

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROCEEDS AND USE OF GENERAL OBLIGATION BONDS
(ELECTION OF 2002, SERIES A AND B)
WITH INDEPENDENT AUDITORS' REPORT
FOR THE PERIOD JULY 1, 2008 THROUGH JUNE 30, 2009

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying schedule of proceeds and use of general obligation bonds (Election of 2002, Series A and B) of the Shasta-Tehama-Trinity Joint Community College District (District) for the period from July 1, 2008 through June 30, 2009. This schedule is the responsibility of the District's management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of proceeds and use of general obligation bonds is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule of proceeds and use of general obligation bonds. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the schedule of proceeds and use of general obligation bonds. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the schedule of proceeds and use of general obligation bonds was prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the schedule of proceeds and use of general obligation bonds referred to above in the first paragraph presents fairly, in all material respects, the proceeds and use of the District's General Obligation Bonds (Election 2002, Series A and B) for the period from July 1, 2008 through June 30, 2009, on the basis of accounting described in Note 2.

Nystrom & Company LLP

November 16, 2009

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROCEEDS AND USE OF GENERAL OBLIGATION BONDS
(ELECTION OF 2002, SERIES A AND B)
FOR THE PERIOD JULY 1, 2008 THROUGH JUNE 30, 2009

Beginning balance, unspent bond proceeds, as of July 1, 2008	\$ 10,906,856
Interest received	253,350
Project Expenditures:	
Shasta County Main Campus:	
Construct University Center	
Replace science labs and equipment	
Replace early childhood education lab and classroom	
Replace heating and cooling facilities, construct new distribution systems and energy-saving devices	
Theater remodel	472,049
Shasta County Downtown Redding:	
Health Sciences and University Center	(159,529)
Tehama County:	
Shasta College, Tehama Campus	5,888,294
Trinity County - Weaverville:	
Shasta College, Trinity Campus	<u>1,505,078</u>
Total project expenditures	<u>7,705,892</u>
Ending balance, unspent bond proceeds, as of June 30, 2009	<u><u>\$ 3,454,314</u></u>

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

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT

**NOTES TO THE SCHEDULE OF PROCEEDS
AND USE OF GENERAL OBLIGATION BONDS
(ELECTION 2002, SERIES A AND B)**

FOR THE PERIOD JULY 1, 2008 THROUGH JUNE 30, 2009

NOTE 1 GENERAL INFORMATION

The voters of Shasta County approved a \$34 million General Obligation Bond (Bonds) issue for the Shasta-Tehama-Trinity Joint Community College District on March 5, 2002 under the provisions of Article XIII A of the Constitution of the State of California and Title I, Division 1, Part 10, Chapter 1 of the Education Code of the State of California (commencing at Section 15100). The Bonds were issued pursuant to provisions of the Constitution of the State of California affected by Proposition 39, the Constitutional initiative passed by voters on November 7, 2000, permitting approval of certain general obligation bonds of school and community college districts by a 55% vote. The total net proceeds of \$11 million and \$23 million from the Bonds Series A and B issuances, respectively, received by the District (net of premium and bond issuance costs) are to be spent on modernization construction, and renovation for various approved projects.

The specific projects approved by the District Board of Trustees to be funded by the bond proceeds include:

Shasta County Main Campus:

**Construct University Center
Replace science labs and equipment
Replace early childhood education lab and classroom
Replace heating and cooling facilities, construct new
distribution systems and energy-saving devices
Theater remodel**

Shasta County Downtown Redding:

Health Sciences and University Center

Tehama County:

Shasta College, Tehama Campus

Trinity County – Weaverville:

Shasta College, Trinity Campus

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SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT

**NOTES TO THE SCHEDULE OF PROCEEDS
AND USE OF GENERAL OBLIGATION BONDS
(ELECTION 2002, SERIES A AND B)**

FOR THE PERIOD JULY 1, 2008 THROUGH JUNE 30, 2009

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The schedule of proceeds and use of general obligation bonds has been prepared on the cash basis of accounting, where the receipts of bond proceeds are reported when received and the disbursements of expenditures from bond funds are reported when paid.

BOND PROCEEDS

Bond proceeds are recorded at face value with bond premiums and issuance costs shown as separate items.

PROJECT EXPENDITURES

Expenditures are recognized when payments for approved projects are made.

NOTE 3 BONDED DEBT

On August 8, 2002, \$11,000,000 of the general obligation bonds (Series A) were sold as follows:

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding June 30, 2008</u>	<u>Issued Current Period</u>	<u>Redeemed Current Period</u>	<u>Outstanding June 30, 2009</u>
August 8, 2002	3.0 - 5.375%	August 1, 2027	\$ 11,000,000	\$ 8,950,000	\$ -	\$ 275,000	\$ 8,675,000

On March 29, 2006, \$23,000,000 of the general obligation bonds (Series B) were sold as follows:

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding June 30, 2008</u>	<u>Issued Current Period</u>	<u>Redeemed Current Period</u>	<u>Outstanding June 30, 2009</u>
March 29, 2006	4.0 - 5.25%	August 1, 2030	\$ 23,000,000	\$ 23,000,000	\$ -	\$ 420,000	\$ 22,580,000

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SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT

NOTES TO THE SCHEDULE OF PROCEEDS
AND USE OF GENERAL OBLIGATION BONDS
(ELECTION 2002, SERIES A AND B)

FOR THE PERIOD JULY 1, 2008 THROUGH JUNE 30, 2009

NOTE 3 BONDED DEBT
(Continued)

The annual debt service requirements to amortize the Series A and B bonds payable, outstanding as of June 30, 2009, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 820,000	\$ 1,494,665	\$ 2,314,665
2011	955,000	1,459,915	2,414,915
2012	1,075,000	1,419,315	2,494,315
2013	1,215,000	1,372,453	2,587,453
2014	485,000	1,336,328	1,821,328
2015 – 2019	3,575,000	6,280,392	9,855,392
2020 – 2024	6,510,000	5,117,187	11,627,187
2025 – 2029	10,770,000	2,919,431	13,689,431
2030 – 2031	<u>5,850,000</u>	<u>298,750</u>	<u>6,148,750</u>
Total	<u>\$ 31,255,000</u>	<u>\$ 21,698,436</u>	<u>\$ 52,953,436</u>

NOTE 4 RECONCILIATION BETWEEN CASH AND ACCRUAL BASIS

The following is a reconciliation of project expenditures and revenues between the cash and accrual basis of accounting for the period from July 1, 2008 through June 30, 2009:

Expenditures – cash basis	\$ 7,705,892
Change in accounts payable	(523,504)
Change in prepaids and other	<u>160,485</u>
Expenditures – accrual basis	<u>\$ 7,342,873</u>
Interest income – cash basis	\$ 253,350
Change in interest receivable	<u>(73,459)</u>
Interest income – accrual basis	<u>\$ 179,891</u>

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SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT

NOTES TO THE SCHEDULE OF PROCEEDS
AND USE OF GENERAL OBLIGATION BONDS
(ELECTION 2002, SERIES A AND B)

FOR THE PERIOD JULY 1, 2008 THROUGH JUNE 30, 2009

NOTE 5 COMMITMENTS AND CONTINGENCIES

Bond Fund Compliance – The General Obligation Bonds (Election of 2002, Series A and B) are subject to financial and compliance audits annually. Refer to the Independent Auditors' Report on Compliance with Article XIII A of the Constitution of the State of California on the Proceeds and Use of General Obligation Bonds, which is included in this report.

Construction Contracts – The District has outstanding construction commitments of \$695,116 at June 30, 2009.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
ARTICLE XIII A OF THE CONSTITUTION OF THE STATE
OF CALIFORNIA ON THE PROCEEDS AND USE OF GENERAL
OBLIGATION BONDS (ELECTION OF 2002, SERIES A AND B)**

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

We have examined the Shasta-Tehama-Trinity Joint Community College District's compliance with Article XIII A of the Constitution of the State of California on the proceeds and use of general obligation bonds (Election of 2002, Series A and B) for the period from July 1, 2008 through June 30, 2009. The compliance requirements are as follows:

The Board of Trustees evaluated the list of specific projects to address the District's needs for safety and information technology.

Funds were properly expended for the specific projects on the Board of Trustee's published list.

Funds were used for financing the acquisition, construction and modernization of certain property and District facilities, and no funds were used for teacher and administrator salaries and other school operating expenses.

Management is responsible for Shasta-Tehama-Trinity Joint Community College District's compliance with those requirements. Our responsibility is to express an opinion on Shasta-Tehama-Trinity Joint Community College District's compliance based on our examination.

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

In our opinion, Shasta-Tehama-Trinity Joint Community College District complied, in all material respects, with the aforementioned requirements for the period from July 1, 2008 through June 30, 2009.

This report is intended solely for the information and use of the District's management, the Board of Trustees, the Citizens' Bond Oversight Committee, and state regulatory officials and is not intended to be and should not be used by anyone other than these specified parties.

Nystrom & Company LLP

November 16, 2009