



MATSON
& ISOM

SHASTA-TEHAMA-TRINITY JOINT
COMMUNITY COLLEGE DISTRICT

Redding, California

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITORS' REPORTS

June 30, 2014

TABLE OF CONTENTS

June 30, 2014

*Shasta-Tehama-Trinity Joint
Community College District*

	Page Number
Independent Auditors' Report	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (Required Supplementary Information)	4
FINANCIAL SECTION	
Statement of Net Position	15
Statement of Revenues, Expenses, and Changes in Net Position	16
Statement of Cash Flows	17
DISCRETELY PRESENTED COMPONENT UNIT	
Statement of Financial Position	19
Statement of Activities	20
Statement of Cash Flows	21
Notes to the Financial Statements	22
SUPPLEMENTARY INFORMATION SECTION	
Organization Structure	43
Schedule of Workload Measures for State General Apportionment	44
Schedule of Expenditures of Federal Awards	45
Schedule of Expenditures of State Awards	46
Reconciliation of Annual Financial and Budget Report (Form CCFS-311) With Audited Financial Statements	47
Reconciliation of 50% Law Calculation	49
Reconciliation of Education Protection Account Expenditures	51

TABLE OF CONTENTS

June 30, 2014

*Shasta-Tehama-Trinity Joint
Community College District*

	Page Number
Combining Balance Sheet – District Funds Included in the Reporting Entity	52
Combining Statement of Revenues, Expenditures/Expenses, and Changes in Fund Equity – District Funds Included in the Reporting Entity	57
Reconciliation of Fund Equity to Net Position	62
Reconciliation of Change in Fund Equity to Change in Net Position	63
Notes to the Supplementary Information	64
 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 <i>Government Auditing Standards</i>	67
Independent Auditors’ Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	69
Independent Auditors’ Report on State Compliance	71
 FINDINGS AND QUESTIONED COSTS SECTION	
Schedule of Findings and Questioned Costs	74
Corrective Action Plan	79
Summary Schedule of Prior Audit Findings	80



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Shasta-Tehama-Trinity Joint Community College District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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 from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the District as of June 30, 2014, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



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INDEPENDENT AUDITORS' REPORT

Continued

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The supplementary information and the schedule of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Matson and Isom

November 25, 2014
Redding, California

MANAGEMENTS' DISCUSSION AND ANALYSIS
(Required Supplementary Information)



MANAGEMENT’S DISCUSSION AND ANALYSIS

USING THIS ANNUAL REPORT

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

FINANCIAL HIGHLIGHTS

California began to experience some slow economic recovery in 2013-14. The State passed an on-time budget in June 2013. System-wide community colleges received a total general fund budget of \$96.3B for 2013-14.

The community college budget contained 1.57% cost-of-living increase, the first since 2007-08 budget. The budget also contained \$88M in restoration of the severe cuts for categorical programs from previous years.

There was \$89.4M in Access (growth/restoration) funding provided by the State for 2013-14. The District enrollment for 2013-14 was 6,488 FTES which put us in stability funding by the State.

The Budget Act also included additional buy down of deferrals leaving them at \$592M state-wide. Districts are left with the one deferral from June to July which may still be eliminated if the state revenues come in better than projected. Because of the changes to the funding model with Educational Protection Act (EPA) funding being distributed quarterly there still is a concern regarding the monitoring of cash and managing cash flows.

Governing Board Members						
Rhonda E. Nehr McArthur	Harold J. Lucas Red Bluff	Duane K. Miller Anderson	Kendall S. Pierson Redding	Rayola B. Pratt Shasta	Robert M. Steinacher Coming	Scott J. Swendiman Redding
Superintendent/President Joe Wyse, Ed.D.						

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

June 30, 2014 and 2013

*Shasta-Tehama-Trinity Joint
Community College District*

The District continued in a conservative mode for protection of our fund balance. For this fiscal year due to these adjustments to spending, continued managed hiring, and increased efficiencies, the District was able to again reduce the budgeted deficit of \$2,181,045, ending the year with a net loss of \$489,135 in the general fund. Through these efforts the District was able to maintain a fund balance of 24.18% of actual expenditures in the general fund for 2013-14. This fund represents net equity for the District which does not equate to cash reserves.

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

Statement of Net Position

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

The following table summarizes the changes between June 30, 2014 and 2013:

Condensed Statement of Net Position			
As of June 30			
	<u>2014</u>	<u>2013</u>	% Change
Assets			
Current Assets:			
Cash and cash equivalents	\$ 10,542,444	\$ 9,836,537	7.2%
Restricted cash	404,633	633,358	-36.1%
Accounts receivable	6,689,213	7,115,551	-6.0%
Prepaid expenses	145,184	153,501	-5.4%
Inventory	18,135	19,211	-5.6%
Total current assets	<u>17,799,609</u>	<u>17,758,158</u>	0.2%
Noncurrent Assets:			
Restricted cash	4,630,479	4,017,050	15.3%
Restricted investments	4,647,662	4,146,345	12.1%
Nondepreciable capital assets	4,253,066	4,511,916	-5.7%
Depreciable capital assets, net	54,700,415	56,426,256	-3.1%
Other post employment benefits	6,669,317	5,039,235	32.3%
Total noncurrent assets	<u>74,900,939</u>	<u>74,140,802</u>	1.0%
Total Assets	<u>\$ 92,700,548</u>	<u>\$ 91,898,960</u>	0.9%
Deferred Outflow of Resources	<u>\$ 238,055</u>	<u>\$ 251,412</u>	-5.3%

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

June 30, 2014 and 2013

*Shasta-Tehama-Trinity Joint
Community College District*

	<u>2014</u>	<u>2013</u>	<u>% Change</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 2,876,651	\$ 1,857,872	54.8%
Advances from grantors and students	1,637,785	1,705,574	-4.0%
Compensated absences - current portion	64,146	64,146	0.0%
Long-term debt, current portion	1,208,332	1,699,752	-28.9%
Amounts held in trust for others	4,599,378	4,072,048	12.9%
Total current liabilities	<u>10,386,292</u>	<u>9,399,392</u>	10.5%
Noncurrent liabilities:			
Compensated absences, noncurrent portion	1,026,385	1,022,863	0.3%
Long-term debt, noncurrent portion	45,558,930	46,842,623	-2.7%
Total noncurrent liabilities	<u>46,585,315</u>	<u>47,865,486</u>	-2.7%
Total Liabilities	<u>\$ 56,971,607</u>	<u>\$ 57,264,878</u>	-0.5%
Net Position			
Net investment in capital assets	\$ 12,951,312	\$ 13,238,855	-2.2%
Restricted - expendable	2,607,267	2,426,324	7.5%
Unrestricted	20,408,417	19,220,315	6.2%
Total Net Position	<u>\$ 35,966,996</u>	<u>\$ 34,885,494</u>	3.1%

Current cash and cash equivalents consist mainly of cash in the County Treasury. With the passage of proposition 30 there were significant changes in how the District received state funding. In response to this the District was very careful in monitoring cash flow needs during the year. The revenues resulting from proposition 30 were segregated into the Education Protection Account (EPA). The funding from EPA is now received on a quarterly basis; this change in distribution results in a higher than normal cash balance at June 30.

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

Receivables include receivables from State and federal grants, students, as well as general apportionment earned but not received by year-end. In 2014, the State continued to reduce deferrals of apportionment funding. At June 30, 2014, the total deferral was \$3,623,250. This was the primary reason for the decrease in accounts receivable.

Prepaid expenses remained comparable to the prior year.

Inventory remained constant for the fiscal year.

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

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

June 30, 2014 and 2013

*Shasta-Tehama-Trinity Joint
Community College District*

Depreciable capital assets are the historical value of buildings, site improvements, and equipment less accumulated depreciation. There were slight decreases as completed projects were depreciated for the full year.

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 and a contribution of \$1,525,985 (which included one-time funding of \$934,000). A new actuarial study was done in 2013-14 which updates the requirements for future retiree health benefits. This study is done every two years.

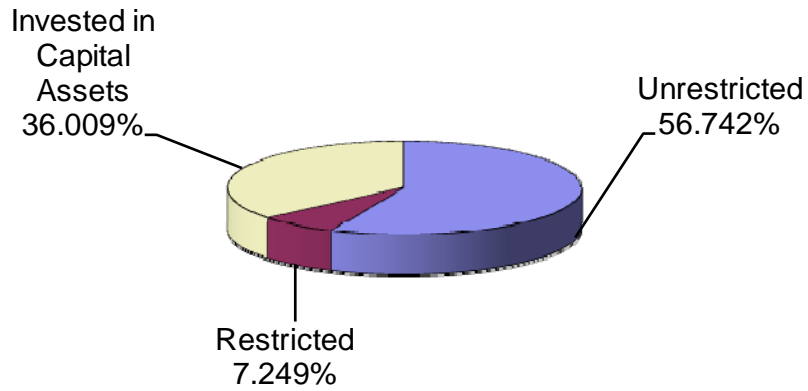
Accounts payable increased slightly in this fiscal year. This was due in part to the trust contribution discussed above.

Advances of revenue relates mainly to federal, State, and local program funds received but not yet earned as of the end of the fiscal year. Most grants are earned when expended (up to the grant amount awarded). Also included are deferred student fees for the 2014/2015 fiscal year of \$1,027,954.

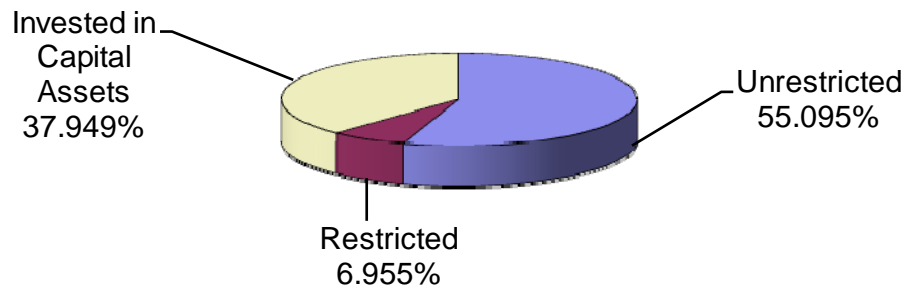
Long-term liabilities (non-current portion) are long-term debt to be paid in one year or later. Compensated absences payable of \$1,026,385 and bonds payable of \$44,506,398 are the two components of the non-current portion.

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 Balance. 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 Position - June 30, 2014



Net Position - June 30, 2013



**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

June 30, 2014 and 2013

*Shasta-Tehama-Trinity Joint
Community College District*

Statement of Revenues, Expenses, and Changes in Net Position

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

The following table summarizes the changes between June 30, 2014 and 2013:

Condensed Statement of Revenues, Expenses and Changes in Net Position

	<u>2014</u>	<u>2013</u>	<u>% Change</u>
Operating revenues	\$ 13,010,333	\$ 12,967,262	0.3%
Operating expenses	<u>49,267,778</u>	<u>48,262,731</u>	2.1%
Operating Loss	(36,257,445)	(35,295,469)	2.7%
Non-operating revenues and expenses	<u>39,177,236</u>	<u>36,250,266</u>	8.1%
Income Before Other Revenue and Expenses	2,919,791	954,797	205.8%
Other revenue and expenses	<u>(1,838,289)</u>	<u>(2,086,227)</u>	-11.9%
Increase in Net Position	1,081,502	(1,131,430)	-195.6%
Net Position - beginning of year, as restated	<u>34,885,494</u>	<u>36,016,924</u>	-3.1%
Net Position - end of year	<u>\$ 35,966,996</u>	<u>\$ 34,885,494</u>	3.1%

Tuition and fees were \$9,622,928, less the Board of Governor tuition waivers of \$5,281,313. 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 \$347,800 and dorm fees were \$499,761 for 2013/2014.

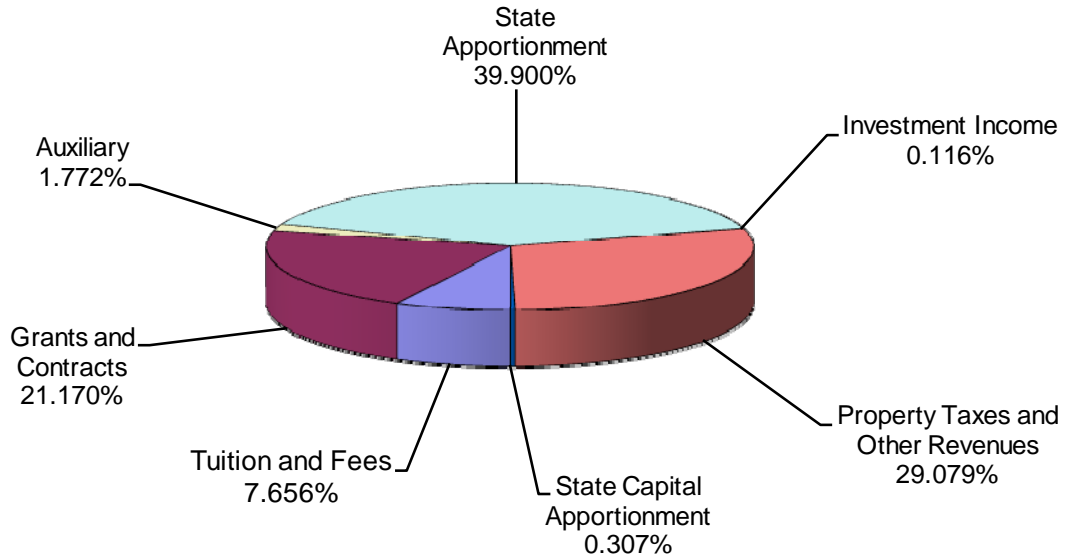
Auxiliary enterprise sales and charges are primarily bookstore commissions and food service sales with a small amount of rental income.

State apportionments, non-capital; consist of State apportionment of \$17,023,901. In addition, \$5,603,365 was received from EPA funding. State apportionment represents total general fund apportionment earned less regular enrollment fees and property taxes.

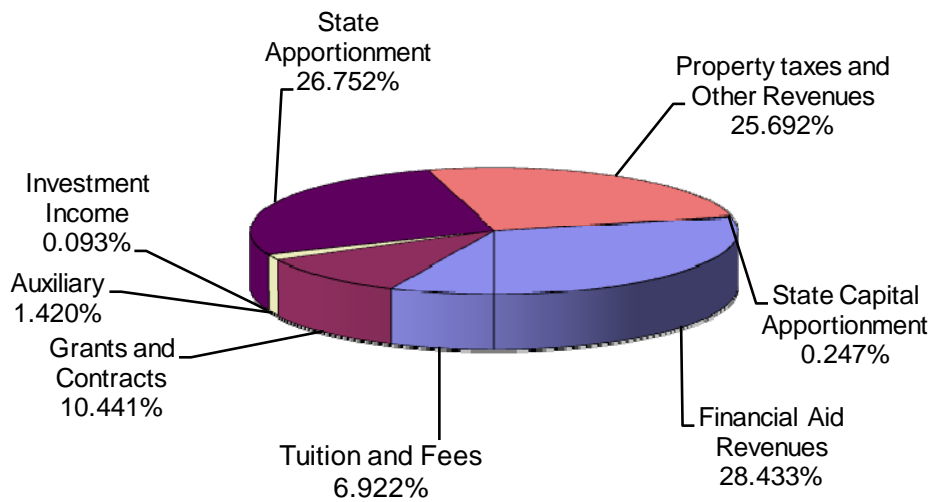
Property taxes and other revenue consist primarily of local property tax revenue (\$12,203,769) and State lottery revenue of \$1,198,386.

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

Revenues - June 30, 2014



Revenues - June 30, 2013



**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

June 30, 2014 and 2013

*Shasta-Tehama-Trinity Joint
Community College District*

Operating Expenses (by Natural Classification)

The following table summarizes the changes between June 30, 2014 and 2013:

Expenses by Natural Classification

	<u>2014</u>	<u>2013</u>	<u>% Change</u>
Salaries	\$ 27,945,239	\$ 26,808,406	4.2%
Employee benefits	10,234,804	10,556,399	-3.0%
Supplies, materials, and other operating expenses	6,434,120	6,519,010	-1.3%
Utilities	1,072,662	1,107,194	-3.1%
Depreciation	3,006,724	2,864,582	5.0%
Payments to students	574,229	407,140	41.0%
	<u>\$ 49,267,778</u>	<u>\$ 48,262,731</u>	2.1%

Salaries and employee benefits reflect an increase of \$815,238 from the prior year. The managed hiring and keeping positions open that began four years ago was relaxed just a bit as the District began to replace vacant positions.

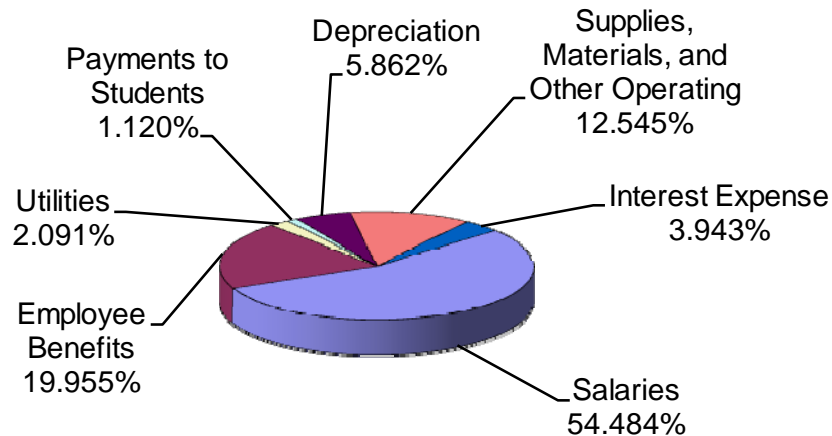
Payments to students are made possible through student service grants. These payments will fluctuate with the available funding and eligibility of students.

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

Utilities remained stable with only small changes.

Depreciation expense increased slightly as expected.

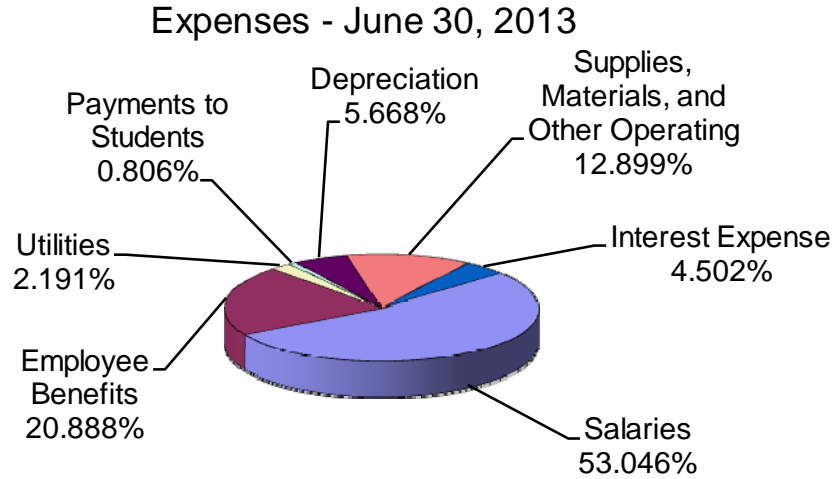
Expenses - June 30, 2014



**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

June 30, 2014 and 2013

*Shasta-Tehama-Trinity Joint
Community College District*



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, 2014 and 2013:

Condensed Statement of Cash Flows

	<u>2014</u>	<u>2013</u>	% Change
Cash received from operations	\$ 13,357,594	\$ 12,706,054	5.1%
Cash expended for operations	(46,844,278)	(46,093,312)	1.6%
Net cash used by operating activities	(33,486,684)	(33,387,258)	0.3%
Net cash provided by non-capital financing activities	39,652,837	38,672,601	2.5%
Net cash provided (used) by capital and related financing activities	(4,627,163)	(5,124,858)	-9.7%
Net cash provided (used) by investing activities	(448,379)	502,479	-189.2%
Net increase (decrease) in cash and cash equivalents	1,090,611	662,964	64.5%
Cash and cash equivalents, beginning of year	14,486,945	13,823,981	4.8%
Cash and cash equivalents, end of year	<u>\$ 15,577,556</u>	<u>\$ 14,486,945</u>	7.5%

Cash receipts from operating activities consist primarily of federal, State, and local grants and contracts of \$7,249,758. Cash outlays were primarily payments to or on behalf of employees of \$27,817,972, benefits of \$10,930,886, payments to suppliers of \$6,448,529, and payments for scholarships and grants of \$574,229.

General apportionment of \$17,038,521, EPA of \$5,603,365 and local property taxes of \$14,643,584 are the primary sources of non-capital financing activities.

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

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

June 30, 2014 and 2013

*Shasta-Tehama-Trinity Joint
Community College District*

Economic Factors That May Affect the Future

The 2014-2015 State Budget continued to grow from the previous years. The State Budget was passed on time for the fourth year since the passage of Proposition 25. The 2014-2015 State Budget includes a cost-of-living adjustment (COLA) of .85%. It does contain \$140.4M in access (restoration) funding. There was continued progress in buying down the state deferrals with the possibility of elimination of the last deferral dependent on the state revenues. It also includes \$148M in deferred maintenance and instructional equipment that was specified as one-time money. In addition, this budget contains additional increases to categorical programs of \$200M specifically targeting Student Success and Support (former matriculation), DSPS, and Student Equity. The Education Protection Act (EPA) funding will continue to be distributed to the districts on a quarterly basis in 2014/15 which will help in managing cash flows, but the revenues from this source continue to be uncertain. The District budget contains a deficit of \$1,465,059 in the general fund. Planning will be crucial to finishing 2015 and 2016.

The 2014-2015 Budget was based on funded FTES declining from the prior year. At the time of this writing, it appears the District will experience a moderate decrease of reported FTES in 2014-15.

Another challenge to 2014-15 and beyond is the proposed increases to STRS and PERS for the employer contributions to both plans. STRS employer rate has increased from 8.25% to 8.88% in 2014-15 with proposed changes over the next several years to 16.28%. PERS employer contributions have increased from 11.442% to 11.771% in 2014-15 with proposed increases over the next few years to 18.20%.

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

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

FINANCIAL SECTION

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

June 30, 2014

ASSETS**CURRENT ASSETS**

Cash and cash equivalents	\$ 10,542,444
Restricted cash and cash equivalents	404,633
Accounts receivable - net	6,689,213
Prepaid expenses	145,184
Inventories	18,135

Total Current Assets17,799,609**NONCURRENT ASSETS**

Restricted cash and cash equivalents	4,630,479
Restricted investments	4,647,662
Nondepreciable capital assets	4,253,066
Depreciable capital assets - net	54,700,415
Other postemployment benefits (obligation) asset	6,669,317

Total Noncurrent Assets74,900,939**Total Assets**92,700,548**DEFERRED OUTFLOW OF RESOURCES**

Deferred loss on refundings - net	238,055
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Total Deferred Outflow of Resources238,055**LIABILITIES****CURRENT LIABILITIES**

Accounts payable	2,876,651
Advances from grantors and students	1,637,785
Compensated absences - current portion	64,146
Long-term debt - current portion	1,208,332
Amounts held in trust for others	4,599,378

Total Current Liabilities10,386,292**NONCURRENT LIABILITIES**

Compensated absences - noncurrent portion	1,026,385
Long-term debt - noncurrent portion	45,558,930

Total Noncurrent Liabilities46,585,315**Total Liabilities**56,971,607**NET POSITION**

Net investment in capital assets	12,951,312
Restricted - expendable	2,607,267
Unrestricted	20,408,417

Total Net Position\$ 35,966,996*The accompanying notes are an integral part of these financial statements.*

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

*Shasta-Tehama-Trinity Joint
Community College District*

Year Ended June 30, 2014

OPERATING REVENUES	
Tuition and fees	\$ 9,622,928
Less: Scholarship discounts and allowances	5,281,313
Net Tuition and Fees	4,341,615
Grants and contracts - noncapital:	
Federal	1,870,620
State	4,985,843
Local	807,440
Auxiliary enterprise sales and charges	1,004,815
Total Operating Revenues	13,010,333
OPERATING EXPENSES	
Salaries	27,945,239
Employee benefits	10,234,804
Supplies, materials, and other operating expenditures	6,434,120
Utilities	1,072,662
Depreciation	3,006,724
Payments to students	574,229
Total Operating Expenses	49,267,778
Operating Loss	(36,257,445)
NONOPERATING REVENUES (EXPENSES)	
State apportionments - noncapital	17,023,901
Education protection account revenues	5,603,365
Local property taxes - noncapital	14,127,107
State taxes and other revenues - noncapital	1,588,363
Federal other revenues	86,060
Investment income - noncapital	55,496
Financial aid revenues - federal	16,558,169
Financial aid revenues - state	1,048,425
Financial aid disbursements	(17,602,980)
Other nonoperating revenues (expenses) - noncapital	689,330
Total Nonoperating Revenues (Expenses)	39,177,236
Income Before Other Revenues and Expenses	2,919,791
OTHER REVENUES, EXPENSES, GAINS OR LOSSES	
Local property taxes and revenues - capital	173,980
Interest expense - capital asset-related debt	(2,022,498)
Investment income - capital	10,229
Total Other Revenues, Expenses, Gains or Losses	(1,838,289)
Change in Net Position	1,081,502
Net Position - Beginning of Year	34,885,494
Net Position - End of Year	\$ 35,966,996

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

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

Page 1 of 2

Year Ended June 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 4,339,500
Federal grants and contracts	1,736,995
State grants and contracts	5,024,603
Local grants and contracts	724,351
Payments to/on behalf of employees	(27,817,972)
Payments for benefits	(10,930,886)
Payments for scholarships and grants	(574,229)
Payments to suppliers	(6,448,529)
Payments for utilities	(1,072,662)
Auxiliary enterprise sales and charges	1,004,815
Other payments	527,330

Net Cash Used by Operating Activities (33,486,684)**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

State apportionments - noncapital	17,038,521
Education protection account revenues	5,603,365
Local property taxes - noncapital	14,643,584
State taxes and other revenues	1,588,363
Federal other revenues	86,060
Financial aid receipts - federal	16,558,169
Financial aid receipts - state	1,048,425
Financial aid disbursements	(17,602,980)
Other receipts	689,330

Net Cash Provided by Noncapital Financing Activities 39,652,837**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Local property taxes - capital	173,980
Purchases of capital assets	(1,016,205)
Interest paid on long-term debt	(2,020,054)
Principal paid on long-term debt	(1,775,113)
Interest received on capital investments	10,229

Net Cash Used by Capital and Related Financing Activities (4,627,163)**CASH FLOWS FROM INVESTING ACTIVITIES**

Sale of investments	842,271
Purchase of investments	(1,343,588)
Interest on investments	52,938

Net Cash Used by Investing Activities (448,379)**Net Change in Cash and Cash Equivalents** 1,090,611**Cash and Cash Equivalents - Beginning of Year** 14,486,945**Cash and Cash Equivalents - End of Year** \$ 15,577,556*The accompanying notes are an integral part of these financial statements.*

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

Page 2 of 2

Year Ended June 30, 2014

**COMPONENTS OF CASH AND
CASH EQUIVALENTS**

Cash and cash equivalents	\$ 10,542,444
Restricted cash and cash equivalents - current	404,633
Restricted cash and cash equivalents - noncurrent	4,630,479
Total Cash and Cash Equivalents	\$ 15,577,556

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

Operating loss	\$ (36,257,445)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	3,006,724
Allowance for doubtful accounts	(30,000)
Changes in:	
Accounts receivable	(72,201)
Prepaid expenses	8,317
Inventories	1,076
Accounts payable	1,023,864
Advances from grantors and students	(67,789)
Other postemployment benefit (obligation) asset	(1,630,082)
Compensated absences	3,522
Amounts held in trust for others	527,330
Net Cash Used by Operating Activities	\$ (33,486,684)

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

**STATEMENT OF FINANCIAL
POSITION - FOUNDATION**

*Shasta-Tehama-Trinity Joint
Community College District*

June 30, 2014

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 406,254
Investments	3,155,681
Loan receivable - current	13,200
Accounts receivable	8,445
Accrued interest receivable	14,557
Prepaid expenses	68,312
Total Current Assets	3,666,449

PROPERTY

Land	89,219
Building	310,781
Subtotal	400,000

Less: Accumulated depreciation 135,531

Property - Net 264,469

Total Assets \$ 3,930,918

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 2,208
Depository liabilities	75,386
Total Liabilities	77,594

NET ASSETS

Unrestricted	1,413,477
Temporarily restricted	2,439,847
Total Net Assets	3,853,324

Total Liabilities and Net Assets \$ 3,930,918

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

**STATEMENT OF ACTIVITIES -
FOUNDATION**

*Shasta-Tehama-Trinity Joint
Community College District*

Year Ended June 30, 2014

CHANGES IN UNRESTRICTED NET ASSETS

Revenues and Gains

Contributions:

Public support \$ 116,517

Total Contributions 116,517

Other revenues and gains (loss):

Investment income (loss) 166,129

Other income 31,705

Total Other Revenues and Gains (Loss) 197,834

Total Unrestricted Revenues and Gains (Loss) 314,351

Net Assets Released from Restrictions 146,919

Total Unrestricted Revenues and Gains 461,270

Expenses

Program services:

Burney property expenses 12,859

Scholarships 70,322

Nursing program expenses 3,499

Other programs 21,126

Total Program Services Expenses 107,806

Supporting services:

Management and general 70,321

Fundraising 38,066

Total Supporting Services Expenses 108,387

Total Expenses 216,193

Changes in Unrestricted Net Assets 245,077

**CHANGES IN TEMPORARILY RESTRICTED
NET ASSETS**

Revenues, Gains, and Other Support

Contributions:

Public support 40,200

Total Contributions 40,200

Other revenues, gains (loss), and support:

Investment income (loss) 211,313

Net Assets Released from Restrictions (146,919)

Change in Temporarily Restricted Net Assets 104,594

Change in Net Assets 349,671

Net Assets - Beginning of Year 3,503,653

Net Assets - End of Year \$ 3,853,324

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

**STATEMENT OF CASH FLOWS -
FOUNDATION**

*Shasta-Tehama-Trinity Joint
Community College District*

Year Ended June 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 349,671
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:	
Depreciation	10,359
Net investment income reinvested	(244,297)
Changes in:	
Accounts receivable	(6,064)
Prepaid expense	(68,312)
Loan receivable	13,200
Accrued interest receivable	3,450
Accounts payable	797
Depository liabilities	7,360
Net Cash Provided by Operating Activities	<u>66,164</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of investments	719,403
Purchase of investments	<u>(490,430)</u>
Net Cash Provided by Investing Activities	<u>228,973</u>
Net Increase in Cash	295,137
Cash and Cash Equivalents - Beginning of Year	<u>111,117</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 406,254</u></u>

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

Exceptions to the accrual basis of accounting are as follows:

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

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

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

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

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

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

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

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

Depreciation of capitalized assets is computed using the straight-line method over the estimated useful lives of the assets, generally 50 - 80 years for buildings, 10 years for site improvements, 3 - 8 years for equipment and vehicles.

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

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

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

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

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

Long-Term Liabilities Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which does not differ materially from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year incurred. Amortization of bond premium and discount costs was \$100,383 for the year ended June 30, 2014.

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

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

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

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

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

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

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

Classification of Revenues The District has classified its revenues as either operating or nonoperating, according to the following criteria:

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

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

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

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

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

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

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

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

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

DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION

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

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

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

Unrestricted Net Assets: Net assets that are not subject to donor-imposed stipulations.

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

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

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

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 2010 and beyond remain subject to examination by the Internal Revenue Service. The Foundation's California income tax returns for tax years 2009 and beyond remain subject to examination by the Franchise Tax Board.

The Foundation did not have unrecognized tax benefits as of June 30, 2014, 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, 2014, 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.

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, 2014, for the District and Foundation are as follows:

District	
CURRENT	
Cash and cash equivalents	\$ 10,542,444
Restricted cash and cash equivalents	404,633
NONCURRENT	
Restricted cash and cash equivalents	4,630,479
Total Cash and Cash Equivalents	\$ 15,577,556
Total Restricted Investments	\$ 4,647,662
Foundation	
Cash and cash equivalents	\$ 406,254
Total Cash and Cash Equivalents	\$ 406,254
Investments	\$ 3,155,681
Total Investments	\$ 3,155,681

At June 30, 2014, the carrying amounts of the District’s and Foundation’s deposits are summarized as follows:

	District	Foundation
Cash in County Treasury	\$ 14,791,200	\$ -
Cash on hand and in banks	786,356	406,254
Total Deposits	\$ 15,577,556	\$ 406,254

As provided for by *California Education Code*, Section 41001, a significant portion of the District's cash balances of most funds is deposited with the Shasta County Treasurer for the purpose of increasing interest earned through County investment activities. The County Treasury's Pooled Money Investment account's weighted average maturities was 2.47 years at June 30, 2014.

As of the date of these financial statements, the County of Shasta's 2014 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, \$476,640 of the District's bank balances and all of the Foundation's bank balances at June 30, 2014, are insured.

Investments

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

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

The District invests funds in a US Bank Investment Agreement to satisfy debt service reserve requirements. The investment amount of \$717,187 matures May 1, 2034.

At June 30, 2014, 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 7.89 years at June 30, 2014.

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

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

As of June 30, 2014, the investments consisted of:

	District
Mutual funds	\$ 716,265
Municipal bonds	-
Corporate/government bonds	3,931,397
Total Investments	\$ 4,647,662
	Foundation (Level 1)
Mutual funds	
Large cap value funds	\$ 572,594
Large cap blend funds	1,246,816
Municipal bonds	499,711
Corporate/governmental bonds	
Communication	53,192
Biotech	83,662
Financial services	543,091
Healthcare	19,762
Industrials	40,533
Real estate	27,672
Technology	69,648
Total Investments	\$ 3,156,681

Risk Information

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

Credit Risk

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

At June 30, 2014, 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, 2014, consisted of the following:

Tuition and fees	\$ 738,904
Less: Allowance for doubtful accounts	445,000
Tuition and Fees - Net	293,904
Federal grants and contracts	441,870
State grants and contracts	863,514
Local grants and contracts	257,613
State apportionment	4,417,208
Investment income - noncapital	49,150
Local property taxes	288,110
Reimbursements	72,974
Other	4,870
Total	\$ 6,689,213

4. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2014, is summarized as follows:

	Balance June 30, 2013	Additions	Deductions	Transfers	Balance June 30, 2014
NONDEPRECIABLE CAPITAL ASSETS					
Land	\$ 3,839,886	\$ -	\$ -	\$ -	\$ 3,839,886
Construction in progress	672,030	227,225	-	(486,075)	413,180
Total Nondepreciable Capital Assets	\$ 4,511,916	\$ 227,225	\$ -	\$ (486,075)	\$ 4,253,066
DEPRECIABLE CAPITAL ASSETS					
Site improvements	\$ 16,641,280	\$ 282,000	\$ -	\$ 732,633	\$ 17,655,913
Buildings and improvements	64,910,757	103,535	-	(246,558)	64,767,734
Vehicle and equipment	8,721,154	324,108	(128,393)	-	8,916,869
Computer equipment	2,237,141	85,165	(10,533)	-	2,311,773
Leasehold improvements	41,540	-	-	-	41,540
Total Depreciable Capital Assets	92,551,872	794,808	(138,926)	486,075	93,693,829
Less: Accumulated depreciation	36,125,616	3,006,724	(138,926)	-	38,993,414
Total Depreciable Assets - Net	\$ 56,426,256	\$ (2,211,916)	\$ -	\$ 486,075	\$ 54,700,415

There was no activity in the Foundation capital assets for the year ended June 30, 2014, other than depreciation expense of \$10,359.

5. ACCOUNTS PAYABLE

Accounts payable at June 30, 2014, consisted of the following:

Accrued payroll and related liabilities	\$ 1,184,751
Interest payable	647,106
Construction payable	5,828
Other	1,038,966
Total	\$ 2,876,651

6. LONG-TERM LIABILITIES

The long-term liability activity for the year ended June 30, 2014, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Revenue bonds	\$ 19,071,199	\$ -	\$ 1,087,040	\$ 17,984,159
General obligation bonds	28,328,914	-	598,343	27,730,571
Other financing	1,142,262	-	89,730	1,052,532
Total Long-Term Debt	\$ 48,542,375	\$ -	\$ 1,775,113	\$ 46,767,262
Compensated Absences	\$ 1,087,009	\$ 3,522	\$ -	\$ 1,090,531

Long-term debt consisted of the following individual debt issues at June 30, 2014:

REVENUE BONDS	
2008 Lease Revenue Bond Series 2008A, issued by California Community College Financing Authority, in the original amount of \$3,845,000. Final maturity in 2028. Interest rate ranges from 3.50% to 5.00%.	\$ 3,325,000
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%.	5,695,000
2012 Lease Revenue Refunding Bond Series 2012A, issued by California Community College Financing Authority, in the original amount of \$9,495,000. Final maturity in 2030. Interest rate ranges from 2.00% to 5.00%.	<u>8,545,000</u>
Subtotal	17,565,000
Premium on 2012 Lease Revenue Refunding Bonds	<u>419,159</u>
Subtotal - Revenue Bonds	<u>17,984,159</u>
GENERAL OBLIGATION BONDS	
1966 Issue - Series B in the original amount of \$4,000,000. Final maturity in 1991 (see below). Interest rates ranging from 3.30% to 4.75%.	25,000
2002 General Obligation Bonds Series 2002B, issued in the original amount of \$23,000,000. Final maturity in 2031. Interest rate ranges from 4.00% to 5.25%.	19,955,000
2011 General Obligation Refunding Bonds, issued in the original amount of \$7,250,000. Final maturity in 2028. Interest rate ranges from 2.00% to 5.00%.	<u>6,620,000</u>
Subtotal	26,600,000
Premium on 2002 General Obligation Bonds - Series B	723,967
Premium on 2011 General Obligation Bonds - Series A	<u>406,604</u>
Subtotal - General Obligation Bonds	<u>27,730,571</u>
OTHER FINANCING	
2009 Energy Upgrade Loan, issued by the California Energy Commission, in the original amount of \$1,313,577. Final maturity in 2023, with an interest rate of 3.95%.	<u>1,052,532</u>
Total Other Financing	<u>1,052,532</u>
Total Long-Term Debt	46,767,262
Less: Current portion	<u>1,208,332</u>
Total Long-Term Debt - Noncurrent Portion	<u>\$ 45,558,930</u>

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

*Shasta-Tehama-Trinity Joint
Community College District*

The 1966 Issue – Series B General Obligation Bonds were issued under the old Shasta Joint Junior College District. The Shasta-Tehama-Trinity Joint Community College District is the successor District and is obligated to service the bonded debt of the old District. The Series B Bonds matured in 1991 but were not redeemed in the amount of \$25,000. The liability for the unredeemed balances has been reflected in the summary of principal amounts due for the year ended June 30, 2014.

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

Year Ending June 30	Principal	Interest	Total	Bond Premium	Total
2015	\$ 1,208,332	\$ 2,062,355	\$ 3,270,687	\$ 100,383	\$ 3,371,070
2016	1,521,956	2,022,580	3,544,536	100,383	3,644,919
2017	1,645,923	1,968,814	3,614,737	100,383	3,715,120
2018	1,824,949	1,912,250	3,737,199	100,383	3,837,582
2019	1,879,135	1,850,319	3,729,454	100,383	3,829,837
2020-2024	11,953,238	7,924,155	19,877,393	501,916	20,379,309
2025-2029	16,900,000	4,466,688	21,366,688	456,735	21,823,423
2030-2034	8,283,999	652,063	8,936,062	89,164	9,025,226
Total	\$ 45,217,532	\$ 22,859,224	68,076,756	1,549,730	69,626,486
Less: Interest			22,859,224	-	22,859,224
Net Principal			\$ 45,217,532	\$ 1,549,730	\$ 46,767,262

7. OPERATING LEASES

The District leases equipment under noncancelable operating leases. In addition, the District has monthly rent contracts for classroom facilities. Total costs for such leases and rents were \$278,280 for the year ended June 30, 2014.

The future minimum lease payments as of June 30, 2014, are as follows:

2015	\$ 77,211
2016	77,211
2017	77,211
2018	59,478
2019	41,128
Total	\$ 332,239

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 California State Teachers' Retirement Plan (CalSTRP), a cost-sharing, multiple-employer contributory public employee retirement system. The State Teachers' Retirement Law (Part 13 of the *California Education Code*, Section 22000 et seq.) established benefit provisions for CalSTRS. Copies of the CalSTRS annual financial report may be obtained from the CalSTRS Executive Office, 100 Waterfront Place, Sacramento, California 95605.

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

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

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

Funding Policy

Active plan members are required to contribute 8.0% of their gross salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Board based upon recommendations made by the consulting actuary. The required employer contribution rate for the fiscal year ended June 30, 2014, was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statutes. The District's contributions to CalSTRS for the fiscal years ended June 30, 2014, 2013, and 2012, were \$1,264,911, \$1,213,735, and \$1,197,710, respectively, and equaled 100% of the required contributions for each year.

California Public Employees' Retirement System (CalPERS)

Plan Description

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

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

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

Funding Policy

Active plan members are required to contribute 7.0% of their salary, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year ended June 30, 2014, was 11.442% 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, 2014, 2013, and 2012, were \$1,040,048, \$1,000,021, and \$942,725, 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 5.29% of covered members' gross salaries. The State of California amounts have not been reported in the basic financial statements as management believes they are immaterial to the financial statements taken as a whole.

9. STATE AND FEDERAL ALLOWANCES, AWARDS, AND GRANTS

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

10. RISK MANAGEMENT

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

Coverage includes property, liability, and workers' compensation insurance. Liability losses in excess of the District's \$10,000 retention amount are covered up to \$5,000,000 per occurrence. Coverage above the \$5,000,000 level up to \$20,000,000 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 \$250,000 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 CalSTRS or CalPERS 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 328 active full-time employees who are eligible for postretirement health benefits and 247 retirees who receive postretirement health benefits.

Funding Policy

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

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

Annual OPEB Cost and Net OPEB Obligation

Before the implementation of GASB 45, the District’s expenses for postretirement health benefits were recognized only when paid. The District’s annual OPEB cost (expense) is now calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial accrued liabilities (UAAL) over a period of 30 years. The following table shows the components of the District’s OPEB cost of the year, the amount actually contributed to the Plan, and changes in the District’s net OPEB obligation to the Plan of the year ended June 30, 2014:

Annual required contributions	\$ 2,072,883
Interest on net OPEB obligation	(312,433)
Adjustment to annual required contribution	373,964
Annual OPEB Cost	2,134,414
Contributions	(3,764,496)
Change in Net OPEB Obligation (Asset)	(1,630,082)
Net OPEB Obligation (Asset) - Beginning of Year	(5,039,235)
Net OPEB Obligation (Asset) - End of Year	\$ (6,669,317)

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, 2014, 2013, and 2012, were as follows:

Year Ended	Annual OPEB Cost	Actual Employer Contributions	Percentage Contributed	Net Ending OPEB Obligation (Asset)
June 30, 2012	\$ 2,036,566	\$ (2,197,752)	107.92%	\$ (4,568,276)
June 30, 2013	\$ 2,038,432	\$ (2,509,391)	123.10%	\$ (5,039,235)
June 30, 2014	\$ 2,134,414	\$ (3,764,496)	176.37%	\$ (6,669,317)

Funded Status and Funding Progress

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

	July 1, 2011	July 1, 2013
Actuarial accrued liability (AAL)	\$ 39,430,443	\$ 40,133,078
Actuarial value of plan assets	6,561,028	8,081,265
Unfunded Actuarial Accrued Liability	\$ 32,869,415	\$ 32,051,813
Funded ratio (actuarial value of plan assets/AAL)	16.64%	20.14%
Covered payroll (active members)	\$ 20,476,276	\$ 21,393,111
UAAL as a Percentage of Covered Payroll	160.52%	149.82%

As of June 30, 2014, the District has set aside approximately \$8,251,307 in an external trust fund and the fair value of the trust fund as of June 30, 2014, was approximately \$9,653,946.

Actuarial Methods and Assumptions

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

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

In the July 1, 2013, actuarial valuation, the entry-age normal cost method was used. The actuarial assumptions included a 6.2% discount rate based on the assumption that a substantial portion of the ARC is funded. A 2.75% price inflation and a 2.75% wage inflation assumption was used as well as an annual cost trend rate of 4.0%. Unfunded actuarial accrued liabilities are amortized to produce payments (principal and interest), which are a level percent of payroll over a 30-year period.

12. FUNCTIONAL EXPENSES

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

The functional expenses classifications for the year ended June 30, 2014, are as follows:

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Supplies, Materials, and Other Expenses and Services</u>	<u>Depreciation and Amortization</u>	<u>Total</u>
Instructional activities	\$ 14,049,268	\$ 3,449,340	\$ 1,108,884	\$ -	\$ 18,607,492
Academic support	3,479,449	1,269,852	492,707	-	5,242,008
Student services	3,664,154	1,307,171	644,342	-	5,615,667
Plant operations and maintenance	1,474,463	646,355	1,276,019	-	3,396,837
Institutional support services	3,052,901	2,759,538	1,967,528	-	7,779,967
Community services and economic development	677,498	167,730	733,099	-	1,578,327
Ancillary services and operations	1,547,506	634,818	1,284,205	-	3,466,529
Student aid	-	-	574,227	-	574,227
Depreciation	-	-	-	3,006,724	3,006,724
Total	<u>\$ 27,945,239</u>	<u>\$ 10,234,804</u>	<u>\$ 8,081,011</u>	<u>\$ 3,006,724</u>	<u>\$ 49,267,778</u>

13. COMMITMENTS

As of June 30, 2014, the District had no unfinished construction contracts.

14. IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

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

15. BENEFICIAL INTEREST IN CHARITABLE REMAINDER ANNUITY TRUSTS – FOUNDATION

During the 2008 year, the Foundation was named as trustee and primary beneficiary of a 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 was nonperforming and the Foundation repossessed 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.

16. INVESTMENT INCOME – FOUNDATION

A summary of return on investments consisted of the following for the year ended June 30, 2014:

Interest and dividends	\$ 129,156
Net realized and unrealized gain (loss)	279,991
Management fees	(31,705)
Total Investment Income (Loss)	\$ 377,442

17. TEMPORARILY RESTRICTED NET ASSETS – FOUNDATION

Temporarily restricted net assets are available for the following purposes at June 30, 2014:

Dental programs	\$ 103,150
Scholarships	734,142
Assistance to needy students	1,299,025
Athletic programs	181,162
Other programs	122,368
Total	\$ 2,439,847

18. ENDOWMENTS – FOUNDATION

Endowment net asset composition by type of fund as of June 30, 2014, is as follows:

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

SUPPLEMENTARY INFORMATION SECTION

ORGANIZATION STRUCTURE

June 30, 2014

*Shasta-Tehama-Trinity Joint
Community College District*

Board of Trustees

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

ADMINISTRATION

Dr. Joe Wyse
District Superintendent/President

Ms. Meredith Randall
Vice President for Academic Affairs

Mr. Morris Rodrigue
Vice President of Administrative Services

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

*Shasta-Tehama-Trinity Joint
Community College District*

June 30, 2014

	Reported Data
<hr/> <hr/>	
SUMMER INTERSESSION (Summer 2013 only)	
Noncredit	10.00
Credit	18.59
SUMMER INTERSESSION (Summer 2014 - Prior to July 1, 2014)	
Noncredit	-
Credit	1.80
PRIMARY TERMS (Exclusive of Summer Intersession)	
Census Procedure Courses	
Weekly Census Contact Hours	4,631.36
Daily Census Contact Hours	395.04
Actual Hours of Attendance Procedure Courses	
Noncredit	225.61
Credit	211.02
Alternative Attendance Accounting Procedure	
Weekly Census Contact Hours	777.68
Daily Census Contact Hours	207.17
Noncredit Independent Study/Distance Education Courses	-
Total FTES	6,478.27
<hr/> <hr/>	
SUPPLEMENTARY INFORMATION (Subset of above information)	
IN-SERVICE TRAINING COURSES (FTES)	16.34
BASIC SKILLS COURSES AND IMMIGRANT EDUCATION	
Noncredit	198.63
Credit	154.73
<hr/> <hr/>	

See the accompanying notes to the supplementary information.

**SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**

June 30, 2014

*Shasta-Tehama-Trinity Joint
Community College District*

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass Through/ Grant Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF INTERIOR			
Indian Self-Determination Contract Support		15.024	\$ 42,653
Total U.S. Department of Interior			<u>42,653</u>
U.S. DEPARTMENT OF AGRICULTURE			
U.S. Forest Service - Wildland Fire Management		10.688	33,850
Total U.S. Department of Agriculture			<u>33,850</u>
SMALL BUSINESS ADMINISTRATION			
Passed Through The CSU, Chico Research Foundation			
Small Business Development Centers	13-004	59.037	102,699
Small Business Development Centers	14-009	59.037	55,645
Total Small Business Administration			<u>158,344</u>
U.S. DEPARTMENT OF EDUCATION			
Financial Aid Cluster			
Federal Supplemental Education Opportunity Grants		84.007	99,839
Federal Work-Study Program		84.033	172,000
Federal Pell Grant Program		84.063	13,611,848
Federal Direct Student Loans		84.268	2,737,988
Total Financial Aid Cluster			<u>16,621,675</u>
TRIO Cluster			
TRIO - Student Support Services		84.042	300,150
TRIO - Talent Search		84.044	182,981
TRIO - Upward Bound		84.047	251,342
Total TRIO Cluster			<u>734,473</u>
Passed Through State Department of Education			
Career and Technical Education - Basic Grants to States	13-112-110	84.048	325,053
Career and Technical Education - Basic Grants to States		84.051	224,261
Total U.S. Department of Education			<u>17,905,462</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through the Chancellor's Office			
Foster Care Title IV-E	FKCE	93.658	59,943
Temporary Assistance for Needy Families		93.558	108,195
Total U.S. Department of Health and Human Services			<u>168,138</u>
CORPORATION FOR NATIONAL SERVICES			
State and Local Homeland Security Training Program		94.005	91,526
Total Corporation for National Service			<u>91,526</u>
Total Expenditures of Federal Awards			<u>\$ 18,399,973</u>

See the accompanying notes to the supplementary information.

**SCHEDULE OF EXPENDITURES OF
STATE AWARDS**

June 30, 2014

*Shasta-Tehama-Trinity Joint
Community College District*

	Program Revenues			
	Cash Received	Accounts Receivable	Deferred Revenue	Total
Extended Opportunity Programs and Services	\$ 873,756	\$ 3,116	\$ -	\$ 876,872
CALGrants	1,051,604	(5,822)	-	1,045,782
Disabled Students Programs and Services	450,703	-	-	450,703
CalWORKS	237,967	103,868	-	341,835
Student Financial Aid Administration	350,023	-	-	350,023
Matriculation	422,615	(6,930)	(50,105)	365,580
Economic Workforce Development	384,356	(380,785)	-	3,571
Career Tech Education	584,539	210,384	324,563	1,119,486
Cooperative Agency Resources Education	86,957	532	-	87,489
Foster Parent	68,909	30,075	-	98,984
All other categorical	1,750,275	(178,050)	860	1,573,085
Total State Programs	\$ 6,261,704	\$ (223,612)	\$ 275,318	\$ 6,313,410

See the accompanying notes to the supplementary information.

**RECONCILIATION OF ANNUAL FINANCIAL
AND BUDGET REPORT (FORM CCFS-311)
WITH AUDITED FINANCIAL STATEMENTS**
June 30, 2014

	General Fund	2002 Revenue Bond and Bond Interest and Redemption Funds	Lease Revenue Bond Interest and Redemption Funds	Revenue Operations and Repair and Replacement Fund	Balance Forward
June 30, 2014, Annual Financial and Budget Report (CCFS-311) Fund Balance	\$ 10,037,572	\$ 1,875,304	\$ 731,963	\$ 1,475,354	\$ 14,120,193
Adjustment and reclassifications increasing (decreasing) the fund balance:					
District adjustments	-	-	-	-	-
Reclassification of Auxiliary Fund for financial statement purposes	428,054	-	-	-	428,054
Reclassification of amounts held for others	-	-	-	-	-
Rounding	-	-	-	(2)	(2)
Net Adjustments and Reclassifications	428,054	-	-	(2)	428,052
June 30, 2014, District Accounting Records Fund Balance	\$ 10,465,626	\$ 1,875,304	\$ 731,963	\$ 1,475,352	\$ 14,548,245

See the accompanying notes to the supplementary information.

	Balance Brought Forward	Auxiliary Fund	Capital Outlay and General Obligation Bond Project Funds	Lease Revenue Bond Construction Fund	Balance Forward
June 30, 2014, Annual Financial and Budget Report (CCFS-311) Fund Balance	\$ 14,120,193	\$ 1,209,338	\$ 2,174,683	\$ 765,093	\$ 18,269,307
Adjustment and reclassifications increasing (decreasing) the fund balance:					
District adjustments	-	-	-	-	-
Reclassification of Auxiliary Fund for financial statement purposes	428,054	(428,054)	-	-	-
Reclassification of amounts held for others	-	-	-	-	-
Rounding	(2)	-	(1)	-	(3)
Net Adjustments and Reclassifications	428,052	(428,054)	(1)	-	(3)
June 30, 2014, District Accounting Records Fund Balance	\$ 14,548,245	\$ 781,284	\$ 2,174,682	\$ 765,093	\$ 18,269,304

See the accompanying notes to the supplementary information.

**RECONCILIATION OF ANNUAL FINANCIAL
AND BUDGET REPORT (FORM CCFS-311)
WITH AUDITED FINANCIAL STATEMENTS**
June 30, 2014

*Shasta-Tehama-Trinity Joint
Community College District*
Page 2 of 2

	Balance Brought Forward	Classified B.U.M. Benefit Fund	Student Financial Aid Fund	Student Trust Funds	Balance Forward
June 30, 2014, Annual Financial and Budget Report (CCFS-311) Fund Balance	\$ 18,269,307	\$ 272,318	\$ 5,273	\$ 237,366	\$ 18,784,264
Adjustment and reclassifications increasing (decreasing) the fund balance:					
District adjustments	-	-	-	-	-
Reclassification of Auxiliary Fund for financial statement purposes	-	-	-	-	-
Reclassification of amounts held for others	-	-	-	(237,366)	(237,366)
Rounding	(3)	1	-	-	(2)
Net Adjustments and Reclassifications	(3)	1	-	(237,366)	(237,368)
June 30, 2014, District Accounting Records Fund Balance	\$ 18,269,304	\$ 272,319	\$ 5,273	\$ -	\$ 18,546,896

See the accompanying notes to the supplementary information.

	Balance Brought Forward	Scholarship and Loan Trust Fund	Trustees Investment Trust Fund	Total
June 30, 2014, Annual Financial and Budget Report (CCFS-311) Fund Balance	\$ 18,784,264	\$ 231,572	\$ 4,145,566	\$ 23,161,402
Adjustment and reclassifications increasing (decreasing) the fund balance:				
District adjustments	-	-	-	-
Reclassification of Auxiliary Fund for financial statement purposes	-	-	-	-
Reclassification of amounts held for others	(237,366)	(231,572)	(4,145,566)	(4,614,504)
Rounding	(2)	-	-	(2)
Net Adjustments and Reclassifications	(237,368)	(231,572)	(4,145,566)	(4,614,506)
June 30, 2014, District Accounting Records Fund Balance	\$ 18,546,896	\$ -	\$ -	\$ 18,546,896

See the accompanying notes to the supplementary information.

RECONCILIATION OF 50% LAW CALCULATION

June 30, 2014

Shasta-Tehama-Trinity Joint

Community College District

Page 1 of 2

	Object Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 and AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
ACADEMIC SALARIES							
INSTRUCTIONAL SALARIES							
Contract or regular	1100	\$ 8,671,256	\$ -	\$ 8,671,256	\$ 8,671,256	\$ -	\$ 8,671,256
Other	1300	4,116,339	-	4,116,339	4,116,339	-	4,116,339
Total Instructional Salaries		<u>12,787,595</u>	<u>-</u>	<u>12,787,595</u>	<u>12,787,595</u>	<u>-</u>	<u>12,787,595</u>
NON-INSTRUCTIONAL SALARIES							
Contract or regular	1200	-	-	-	3,474,696	-	3,474,696
Other	1400	-	-	-	173,271	-	173,271
Total Non-Instructional Salaries		<u>-</u>	<u>-</u>	<u>-</u>	<u>3,647,967</u>	<u>-</u>	<u>3,647,967</u>
Total Academic Salaries		<u>12,787,595</u>	<u>-</u>	<u>12,787,595</u>	<u>16,435,562</u>	<u>-</u>	<u>16,435,562</u>
CLASSIFIED SALARIES							
NON-INSTRUCTIONAL SALARIES							
Regular status	2100	-	-	-	5,871,450	-	5,871,450
Other	2300	-	-	-	582,847	-	582,847
Total Non-Instructional Salaries		<u>-</u>	<u>-</u>	<u>-</u>	<u>6,454,297</u>	<u>-</u>	<u>6,454,297</u>
INSTRUCTIONAL AIDES							
Regular status	2200	567,344	-	567,344	567,344	-	567,344
Other	2400	200,591	-	200,591	200,591	-	200,591
Total Instructional Aides		<u>767,935</u>	<u>-</u>	<u>767,935</u>	<u>767,935</u>	<u>-</u>	<u>767,935</u>
Total Classified Salaries		<u>767,935</u>	<u>-</u>	<u>767,935</u>	<u>7,222,232</u>	<u>-</u>	<u>7,222,232</u>
OTHER							
Employee benefits	3000	4,918,772	-	4,918,772	10,370,013	-	10,370,013
Supplies and materials	4000	-	-	-	651,655	-	651,655
Other operating expenses	5000	20,793	-	20,793	3,391,550	-	3,391,550
Equipment replacement	6420	-	-	-	-	-	-
Total Other		<u>4,939,565</u>	<u>-</u>	<u>4,939,565</u>	<u>14,413,218</u>	<u>-</u>	<u>14,413,218</u>
Total Expenditures Prior to Exclusions		<u>\$ 18,495,095</u>	<u>\$ -</u>	<u>\$ 18,495,095</u>	<u>\$ 38,071,012</u>	<u>\$ -</u>	<u>\$ 38,071,012</u>

See the accompanying notes to the supplementary information.

RECONCILIATION OF 50% LAW CALCULATION

June 30, 2014

Shasta-Tehama-Trinity Joint

Community College District

Page 2 of 2

	Object Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 and AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
EXCLUSIONS							
ACTIVITIES TO EXCLUDE							
Instructional Staff-Retirees' Benefits and Retirement Incentives	5900	\$ 1,592,622	\$ -	\$ 1,592,622	\$ 1,592,622	\$ -	\$ 1,592,622
Student Health Services Above Amount Collected	6441	-	-	-	85,260	-	85,260
Student Transportation	6491	-	-	-	-	-	-
Non-instructional Staff Retirees' Benefits and Retirement Incentives	6740	-	-	-	1,581,126	-	1,581,126
Total Instructional Salaries		<u>1,592,622</u>	<u>-</u>	<u>1,592,622</u>	<u>3,259,008</u>	<u>-</u>	<u>3,259,008</u>
OBJECTS TO EXCLUDE							
Rents and leases	5060	-	-	-	200,271	-	200,271
Lottery expenditures		-	-	-	-	-	-
Academic salaries	1000	-	-	-	133,963	-	133,963
Classified salaries	2000	-	-	-	381,144	-	381,144
Employee benefits	3000	-	-	-	200,717	-	200,717
Subtotal		<u>-</u>	<u>-</u>	<u>-</u>	<u>916,095</u>	<u>-</u>	<u>916,095</u>
Supplies and materials:	4000						
Software	4100	-	-	-	-	-	-
Books, magazines, and periodicals	4200	-	-	-	-	-	-
Instructional supplies and materials	4300	-	-	-	-	-	-
Non-instructional supplies and materials	4400	-	-	-	5,119	-	5,119
Total Supplies and Materials		<u>-</u>	<u>-</u>	<u>-</u>	<u>5,119</u>	<u>-</u>	<u>5,119</u>
Other operating expenses and services	5000	-	-	-	217,546	-	217,546
Capital outlay	6000	-	-	-	-	-	-
Library books	6300	-	-	-	-	-	-
Subtotal		<u>-</u>	<u>-</u>	<u>-</u>	<u>217,546</u>	<u>-</u>	<u>217,546</u>
Equipment:	6400						
Equipment - additional	6410	-	-	-	-	-	-
Equipment - replacement	6420	-	-	-	-	-	-
Total Equipment		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Outlay		<u>1,592,622</u>	<u>-</u>	<u>1,592,622</u>	<u>4,397,768</u>	<u>-</u>	<u>4,397,768</u>
Other outgo	7000	-	-	-	-	-	-
Total Exclusions		<u>1,592,622</u>	<u>-</u>	<u>1,592,622</u>	<u>4,397,768</u>	<u>-</u>	<u>4,397,768</u>
Total for ECS 84362 - 50% Law		<u>\$16,902,473</u>	<u>\$ -</u>	<u>\$16,902,473</u>	<u>\$33,673,244</u>	<u>\$ -</u>	<u>\$33,673,244</u>
Percentage of CEE (Instructional Salary Cost/Total CEE)		<u>50.20%</u>	<u>0.00%</u>	<u>50.20%</u>			
50% of Current Expense of Education					<u>\$16,836,620</u>	<u>\$ -</u>	<u>\$16,836,620</u>

See the accompanying notes to the supplementary information.

**RECONCILIATION OF EDUCATION
PROTECTION ACCOUNT EXPENDITURES**

June 30, 2014

*Shasta-Tehama-Trinity Joint
Community College District*

	Object Code	Salaries and Benefits (1000-3000)	Operating Expenses (4000-5000)	Capital Outlay (6000)	Total
EPA Proceeds	8630				\$ 5,603,365
Activity Classification:					
Instructional activities	0100-5900	\$ 5,523,634	\$ 70,567	\$ -	5,594,201
Other support activities:					
Equipment Additional		-	-	9,164	9,164
Item		-	-	-	-
Item		-	-	-	-
Item		-	-	-	-
Total Expenditures for EPA		<u>\$ 5,523,634</u>	<u>\$ 70,567</u>	<u>\$ 9,164</u>	5,603,365
Total Revenue Less Expenditures					<u>\$ -</u>

See the accompanying notes to the other supplementary information.

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

June 30, 2014	General Fund	Bond Interest and Redemption Funds	General Obligation Bond Interest and Redemption Funds	Lease Revenue Bond Interest and Redemption Funds	Balance Forward
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 8,019,770	\$ -	\$ -	\$ -	\$ 8,019,770
Restricted cash and cash equivalents	(361,412)	-	-	-	(361,412)
Accounts receivable - net	6,453,963	-	38,663	-	6,492,626
Prepaid expenses	145,184	-	-	-	145,184
Inventories	11,802	-	-	-	11,802
Due from other funds	358,961	-	-	-	358,961
Total Current Assets	14,628,268	-	38,663	-	14,666,931
NONCURRENT ASSETS					
Restricted cash and cash equivalents	-	25,000	1,811,641	15,698	1,852,339
Restricted investments	-	-	-	716,265	716,265
Total Noncurrent Assets	-	25,000	1,811,641	731,963	2,568,604
Total Assets	\$ 14,628,268	\$ 25,000	\$ 1,850,304	\$ 731,963	\$ 17,235,535
LIABILITIES					
Accounts payable	\$ 2,160,145	\$ -	\$ -	\$ -	\$ 2,160,145
Advances from grantors and students	1,558,366	-	-	-	1,558,366
Compensated absences - current portion	64,146	-	-	-	64,146
Due to other funds	379,985	-	-	-	379,985
Amounts held in trust for others	-	-	-	-	-
Total Liabilities	4,162,642	-	-	-	4,162,642
FUND EQUITY					
Fund balances:					
Reserved for debt service	-	25,000	1,850,304	731,963	2,607,267
Reserved for special purposes	(318,639)	-	-	-	(318,639)
Unreserved:					
Undesignated	10,784,265	-	-	-	10,784,265
Total Fund Equity	10,465,626	25,000	1,850,304	731,963	13,072,893
Total Liabilities and Fund Equity	\$ 14,628,268	\$ 25,000	\$ 1,850,304	\$ 731,963	\$ 17,235,535

See the accompanying notes to the supplementary information.

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

June 30, 2014	Balance Brought Forward	Revenue Operations Fund	Repair and Replacement Fund	Parking Improvement Fund	Balance Forward
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 8,019,770	\$ 1,176,064	\$ 358,159	\$ 716,132	\$ 10,270,125
Restricted cash and cash equivalents	(361,412)	-	-	-	(361,412)
Accounts receivable - net	6,492,626	25,742	-	-	6,518,368
Prepaid expenses	145,184	-	-	-	145,184
Inventories	11,802	6,333	-	-	18,135
Due from other funds	358,961	288,332	5,250	65,152	717,695
Total Current Assets	14,666,931	1,496,471	363,409	781,284	17,308,095
NONCURRENT ASSETS					
Restricted cash and cash equivalents	1,852,339	-	-	-	1,852,339
Restricted investments	716,265	-	-	-	716,265
Total Noncurrent Assets	2,568,604	-	-	-	2,568,604
Total Assets	\$ 17,235,535	\$ 1,496,471	\$ 363,409	\$ 781,284	\$ 19,876,699
LIABILITIES					
Accounts payable	\$ 2,160,145	\$ 35,416	\$ 10,167	\$ -	\$ 2,205,728
Advances from grantors and students	1,558,366	79,419	-	-	1,637,785
Compensated absences - current portion	64,146	-	-	-	64,146
Due to other funds	379,985	259,526	-	-	639,511
Amounts held in trust for others	-	-	-	-	-
Total Liabilities	4,162,642	374,361	10,167	-	4,547,170
FUND EQUITY					
Fund balances:					
Reserved for debt service	2,607,267	-	-	-	2,607,267
Reserved for special purposes	(318,639)	1,122,110	353,242	781,284	1,937,997
Unreserved:					
Undesignated	10,784,265	-	-	-	10,784,265
Total Fund Equity	13,072,893	1,122,110	353,242	781,284	15,329,529
Total Liabilities and Fund Equity	\$ 17,235,535	\$ 1,496,471	\$ 363,409	\$ 781,284	\$ 19,876,699

See the accompanying notes to the supplementary information.

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

June 30, 2014	Balance Brought Forward	Capital Outlay Projects Fund	Lease Revenue Bond Construction Fund	Classified B.U.M. Benefit Fund	Balance Forward
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 10,270,125	\$ -	\$ -	\$ 272,319	\$ 10,542,444
Restricted cash and cash equivalents	(361,412)	-	766,045	-	404,633
Accounts receivable - net	6,518,368	25,963	-	-	6,544,331
Prepaid expenses	145,184	-	-	-	145,184
Inventories	18,135	-	-	-	18,135
Due from other funds	717,695	-	-	-	717,695
Total Current Assets	17,308,095	25,963	766,045	272,319	18,372,422
NONCURRENT ASSETS					
Restricted cash and cash equivalents	1,852,339	2,154,547	-	-	4,006,886
Restricted investments	716,265	-	-	-	716,265
Total Noncurrent Assets	2,568,604	2,154,547	-	-	4,723,151
Total Assets	\$ 19,876,699	\$ 2,180,510	\$ 766,045	\$ 272,319	\$ 23,095,573
LIABILITIES					
Accounts payable	\$ 2,205,728	\$ 5,828	\$ 509	\$ -	\$ 2,212,065
Advances from grantors and students	1,637,785	-	-	-	1,637,785
Compensated absences - current portion	64,146	-	-	-	64,146
Due to other funds	639,511	-	443	-	639,954
Amounts held in trust for others	-	-	-	-	-
Total Liabilities	4,547,170	5,828	952	-	4,553,950
FUND EQUITY					
Fund balances:					
Reserved for debt service	2,607,267	-	-	-	2,607,267
Reserved for special purposes	1,937,997	2,174,682	765,093	272,319	5,150,091
Unreserved:					
Undesignated	10,784,265	-	-	-	10,784,265
Total Fund Equity	15,329,529	2,174,682	765,093	272,319	18,541,623
Total Liabilities and Fund Equity	\$ 19,876,699	\$ 2,180,510	\$ 766,045	\$ 272,319	\$ 23,095,573

See the accompanying notes to the supplementary information.

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

June 30, 2014	Balance Brought Forward	Student Trusts	Student Financial Aid Fund	Scholarship and Loan Trust Fund	Balance Forward
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 10,542,444	\$ -	\$ -	\$ -	\$ 10,542,444
Restricted cash and cash equivalents	404,633	-	-	-	404,633
Accounts receivable - net	6,544,331	33,180	60,357	1,045	6,638,913
Prepaid expenses	145,184	-	-	-	145,184
Inventories	18,135	-	-	-	18,135
Due from other funds	717,695	2,153	-	-	719,848
Total Current Assets	18,372,422	35,333	60,357	1,045	18,469,157
NONCURRENT ASSETS					
Restricted cash and cash equivalents	4,006,886	210,246	10,507	259,163	4,486,802
Restricted investments	716,265	-	-	-	716,265
Total Noncurrent Assets	4,723,151	210,246	10,507	259,163	5,203,067
Total Assets	\$ 23,095,573	\$ 245,579	\$ 70,864	\$ 260,208	\$ 23,672,224
LIABILITIES					
Accounts payable	\$ 2,212,065	\$ 403	\$ 5,970	\$ 11,107	\$ 2,229,545
Advances from grantors and students	1,637,785	-	-	-	1,637,785
Compensated absences - current portion	64,146	-	-	-	64,146
Due to other funds	639,954	2,744	59,621	17,529	719,848
Amounts held in trust for others	-	242,432	-	231,572	474,004
Total Liabilities	4,553,950	245,579	65,591	260,208	5,125,328
FUND EQUITY					
Fund balances:					
Reserved for debt service	2,607,267	-	-	-	2,607,267
Reserved for special purposes	5,150,091	-	5,273	-	5,155,364
Unreserved:					
Undesignated	10,784,265	-	-	-	10,784,265
Total Fund Equity	18,541,623	-	5,273	-	18,546,896
Total Liabilities and Fund Equity	\$ 23,095,573	\$ 245,579	\$ 70,864	\$ 260,208	\$ 23,672,224

See the accompanying notes to the supplementary information.

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

June 30, 2014	Balance Brought Forward	Trustee Investment Trust	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 10,542,444	\$ -	\$ 10,542,444
Restricted cash and cash equivalents	404,633	-	404,633
Accounts receivable - net	6,638,913	50,300	6,689,213
Prepaid expenses	145,184	-	145,184
Inventories	18,135	-	18,135
Due from other funds	719,848	-	719,848
Total Current Assets	18,469,157	50,300	18,519,457
NONCURRENT ASSETS			
Restricted cash and cash equivalents	4,486,802	143,677	4,630,479
Restricted investments	716,265	3,931,397	4,647,662
Total Noncurrent Assets	5,203,067	4,075,074	9,278,141
Total Assets	\$ 23,672,224	\$ 4,125,374	\$ 27,797,598
LIABILITIES			
Accounts payable	\$ 2,229,545	\$ -	\$ 2,229,545
Advances from grantors and students	1,637,785	-	1,637,785
Compensated absences - current portion	64,146	-	64,146
Due to other funds	719,848	-	719,848
Amounts held in trust for others	474,004	4,125,374	4,599,378
Total Liabilities	5,125,328	4,125,374	9,250,702
FUND EQUITY			
Fund balances:			
Reserved for debt service	2,607,267	-	2,607,267
Reserved for special purposes	5,155,364	-	5,155,364
Unreserved:			
Undesignated	10,784,265	-	10,784,265
Total Fund Equity	18,546,896	-	18,546,896
Total Liabilities and Fund Equity	\$ 23,672,224	\$ 4,125,374	\$ 27,797,598

See the accompanying notes to the supplementary information.

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

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

Year Ended June 30, 2014	General Fund	Bond Interest and Redemption Funds	General Obligation Bond Interest and Redemption Funds	Lease Revenue Bond Interest and Redemption Funds	Balance Forward
OPERATING REVENUES					
Tuition and fees	\$ 8,775,367	\$ -	\$ -	\$ -	\$ 8,775,367
Less: Scholarship discounts and allowances	5,281,313	-	-	-	5,281,313
Net Tuition and Fees	3,494,054	-	-	-	3,494,054
Grants and contracts - noncapital:					
Federal	1,870,620	-	-	-	1,870,620
State	4,613,869	-	-	-	4,613,869
Local	686,823	-	-	-	686,823
Auxiliary enterprise sales and charges	111,790	-	-	-	111,790
Total Operating Revenues	10,777,156	-	-	-	10,777,156
OPERATING EXPENDITURES/EXPENSES					
Salaries	27,368,146	-	-	-	27,368,146
Employee benefits	11,645,677	-	-	-	11,645,677
Supplies, materials, and other operating expenditures	5,530,740	-	-	-	5,530,740
Utilities	975,325	-	-	-	975,325
Payments to students	571,586	-	-	-	571,586
Capital outlay	800,803	-	-	-	800,803
Total Operating Expenditures/Expenses	46,892,277	-	-	-	46,892,277
Operating Income (Loss)	(36,115,121)	-	-	-	(36,115,121)
NONOPERATING REVENUES (EXPENDITURES)					
State apportionments - noncapital	17,023,901	-	-	-	17,023,901
Education protection account revenues	5,603,365	-	-	-	5,603,365
Local property taxes - noncapital	12,203,769	-	1,923,338	-	14,127,107
State taxes and other revenues - noncapital	1,555,616	-	32,747	-	1,588,363
Federal other revenues	86,060	-	-	-	86,060
Investment income - noncapital	41,032	-	4,494	205	45,731
Financial aid revenues - federal	-	-	-	-	-
Financial aid revenues - state	-	-	-	-	-
Financial aid disbursements	-	-	-	-	-
Debt services	(71,784)	-	(525,000)	(1,060,000)	(1,656,784)
Other nonoperating revenues (expenses)	611,388	-	-	-	611,388
Total Nonoperating Revenues (Expenditures)	37,053,347	-	1,435,579	(1,059,795)	37,429,131
Income (Loss) Before Other Revenues and Expenditures/Expenses	938,226	-	1,435,579	(1,059,795)	1,314,010
OTHER REVENUES AND EXPENDITURES					
Local property taxes and revenues - capital	-	-	-	-	-
Interest expense - capital asset-related debt	(35,396)	-	(1,253,528)	(822,664)	(2,111,588)
Investment income - capital	-	-	-	253	253
Excess of Revenues Over (Under) Expenditures/Expenses	902,830	-	182,051	(1,882,206)	(797,325)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	99,677	-	-	3,755,274	3,854,951
Operating transfers out	(1,532,793)	(177)	-	(1,873,999)	(3,406,969)
Total Other Financing Sources (Uses)	(1,433,116)	(177)	-	1,881,275	447,982
Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses	(530,286)	(177)	182,051	(931)	(349,343)
Fund Equity - Beginning of Year	10,995,912	25,177	1,668,253	732,894	13,422,236
Fund Equity - End of Year	\$ 10,465,626	\$ 25,000	\$ 1,850,304	\$ 731,963	\$ 13,072,893

See the accompanying notes to the supplementary information.

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

Year Ended June 30, 2014	Balance Brought Forward	Revenue Operations Fund	Repair and Replacement Fund	Parking Improvement Fund	Balance Forward
OPERATING REVENUES					
Tuition and fees	\$ 8,775,367	\$ 847,561	\$ -	\$ -	\$ 9,622,928
Less: Scholarship discounts and allowances	5,281,313	-	-	-	5,281,313
Net Tuition and Fees	3,494,054	847,561	-	-	4,341,615
Grants and contracts - noncapital:					
Federal	1,870,620	-	-	-	1,870,620
State	4,613,869	-	-	-	4,613,869
Local	686,823	31,297	-	-	718,120
Auxiliary enterprise sales and charges	111,790	893,025	-	-	1,004,815
Total Operating Revenues	10,777,156	1,771,883	-	-	12,549,039
OPERATING EXPENDITURES/EXPENSES					
Salaries	27,368,146	573,571	-	-	27,941,717
Employee benefits	11,645,677	219,209	-	-	11,864,886
Supplies, materials, and other operating expenditures	5,530,740	473,431	11,681	-	6,015,852
Utilities	975,325	97,337	-	-	1,072,662
Payments to students	571,586	-	-	-	571,586
Capital outlay	800,803	6,678	-	-	807,481
Total Operating Expenditures/Expenses	46,892,277	1,370,226	11,681	-	48,274,184
Operating Income (Loss)	(36,115,121)	401,657	(11,681)	-	(35,725,145)
NONOPERATING REVENUES (EXPENDITURES)					
State apportionments - noncapital	17,023,901	-	-	-	17,023,901
Education protection account revenues	5,603,365	-	-	-	5,603,365
Local property taxes - noncapital	14,127,107	-	-	-	14,127,107
State taxes and other revenues - noncapital	1,588,363	-	-	-	1,588,363
Federal other revenue	86,060	-	-	-	86,060
Investment income - noncapital	45,731	4,532	1,350	2,843	54,456
Financial aid revenues - federal	-	-	-	-	-
Financial aid revenues - state	-	-	-	-	-
Financial aid disbursements	-	-	-	-	-
Debt services	(1,656,784)	(17,946)	-	-	(1,674,730)
Other nonoperating revenues (expenses)	611,388	77,942	-	-	689,330
Total Nonoperating Revenues (Expenditures)	37,429,131	64,528	1,350	2,843	37,497,852
Income (Loss) Before Other Revenues and Expenditures/Expenses	1,314,010	466,185	(10,331)	2,843	1,772,707
OTHER REVENUES AND EXPENDITURES					
Local property taxes and revenues - capital	-	-	-	-	-
Interest expense - capital asset-related debt	(2,111,588)	(8,849)	-	-	(2,120,437)
Investment income - capital	253	-	-	-	253
Excess of Revenues Over (Under) Expenditures/Expenses	(797,325)	457,336	(10,331)	2,843	(347,477)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	3,854,951	-	58,905	65,152	3,979,008
Operating transfers out	(3,406,969)	(465,144)	-	(29,244)	(3,901,357)
Total Other Financing Sources (Uses)	447,982	(465,144)	58,905	35,908	77,651
Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses	(349,343)	(7,808)	48,574	38,751	(269,826)
Fund Equity - Beginning of Year	13,422,236	1,129,918	304,668	742,533	15,599,355
Fund Equity - End of Year	\$ 13,072,893	\$ 1,122,110	\$ 353,242	\$ 781,284	\$ 15,329,529

See the accompanying notes to the supplementary information.

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

*Shasta-Tehama-Trinity Joint
Community College District*
Page 3 of 5

Year Ended June 30, 2014	Balance Brought Forward	Capital Outlay Projects Fund	Lease Revenue Bond Construction Fund	Classified B.U.M. Benefit Fund	Balance Forward
OPERATING REVENUES					
Tuition and fees	\$ 9,622,928	\$ -	\$ -	\$ -	\$ 9,622,928
Less: Scholarship discounts and allowances	5,281,313	-	-	-	5,281,313
Net Tuition and Fees	4,341,615	-	-	-	4,341,615
Grants and contracts - noncapital:					
Federal	1,870,620	-	-	-	1,870,620
State	4,613,869	371,974	-	-	4,985,843
Local	718,120	89,320	-	-	807,440
Auxiliary enterprise sales and charges	1,004,815	-	-	-	1,004,815
Total Operating Revenues	12,549,039	461,294	-	-	13,010,333
OPERATING EXPENDITURES/EXPENSES					
Salaries	27,941,717	-	-	-	27,941,717
Employee benefits	11,864,886	-	-	-	11,864,886
Supplies, materials, and other operating expenditures	6,015,852	25,994	-	-	6,041,846
Utilities	1,072,662	-	-	-	1,072,662
Payments to students	571,586	-	-	-	571,586
Capital outlay	807,481	480,140	126,686	-	1,414,307
Total Operating Expenditures/Expenses	48,274,184	506,134	126,686	-	48,907,004
Operating Income (Loss)	(35,725,145)	(44,840)	(126,686)	-	(35,896,671)
NONOPERATING REVENUES (EXPENDITURES)					
State apportionments - noncapital	17,023,901	-	-	-	17,023,901
Education protection account revenues	5,603,365	-	-	-	5,603,365
Local property taxes - noncapital	14,127,107	-	-	-	14,127,107
State taxes and other revenues - noncapital	1,588,363	-	-	-	1,588,363
Federal other revenues	86,060	-	-	-	86,060
Investment income - noncapital	54,456	-	-	1,039	55,495
Financial aid revenues - federal	-	-	-	-	-
Financial aid revenues - state	-	-	-	-	-
Financial aid disbursements	-	-	-	-	-
Debt services	(1,674,730)	-	-	-	(1,674,730)
Other nonoperating revenues (expenses)	689,330	-	-	-	689,330
Total Nonoperating Revenues (Expenditures)	37,497,852	-	-	1,039	37,498,891
Income (Loss) Before Other Revenues and Expenditures/Expenses	1,772,707	(44,840)	(126,686)	1,039	1,602,220
OTHER REVENUES AND EXPENDITURES					
Local property taxes and revenues - capital	-	173,980	-	-	173,980
Interest expense - capital asset-related debt	(2,120,437)	-	-	-	(2,120,437)
Investment income - capital	253	8,807	1,169	-	10,229
Excess of Revenues Over (Under) Expenditures/Expenses	(347,477)	137,947	(125,517)	1,039	(334,008)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	3,979,008	109,705	405,000	100,000	4,593,713
Operating transfers out	(3,901,357)	(187,856)	(405,000)	(99,500)	(4,593,713)
Total Other Financing Sources (Uses)	77,651	(78,151)	-	500	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses	(269,826)	59,796	(125,517)	1,539	(334,008)
Fund Equity - Beginning of Year	15,599,355	2,114,886	890,610	270,780	18,875,631
Fund Equity - End of Year	\$ 15,329,529	\$ 2,174,682	\$ 765,093	\$ 272,319	\$ 18,541,623

See the accompanying notes to the supplementary information.

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

*Shasta-Tehama-Trinity Joint
Community College District*

Page 4 of 5

Year Ended June 30, 2014	Balance Brought Forward	Student Trust Fund	Student Financial Aid Fund	Scholarship and Loan Trust Fund	Balance Forward
OPERATING REVENUES					
Tuition and fees	\$ 9,622,928	\$ -	\$ -	\$ -	\$ 9,622,928
Less: Scholarship discounts and allowances	5,281,313	-	-	-	5,281,313
Net Tuition and Fees	4,341,615	-	-	-	4,341,615
Grants and contracts - noncapital:					
Federal	1,870,620	-	-	-	1,870,620
State	4,985,843	-	-	-	4,985,843
Local	807,440	-	-	-	807,440
Auxiliary enterprise sales and charges	1,004,815	-	-	-	1,004,815
Total Operating Revenues	13,010,333	-	-	-	13,010,333
OPERATING EXPENDITURES/EXPENSES					
Salaries	27,941,717	-	-	-	27,941,717
Employee benefits	11,864,886	-	-	-	11,864,886
Supplies, materials, and other operating expenditures	6,041,846	-	-	-	6,041,846
Utilities	1,072,662	-	-	-	1,072,662
Payments to students	571,586	-	2,643	-	574,229
Capital outlay	1,414,307	-	-	-	1,414,307
Total Operating Expenditures/Expenses	48,907,004	-	2,643	-	48,909,647
Operating Income (Loss)	(35,896,671)	-	(2,643)	-	(35,899,314)
NONOPERATING REVENUES (EXPENDITURES)					
State apportionments - noncapital	17,023,901	-	-	-	17,023,901
Education protection account revenues	5,603,365	-	-	-	5,603,365
Local property taxes - noncapital	14,127,107	-	-	-	14,127,107
State taxes and other revenues - noncapital	1,588,363	-	-	-	1,588,363
Federal other revenue	86,060	-	-	-	86,060
Investment income - noncapital	55,495	-	1	-	55,496
Financial aid revenues - federal	-	-	16,558,169	-	16,558,169
Financial aid revenues - state	-	-	1,048,425	-	1,048,425
Financial aid disbursements	-	-	(17,602,980)	-	(17,602,980)
Debt services	(1,674,730)	-	-	-	(1,674,730)
Other nonoperating revenues (expenses)	689,330	-	-	-	689,330
Total Nonoperating Revenues (Expenditures)	37,498,891	-	3,615	-	37,502,506
Income (Loss) Before Other Revenues and Expenditures/Expenses	1,602,220	-	972	-	1,603,192
OTHER REVENUES AND EXPENDITURES					
Local property taxes and revenues - capital	173,980	-	-	-	173,980
Interest expense - capital asset-related debt	(2,120,437)	-	-	-	(2,120,437)
Investment income - capital	10,229	-	-	-	10,229
Excess of Revenues Over (Under) Expenditures/Expenses	(334,008)	-	972	-	(333,036)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	4,593,713	-	-	-	4,593,713
Operating transfers out	(4,593,713)	-	-	-	(4,593,713)
Total Other Financing Sources (Uses)	-	-	-	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses	(334,008)	-	972	-	(333,036)
Fund Equity - Beginning of Year	18,875,631	-	4,301	-	18,879,932
Fund Equity - End of Year	\$ 18,541,623	\$ -	\$ 5,273	\$ -	\$ 18,546,896

See the accompanying notes to the supplementary information.

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

Year Ended June 30, 2014	Balance Brought Forward	Trustee Investment Trust	Total
OPERATING REVENUES			
Tuition and fees	\$ 9,622,928	\$ -	\$ 9,622,928
Less: Scholarship discounts and allowances	5,281,313	-	5,281,313
Net Tuition and Fees	4,341,615	-	4,341,615
Grants and contracts - noncapital:			
Federal	1,870,620	-	1,870,620
State	4,985,843	-	4,985,843
Local	807,440	-	807,440
Auxiliary enterprise sales and charges	1,004,815	-	1,004,815
Total Operating Revenues	13,010,333	-	13,010,333
OPERATING EXPENDITURES/EXPENSES			
Salaries	27,941,717	-	27,941,717
Employee benefits	11,864,886	-	11,864,886
Supplies, materials, and other operating expenditures	6,041,846	-	6,041,846
Utilities	1,072,662	-	1,072,662
Payments to students	574,229	-	574,229
Capital outlay	1,414,307	-	1,414,307
Total Operating Expenditures/Expenses	48,909,647	-	48,909,647
Operating Income (Loss)	(35,899,314)	-	(35,899,314)
NONOPERATING REVENUES (EXPENDITURES)			
State apportionments - noncapital	17,023,901	-	17,023,901
Education protection account revenues	5,603,365	-	5,603,365
Local property taxes - noncapital	14,127,107	-	14,127,107
State taxes and other revenues - noncapital	1,588,363	-	1,588,363
Federal other revenue	86,060	-	86,060
Investment income - noncapital	55,496	-	55,496
Financial aid revenues - federal	16,558,169	-	16,558,169
Financial aid revenues - state	1,048,425	-	1,048,425
Financial aid disbursements	(17,602,980)	-	(17,602,980)
Debt services	(1,674,730)	-	(1,674,730)
Other nonoperating revenues	689,330	-	689,330
Total Nonoperating Revenues (Expenditures)	37,502,506	-	37,502,506
Income (Loss) Before Other Revenues and Expenditures/Expenses	1,603,192	-	1,603,192
OTHER REVENUES AND EXPENDITURES			
Local property taxes and revenues - capital	173,980	-	173,980
Interest expense - capital asset-related debt	(2,120,437)	-	(2,120,437)
Investment income - capital	10,229	-	10,229
Excess of Revenues Over (Under) Expenditures/Expenses	(333,036)	-	(333,036)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	4,593,713	-	4,593,713
Operating transfers out	(4,593,713)	-	(4,593,713)
Total Other Financing Sources (Uses)	-	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses	(333,036)	-	(333,036)
Fund Equity - Beginning of Year	18,879,932	-	18,879,932
Fund Equity - End of Year	\$ 18,546,896	\$ -	\$ 18,546,896

See the accompanying notes to the supplementary information.

**RECONCILIATION OF FUND EQUITY
TO NET POSITION**

June 30, 2014

*Shasta-Tehama-Trinity Joint
Community College District*

Total Fund Equity - District Funds Included in the Reporting Entity	\$ 18,546,896
Assets recorded within the GASB 35 Statement of Net Position not recorded in the District fund financial statements:	
Nondepreciable capital assets	4,253,066
Capitalized assets	\$ 93,693,829
Accumulated depreciation	<u>(38,993,414)</u> 54,700,415
Other postemployment benefits obligation	6,669,317
Deferred loss on refundings - net	238,055
Liabilities recorded within the GASB 35 Statement of Net Position not recorded in the District fund financial statements:	
Accounts payable:	
Interest payable	(647,106)
Compensated absences	(1,026,385)
Long-term debt	<u>(46,767,262)</u> <u>(47,793,647)</u>
Net Position Reported Within the GASB 35 Statement of Net Position	\$ 35,966,996

See the accompanying notes to the supplementary information.

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

June 30, 2014

*Shasta-Tehama-Trinity Joint
Community College District*

Total Net Change in Fund Equity - District Funds Included in the Reporting Entity	\$ (333,036)
Compensated absence expense reduction reported within GASB 35 Statements	(3,522)
Depreciation expense reported within GASB 35 Statements	(3,006,724)
Capital outlay expense not reported within the GASB 35 Statements	1,022,033
Amortization of bond premium reported within the GASB 35 Statements	100,383
Change in accrued interest expense on capital asset related debt reported within the GASB 35 Statements	(15,801)
Amortization of deferred gain on advance refunding within the GASB 35 Statements	13,357
Principal payments on debt not reported within the GASB 35 Statements	1,674,730
Increase in expense of other postemployment benefits reported with the GASB 35 Statements	<u>1,630,082</u>
Net Change in Net Position Reported Within the GASB 35 Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ 1,081,502</u>

See the accompanying notes to the supplementary information.

1. PURPOSE OF SCHEDULES

Schedule of Workload Measures for State General Apportionment

The schedule of workload measures for state general apportionment annualized attendance as of June 30, 2014, represents the basis of apportionment of the District's annual source of funding.

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

The audit of the District for the year ended June 30, 2014, was conducted in accordance with OMB Circular A-133, which requires disclosure of the financial activities of all federally funded programs. To comply with OMB A-133, the schedule of expenditures of federal awards was prepared for the District.

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

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

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

Reconciliation of 50% Law Calculation

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

Reconciliation of Education Protection Account Expenditures

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

2. COMBINING FINANCIAL STATEMENTS SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting The accompanying combining balance sheet – District funds included in the reporting entity; and combining statement of revenues, expenditures/expenses, and changes in fund equity – District funds included in the reporting entity are presented on the modified accrual basis of accounting with the exception of the Classified B.U.M. Benefit Fund and Retirees Benefit Fund, which are presented on the accrual basis of accounting consistent with the presentation in the entity-wide financial statements.

**NOTES TO THE SUPPLEMENTARY
INFORMATION**

June 30, 2014

*Shasta-Tehama-Trinity Joint
Community College District*

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

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

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

OTHER REPORTS SECTION



MATSON
& ISOM

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Shasta-Tehama-Trinity Joint Community College District (the District) as of and for the year ended June 30, 2014; and the related notes to the financial statements, which collectively comprise the District's basic financial statements; and have issued our report thereon dated November 25, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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

Purpose of this Report

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

Matson and Isom

November 25, 2014
Redding, California



MATSON
& ISOM

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

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

Report on Compliance for Each Major Federal Program

We have audited Shasta-Tehama-Trinity Joint Community College District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance with the compliance requirements referred to above that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2014-0001. Our opinion on each major federal program is not modified with respect to these matters.

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

Continued

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

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Matson and Isom

November 25, 2014
Redding, California



MATSON
& ISOM

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

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

Compliance

We have audited the Shasta-Tehama-Trinity Joint Community College District (the District) compliance with the types of state compliance requirements described in the *California Community Colleges Contracted District Audit Manual 2013-14*, published by the California Community Colleges Chancellor's Office, for the year ended June 30, 2014. The applicable state compliance requirements are identified in the table below.

Management's Responsibility

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

Auditors' Responsibility

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *California Community Colleges Contracted District Audit Manual 2013-14*, published by the California Community Colleges Chancellor's Office. Those standards and the *California Community Colleges Contracted District Audit Manual 2013-14*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on compliance with the state laws and regulations described in the schedule below. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide legal determination of the District's compliance with those requirements.

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Continued

SALARIES OF CLASSROOM INSTRUCTORS: 50 PERCENT LAW
APPORTIONMENT FOR INSTRUCTIONAL SERVICE AGREEMENTS/CONTRACTS
STATE GENERAL APPORTIONMENT FUNDING SYSTEM
RESIDENCY DETERMINATION FOR CREDIT COURSES
STUDENTS ACTIVELY ENROLLED
CONCURRENT ENROLLMENT OF K-12 STUDENTS IN
COMMUNITY COLLEGE CREDIT COURSES
SCHEDULED MAINTENANCE PROGRAM
GANN LIMIT CALCULATION
OPEN ENROLLMENT
STUDENT FEES - HEALTH FEES AND USE OF HEALTH FEE FUNDS
PROPOSITION 39 CLEAN ENERGY
EXTENDED OPPORTUNITY PROGRAMS AND SERVICES (EOPS) AND
COOPERATIVE AGENCIES RESOURCES FOR EDUCATION (CARE)
DISABLED STUDENT PROGRAMS AND SERVICES (DSPS)
TO BE ARRANGED HOURS (TBA)
PROPOSITION 1D STATE BOND FUNDED PROJECTS
PROPOSITION 30 EDUCATION PROTECTION ACCOUNT FUNDS

Opinion

In our opinion, except for finding 2014-0002 through 2014-0003 described in the accompanying schedule of findings and questioned costs, the District complied, in all material respects, with the state laws and regulations referred to above that are applicable to the District for the year ended June 30, 2014.

The District's Response to Findings

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

Purpose of This Report

The purpose of this report on internal control is solely to describe the scope of our testing of internal control over compliance, and the results of that testing, based on the *California Community Colleges Contracted District Audit Manual 2013-14*. Accordingly, this report is not suitable for any other purpose.

Matson and Isom

November 25, 2014
Redding, California

FINDINGS AND QUESTIONED COSTS SECTION

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

June 30, 2014

*Shasta-Tehama-Trinity Joint
Community College District*

**SECTION I
SUMMARY OF AUDITORS' RESULTS**

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major programs: Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)?	Yes
Identification of major programs: CFDA Nos. 84.063, 84.007, 84.033, and 84.268	Student Financial Aid Cluster
Threshold for distinguishing types A and B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Compliance over state programs: Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Type of auditors' report issued on compliance for state programs:	Qualified

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

June 30, 2014

*Shasta-Tehama-Trinity Joint
Community College District*

**SECTION II FINDINGS
FINANCIAL STATEMENTS AUDIT**

None.

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

June 30, 2014

*Shasta-Tehama-Trinity Joint
Community College District*

**SECTION III FINDINGS
FEDERAL AWARDS AUDIT**

FEDERAL AWARD PROGRAM (STUDENT FINANCIAL AID)

2014-0001

Reportable Condition

Condition

Financial aid was awarded to four students who were ineligible to receive aid because they did not meet all of the Satisfactory Academic Progress (SAP) requirements.

Criteria

Per the federal program compliance requirements, districts are required to evaluate the student's satisfactory academic progress to determine their eligibility to receive aid. Per the District's SAP policy, students must meet the minimum academic requirements to receive financial aid.

Effect

The District awarded a total of four students aid in the amount of \$10,887 even though they were ineligible due to not meeting SAP requirements. Subsequent to learning of the mistake, the District reimbursed the Department of Education the entire amount of aid that was disbursed to these students in error.

Recommendation

We recommend that the District monitor SAP requirements each semester for all students to ensure they meet the eligibility requirements prior to disbursing aid.

Response

Corrections have been implemented for students whose upcoming awards are processed prior to grade posting and the Satisfactory Academic Progress process automated. The automation will allow for SAP determination after each term whether or not the student's upcoming eligibility had been evaluated to prevent a student in the future who loses eligibility from receiving future aid.

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

June 30, 2014

*Shasta-Tehama-Trinity Joint
Community College District*

**SECTION IV FINDINGS
STATE AWARDS AUDIT**

STATE COMPLIANCE (STATE GENERAL APPORTIONMENT)

2014-0002

Significant Deficiency

Condition

The District incorrectly reported three Weekly Census Type courses as Daily Census Type on the CCFS 320. The District calculated FTES based on a daily census method when the calculation should have been based on weekly census method.

Criteria

The Student Attendance Accounting Manual (SAAM) sets forth guidelines on the criteria for Census Type designation and the proper method for calculation of FTES related to each census type.

Effect

As a result of the above finding, all remaining daily census type courses were tested for the above condition. The above three courses, resulted in an understatement of .23 FTES and an overstatement of .17 FTES. As the entire population of daily census type courses were tested, no extrapolation is necessary.

Recommendation

We recommend that the District establish a review process when setting up course Census Types in Datatel to prevent and identify when a course has been set up under a wrong census type.

Response

Currently, the Instructional Scheduler depends on Division Administrative Assistants to double-check Census Types. She has also added Census Types to change cards as an additional safeguard when courses are altered. To prevent the minimal issue found in this audit, which did not result in an over claiming of FTES, review of Census Types will be added to the monthly trainings for Administrative Assistants done by the Instruction Office staff.

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

June 30, 2014

*Shasta-Tehama-Trinity Joint
Community College District*

**SECTION IV FINDINGS
STATE AWARDS AUDIT**

STATE COMPLIANCE (Residency)

2014-0003

Reportable Condition

Condition

During our audit of the student athletes in the current year, we noted the District misclassified a student athlete as a California resident who did not meet the criteria to be classified as a California resident. This error occurred as a result of the manual registration process that was done for this student as an athlete. In this case, the registration was further complicated by the fact that the student was a resident upon their initial application to the District in previous years, the student then moved out of state for one year and then returned to the District and re-enrolled.

Criteria

Per the Student Attendance Account Manual (SAAM), if a student has not been in attendance for more than one semester, the District must perform a new residency determination.

Effect

The condition noted above is specific to registration for student athlete and is isolated to those types of students. When this error is extrapolated to the entire population of student athletes, the total number of student athletes that could potential be out of compliance is 11; however, given the very specific nature of this error it is unlikely that the actual number of students that are misclassified would be that high.

Recommendation

We recommended that the District initiate a method to review all students who have been away for more than one semester so that residency can be re-determined.

Response

The District will review all student athletes who have been away for more than one semester and re-determine residency status. Additionally, the District will review business processes to build redundancy into the manual registration process.

CORRECTIVE ACTION PLAN

June 30, 2014

*Shasta-Tehama-Trinity Joint
Community College District*

FEDERAL AWARD PROGRAM (STUDENT FINANCIAL AID)

2014-0001

Finding

Financial aid was awarded to four students who were ineligible to receive aid because they did not meet all of the Satisfactory Academic Progress (SAP) requirements.

Recommendation

We recommend that the District monitor SAP requirements each semester for all students to ensure they meet the eligibility requirements prior to disbursing aid.

Corrective Action Plan – Implemented SP 14

Corrections have been implemented for students whose upcoming awards are processed prior to grade posting and the Satisfactory Academic Progress process automated. The automation will allow for SAP determination after each term whether or not the student's upcoming eligibility had been evaluated to prevent a student in the future who loses eligibility from receiving future aid.

**SUMMARY SCHEDULE OF
PRIOR AUDIT FINDINGS**

June 30, 2014

*Shasta-Tehama-Trinity Joint
Community College District*

STATE COMPLIANCE (CARE)

2013-0001

Significant Deficiency

Condition

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

Criteria

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

Effect

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

Recommendation

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

Current Status

During the audit in the current year, we noted this finding has been resolved.

**SUMMARY SCHEDULE OF
PRIOR AUDIT FINDINGS**

June 30, 2014

*Shasta-Tehama-Trinity Joint
Community College District*

STATE COMPLIANCE (FTES - 424)

2013-0002

Reportable Condition

Condition

During our testing of the General Apportionment Funding System, we noted 11 course sections where the census date was calculated incorrectly. In all 11 of the course sections the census date used for calculation of contact hours and full time equivalent students was one day later than the correct calculation of the census date.

Criteria

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

Effect

We noted no errors in the reporting of the FTES for the above 11 course sections.

Recommendation

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

Current Status

During our audit of the current year, we noted all census dates were calculated correctly.