schools Association for Excess Risk (SAFER). Property losses in excess of the District's \$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.

Currently, the District has 317 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 Union Bank of California 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.

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***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 the GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) over a period of 30 years. The following table shows the components of the District's OPEB cost of the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation to the Plan of the years ended June 30, 2012 and 2011:

	<b>2012</b>	<b>2011</b>
Annual required contributions	\$ 1,985,543	\$ 1,966,535
Interest on net OPEB obligation	(286,461)	-
Adjustment to annual required contribution	337,484	-
<b>Annual OPEB Cost</b>	<b>2,036,566</b>	<b>1,966,535</b>
Contributions	(2,197,752)	(6,146,022)
<b>Change in Net OPEB Obligation</b>	<b>(161,186)</b>	<b>(4,179,487)</b>
<b>Net OPEB Obligation - Beginning of Year</b>	<b>(4,407,090)</b>	<b>(227,603)</b>
<b>Net OPEB Obligation - End of Year</b>	<b>\$ (4,568,276)</b>	<b>\$ (4,407,090)</b>

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, 2012, 2011, and 2010, is as follows:

<b>Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Actual Employer Contributions</b>	<b>Percentage Contributed</b>	<b>Net Ending OPEB Obligation</b>
June 30, 2010	\$ 1,966,535	\$ (2,285,208)	116.20%	\$ (227,603)
June 30, 2011	\$ 1,966,535	\$ (6,146,022)	312.53%	\$ (4,407,090)
June 30, 2012	\$ 2,036,566	\$ (2,197,752)	110.69%	\$ (4,568,276)

***Funded Status and Funding Progress***

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

	<b>July 1, 2011</b>
Actuarial accrued liability (AAL)	\$ 39,430,443
Actuarial value of plan assets	6,561,028
<b>Unfunded Actuarial Accrued Liability</b>	<b>\$ 32,869,415</b>
Funded ratio (actuarial value of plan assets/AAL)	16.64%
Covered payroll (active members)	\$ 19,872,815
<b>UAAL as a Percentage of Covered Payroll</b>	<b>165.40%</b>

As of June 30, 2012, the District has set aside approximately \$6,437,184 in an external trust fund and the fair value of the trust fund as of June 30, 2012, was approximately \$7,395,204.

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***Actuarial Methods and Assumptions***

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members), and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the 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 assumptions were used as well as an annual cost trend rate of 4.0%. Unfunded actuarial accrued liabilities are amortized to produce payments (principal and interest), which are a level percent of payroll over a 30-year period.

**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*.

The functional expenses classifications for the year ended June 30, 2012, are as follows:

June 30, 2012	Salaries	Employee Benefits	Supplies, Materials, and Other Expenses and Services	Depreciation and Amortization	Total
Instructional activities	\$ 13,399,557	\$ 3,578,519	\$ 928,372	\$ -	\$ 17,906,448
Academic support	3,332,849	1,985,698	1,372,261	-	6,690,808
Student services	4,220,985	1,887,205	1,196,067	-	7,304,257
Plant operations and maintenance	1,524,755	747,433	1,365,521	-	3,637,709
Institutional support services	3,568,509	2,293,042	2,128,984	-	7,990,535
Community services and economic development	457,345	157,696	552,696	-	1,167,737
Ancillary services and operations	527,334	201,926	430,235	-	1,159,495
Student aid	-	-	18,634,093	-	18,634,093
Physical property and related acquisitions	-	-	-	-	-
Depreciation and amortization expense	-	-	-	3,618,119	3,618,119
<b>Total</b>	<b>\$ 27,031,334</b>	<b>\$ 10,851,519</b>	<b>\$ 26,608,229</b>	<b>\$ 3,618,119</b>	<b>\$ 68,109,201</b>

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The functional expenses classifications for the year ended June 30, 2011, are as follows:

June 30, 2011	Salaries	Employee Benefits	Supplies, Materials, and Other Expenses and Services	Depreciation and Amortization	Total
Instructional activities	\$ 13,931,189	\$ 2,293,492	\$ 972,140	\$ -	\$ 17,196,821
Academic support	3,377,672	1,327,526	600,544	-	5,305,742
Student services	3,435,220	1,304,525	625,947	-	5,365,692
Plant operations and maintenance	1,507,454	796,826	1,213,700	-	3,517,980
Institutional support services	3,045,229	4,141,381	1,828,590	-	9,015,200
Community services and economic development	534,024	195,508	1,003,071	-	1,732,603
Ancillary services and operations	1,814,662	736,765	2,190,173	-	4,741,600
Student aid	-	-	14,840,521	-	14,840,521
Physical property and related acquisitions	-	-	440,307	-	440,307
Depreciation and amortization expense	-	-	-	3,108,091	3,108,091
<b>Total</b>	<b>\$ 27,645,450</b>	<b>\$ 10,796,023</b>	<b>\$ 23,714,993</b>	<b>\$ 3,108,091</b>	<b>\$ 65,264,557</b>

**13. COMMITMENTS**

As of June 30, 2012, the District had unfinished construction contracts under the following project categories:

June 30, 2012	
Federal, State, and locally funded construction projects	\$ 108,841

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. 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.

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**15. INVESTMENT INCOME - FOUNDATION**

A summary of return on investments consisted of the following for the years ended June 30, 2012 and 2011, respectively:

	<b>2012</b>	<b>2011</b>
Interest and dividends	\$ 86,807	\$ 36,821
Net realized and unrealized gain (loss)	5,177	136,344
<b>Total Investment Income (Loss)</b>	<b>\$ 91,984</b>	<b>\$ 173,165</b>

**16. TEMPORARILY RESTRICTED NET ASSETS - FOUNDATION**

Temporarily restricted net assets are available for the following purposes:

	<b>2012</b>	<b>2011</b>
Dental programs	\$ 103,150	\$ 103,150
Scholarships	678,796	657,219
Assistance to needy students	1,094,356	1,096,940
Other programs	180,634	184,501
<b>Total</b>	<b>\$ 2,056,936</b>	<b>\$ 2,041,810</b>

**17. ENDOWMENTS – FOUNDATION**

Endowment net asset composition by type of fund as of June 30, 2012, is as follows:

June 30, 2011	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total Net Endowment Assets</b>
<b>Board-Designated Endowment Funds</b>	<b>\$ 454,995</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 454,995</b>
Endowment net assets - beginning of year	\$ 454,995	\$ -	\$ -	\$ 454,995
Contributions	-	-	-	-
Investment loss	-	-	-	-
Net depreciation	-	-	-	-
Amounts appropriated for expenditures	-	-	-	-
Other amounts released from restrictions	-	-	-	-
<b>Endowment Net Assets - End of Year</b>	<b>\$ 454,995</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 454,995</b>

**NOTES TO THE FINANCIAL  
STATEMENTS**

June 30, 2012 and 2011

*Shasta-Tehama-Trinity Joint  
Community College District*

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

June 30, 2012	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
<b>Board-Designated Endowment Funds</b>	\$ 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	-	-	-	-
<b>Endowment Net Assets - End of Year</b>	<u>\$ 454,995</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 454,995</u>

**18. FAIR VALUE MEASUREMENTS – FOUNDATION**

Fair values of assets measured on a recurring basis at June 30, 2012, are as follows:

June 30, 2012	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Municipal bonds	\$ 593,048	\$ 593,048	\$ -	\$ -
Corporate/government bonds	430,354	430,354	-	-
Mutual funds	1,327,386	1,327,386	-	-
<b>Total</b>	<u>\$ 2,350,788</u>	<u>\$ 2,350,788</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

**NOTES TO THE FINANCIAL  
STATEMENTS**

June 30, 2012 and 2011

*Shasta-Tehama-Trinity Joint  
Community College District*

Fair values of assets measured on a recurring basis at June 30, 2011, are as follows:

June 30, 2011	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Municipal bonds	\$ 174,505	\$ 174,505	\$ -	\$ -
Corporate/government bonds	249,664	249,664	-	-
Mutual funds	595,960	595,960	-	-
Beneficial interest in CRAT	-	-	-	-
<b>Total</b>	<b>\$ 1,020,129</b>	<b>\$ 1,020,129</b>	<b>\$ -</b>	<b>\$ -</b>
<hr/>				
Beginning of year - July 1, 2010				\$ 285,000
Total gains or losses (realized/unrealized)				-
Purchases, issuance, and settlements				(285,000)
Transfers in and/or out of Level 3				-
<b>End of Year - June 30, 2011</b>				<b>\$ -</b>

**SUPPLEMENTARY INFORMATION SECTION**

# ORGANIZATION STRUCTURE

June 30, 2012

*Shasta-Tehama-Trinity Joint  
Community College District*

## Board of Trustees

<b>Name</b>	<b>Office</b>	<b>Area</b>	<b>Term Expires</b>
Mr. Kendall S. Pierson	President	A	2012
Mr. Duane K. Miller	Clerk	B	2014
Mr. Scott J. Swendiman	Vice President	C	2012
Mrs. Judi D. Beck	Member	D	2012
Mrs. Rayola B. Pratt	Member	E	2012
Mr. Harold J. Lucas	Member	F	2014
Mr. Robert Steinacher	Member	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**

June 30, 2012

*Shasta-Tehama-Trinity Joint  
Community College District*

	<b>Reported Data</b>
<hr/> <hr/>	
SUMMER INTERSESSION (Summer 2011 only)	
Noncredit	5.51
Credit	359.19
SUMMER INTERSESSION (Summer 2012 - Prior to July 1, 2012)	
Noncredit	-
Credit	1.88
PRIMARY TERMS (Exclusive of Summer Intersession)	
Census Procedure Courses	
Weekly Census Contact Hours	5,355.91
Daily Census Contact Hours	282.37
Actual Hours of Attendance Procedure Courses	
Noncredit	196.26
Credit	165.87
Alternative Attendance Accounting Procedure	
Weekly Census Contact Hours	663.92
Daily Census Contact Hours	161.13
Noncredit Independent Study/Distance Education Courses	-
<b>Total FTES</b>	<b>7,192.04</b>
<hr/> <hr/>	
<b>SUPPLEMENTARY INFORMATION (Subset of above information)</b>	
IN-SERVICE TRAINING COURSES (FTES)	27.39
BASIC SKILLS COURSES AND IMMIGRANT EDUCATION	
Noncredit	159.13
Credit	176.75
<hr/> <hr/>	

*See the accompanying notes to the supplementary information.*

**SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS**

June 30, 2012

*Shasta-Tehama-Trinity Joint  
Community College District*

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>
<b>FEDERAL DIRECT AWARDS</b>		
U.S. DEPARTMENT OF INTERIOR Indian Self-Determination Contract Support	15.024	\$ 61,133
<b>Total U.S. Department of Interior</b>		<u>61,133</u>
U.S. DEPARTMENT OF AGRICULTURE U.S. Forest Service - Conservation Intern Program	10.688	150,514
<b>Total U.S. Department of Agriculture</b>		<u>150,514</u>
NATIONAL SCIENCE FOUNDATION Education and Human Resources	47.076	90,811
<b>Total National Science Foundation</b>		<u>90,811</u>
U.S. DEPARTMENT OF VETERAN AFFAIRS All-Volunteer Force Educational Assistance	64.124	6,768
<b>Total U.S. Department of Veteran Affairs</b>		<u>6,768</u>
U.S. DEPARTMENT OF EDUCATION Direct Awards Financial Aid Cluster Federal Supplemental Education Opportunity Grants Federal Work-Study Program Federal Pell Grant Program Federal Direct Student Loans	   84.007 84.033 84.063 84.268	   210,080 195,291 12,956,281 3,800,871
<b>Total Financial Aid Cluster</b>		<u>17,162,523</u>
TRIO Cluster TRIO - Student Support Services TRIO - Talent Search TRIO - Upward Bound	 84.042 84.044 84.047	 260,145 209,648 244,382
<b>Total TRIO Cluster</b>		<u>714,175</u>
<b>Total Direct Awards</b>		<u>17,876,698</u>
Passed Through State Department of Education Career and Technical Education - Basic Grants to States Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP)	 84.048 84.334	 553,729 787,839
<b>Total U.S. Department of Education</b>		<u>19,218,266</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Foster Care Title IV-E Passed Through Department of Education Temporary Assistance for Needy Families	 93.658 93.558	 73,298 113,181
<b>Total U.S. Department of Health and Human Services</b>		<u>186,479</u>
CORPORATION FOR NATIONAL SERVICES State and Local Homeland Security Training Program	94.005	149,597
<b>Total Corporation for National Service</b>		<u>149,597</u>
<b>Total Expenditures of Federal Awards</b>		<u>\$ 19,863,568</u>

See the accompanying notes to the supplementary information.

**SCHEDULE OF EXPENDITURES OF  
STATE AWARDS**

June 30, 2012

*Shasta-Tehama-Trinity Joint  
Community College District*

	<b>Program Revenues</b>			
	<b>Cash Received</b>	<b>Accounts Receivable</b>	<b>Deferred Revenue</b>	<b>Total</b>
Extended Opportunity Programs and Services	\$ 713,928	\$ -	\$ 13,614	\$ 727,542
CALGrants	1,055,406	580	-	1,055,986
Disabled Students Programs and Services	394,808	(130)	-	394,678
CalWORKS	374,112	12	-	374,124
Student Financial Aid administration	352,067	-	-	352,067
Matriculation	250,959	-	-	250,959
Economic Workforce Development	286,984	-	124,348	411,332
Career Tech Education	710,371	-	291,610	1,001,981
Small Business Development Center	536,634	(199,987)	-	336,647
All other categorical	840,932	(600,631)	784,413	1,024,714
<b>Total State Programs</b>	<b>\$ 5,516,201</b>	<b>\$ (800,156)</b>	<b>\$ 1,213,985</b>	<b>\$ 5,930,030</b>

*See the accompanying notes to the supplementary information.*

**RECONCILIATION OF ANNUAL FINANCIAL  
AND BUDGET REPORT (CCFS-311) WITH  
AUDITED FINANCIAL STATEMENTS**

*Shasta-Tehama-Trinity Joint  
Community College District*

Page 1 of 2

June 30, 2012

	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
<b>June 30, 2012, Annual Financial and Budget Report (CCFS-311) Fund Balance</b>	\$ 10,433,821	\$ 10,362,256	\$ 1,128,357	\$ 1,340,408	\$ 23,264,842
Adjustment and reclassifications increasing (decreasing) the fund balance:					
District adjustments	-	(7,175,000)	-	-	(7,175,000)
Reclassification of Auxiliary Fund for financial statement purposes	604,293	-	-	-	604,293
Reclassification of amounts held for others	-	-	-	-	-
Rounding	2	1	(3)	-	-
<b>Net Adjustments and Reclassifications</b>	604,295	(7,174,999)	(3)	-	(6,570,707)
<b>June 30, 2012, District Accounting Records Fund Balance</b>	\$ 11,038,116	\$ 3,187,257	\$ 1,128,354	\$ 1,340,408	\$ 16,694,135

See the accompanying notes to the supplementary information.

	Balance Brought Forward	Auxiliary and Parking Development Fund	Capital Outlay and General Obligation Bond Project Funds	Lease Revenue Bond Construction Fund	Balance Forward
<b>June 30, 2012, Annual Financial and Budget Report (CCFS-311) Fund Balance</b>	\$ 23,264,842	\$ 1,320,367	\$ 1,943,887	\$ 944,474	\$ 27,473,570
Adjustment and reclassifications increasing (decreasing) the fund balance:					
District adjustments	(7,175,000)	-	-	-	(7,175,000)
Reclassification of Auxiliary Fund for financial statement purposes	604,293	(604,293)	-	-	-
Reclassification of amounts held for others	-	-	-	-	-
Rounding	-	(1)	-	-	(1)
<b>Net Adjustments and Reclassifications</b>	(6,570,707)	(604,294)	-	-	(7,175,001)
<b>June 30, 2012, District Accounting Records Fund Balance</b>	\$ 16,694,135	\$ 716,073	\$ 1,943,887	\$ 944,474	\$ 20,298,569

See the accompanying notes to the supplementary information.

**RECONCILIATION OF ANNUAL FINANCIAL  
AND BUDGET REPORT (CCFS-311) WITH  
AUDITED FINANCIAL STATEMENTS**

*Shasta-Tehama-Trinity Joint  
Community College District*

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June 30, 2012

	<b>Balance Brought Forward</b>	<b>Classified B.U.M. Benefit Fund</b>	<b>Student Financial Aid Fund</b>	<b>Student Trust Funds</b>	<b>Balance Forward</b>
<b>June 30, 2012, Annual Financial and Budget Report (CCFS-311) Fund Balance</b>	\$ 27,473,570	\$ 477,020	\$ 2,387	\$ 207,604	\$ 28,160,581
Adjustment and reclassifications increasing (decreasing) the fund balance:					
District adjustments	(7,175,000)	-	-	-	(7,175,000)
Reclassification of Auxiliary Fund for financial statement purposes	-	-	-	-	-
Reclassification of amounts held for others	-	-	-	(207,604)	(207,604)
Rounding	(1)	-	-	-	(1)
<b>Net Adjustments and Reclassifications</b>	<b>(7,175,001)</b>	<b>-</b>	<b>-</b>	<b>(207,604)</b>	<b>(7,382,605)</b>
<b>June 30, 2012, District Accounting Records Fund Balance</b>	<b>\$ 20,298,569</b>	<b>\$ 477,020</b>	<b>\$ 2,387</b>	<b>\$ -</b>	<b>\$ 20,777,976</b>

*See the accompanying notes to the supplementary information.*

	<b>Balance Brought Forward</b>	<b>Scholarship and Loan Trust Fund</b>	<b>Trustees Investment Trust Fund</b>	<b>Total</b>
<b>June 30, 2012, Annual Financial and Budget Report (CCFS-311) Fund Balance</b>	\$ 28,160,581	\$ 292,574	\$ 3,565,616	\$ 32,018,771
Adjustment and reclassifications increasing (decreasing) the fund balance:				
District adjustments	(7,175,000)	-	-	(7,175,000)
Reclassification of Auxiliary Fund for financial statement purposes	-	-	-	-
Reclassification of amounts held for others	(207,604)	(292,574)	(3,565,616)	(4,065,794)
Rounding	(1)	-	-	(1)
<b>Net Adjustments and Reclassifications</b>	<b>(7,382,605)</b>	<b>(292,574)</b>	<b>(3,565,616)</b>	<b>(11,240,795)</b>
<b>June 30, 2012, District Accounting Records Fund Balance</b>	<b>\$ 20,777,976</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,777,976</b>

*See the accompanying notes to the supplementary information.*

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

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

June 30, 2012	General Fund	Bond Interest and Redemption Funds	General Obligation Bond Interest and Redemption Funds	Lease Revenue Bond Interest and Redemption Funds	Balance Forward
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 4,417,622	\$ -	\$ -	\$ -	\$ 4,417,622
Restricted cash and cash equivalents	198,596	-	-	-	198,596
Accounts receivable - net	9,747,594	-	55,244	-	9,802,838
Prepaid expenses	69,287	-	-	-	69,287
Inventories	11,671	-	-	-	11,671
Due from other funds	451,232	-	-	-	451,232
<b>Total Current Assets</b>	<b>14,896,002</b>	<b>-</b>	<b>55,244</b>	<b>-</b>	<b>14,951,246</b>
<b>NONCURRENT ASSETS</b>					
Restricted cash and cash equivalents	-	25,177	2,856,618	15,380	2,897,175
Restricted investments	-	-	250,218	1,112,974	1,363,192
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>25,177</b>	<b>3,106,836</b>	<b>1,128,354</b>	<b>4,260,367</b>
<b>Total Assets</b>	<b>\$ 14,896,002</b>	<b>\$ 25,177</b>	<b>\$ 3,162,080</b>	<b>\$ 1,128,354</b>	<b>\$ 19,211,613</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 821,635	\$ -	\$ -	\$ -	\$ 821,635
Deferred revenue	2,400,810	-	-	-	2,400,810
Compensated absences - current portion	64,146	-	-	-	64,146
Due to other funds	571,295	-	-	-	571,295
Amounts held for others	-	-	-	-	-
<b>Total Liabilities</b>	<b>3,857,886</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,857,886</b>
<b>FUND EQUITY (DEFICIT)</b>					
Fund balances:					
Reserved for debt service	-	25,177	3,162,080	1,128,354	4,315,611
Reserved for special purposes	604,293	-	-	-	604,293
Unreserved:					
Undesignated	10,433,823	-	-	-	10,433,823
<b>Total Fund Equity (Deficit)</b>	<b>11,038,116</b>	<b>25,177</b>	<b>3,162,080</b>	<b>1,128,354</b>	<b>15,353,727</b>
<b>Total Liabilities and Fund Equity (Deficit)</b>	<b>\$ 14,896,002</b>	<b>\$ 25,177</b>	<b>\$ 3,162,080</b>	<b>\$ 1,128,354</b>	<b>\$ 19,211,613</b>

*See the accompanying notes to the supplementary information.*

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

June 30, 2012	Balance Brought Forward	Revenue Operations Fund	Repair and Replacement Fund	Parking Improvement Fund	Balance Forward
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 4,417,622	\$ 1,137,962	\$ 259,749	\$ 659,498	\$ 6,474,831
Restricted cash and cash equivalents	198,596	-	-	-	198,596
Accounts receivable - net	9,802,838	22,238	-	-	9,825,076
Prepaid expenses	69,287	-	-	-	69,287
Inventories	11,671	7,872	-	-	19,543
Due from other funds	451,232	485,002	5,250	56,575	998,059
<b>Total Current Assets</b>	<b>14,951,246</b>	<b>1,653,074</b>	<b>264,999</b>	<b>716,073</b>	<b>17,585,392</b>
<b>NONCURRENT ASSETS</b>					
Restricted cash and cash equivalents	2,897,175	-	-	-	2,897,175
Restricted investments	1,363,192	-	-	-	1,363,192
<b>Total Noncurrent Assets</b>	<b>4,260,367</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,260,367</b>
<b>Total Assets</b>	<b>\$ 19,211,613</b>	<b>\$ 1,653,074</b>	<b>\$ 264,999</b>	<b>\$ 716,073</b>	<b>\$ 21,845,759</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 821,635	\$ 32,420	\$ -	\$ -	\$ 854,055
Deferred revenue	2,400,810	99,065	-	-	2,499,875
Compensated absences - current portion	64,146	-	-	-	64,146
Due to other funds	571,295	446,180	-	-	1,017,475
Amounts held for others	-	-	-	-	-
<b>Total Liabilities</b>	<b>3,857,886</b>	<b>577,665</b>	<b>-</b>	<b>-</b>	<b>4,435,551</b>
<b>FUND EQUITY (DEFICIT)</b>					
Fund balances:					
Reserved for debt service	4,315,611	-	-	-	4,315,611
Reserved for special purposes	604,293	1,075,409	264,999	716,073	2,660,774
Unreserved:					
Undesignated	10,433,823	-	-	-	10,433,823
<b>Total Fund Equity (Deficit)</b>	<b>15,353,727</b>	<b>1,075,409</b>	<b>264,999</b>	<b>716,073</b>	<b>17,410,208</b>
<b>Total Liabilities and Fund Equity (Deficit)</b>	<b>\$ 19,211,613</b>	<b>\$ 1,653,074</b>	<b>\$ 264,999</b>	<b>\$ 716,073</b>	<b>\$ 21,845,759</b>

See the accompanying notes to the supplementary information.

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

June 30, 2012	<b>Balance Brought Forward</b>	<b>Capital Outlay Projects Fund</b>	<b>Lease Revenue Bond Construction Fund</b>	<b>General Obligation Bond Projects Fund</b>	<b>Balance Forward</b>
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 6,474,831	\$ -	\$ -	\$ -	\$ 6,474,831
Restricted cash and cash equivalents	198,596	-	1,075,132	-	1,273,728
Accounts receivable - net	9,825,076	48,898	-	-	9,873,974
Prepaid expenses	69,287	-	-	-	69,287
Inventories	19,543	-	-	-	19,543
Due from other funds	998,059	-	28	-	998,087
<b>Total Current Assets</b>	<b>17,585,392</b>	<b>48,898</b>	<b>1,075,160</b>	<b>-</b>	<b>18,709,450</b>
<b>NONCURRENT ASSETS</b>					
Restricted cash and cash equivalents	2,897,175	1,895,380	-	-	4,792,555
Restricted investments	1,363,192	-	-	-	1,363,192
<b>Total Noncurrent Assets</b>	<b>4,260,367</b>	<b>1,895,380</b>	<b>-</b>	<b>-</b>	<b>6,155,747</b>
<b>Total Assets</b>	<b>\$ 21,845,759</b>	<b>\$ 1,944,278</b>	<b>\$ 1,075,160</b>	<b>\$ -</b>	<b>\$ 24,865,197</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 854,055	\$ 351	\$ 130,686	\$ -	\$ 985,092
Deferred revenue	2,499,875	-	-	-	2,499,875
Compensated absences - current portion	64,146	-	-	-	64,146
Due to other funds	1,017,475	40	-	-	1,017,515
Amounts held for others	-	-	-	-	-
<b>Total Liabilities</b>	<b>4,435,551</b>	<b>391</b>	<b>130,686</b>	<b>-</b>	<b>4,566,628</b>
<b>FUND EQUITY (DEFICIT)</b>					
Fund balances:					
Reserved for debt service	4,315,611	-	-	-	4,315,611
Reserved for special purposes	2,660,774	1,943,887	944,474	-	5,549,135
Unreserved:					
Undesignated	10,433,823	-	-	-	10,433,823
<b>Total Fund Equity (Deficit)</b>	<b>17,410,208</b>	<b>1,943,887</b>	<b>944,474</b>	<b>-</b>	<b>20,298,569</b>
<b>Total Liabilities and Fund Equity (Deficit)</b>	<b>\$ 21,845,759</b>	<b>\$ 1,944,278</b>	<b>\$ 1,075,160</b>	<b>\$ -</b>	<b>\$ 24,865,197</b>

See the accompanying notes to the supplementary information.

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

June 30, 2012	<b>Brought Forward</b>	<b>B.U.M. Benefit Funds</b>	<b>Student Trusts</b>	<b>Financial Aid Fund</b>	<b>Balance Forward</b>
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 6,474,831	\$ 477,020	\$ -	\$ -	\$ 6,951,851
Restricted cash and cash equivalents	1,273,728	-	-	-	1,273,728
Accounts receivable - net	9,873,974	-	16,852	7,891	9,898,717
Prepaid expenses	69,287	-	-	-	69,287
Inventories	19,543	-	-	-	19,543
Due from other funds	998,087	-	22,920	1,456	1,022,463
<b>Total Current Assets</b>	<b>18,709,450</b>	<b>477,020</b>	<b>39,772</b>	<b>9,347</b>	<b>19,235,589</b>
<b>NONCURRENT ASSETS</b>					
Restricted cash and cash equivalents	4,792,555	-	173,526	15,973	4,982,054
Restricted investments	1,363,192	-	-	-	1,363,192
<b>Total Noncurrent Assets</b>	<b>6,155,747</b>	<b>-</b>	<b>173,526</b>	<b>15,973</b>	<b>6,345,246</b>
<b>Total Assets</b>	<b>\$ 24,865,197</b>	<b>\$ 477,020</b>	<b>\$ 213,298</b>	<b>\$ 25,320</b>	<b>\$ 25,580,835</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 985,092	\$ -	\$ 119	\$ 22,933	\$ 1,008,144
Deferred revenue	2,499,875	-	-	-	2,499,875
Compensated absences - current portion	64,146	-	-	-	64,146
Due to other funds	1,017,515	-	2,277	-	1,019,792
Amounts held for others	-	-	210,902	-	210,902
<b>Total Liabilities</b>	<b>4,566,628</b>	<b>-</b>	<b>213,298</b>	<b>22,933</b>	<b>4,802,859</b>
<b>FUND EQUITY (DEFICIT)</b>					
Fund balances:					
Reserved for debt service	4,315,611	-	-	-	4,315,611
Reserved for special purposes	5,549,135	477,020	-	2,387	6,028,542
Unreserved:					
Undesignated	10,433,823	-	-	-	10,433,823
<b>Total Fund Equity (Deficit)</b>	<b>20,298,569</b>	<b>477,020</b>	<b>-</b>	<b>2,387</b>	<b>20,777,976</b>
<b>Total Liabilities and Fund Equity (Deficit)</b>	<b>\$ 24,865,197</b>	<b>\$ 477,020</b>	<b>\$ 213,298</b>	<b>\$ 25,320</b>	<b>\$ 25,580,835</b>

See the accompanying notes to the supplementary information.

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

June 30, 2012	Balance Brought Forward	Scholarship and Loan Trust Fund	Trustee Investment Trust	Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 6,951,851	\$ -	\$ -	\$ 6,951,851
Restricted cash and cash equivalents	1,273,728	-	-	1,273,728
Accounts receivable - net	9,898,717	-	40,722	9,939,439
Prepaid expenses	69,287	-	-	69,287
Inventories	19,543	-	-	19,543
Due from other funds	1,022,463	-	-	1,022,463
<b>Total Current Assets</b>	<b>19,235,589</b>	<b>-</b>	<b>40,722</b>	<b>19,276,311</b>
<b>NONCURRENT ASSETS</b>				
Restricted cash and cash equivalents	4,982,054	306,375	309,973	5,598,402
Restricted investments	1,363,192	-	3,245,673	4,608,865
<b>Total Noncurrent Assets</b>	<b>6,345,246</b>	<b>306,375</b>	<b>3,555,646</b>	<b>10,207,267</b>
<b>Total Assets</b>	<b>\$ 25,580,835</b>	<b>\$ 306,375</b>	<b>\$ 3,596,368</b>	<b>\$ 29,483,578</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,008,144	\$ 11,130	\$ -	\$ 1,019,274
Deferred revenue	2,499,875	-	-	2,499,875
Compensated absences - current portion	64,146	-	-	64,146
Due to other funds	1,019,792	2,671	-	1,022,463
Amounts held for others	210,902	292,574	3,596,368	4,099,844
<b>Total Liabilities</b>	<b>4,802,859</b>	<b>306,375</b>	<b>3,596,368</b>	<b>8,705,602</b>
<b>FUND EQUITY (DEFICIT)</b>				
Fund balances:				
Reserved for debt service	4,315,611	-	-	4,315,611
Reserved for special purposes	6,028,542	-	-	6,028,542
Unreserved:				
Undesignated	10,433,823	-	-	10,433,823
<b>Total Fund Equity (Deficit)</b>	<b>20,777,976</b>	<b>-</b>	<b>-</b>	<b>20,777,976</b>
<b>Total Liabilities and Fund Equity (Deficit)</b>	<b>\$ 25,580,835</b>	<b>\$ 306,375</b>	<b>\$ 3,596,368</b>	<b>\$ 29,483,578</b>

*See the accompanying notes to the supplementary information.*

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

*Shasta-Tehama-Trinity Joint  
Community College District*

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Year Ended June 30, 2012	General Fund	Bond Interest and Redemption Funds	General Obligation Bond Interest and Redemption Funds	Lease Revenue Bond Interest and Redemption Funds	Balance Forward
<b>OPERATING REVENUES</b>					
Tuition and fees	\$ 7,793,008	\$ -	\$ -	\$ -	\$ 7,793,008
Less: Scholarship discount and allowance	4,034,464	-	-	-	4,034,464
<b>Tuition and Fees - Net</b>	<b>3,758,544</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,758,544</b>
Grants and contracts - noncapital:					
Federal	2,726,849	-	-	-	2,726,849
State	4,874,466	-	-	-	4,874,466
Local	588,498	-	-	-	588,498
Auxiliary enterprise sales and charges	98,021	-	-	-	98,021
<b>Total Operating Revenues</b>	<b>12,046,378</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,046,378</b>
<b>OPERATING EXPENDITURES/EXPENSES</b>					
Salaries	26,555,220	-	-	-	26,555,220
Employee benefits	10,909,352	-	-	-	10,909,352
Payments to students	433,913	-	-	-	433,913
Supplies, materials, and other operating expenditures	6,097,364	-	-	-	6,097,364
Capital outlay	513,037	-	-	-	513,037
Utilities	970,532	-	-	-	970,532
<b>Total Operating Expenditures/Expenses</b>	<b>45,479,418</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,479,418</b>
<b>Operating Income (Loss)</b>	<b>(33,433,040)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(33,433,040)</b>
<b>NONOPERATING REVENUES (EXPENDITURES)</b>					
State apportionments - noncapital	20,784,252	-	-	-	20,784,252
Local property taxes	11,598,354	-	3,310,221	-	14,908,575
State taxes and other revenues	1,520,745	-	61,209	-	1,581,954
Federal other revenue	170,195	-	-	-	170,195
Investment income - noncapital	57,562	-	7,884	488	65,934
Investment income - capital	-	-	-	27,129	27,129
Interest expense - capital asset-related debt	(40,904)	-	(1,450,822)	(1,037,818)	(2,529,544)
Debt services	(66,277)	-	(1,075,000)	(1,260,000)	(2,401,277)
Other nonoperating revenues	587,001	-	-	-	587,001
Bond issuance costs	-	-	(122,294)	(153,074)	(275,368)
<b>Total Nonoperating Revenues (Expenditures)</b>	<b>34,610,928</b>	<b>-</b>	<b>731,198</b>	<b>(2,423,275)</b>	<b>32,918,851</b>
<b>Income (Loss) Before Other Revenues and Expenditures/Expenses</b>	<b>1,177,888</b>	<b>-</b>	<b>731,198</b>	<b>(2,423,275)</b>	<b>(514,189)</b>
<b>OTHER REVENUES AND EXPENDITURES</b>					
State apportionments - capital	-	-	-	-	-
Local property taxes and revenues - capital	-	-	-	-	-
<b>Excess of Revenues Over (Under) Expenditures/Expenses</b>	<b>1,177,888</b>	<b>-</b>	<b>731,198</b>	<b>(2,423,275)</b>	<b>(514,189)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	425,794	-	-	4,105,904	4,531,698
Operating transfers out	(1,447,793)	-	-	(2,049,977)	(3,497,770)
Proceeds from refunding bonds	-	-	7,250,000	9,495,000	16,745,000
Premium on long-term debt	-	-	481,902	486,764	968,666
Payment to refunded bond escrow agent	-	-	(7,175,000)	(10,080,000)	(17,255,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,021,999)</b>	<b>-</b>	<b>556,902</b>	<b>1,957,691</b>	<b>1,492,594</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses</b>	<b>155,889</b>	<b>-</b>	<b>1,288,100</b>	<b>(465,584)</b>	<b>978,405</b>
<b>Fund Equity - Beginning of Year</b>	<b>10,882,227</b>	<b>25,177</b>	<b>1,873,980</b>	<b>1,593,938</b>	<b>14,375,322</b>
<b>Fund Equity - End of Year</b>	<b>\$ 11,038,116</b>	<b>\$ 25,177</b>	<b>\$ 3,162,080</b>	<b>\$ 1,128,354</b>	<b>\$ 15,353,727</b>

See the accompanying notes to the supplementary information.

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

Year Ended June 30, 2012	Balance Brought Forward	Revenue Operations Fund	Repair and Replacement Fund	Parking Improvement Fund	Balance Forward
<b>OPERATING REVENUES</b>					
Tuition and fees	\$ 7,793,008	\$ 827,869	\$ -	\$ -	\$ 8,620,877
Less: Scholarship discount and allowance	4,034,464	-	-	-	4,034,464
<b>Tuition and Fees -Net</b>	3,758,544	827,869	-	-	4,586,413
Grants and contracts - noncapital:					
Federal	2,726,849	-	-	-	2,726,849
State	4,874,466	-	-	-	4,874,466
Local	588,498	33,276	-	-	621,774
Auxiliary enterprise sales and charges	98,021	829,132	-	-	927,153
<b>Total Operating Revenues</b>	12,046,378	1,690,277	-	-	13,736,655
<b>OPERATING EXPENDITURES/EXPENSES</b>					
Salaries	26,555,220	527,332	-	-	27,082,552
Employee benefits	10,909,352	211,501	-	-	11,120,853
Payments to students	433,913	-	-	-	433,913
Supplies, materials, and other operating expenditures	6,097,364	427,849	0	893	6,526,106
Capital outlay	513,037	1,046	22,076	133,172	669,331
Utilities	970,532	93,457	-	-	1,063,989
<b>Total Operating Expenditures/Expenses</b>	45,479,418	1,261,185	22,076	134,065	46,896,744
<b>Operating Income (Loss)</b>	(33,433,040)	429,092	(22,076)	(134,065)	(33,160,089)
<b>NONOPERATING REVENUES (EXPENDITURES)</b>					
State apportionments - noncapital	20,784,252	-	-	-	20,784,252
Local property taxes	14,908,575	-	-	-	14,908,575
State taxes and other revenues	1,581,954	-	-	-	1,581,954
Federal other revenue	170,195	-	-	-	170,195
Investment income - noncapital	65,934	8,571	1,662	4,707	80,874
Investment income - capital	27,129	-	-	-	27,129
Interest expense - capital asset-related debt	(2,529,544)	(10,226)	-	-	(2,539,770)
Debt services	(2,401,277)	(16,569)	-	-	(2,417,846)
Other nonoperating revenues	587,001	74,334	-	-	661,335
Bond issuance costs	(275,368)	-	-	-	(275,368)
<b>Total Nonoperating Revenues (Expenditures)</b>	32,918,851	56,110	1,662	4,707	32,981,330
<b>Income (Loss) Before Other Revenues and Expenditures/Expenses</b>	(514,189)	485,202	(20,414)	(129,358)	(178,759)
<b>OTHER REVENUES AND EXPENDITURES</b>					
State apportionments - capital	-	-	-	-	-
Local property taxes and revenues - capital	-	-	-	-	-
<b>Excess of Revenues Over (Under) Expenditures/Expenses</b>	(514,189)	485,202	(20,414)	(129,358)	(178,759)
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	4,531,698	-	58,905	56,575	4,647,178
Operating transfers out	(3,497,770)	(543,179)	-	(39,629)	(4,080,578)
Proceeds from refunding bonds	16,745,000	-	-	-	16,745,000
Premium on long-term debt	968,666	-	-	-	968,666
Payment to refunded bond escrow agent	(17,255,000)	-	-	-	(17,255,000)
<b>Total Other Financing Sources (Uses)</b>	1,492,594	(543,179)	58,905	16,946	1,025,266
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses</b>	978,405	(57,977)	38,491	(112,412)	846,507
<b>Fund Equity - Beginning of Year</b>	14,375,322	1,133,386	226,508	828,485	16,563,701
<b>Fund Equity - End of Year</b>	\$ 15,353,727	\$ 1,075,409	\$ 264,999	\$ 716,073	\$ 17,410,208

See the accompanying notes to the supplementary information.

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

*Shasta-Tehama-Trinity Joint  
Community College District*  
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Year Ended June 30, 2012	Balance Brought Forward	Capital Outlay Projects Fund	Lease Revenue Bond Construction Fund	General Obligation Bond Projects Fund	Balance Forward
<b>OPERATING REVENUES</b>					
Tuition and fees	\$ 8,620,877	\$ -	\$ -	\$ -	\$ 8,620,877
Less: Scholarship discount and allowance	4,034,464	-	-	-	4,034,464
<b>Tuition and Fees - Net</b>	<b>4,586,413</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,586,413</b>
Grants and contracts - noncapital:					
Federal	2,726,849	-	-	-	2,726,849
State	4,874,466	-	-	-	4,874,466
Local	621,774	-	-	-	621,774
Auxiliary enterprise sales and charges	927,153	-	-	-	927,153
<b>Total Operating Revenues</b>	<b>13,736,655</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,736,655</b>
<b>OPERATING EXPENDITURES/EXPENSES</b>					
Salaries	27,082,552	-	-	-	27,082,552
Employee benefits	11,120,853	-	-	-	11,120,853
Payments to students	433,913	-	-	-	433,913
Supplies, materials, and other operating expenditures	6,526,106	115,882	40,352	1,419	6,683,759
Capital outlay	669,331	46,824	459,132	325,557	1,500,844
Utilities	1,063,989	-	-	-	1,063,989
<b>Total Operating Expenditures/Expenses</b>	<b>46,896,744</b>	<b>162,706</b>	<b>499,484</b>	<b>326,976</b>	<b>47,885,910</b>
<b>Operating Income (Loss)</b>	<b>(33,160,089)</b>	<b>(162,706)</b>	<b>(499,484)</b>	<b>(326,976)</b>	<b>(34,149,255)</b>
<b>NONOPERATING REVENUES (EXPENDITURES)</b>					
State apportionments - noncapital	20,784,252	-	-	-	20,784,252
Local property taxes	14,908,575	-	-	-	14,908,575
State taxes and other revenues	1,581,954	-	-	-	1,581,954
Federal other revenue	170,195	-	-	-	170,195
Investment income - noncapital	80,874	10,367	3,063	-	94,304
Investment income - capital	27,129	-	221	949	28,299
Interest expense - capital asset-related debt	(2,539,770)	-	-	-	(2,539,770)
Debt services	(2,417,846)	-	-	-	(2,417,846)
Other nonoperating revenues	661,335	87,303	-	-	748,638
Bond issuance costs	(275,368)	-	-	-	(275,368)
<b>Total Nonoperating Revenues (Expenditures)</b>	<b>32,981,330</b>	<b>97,670</b>	<b>3,284</b>	<b>949</b>	<b>33,083,233</b>
<b>Income (Loss) Before Other Revenues and Expenditures/Expenses</b>	<b>(178,759)</b>	<b>(65,036)</b>	<b>(496,200)</b>	<b>(326,027)</b>	<b>(1,066,022)</b>
<b>OTHER REVENUES AND EXPENDITURES</b>					
State apportionments - capital	-	187,717	-	-	187,717
Local property taxes and revenues - capital	-	147,333	-	-	147,333
<b>Excess of Revenues Over (Under) Expenditures/Expenses</b>	<b>(178,759)</b>	<b>270,014</b>	<b>(496,200)</b>	<b>(326,027)</b>	<b>(730,972)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	4,647,178	-	-	-	4,647,178
Operating transfers out	(4,080,578)	(160,386)	-	-	(4,240,964)
Proceeds from refunding bonds	16,745,000	-	-	-	16,745,000
Premium on long-term debt	968,666	-	-	-	968,666
Payment to refunded bond escrow agent	(17,255,000)	-	-	-	(17,255,000)
<b>Total Other Financing Sources (Uses)</b>	<b>1,025,266</b>	<b>(160,386)</b>	<b>-</b>	<b>-</b>	<b>864,880</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses</b>	<b>846,507</b>	<b>109,628</b>	<b>(496,200)</b>	<b>(326,027)</b>	<b>133,908</b>
<b>Fund Equity - Beginning of Year</b>	<b>16,563,701</b>	<b>1,834,259</b>	<b>1,440,674</b>	<b>326,027</b>	<b>20,164,661</b>
<b>Fund Equity - End of Year</b>	<b>\$ 17,410,208</b>	<b>\$ 1,943,887</b>	<b>\$ 944,474</b>	<b>\$ -</b>	<b>\$ 20,298,569</b>

See the accompanying notes to the supplementary information.

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

*Shasta-Tehama-Trinity Joint  
Community College District*

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Year Ended June 30, 2012	Balance Brought Forward	Classified B.U.M. Benefit Funds	Student Trusts	Student Financial Aid Fund	Balance Forward
<b>OPERATING REVENUES</b>					
Tuition and fees	\$ 8,620,877	\$ -	\$ -	\$ -	\$ 8,620,877
Less: Scholarship discount and allowance	4,034,464	-	-	-	4,034,464
<b>Tuition and Fees - Net</b>	<b>4,586,413</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,586,413</b>
Grants and contracts - noncapital:					
Federal	2,726,849	-	-	17,122,614	19,849,463
State	4,874,466	-	-	1,057,986	5,932,452
Local	621,774	-	-	-	621,774
Auxiliary enterprise sales and charges	927,153	-	-	-	927,153
<b>Total Operating Revenues</b>	<b>13,736,655</b>	<b>-</b>	<b>-</b>	<b>18,180,600</b>	<b>31,917,255</b>
<b>OPERATING EXPENDITURES/EXPENSES</b>					
Salaries	27,082,552	-	-	-	27,082,552
Employee benefits	11,120,853	-	-	-	11,120,853
Payments to students	433,913	-	-	18,200,180	18,634,093
Supplies, materials, and other operating expenditures	6,683,759	-	-	-	6,683,759
Capital outlay	1,500,844	-	-	-	1,500,844
Utilities	1,063,989	-	-	-	1,063,989
<b>Total Operating Expenditures/Expenses</b>	<b>47,885,910</b>	<b>-</b>	<b>-</b>	<b>18,200,180</b>	<b>66,086,090</b>
<b>Operating Income (Loss)</b>	<b>(34,149,255)</b>	<b>-</b>	<b>-</b>	<b>(19,580)</b>	<b>(34,168,835)</b>
<b>NONOPERATING REVENUES (EXPENDITURES)</b>					
State apportionments - noncapital	20,784,252	-	-	-	20,784,252
Local property taxes	14,908,575	-	-	-	14,908,575
State taxes and other revenues	1,581,954	-	-	-	1,581,954
Federal other revenue	170,195	-	-	-	170,195
Investment income - noncapital	94,304	4,870	-	-	99,174
Investment income - capital	28,299	-	-	-	28,299
Interest expense - capital asset-related debt	(2,539,770)	-	-	-	(2,539,770)
Debt services	(2,417,846)	-	-	-	(2,417,846)
Other nonoperating revenues	748,638	-	-	-	748,638
Bond issuance costs	(275,368)	-	-	-	(275,368)
<b>Total Nonoperating Revenues (Expenditures)</b>	<b>33,083,233</b>	<b>4,870</b>	<b>-</b>	<b>-</b>	<b>33,088,103</b>
<b>Income (Loss) Before Other Revenues and Expenditures/Expenses</b>	<b>(1,066,022)</b>	<b>4,870</b>	<b>-</b>	<b>(19,580)</b>	<b>(1,080,732)</b>
<b>OTHER REVENUES AND EXPENDITURES</b>					
State apportionments - capital	187,717	-	-	-	187,717
Local property taxes and revenues - capital	147,333	-	-	-	147,333
<b>Excess of Revenues Over (Under) Expenditures/Expenses</b>	<b>(730,972)</b>	<b>4,870</b>	<b>-</b>	<b>(19,580)</b>	<b>(745,682)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	4,647,178	-	-	19,580	4,666,758
Operating transfers out	(4,240,964)	(425,794)	-	-	(4,666,758)
Proceeds from refunding bonds	16,745,000	-	-	-	16,745,000
Premium on long-term debt	968,666	-	-	-	968,666
Payment to refunded bond escrow agent	(17,255,000)	-	-	-	(17,255,000)
<b>Total Other Financing Sources (Uses)</b>	<b>864,880</b>	<b>(425,794)</b>	<b>-</b>	<b>19,580</b>	<b>458,666</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses</b>	<b>133,908</b>	<b>(420,924)</b>	<b>-</b>	<b>-</b>	<b>(287,016)</b>
<b>Fund Equity - Beginning of Year</b>	<b>20,164,661</b>	<b>897,944</b>	<b>-</b>	<b>2,387</b>	<b>21,064,992</b>
<b>Fund Equity - End of Year</b>	<b>\$ 20,298,569</b>	<b>\$ 477,020</b>	<b>\$ -</b>	<b>\$ 2,387</b>	<b>\$ 20,777,976</b>

See the accompanying notes to the supplementary information.

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

Year Ended June 30, 2012	Balance Brought Forward	Scholarship and Loan Trust Fund	Trustee Investment Trust	Total
<b>OPERATING REVENUES</b>				
Tuition and fees	\$ 8,620,877	\$ -	\$ -	\$ 8,620,877
Less: Scholarship discount and allowance	4,034,464	-	-	4,034,464
<b>Tuition and Fees - Net</b>	<b>4,586,413</b>	<b>-</b>	<b>-</b>	<b>4,586,413</b>
Grants and contracts - noncapital:				
Federal	19,849,463	-	-	19,849,463
State	5,932,452	-	-	5,932,452
Local	621,774	-	-	621,774
Auxiliary enterprise sales and charges	927,153	-	-	927,153
<b>Total Operating Revenues</b>	<b>31,917,255</b>	<b>-</b>	<b>-</b>	<b>31,917,255</b>
<b>OPERATING EXPENDITURES/EXPENSES</b>				
Salaries	27,082,552	-	-	27,082,552
Employee benefits	11,120,853	-	-	11,120,853
Payments to students	18,634,093	-	-	18,634,093
Supplies, materials, and other operating expenditures	6,683,759	-	-	6,683,759
Capital outlay	1,500,844	-	-	1,500,844
Utilities	1,063,989	-	-	1,063,989
<b>Total Operating Expenditures/Expenses</b>	<b>66,086,090</b>	<b>-</b>	<b>-</b>	<b>66,086,090</b>
<b>Operating Income (Loss)</b>	<b>(34,168,835)</b>	<b>-</b>	<b>-</b>	<b>(34,168,835)</b>
<b>NONOPERATING REVENUES (EXPENDITURES)</b>				
State apportionments - noncapital	20,784,252	-	-	20,784,252
Local property taxes	14,908,575	-	-	14,908,575
State taxes and other revenues	1,581,954	-	-	1,581,954
Federal other revenue	170,195	-	-	170,195
Investment income - noncapital	99,174	-	-	99,174
Investment income - capital	28,299	-	-	28,299
Interest expense - capital asset-related debt	(2,539,770)	-	-	(2,539,770)
Debt services	(2,417,846)	-	-	(2,417,846)
Other nonoperating revenues	748,638	-	-	748,638
Bond issuance costs	(275,368)	-	-	(275,368)
<b>Total Nonoperating Revenues (Expenditures)</b>	<b>33,088,103</b>	<b>-</b>	<b>-</b>	<b>33,088,103</b>
<b>Income (Loss) Before Other Revenues and Expenditures/Expenses</b>	<b>(1,080,732)</b>	<b>-</b>	<b>-</b>	<b>(1,080,732)</b>
<b>OTHER REVENUES AND EXPENDITURES</b>				
State apportionments - capital	187,717	-	-	187,717
Local property taxes and revenues - capital	147,333	-	-	147,333
<b>Excess of Revenues Over (Under) Expenditures/Expenses</b>	<b>(745,682)</b>	<b>-</b>	<b>-</b>	<b>(745,682)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	4,666,758	-	-	4,666,758
Operating transfers out	(4,666,758)	-	-	(4,666,758)
Proceeds from long-term debt	16,745,000	-	-	16,745,000
Premium on long-term debt	968,666	-	-	968,666
Premium on long-term debt	(17,255,000)	-	-	(17,255,000)
<b>Total Other Financing Sources (Uses)</b>	<b>458,666</b>	<b>-</b>	<b>-</b>	<b>458,666</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses</b>	<b>(287,016)</b>	<b>-</b>	<b>-</b>	<b>(287,016)</b>
<b>Fund Equity - Beginning of Year</b>	<b>21,064,992</b>	<b>-</b>	<b>-</b>	<b>21,064,992</b>
<b>Fund Equity - End of Year</b>	<b>\$ 20,777,976</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,777,976</b>

See the accompanying notes to the supplementary information.

**RECONCILIATION OF FUND EQUITY  
TO NET ASSETS**

June 30, 2012

*Shasta-Tehama-Trinity Joint  
Community College District*

<b>Total Fund Equity - District Funds Included in the Reporting Entity</b>		<b>\$ 20,777,976</b>
Assets recorded within the GASB 35 Statement of Net Assets not included in the District fund financial statements:		
Nondepreciable capital assets		8,103,142
Capitalized assets	\$ 86,745,168	
Accumulated depreciation	<u>(33,109,017)</u>	53,636,151
Other postemployment benefits obligation		4,568,276
Deferred costs - net		<u>1,143,284</u>
Liabilities recorded within the GASB 35 Statement of Net Assets not recorded in the District fund financial statements:		
Accounts payable:		
Interest payable		(633,946)
Compensated absences	(1,039,336)	
Early retirement incentive program	(101,746)	
Long-term debt	<u>(50,862,201)</u>	<u>(52,003,283)</u>
<b>Net Assets Reported Within the GASB 35 Statement of Net Assets</b>		<b>\$ 35,591,600</b>

*See the accompanying notes to the supplementary information.*

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

June 30, 2012

*Shasta-Tehama-Trinity Joint  
Community College District*

<b>Total Net Change in Fund Equity - District Funds Included in the Reporting Entity</b>	<b>\$ (287,016)</b>
Compensated absence expense reduction reported within GASB 35 Statements	51,218
Depreciation expense reported within GASB 35 Statements	(3,565,230)
Capital outlay expense not reported within the GASB 35 Statements	1,274,456
Amortization of bond issuance cost reported within the GASB 35 Statements	(52,889)
Amortization of bond premium reported within the GASB 35 Statements	70,450
Change in accrued interest expense on capital asset related debt reported within the GASB 35 Statements	118,115
Principal payments on debt not reported within the GASB 35 Statements	19,672,846
Proceeds from long-term debt not reported within the GASB 35 Statements	(16,745,000)
Premiums on long-term debt not reported within the GASB 35 Statements	(705,468)
Cost of issuance on long-term debt not reported within the GASB 35 Statements	275,368
Principal payments on other long-term liabilities not reported within the GASB 35 Statements	108,148
Increase in expense of other postemployment benefits reported with the GASB 35 Statements	161,186
<b>Net Change in Net Assets Reported Within the GASB 35 Statement of Revenues, Expenses, and Changes in Net Assets</b>	<b>\$ 376,184</b>

*See the accompanying notes to the supplementary information.*

**1. PURPOSE OF SCHEDULES**

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

The audit of the District for the year ended June 30, 2012, 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.

**Schedule of Workload Measures for State General Apportionment**

The schedule of workload measures for state general apportionment annualized attendance as of June 30, 2012, represents the basis of apportionment of the District's annual source of funding.

**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.

**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.

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.

**NOTES TO THE SUPPLEMENTARY  
INFORMATION**

June 30, 2012

*Shasta-Tehama-Trinity Joint  
Community College District*

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

**OTHER REPORTS SECTION**

**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 the 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, 2012, and have issued our report thereon dated November 2, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the standards prescribed by the California Department of Finance.

**Internal Control over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

**Compliance and Other Matters**

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

**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

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

*Matson and Isom*

November 2, 2012  
Redding, California

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS THAT COULD HAVE A DIRECT  
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Compliance**

We have audited the compliance of Shasta-Tehama-Trinity Joint Community College District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget Circular A-133, *Compliance Supplement*, that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

**Internal Control over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with 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.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS THAT COULD HAVE A DIRECT  
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Continued

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

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

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

*Matson and Isom*

November 2, 2012  
Redding, California

**INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE REQUIREMENTS**



**MATSON & ISOM**

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

We have audited the accompanying financial statements of the business-type activities of the Shasta-Tehama-Trinity Joint Community College District (District) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 2, 2012.

Our audit was conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the standards prescribed by the California Department of Finance and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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

- 
- 
- 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) - USE OF STATE AND FEDERAL TANF FUNDING
  - 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)
  - CURRICULUM AND INSTRUCTION
  - TO BE ARRANGED HOURS (TBA)
- 
-

**INDEPENDENT AUDITORS' REPORT ON STATE  
COMPLIANCE REQUIREMENTS**

Continued

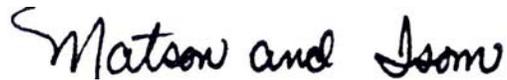
Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, except for findings 12-1 through 12-4 described in the accompanying schedule of findings and questioned costs, the District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2012.

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

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



November 2, 2012  
Redding, California

## **FINDINGS AND RECOMMENDATIONS SECTION**

**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

June 30, 2012

*Shasta-Tehama-Trinity Joint  
Community College District*

**SECTION I  
SUMMARY OF AUDIT RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued	Unqualified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiency identified not considered to be a material weakness?	No
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?	No
Type of auditors' report issued on compliance for major program	Unqualified
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 No. 84.048	Career and Technical Education – Basic Grants to States
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?	Yes
Type of auditors' report issued on compliance for state programs	Qualified

**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

June 30, 2012

*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, 2012

*Shasta-Tehama-Trinity Joint  
Community College District*

**SECTION IV FINDINGS  
STATE AWARDS AUDIT**

**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.

***Response***

The District updated the class schedule and course outlines following the Spring 2012 term in response to our prior year finding. The Fall 2011 and Spring 2012 class schedules were issued prior to implementation.

**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

June 30, 2012

*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 11/12 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.

***Response***

The District typically holds a joint EOPS & CARE advisory committee meeting each term. During the 11/12 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, 2012

*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.

***Response***

The District will review program expenditures to ensure that allowability guidelines are followed. The District will revise the final expenditure reports and return the \$3,382.43 to the State.

**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

June 30, 2012

*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.

***Response***

In response to the prior year TBA audit finding, the District reviewed and updated the census types of all courses containing a TBA element. As the 11/12 term was in progress during our prior year audit, these changes were not implemented until the 12/13 year. The District is going to update its procedures to report all courses that have a TBA element as positive attendance or if the course remains as a weekly census type, attendance records will be maintained by the District to support the regularly scheduled hours.

**CORRECTIVE ACTION PLAN**  
June 30, 2012

*Shasta-Tehama-Trinity Joint  
Community College District*

None.

**SUMMARY SCHEDULE OF  
PRIOR AUDIT FINDINGS**

June 30, 2012

*Shasta-Tehama-Trinity Joint  
Community College District*

**INSTRUCTIONAL MATERIALS FEES**

11-1

**Significant Deficiency**

**Condition**

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

**Criteria**

Confusion as to whether the fees are optional or mandatory.

**Effect**

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

***Recommendation***

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

***Current Status***

We noted during our testing of the current year that the District included verbiage affirming that certain instruction materials fees are optional.

**SUMMARY SCHEDULE OF  
PRIOR AUDIT FINDINGS**

June 30, 2012

*Shasta-Tehama-Trinity Joint  
Community College District*

**OPEN ENROLLMENT**

11-2

**Significant Deficiency**

**Condition**

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

**Criteria**

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

**Effect**

If the District had not removed the FTES for these courses, they would have claimed FTES for apportionment that was generated by courses that did not meet the open enrollment requirements.

***Recommendation***

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

***Current Status***

We noted during our testing of the current year that the District did not claim FTES for courses held on a high school campus during the hours the campus was closed.

**SUMMARY SCHEDULE OF  
PRIOR AUDIT FINDINGS**

June 30, 2012

*Shasta-Tehama-Trinity Joint  
Community College District*

**STATE COMPLIANCE (To Be Arranged TBA)**

11-3

**Significant Deficiency**

**Condition**

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

**Criteria**

The District was unaware of the TBA requirement.

**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***

See current year finding 12-1.