NEW ISSUE -- FULL BOOK-ENTRY **RATINGS: Moody's: "Aa2"; S&P: "AA"**
See "RATINGS" herein

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Series B Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the opinion of Bond Counsel, under existing statutes, rulings and judicial decisions, interest on the Series B-1 Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.

$20,000,000
SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
(Humboldt, Lassen, Modoc, Shasta, Tehama and Trinity Counties, California)
Election of 2016 General Obligation Bonds, Series B
(Federally Tax-Exempt)

$20,000,000
SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
(Humboldt, Lassen, Modoc, Shasta, Tehama and Trinity Counties, California)
Election of 2016 General Obligation Bonds, Series B-1
(Federally Taxable)

Dated: Date of Delivery **Due: August 1, as shown on the inside cover**

This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision. Capitalized terms used in this cover page and not otherwise defined shall have the meanings set forth herein.

The Shasta-Tehama-Trinity Joint Community College District (Humboldt, Lassen, Modoc, Shasta, Tehama and Trinity Counties, California) Election of 2016 General Obligation Bonds, Series B (Federally Tax-Exempt) (the "Series B Bonds") and the Shasta-Tehama-Trinity Joint Community College District (Humboldt, Lassen, Modoc, Shasta, Tehama and Trinity Counties, California) Election of 2016 General Obligation Bonds, Series B-1 (Federally Taxable) (the "Series B-1 Bonds," and together with the Series B Bonds, the "Bonds") were authorized at an election of the registered voters of the Shasta-Tehama-Trinity Joint Community College District (the "District") held on November 8, 2016, at which 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of $139,000,000 principal amount of general obligation bonds of the District. The Bonds are being issued by the District to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities, and (ii) pay the costs of issuing the Bonds.

The Bonds are general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. The Boards of Supervisors of each of Humboldt, Lassen, Modoc, Shasta, Tehama and Trinity Counties are empowered and obligated to annually levy such *ad valorem* property taxes for the payment of the principal of and interest on the Bonds upon all property within the District subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates).

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds, but will receive credit balances on the books of their respective nominees.

The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the date of delivery thereof and be payable semiannually on February 1 and August 1 of each year, commencing February 1, 2020. The Bonds are issuable as fully registered Bonds in denominations of $5,000 principal amount or any integral multiple thereof.

Payments of principal of and interest on the Bonds will be made by U.S. Bank National Association, as the designated Paying Agent, to DTC for subsequent disbursement to DTC Participants (defined herein) who will remit such payments to the Beneficial Owners of the Bonds.

The Bonds are subject to optional and mandatory sinking fund redemption as further described herein.

MATURITY SCHEDULE
(see inside front cover)

The Bonds are offered when, as and if issued and received by the Underwriter subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel. Certain matters will be passed upon for the District by Stradling Yocca Carlson & Rauth, a Professional Corporation and for the Underwriter by Norton Rose Fulbright US LLP. The Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about October 3, 2019.

Morgan Stanley

Dated: September 19, 2019

Maturity Schedule
Base CUSIP[1]: 820195

$20,000,000
SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
(Humboldt, Lassen, Modoc, Shasta, Tehama and Trinity Counties, California)
Election of 2016 General Obligation Bonds, Series B
(Federally Tax-Exempt)

$15,230,000 Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP[1] Suffix
2021	$2,000,000	3.000%	1.160%	EH4
2022	245,000	4.000	1.170	EJ0
2023	285,000	4.000	1.180	EK7
2024	325,000	4.000	1.190	EL5
2025	370,000	4.000	1.210	EM3
2026	420,000	4.000	1.250	EN1
2027	475,000	4.000	1.280	EP6
2028	530,000	4.000	1.330	EQ4
2029	590,000	4.000	1.400	ER2
2030	650,000	4.000	1.530[2]	ESO
2031	715,000	4.000	1.690[2]	ET8
2032	785,000	4.000	1.800[2]	EU5
2033	865,000	4.000	1.890[2]	EV3
2034	940,000	4.000	1.980[2]	EW1
2035	1,025,000	4.000	2.090[2]	EX9
2036	1,115,000	4.000	2.210[2]	EY7
2037	1,210,000	3.000	2.650[2]	EZ4
2038	1,295,000	3.000	2.690[2]	FA8
2039	1,390,000	3.000	2.730[2]	FB6

$4,770,000 – 3.000% Term Bonds due August 1, 2042 - Yield: 2.870%[2]; CUSIP[1] Suffix: FC4

---

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the District, Municipal Advisor or the Underwriter and are included solely for the convenience of the registered owners of the applicable Series B Bonds. None of the District, Muncipal nor the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Series B Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Series B Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series B Bonds.

(2) Yield to call at par on August 1, 2029.

Maturity Schedule
Base CUSIP[(1)]: 820195

$20,000,000
SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
(Humboldt, Lassen, Modoc, Shasta, Tehama and Trinity Counties, California)
Election of 2016 General Obligation Bonds, Series B-1
(Federally Taxable)

$20,000,000 – 3.601% Term Bonds due August 1, 2049 - Yield: 3.601%; CUSIP[(1)] Suffix: FD2

[(1)] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the District, Municipal Advisor or the Underwriter and are included solely for the convenience of the registered owners of the applicable Series B-1 Bonds. None of the District, Muncipal nor the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Series B-1 Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Series B-1 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series B-1 Bonds.

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)2 and 3(a)12, respectively, for the issuance and sale of such municipal securities. The Bonds are not registered under the securities laws of any state. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Certain information set forth herein has been obtained from sources outside the District which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

When used in this Official Statement and in any continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced in this Official Statement, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend," and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

> "The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN SECURITIES DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

The District maintains a website. However, the information presented on the District's website is not incorporated into this Official Statement by any reference, and should not be relied upon in making investment decisions with respect to the Bonds.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT

Board of Trustees

Dr. Rob Lydon, *President, Area F*
Kendall S. Pierson, *Vice President, Area A*
Patrick W. Carr, *Clerk, Area B*
Richard Lawrence, *Trustee, Area G*
Rhonda E. Nehr, *Trustee, Area D*
Rayola B. Pratt, *Trustee, Area E*
Scott J. Swendiman, *Trustee, Area C*

District Administration

Dr. Joe Wyse, *Superintendent/President*
Morris Rodrigue, *Assistant Superintendent/Vice President of Administrative Services*
Jill Ault, *Comptroller*

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

Stradling Yocca Carlson & Rauth,
a Professional Corporation
San Francisco, California

Municipal Advisor

Isom Advisors, a Division of Urban Futures, Inc.
Walnut Creek, California

Paying Agent

U.S. Bank National Association
Los Angeles, California

TABLE OF CONTENTS

Page

INTRODUCTION **1**

THE DISTRICT 1
PURPOSE OF ISSUE 2
AUTHORITY FOR ISSUANCE OF THE BONDS 2
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS 2
DESCRIPTION OF THE BONDS 2
TAX MATTERS 3
OFFERING AND DELIVERY OF THE BONDS 3
BOND OWNER'S RISKS 3
CONTINUING DISCLOSURE 3
PROFESSIONALS INVOLVED IN THE OFFERING 4
FORWARD LOOKING STATEMENTS 4
OTHER INFORMATION 4

THE BONDS **5**

AUTHORITY FOR ISSUANCE 5
SECURITY AND SOURCES OF PAYMENT 5
GENERAL PROVISIONS 6
REDEMPTION 7
BOOK-ENTRY ONLY SYSTEM 10
DISCONTINUATION OF BOOK-ENTRY ONLY SYSTEM; PAYMENT TO BENEFICIAL OWNERS 12
DEFEASANCE 13
APPLICATION AND INVESTMENT OF BOND PROCEEDS 14

ESTIMATED SOURCES AND USES OF FUNDS **15**

DEBT SERVICE SCHEDULE **16**

TAX BASE FOR REPAYMENT OF BONDS **17**

AD VALOREM PROPERTY TAXATION 17
ASSESSED VALUATIONS 18
TAX LEVIES, COLLECTIONS AND DELINQUENCIES 23
ALTERNATIVE METHOD OF TAX APPORTIONMENT - TEETER PLAN 24
LARGEST PROPERTY OWNERS 25
TAX RATES 26
STATEMENT OF DIRECT AND OVERLAPPING DEBT 26

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS **28**

ARTICLE XIIIA OF THE CALIFORNIA CONSTITUTION 28
LEGISLATION IMPLEMENTING ARTICLE XIIIA 29
PROPOSITION 50 AND PROPOSITION 171 29
UNITARY PROPERTY 30
ARTICLE XIIIB OF THE CALIFORNIA CONSTITUTION 31
ARTICLE XIIIC AND ARTICLE XIIID OF THE CALIFORNIA CONSTITUTION 31
PROPOSITION 26 32
PROPOSITIONS 98 AND 111 32
PROPOSITION 39 34
PROPOSITION 1A AND PROPOSITION 22 35
PROPOSITION 55 35
JARVIS V. CONNELL 36
PROPOSITION 2 36
PROPOSITION 51 38
FUTURE INITIATIVES 38

Page

FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA **39**

MAJOR REVENUES 39
BUDGET PROCEDURES 42
MINIMUM FUNDING GUARANTEES FOR CALIFORNIA COMMUNITY COLLEGE DISTRICTS UNDER PROPOSITIONS 98 AND 111 42
STATE ASSISTANCE 44

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT **46**

INTRODUCTION 46
ADMINISTRATION 46
LABOR RELATIONS 47
RETIREMENT PROGRAMS 47
OTHER POST-EMPLOYMENT BENEFITS 54
RISK MANAGEMENT 56
ACCOUNTING PRACTICES 56
GENERAL FUND BUDGETING 56
COMPARATIVE FINANCIAL STATEMENTS 58
DISTRICT DEBT STRUCTURE 60

TAX MATTERS **63**

SERIES B BONDS 63
SERIES B-1 BONDS 65

LIMITATION ON REMEDIES; BANKRUPTCY **65**

LEGAL MATTERS **67**

CONTINUING DISCLOSURE 67
LEGALITY FOR INVESTMENT IN CALIFORNIA 67
ABSENCE OF MATERIAL LITIGATION 67
INFORMATION REPORTING REQUIREMENTS 68
LEGAL OPINIONS 68
FINANCIAL STATEMENTS 68

RATINGS **68**

UNDERWRITING **69**

ADDITIONAL INFORMATION **70**

APPENDIX A – FORM OF OPINIONS OF BOND COUNSEL A-1
APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT B-1
APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE C-1
APPENDIX D – GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF REDDING AND THE COUNTIES OF SHASTA AND TEHAMA D-1
APPENDIX E – SHASTA COUNTY INVESTMENT POOL E-1

[THIS PAGE INTENTIONALLY LEFT BLANK]

$20,000,000
SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
(Humboldt, Lassen, Modoc, Shasta, Tehama and Trinity Counties, California)
Election of 2016 General Obligation Bonds, Series B
(Federally Tax-Exempt)

$20,000,000
SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
(Humboldt, Lassen, Modoc, Shasta, Tehama and Trinity Counties, California)
Election of 2016 General Obligation Bonds, Series B-1
(Federally Taxable)

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of the Shasta-Tehama-Trinity Joint Community College District (Humboldt, Lassen, Modoc, Shasta, Tehama and Trinity Counties, California) Election of 2016 General Obligation Bonds, Series B (Federally Tax-Exempt) (the "Series B Bonds") and the Shasta-Tehama-Trinity Joint Community College District (Humboldt, Lassen, Modoc, Shasta, Tehama and Trinity Counties, California) Election of 2016 General Obligation Bonds, Series B-1 (Federally Taxable) (the "Series B-1 Bonds" and, together with the Series B Bonds, the "Bonds").

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The District

The Shasta-Tehama-Trinity Joint Community College District (the "District") was established in 1950 and is located primarily in Shasta County (the "County"), Tehama County and Trinity County, with small portions located in Humboldt County, Lassen County and Modoc County (collectively, the "Counties"). The District currently maintains one comprehensive community college, Shasta College, in Redding California, a health sciences center in downtown Redding, a Tehama campus in Red Bluff, a Trinity campus in Weaverville, and an Intermountain campus in Burney. Shasta College is fully accredited by the Accrediting Commission for Community and Junior Colleges ("ACCJC"). For fiscal year 2019-20, the District has budgeted its full-time equivalent student ("FTES") count at 6,900 students. Taxable property within the District has an assessed valuation of $25,104,430,630 for fiscal year 2018-19.

The governing board of the District is the Board of Trustees (the "Board"). The Board includes seven voting members elected by the voters of the District within seven trustee areas. Each member of the Board serves a four-year term. Elections for positions to the Board are held every two years, alternating between three and four available positions. The management and policies of the District are administered by a Superintendent/President appointed by the Board. Dr. Joe Wyse currently serves as the District's Superintendent/President.

For more information about the District generally, see "SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT" herein. For more information regarding the District's assessed valuation, see "TAX BASE FOR REPAYMENT OF BONDS" herein. The District's audited financial statements for fiscal year ended June 30, 2018 are attached hereto as APPENDIX B and should be read in their entirety.

Purpose of Issue

The proceeds of the Bonds will be used to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities, and (ii) pay the costs of issuing the Bonds.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the Government Code and other applicable law, and pursuant to a resolution adopted by the Board on September 11, 2019 (the "Resolution"). See "THE BONDS – Authority for Issuance" herein.

Security and Sources of Payment for the Bonds

The Bonds are general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. The Boards of Supervisors of the Counties are empowered and obligated to annually levy such *ad valorem* taxes for the payment of the principal of and interest on the Bonds upon all property within the District subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates). See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered form only, without coupons, and will mature on August 1 in the years indicated on the inside cover page hereof. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds purchased, but will instead receive credit balances on the books of their respective nominees. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. See "THE BONDS – General Provisions" and "THE BONDS – Book-Entry Only System" herein. In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution. See "THE BONDS – Discontinuation of Book-Entry Only System; Payment to Beneficial Owners" herein.

So long as Cede & Co. is the registered Owner of the Bonds, as nominee of DTC, references herein to the "Owners" "Bond Owners" or "Holders" of the Bonds (other than under the captions "INTRODUCTION – Tax Matters" and "TAX MATTERS," herein and in APPENDIX A attached hereto) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

Denominations. Individual purchases of interests in the Bonds will be available in the denominations of $5,000 principal amount or any integral multiple thereof.

Redemption. The Bonds maturing on or after August 1, 2030 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of funds, on August 1, 2029 or on any date thereafter, in whole or in part. The Bonds are further subject to mandatory sinking fund redemption as further described herein. See "THE BONDS– Redemption" herein.

Payments. The Bonds will be issued as current interest bonds, such that interest thereon will accrue from their initial date of delivery (the "Date of Delivery"), and be payable semiannually on each February 1 and August 1 (each, a "Bond Payment Date"), commencing February 1, 2020. Principal of the Bonds is payable on August 1 in the amounts and years set forth on the inside cover page hereof.

Payments of the principal of and interest on the Bonds will be made by the designated paying agent, bond registrar and transfer agent (the "Paying Agent") to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners of the Bonds. U.S. Bank National Association, Los Angeles, California, has been appointed Paying Agent for the Bonds. See "THE BONDS – Book-Entry Only System" herein.

Tax Matters

Series B Bonds. In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Series B Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Series B Bonds is exempt from State of California (the "State") personal income tax. See "TAX MATTERS – Series B Bonds" herein.

Series B-1 Bonds. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Series B-1 Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Series B-1 Bonds is exempt from State personal income tax. See "TAX MATTERS – Series B-1 Bonds" herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York on or about October 3, 2019.

Bond Owner's Risks

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes which may be levied without limitation as to rate or amount on all property subject to taxation by the District (except with respect to certain personal property which is taxable at limited rates), as further described herein. For more complete information regarding the District's financial condition and taxation of property within the District, see "SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT", "TAX BASE FOR REPAYMENT OF BONDS" and "LIMITATION OF REMEDIES; BANKRUPTCY" herein.

Continuing Disclosure

The District will covenant for the benefit of the Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events, in order to assist the Underwriter (as defined herein) in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be made available and of the notices of listed events required to be provided are summarized in "LEGAL MATTERS – Continuing Disclosure" herein and "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto.

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California is acting as Bond Counsel and Disclosure Counsel to the District and Isom Advisors, a Division of Urban Futures, Inc., Walnut Creek, California, is acting as Municipal Advisor to the District, each with respect to the Bonds. Bond Counsel, Disclosure Counsel and the Municipal Advisor will receive compensation from the District contingent upon the sale and delivery of the Bonds. Certain matters will be passed upon for the Underwriter (defined herein) by Norton Rose Fulbright US LLP, Los Angeles, California. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the Bonds.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "intend" "expect," "estimate," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Assistant Superintendent/Vice President of Administrative Services, Shasta-Tehama-Trinity Joint Community College District, 11555 Old Oregon Trail, P.O. Box 496006, Redding, California 96049-6006. The District may impose a charge for copying, mailing and handling.

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each of such documents, statutes and constitutional provisions.

Certain of the information set forth herein, other than that provided by the District, has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolution (defined herein).

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Act"), commencing with Section 53506 *et seq*., as amended, Article XIIIA of the California Constitution and the Resolution. The District received authorization at an election held on November 8, 2016 by the requisite 55% of the votes cast by eligible voters within the District to issue $139,000,000 aggregate principal amount of general obligation bonds (the "2016 Authorization"). The Series B Bonds are the second issuance and the Series B-1 Bonds are the third issuance of bonds pursuant to the 2016 Authorization. Following the issuance thereof, $49,000,000 of the 2016 Authorization will remain unissued.

Security and Sources of Payment

The Bonds are general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. The Boards of Supervisors of the Counties are empowered and obligated to annually levy such *ad valorem* property taxes for the payment of the principal of and interest on the Bonds upon all property within the District subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates).

Such *ad valorem* property taxes will be levied annually in addition to all other taxes during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest thereon when due. The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. However, the Counties are not obligated to establish or maintain such a reserve, and the District can make no representations that the Counties will do so. Such taxes, when collected, will be placed by the Counties in the Debt Service Fund (defined herein) established by the Resolution, which is required to be segregated and maintained by the County and which is designated for the payment of the Bonds and interest thereon when due, and for no other purpose. Pursuant to the Resolution, the District has pledged funds on deposit in the Debt Service Fund to the payment of the Bonds. Although the Counties are obligated to levy *ad valorem* property taxes for the payment of the Bonds as described above, and the County will maintain the Debt Service Fund, the Bonds are not a debt of any of the Counties.

Pursuant to Government Code Section 53515, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien

will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds, as the same becomes due and payable, will be transferred by the County to the Paying Agent. The Paying Agent will in turn remit the funds to DTC for remittance of such principal and interest to its Participants (as defined herein) for subsequent disbursement to the respective Beneficial Owners of such Bonds.

The rate of the annual *ad valorem* property taxes levied by the Counties to pay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service due on the Bonds and the assessed value of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in land values, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, drought, fire, wildfire, toxic contamination or flooding could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

General Provisions

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for DTC. Purchasers will not receive physical certificates representing their interests in the Bonds, but will instead receive credit balances on the books of their respective nominees. See "THE BONDS – Book Entry Only System" herein.

The Bonds will be issued as current interest bonds, such that interest thereon will be payable semiannually on each Bond Payment Date, commencing February 1, 2020. Interest on the Bonds will be computed on the basis of a 360-day year of twelve, 30-day months. Each Bond will bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month immediately preceding any Bond Payment Date to and including such Bond Payment Date, in which event it will bear interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 2020, in which event it will bear interest from the Date of Delivery. The Bonds are issuable in denominations of $5,000 principal amount, or any integral multiple thereof, and mature on August 1 in the years and amounts set forth on the inside cover page hereof.

The principal of the Bonds will be payable in lawful money of the United States of America to the registered Owner thereof, upon the surrender thereof at the principal office of the Paying Agent. The interest on the Bonds will be payable in lawful money to the person whose name appears on the bond registration books of the Paying Agent as the registered Owner thereof as of the 15th day of the month preceding any Bond Payment Date (a "Record Date"), whether or not such day is a business day, such

interest to be paid by wire transfer on such Bond Payment Date to such bank and account number as the registered Owner may have filed with the Paying Agent for that purpose.

Redemption

Optional Redemption.

Series B Bonds. The Series B Bonds maturing on or before August 1, 2029 are not subject to redemption. The Series B Bonds maturing on or after August 1, 2030 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 2029, at a redemption price equal to the principal amount of the Series B Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

Series B-1 Bonds. The Series B-1 Bonds maturing on August 1, 2049 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 2029, at a redemption price equal to the principal amount of the Series B-1 Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption.

Series B Bonds. The Series B Bonds maturing on August 1, 2042 (the "2042 Series B Term Bonds") are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 2040, at a redemption price equal to the principal amount thereof as of the date fixed for redemption, together with interest accrued to the date set for such redemption, without premium. The principal amount represented by such Series B Bonds to be so redeemed and the redemption dates therefor, and the final payment date is as indicated in the following table:

Redemption Date (August 1)	Principal Amount
2040	$1,485,000
2041	1,590,000
2042[(1)]	1,695,000

[(1)] Maturity.

In the event that a portion of the 2042 Series B Term Bonds is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000 of principal amount, in respect of the portion of such Series B Term Bonds optionally redeemed.

Series B-1 Bonds. The Series B-1 Bonds maturing on August 1, 2049 (the "2049 Series B-1 Term Bonds") are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 2043, at a redemption price equal to the principal amount thereof as of the date fixed for redemption, together with interest accrued to the date set for such redemption, without premium. The principal amount represented by such Series B-1 Bonds to be so redeemed and the redemption dates therefor, and the final payment date is as indicated in the following table:

Redemption Date (August 1)	Principal Amount
2043	$2,250,000
2044	2,435,000
2045	2,630,000
2046	2,835,000
2047	3,050,000
2048	3,280,000
2049[(1)]	3,520,000

[(1)] Maturity.

In the event that a portion of the 2049 Series B-1 Term Bonds is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000 of principal amount, in respect of the portion of such Series B-1 Term Bonds optionally redeemed.

Selection of Bonds for Redemption.

Series B Bonds. Whenever provision is made for the optional redemption of Series B Bonds and less than all Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Series B Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent, shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that with respect to redemption by lot, the portion of any Series B Bond to be redeemed in part shall be in a principal amount of $5,000, or any integral multiple thereof.

Series B-1 Bonds. If less than all of the outstanding Series B-1 Bonds are to be redeemed prior to maturity, the District will select the portions of the Series B-1 Bonds equal to $5,000 or any integral multiple thereof to be redeemed on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC procedures; provided that, so long as the Series B-1 Bonds are held in book-entry form, the selection for redemption of such Series B-1 Bonds shall be made in accordance with the operational arrangements of DTC then in effect, and, if the DTC operational arrangements do not allow for redemption on a Pro Rata Pass-Through Distribution of Principal basis, the portions of the Series B-1 Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

It is the District's intent that the redemption allocations described herein with respect to the Series B-1 Bonds be made on a Pro Rata Pass-Through Distribution of Principal basis. However, the District can provide no assurance that DTC, the Participants or any other intermediaries will allocate redemptions among Beneficial Owners on such basis. See "—Book-Entry Only System" herein.

Redemption Notice. When redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District, will give notice (a "Redemption Notice") of the redemption of the Bonds. Each Redemption Notice will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the

date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the portion of the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

The Paying Agent will take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the bond register; (b) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, telephonically confirmed facsimile transmission, or overnight delivery service, to the Securities Depository; (c) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, or overnight delivery service, to one of the Information Services; and (d) the Redemption Notice will be given to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

"Information Services" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System; or, such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or, in the absence of such specification, as the Paying Agent may select.

"Securities Depository" shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041.

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided in the Resolution will be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given will affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds will bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Payment of Redeemed Bonds. When a Redemption Notice has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (principal, interest and premium, if any) is irrevocably set aside in trust for that purpose, as described in "—Defeasance," the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the Redemption Notice, said Bonds will be redeemed and paid at the redemption price out of such funds. All unpaid interest payable at or prior to the redemption date will continue to be payable to the respective Owners, but without interest thereon.

Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent will execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in principal amount to the unredeemed portion of the Bond surrendered. Such partial redemption is valid upon payment of the amount required to be paid to such Owner, and the District will be released and discharged thereupon from all liability to the extent of such payment.

Effect of Redemption Notice. If on the applicable designated redemption date, money for the redemption of the Bonds to be redeemed, together with interest to such redemption date, is held by an independent escrow agent selected by the District so as to be available therefor on such redemption date as described in "—Defeasance," and if a Redemption Notice thereof will have been given substantially as described above, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable.

Rescission of Redemption Notice. With respect to any Redemption Notice in connection with the optional redemption of Bonds (or portions thereof) as described above, unless upon the giving of such notice such Bonds or portions thereof shall be deemed to have been defeased as described in "—Defeasance," such Redemption Notice will state that such redemption will be conditional upon the receipt by an independent escrow agent selected by the District, on or prior to the date fixed for such redemption, of the moneys necessary and sufficient to pay the principal of, premium, if any, and interest on, such Bonds (or portions thereof) to be redeemed, and that if such moneys shall not have been so received said Redemption Notice will be of no force and effect, no portion of the Bonds will be subject to redemption on such date and such Bonds will not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption will not be made and the Paying Agent will within a reasonable time thereafter (but in no event later than the date originally set for redemption) give notice to the persons to whom and in the manner in which the Redemption Notice was given that such moneys were not so received. In addition, the District will have the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent will distribute a notice of the rescission of such Redemption Notice in the same manner as such notice was originally provided.

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and, accrued interest thereon to the date fixed for redemption, then such Bonds will no longer be deemed outstanding and shall be surrendered to the Paying Agent for cancellation.

Book-Entry Only System

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants (as defined herein) will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The DTC, New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated "AA+" by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distribution on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distribution to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain and keep at its designated corporate trust office all books and records necessary for the registration, exchange and transfer of the Bonds as provided in the Resolution (the "Bond Register"). Subject to the provisions of the Resolution, the person in whose name a Bond is registered on the Bond Register will be regarded as the absolute owner of that Bond for all purposes of the Resolution. Payment of or on account of the principal of and interest and premium, if any, on any Bond will be made only to or upon the order of that person; neither the District, nor the Paying Agent will be affected by any notice to the contrary, but the registration may be changed as provided in the Resolution. All such payments will be valid and effectual to satisfy and discharge the District's liability upon the Bonds, including interest, to the extent of the amount or amounts so paid.

In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the payment, registration, transfer, exchange and replacement of the Bonds.

The principal of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the designated office of the Paying Agent, initially located in Los Angeles, California. Interest on the Bonds will be paid by the Paying Agent by either by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of like series, tenor, maturity and principal amount upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of the Bond at the designated corporate trust office of the Paying Agent together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new bond or bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the principal amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date..

Neither the District nor the Paying Agent will be required to (a) issue or transfer any Bonds during a period beginning with the opening of business on the 16th day next preceding either any Bond Payment Date, or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or any day on which the applicable Redemption Notice is given or (b) transfer any Bonds which have been selected or called for redemption in whole or in part.

Defeasance

All or any portion of the outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which, together with any amounts transferred from the Debt Service Funds, if any, is sufficient to pay all Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date; or

(b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations, together with any amounts transferred from the Debt Service Funds, if any, and any other cash, if required, in such amount as will, together with interest to accrue thereon, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date;

then, notwithstanding that any of such Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of an independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) of this Section, to the Owners of such designated Bonds not so surrendered and paid, all sums due with respect thereto.

"Government Obligations" means direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or obligations secured or otherwise guaranteed, directly or indirectly, as to principal and interest by a pledge of the full faith and credit of the United States of America. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (i) a bank or trust company acts as custodian and holds the underlying United States obligations; (ii) the owner of the

investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (iii) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at least as high as direct and general obligations of the United States of America by either S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") or Moody's Investors Service ("Moody's").

Application and Investment of Bond Proceeds

The proceeds of the Bonds will be used to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities, and (ii) pay the costs of issuing the Bonds.

Series B Bonds. The proceeds of the sale from the Series B Bonds, net of costs of issuance and any premium received upon the sale thereof, will be deposited by the County to the credit of the fund created by the Resolution and known as the "Shasta-Tehama-Trinity Joint Community College District, Election of 2016 General Obligation Bonds, Series B Building Fund" (the "Series B Building Fund"), and will be applied solely for the purposes for which the Bonds are being issued. Interest earnings in the Series B Building Fund will be retained therein.

The *ad valorem* property taxes levied by the Counties for the payment of the Series B Bonds, when collected, are required to be held separate and apart by the County in a fund created by the Resolution and known as the "Shasta-Tehama-Trinity Joint Community College District, Election of 2016 General Obligation Bonds, Series B Debt Service Fund" (the "Series B Debt Service Fund"), and used only for payment of principal of and interest on the Bonds. Accrued interest and any premium received upon the sale of the Series B Bonds will be deposited into the Series B Debt Service Fund. Any interest earnings on moneys held in the Series B Debt Service Fund will be retained therein. If, after all of the Series B Bonds have been redeemed or paid and otherwise cancelled, there are moneys remaining in the Series B Debt Service Fund, said moneys will be transferred to the general fund of the District as provided and permitted by law.

Series B-1 Bonds. The proceeds of the sale from the Series B-1 Bonds, net of costs of issuance and any premium received upon the sale thereof, will be deposited by the County to the credit of the fund created by the Resolution and known as the "Shasta-Tehama-Trinity Joint Community College District, Election of 2016 General Obligation Bonds, Series B-1 Building Fund" (the "Series B-1 Building Fund" and, together with the Series B Bonds, the "Building Funds"), and will be applied solely for the purposes for which the Series B-1 Bonds are being issued. Interest earnings in the Series B-1 Building Fund will be retained therein.

The *ad valorem* property taxes levied by the Counties for the payment of the Series B-1 Bonds, when collected, are required to be held separate and apart by the County in a fund created by the Resolution and known as the "Shasta-Tehama-Trinity Joint Community College District, Election of 2016 General Obligation Bonds, Series B-1 Debt Service Fund" (the "Series B-1 Debt Service Fund" and, together with the Series B Debt Service Fund, the "Debt Service Funds"), and used only for payment of principal of and interest on Series B-1 Bonds. Accrued interest and any premium received upon the sale of the Bonds will be deposited into the Series B-1 Debt Service Fund. Any interest earnings on moneys held in the Series B-1 Debt Service Fund will be retained therein. If, after all of the Series B-1 Bonds have been redeemed or paid and otherwise cancelled, there are moneys remaining in the Series B-1 Debt Service Fund, said moneys will be transferred to the general fund of the District as provided and permitted by law.

Moneys in the Debt Service Funds and the Building Funds will be invested through the County's pooled investment fund. See "APPENDIX E - SHASTA COUNTY INVESTMENT POOL" attached hereto.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Bonds are as follows:

Sources of Funds	**Series B Bonds**	**Series B-1 Bonds**
Principal Amount of the Bonds	$20,000,000.00	$20,000,000.00
Original Issue Premium	1,931,011.75	--
Total Sources	$21,931,011.75	$20,000,000.00
Uses of Funds		
Building Funds	$19,874,473.73	$19,805,526.27
Underwriter's Discount	80,000.00	80,000.00
Debt Service Funds	1,851,011.75	--
Costs of Issuance[(1)]	125,526.27	114,473.73
Total Uses	$21,931,011.75	$20,000,000.00

[(1)] Reflects all costs of issuance, including, but not limited to, legal and municipal advisor fees, printing costs, rating agency fees and the costs and fees of the Paying Agent.

[REMAINDER OF PAGE LEFT BLANK]

DEBT SERVICE SCHEDULE

The following table shows the debt service schedule with respect to the Bonds (assuming no optional redemptions are made):

	Series B Bonds		Series B-1 Bonds		
Year Ending August 1	Annual Principal Payment	Annual Interest Payment[(1)]	Annual Principal Payment	Annual Interest Payment[(1)]	Total Annual Debt Service
2020	--	$573,939.72	--	$596,165.56	$1,170,105.28
2021	$2,000,000	693,350.00	--	720,200.00	3,413,550.00
2022	245,000	633,350.00	--	720,200.00	1,598,550.00
2023	285,000	623,550.00	--	720,200.00	1,628,750.00
2024	325,000	612,150.00	--	720,200.00	1,657,350.00
2025	370,000	599,150.00	--	720,200.00	1,689,350.00
2026	420,000	584,350.00	--	720,200.00	1,724,550.00
2027	475,000	567,550.00	--	720,200.00	1,762,750.00
2028	530,000	548,550.00	--	720,200.00	1,798,750.00
2029	590,000	527,350.00	--	720,200.00	1,837,550.00
2030	650,000	503,750.00	--	720,200.00	1,873,950.00
2031	715,000	477,750.00	--	720,200.00	1,912,950.00
2032	785,000	449,150.00	--	720,200.00	1,954,350.00
2033	865,000	417,750.00	--	720,200.00	2,002,950.00
2034	940,000	383,150.00	--	720,200.00	2,043,350.00
2035	1,025,000	345,550.00	--	720,200.00	2,090,750.00
2036	1,115,000	304,550.00	--	720,200.00	2,139,750.00
2037	1,210,000	259,950.00	--	720,200.00	2,190,150.00
2038	1,295,000	223,650.00	--	720,200.00	2,238,850.00
2039	1,390,000	184,800.00	--	720,200.00	2,295,000.00
2040	1,485,000	143,100.00	--	720,200.00	2,348,300.00
2041	1,590,000	98,550.00	--	720,200.00	2,408,750.00
2042	1,695,000	50,850.00	--	720,200.00	2,466,050.00
2043	--	--	$2,250,000	720,200.00	2,970,200.00
2044	--	--	2,435,000	639,177.50	3,074,177.50
2045	--	--	2,630,000	551,493.16	3,181,493.16
2046	--	--	2,835,000	456,786.86	3,291,786.86
2047	--	--	3,050,000	354,698.50	3,404,698.50
2048	--	--	3,280,000	244,868.00	3,524,868.00
2049	--	--	3,520,000	126,755.20	3,646,755.20
TOTAL	$20,000,000.00	$9,805,839.72	$20,000,000.00	$19,534,544.78	$69,340,384.50

[(1)] Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing February 1, 2020.

See "SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT – District Debt Structure – General Obligation Bonds" herein for a schedule of the combined debt service requirements for all of the District's outstanding general obligation bonds.

TAX BASE FOR REPAYMENT OF BONDS

The information in this section describes ad valorem *property taxation, assessed valuation, and other measures of the tax base of the District. The Bonds are payable solely from* ad valorem *property taxes levied and collected by the Counties on taxable property in the District. The District's general fund is not a source for the repayment of the Bonds.*

Ad Valorem Property Taxation

District property taxes are assessed and collected by the Counties at the same time and on the same tax rolls as county, city and special district taxes. Assessed valuations are the same for both District and Counties taxing purposes.

Taxes are levied for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." A supplemental roll is developed when property changes hands or new construction is completed. Each of the Counties levies and collects all property taxes for property falling within the respective county's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently enrolled in August. Property taxes on the secured roll are payable in two installments, due November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus any additional amount determined by the respective treasurer-tax collector (or equivalent officer) of the Counties. After the second installment of taxes on the secured roll is delinquent, the tax collector shall collect a cost of $10 for preparing the delinquent tax records and giving notice of delinquency. Property on the secured roll with delinquent taxes is declared tax-defaulted on July 1 of the calendar year. Such property may thereafter be redeemed, until the right of redemption is terminated, by payment of the delinquent taxes and the delinquency penalty, plus a $15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Treasurer.

Property taxes on the unsecured roll as of July 31 become delinquent if they are not paid by August 31 and are thereafter subject to a delinquent penalty of 10%. Taxes added to the unsecure tax roll after July 31, if unpaid are delinquent and subject to a penalty of 10% on the last day of the month succeeding the month of enrollment. In the case of unsecured property taxes, an additional penalty of 1.5% per month begins to accrue when such taxes remain unpaid on the last day of the second month after the 10% penalty attaches. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. See also "– Tax Levies, Collections and Delinquencies" herein.

State law exempts from taxation $7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

All property is assessed using full cash value as defined by Article XIIIA of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies, including K-14 school districts (as defined herein) will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

Assessed Valuations

The following tables show the assessed valuations for the District for fiscal years 2009-10 through 2018-19, as of the date the equalized assessment tax roll is established in August of each year, excluding any exemptions granted after such date in each year.

ASSESSED VALUATIONS
Fiscal Years 2009-10 through 2018-19
Shasta-Tehama-Trinity Joint Community College District

	Local Secured[(1)]	Unsecured	Total	Percent Change
2009-10	$20,793,996,544	$1,079,918,712	$21,873,915,256	--
2010-11	19,624,208,687	983,365,867	20,607,574,554	(5.79)%
2011-12	18,909,848,514	1,112,848,641	20,022,697,155	(2.84)
2012-13	18,494,843,735	1,087,192,068	19,582,035,803	(2.20)
2013-14	19,189,755,581	1,095,349,932	20,285,105,513	3.59
2014-15	19,773,788,656	1,114,982,706	20,888,771,362	2.98
2015-16	20,777,089,825	1,074,754,402	21,851,844,227	4.61
2016-17	21,734,292,236	1,084,999,417	22,819,291,653	4.43
2017-18	22,698,685,378	1,068,684,678	23,767,370,056	4.15
2018-19	23,998,309,212	1,106,121,418	25,104,430,630	5.63

(1) Local secured amounts includes utility assessed valuation.
Source: California Municipal Statistics, Inc.; Percent change figures provided by the Municipal Advisor.

Economic and other factors beyond the District's control, such as general market decline in property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, drought, fire, wildfire, toxic contamination, or flooding could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the Counties to pay the debt service with respect to the Bonds. See "THE BONDS – Security and Sources of Payment" herein.

Appeals and Adjustments of Assessed Valuation. Under State law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the SBE, with the appropriate county board of equalization or assessment appeals board. County assessors may independently reduce assessed values as well based upon the above factors or reductions in the fair market value of the taxable property. In most cases, an appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal

applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein.

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought or toxic contamination pursuant to relevant provisions of the State Constitution.

Whether resulting from taxpayer appeals or county assessor reductions, adjustments to assessed value are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS — Article XIIIA of the California Constitution" herein.

No assurance can be given that property tax appeals currently pending or in the future, or actions by county assessors, will not significantly reduce the assessed valuation of property within the District.

[REMAINDER OF PAGE LEFT BLANK]

Assessed Valuation of Single Family Homes. The following table shows the distribution of single family homes within the District among various fiscal year 2018-19 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within the District.

ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2018-19
Shasta-Tehama-Trinity Joint Community College District

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	72,853	$14,883,927,919	$204,301	$179,000

2018-19 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	880	1.208%	1.208%	$14,875,550	0.100%	0.100%
25,000 - 49,999	3,016	4.140	5.348	118,188,302	0.794	0.894
50,000 - 74,999	4,640	6.369	11.717	292,218,252	1.963	2.857
75,000 - 99,999	5,807	7.971	19.688	509,901,754	3.426	6.283
100,000 - 124,999	6,438	8.837	28.525	725,707,921	4.876	11.159
125,000 - 149,999	7,152	9.817	38.342	984,045,729	6.611	17.770
150,000 - 174,999	7,364	10.108	48.450	1,194,106,776	8.023	25.793
175,000 - 199,999	6,540	8.977	57.427	1,222,734,315	8.215	34.008
200,000 - 224,999	5,636	7.736	65.163	1,194,357,886	8.024	42.033
225,000 - 249,999	5,159	7.081	72.244	1,221,649,370	8.208	50.241
250,000 - 274,999	3,806	5.224	77.468	996,066,361	6.692	56.933
275,000 - 299,999	3,340	4.585	82.053	956,940,599	6.429	63.362
300,000 - 324,999	2,556	3.508	85.561	796,171,577	5.349	68.711
325,000 - 349,999	2,024	2.778	88.340	682,026,278	4.582	73.294
350,000 - 374,999	1,782	2.446	90.786	644,174,036	4.328	77.622
375,000 - 399,999	1,419	1.948	92.733	548,559383	3.686	81.307
400,000 - 424,999	1,116	1.532	94.265	459,006,063	3.084	84.391
425,000 - 449,999	811	1.113	95.378	353,994,999	2.378	86.770
450,000 - 474,999	714	0.980	96.358	329,339,266	2.213	88.982
475,000 - 499,999	518	0.711	97.069	251,929,410	1.693	90.675
500,000 and greater	2,135	2.931	100.000	1,387,934,092	9.325	100.000
Total	72,853	100.000%		$14,883,927,919	100.000%	

[1] Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

Assessed Valuations and Parcels by Land Use. The following table shows the distribution of taxable property within the District by principal use, as measured by assessed valuation and parcels in fiscal year 2018-19.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2018-19
Shasta-Tehama-Trinity Joint Community College District

Non-Residential:	**2018-19 Assessed Valuation[(1)]**	**% of Total**	**No. of Parcels**	**% of Total**
Agricultural/Rural	$418,148,378	1.74%	3,015	1.96%
Commercial/Office	1,197,453,403	4.99	5,518	3.59
Vacant Commercial	225,288,289	0.94	2,074	1.35
Industrial	1,466,502,067	6.11	962	0.63
Vacant Industrial	81,452,049	0.34	400	0.26
Recreational	173,376,023	0.72	311	0.20
Government/Social/Institutional	344,189,471	1.43	4,069	2.65
Vacant Other/Forest & Timber	477,609,751	1.99	16,874	10.97
Miscellaneous	239,440,020	1.00	2,431	1.58
Subtotal Non-Residential	$4,623,459,451	19.27%	35,654	23.18%
Residential:				
Single Family Residence	$14,883,927,919	62.05%	72,853	47.36%
Condominium/Townhouse	234,672,007	0.98	2,011	1.31
Mobile Home	1,140,488,449	4.75	20,966	13.63
Mobile Home Park	53,611,629	0.22	118	0.08
2-4 Residential Units	1,006,814,358	4.20	4,244	2.76
5+ Residential Units/Apartments	1,592,719,312	6.64	2,799	1.82
Miscellaneous Residential	108,286,873	0.45	994	0.65
Vacant Residential	343,397,529	1.43	14,176	9.22
Subtotal Residential	$19,363,918,076	80.73%	118,161	76.82%
Total	$23,987,377,527	100.00%	153,815	100.00%

[(1)] Local Secured Assessed Valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Assessed Valuation by Jurisdiction. The following table below shows an analysis of the distribution of taxable property in the District by jurisdiction, in terms of its fiscal year 2018-19 assessed valuation.

ASSESSED VALUATION BY JURISDICTION[(1)]
Fiscal Year 2018-19
Shasta-Tehama-Trinity Joint Community College District

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Anderson, Shasta County	$750,652,188	2.99%	$750,652,188	100.00%
City of Corning, Tehama County	419,996,387	1.67	419,996,387	100.00
City of Red Bluff, Tehama County	921,622,356	3.67	921,622,356	100.00
City of Redding, Shasta County	9,030,398,402	35.97	9,030,398,402	100.00
City of Shasta Lake, Shasta County	734,248,854	2.92	734,248,854	100.00
City of Tehama, Tehama County	22,802,147	0.09	22,802,147	100.00
Unincorporated Humboldt County	41,468,884	0.17	8,078,103,112	0.51
Unincorporated Lassen County	89,372,036	0.36	1,571,193,508	5.69
Unincorporated Modoc County	14,851,970	0.06	855,418,536	1.74
Unincorporated Shasta County	7,213,596,292	28.73	7,268,445,747	99.25
Unincorporated Tehama County	4,229,517,868	16.85	4,229,517,868	100.00
Unincorporated Trinity County	1,635,903,246	6.52	1,647,203,697	99.31
Total District	$25,104,430,630	100.00%		
Summary by County:				
Humboldt County	$41,468,884	0.17%	$13,478,284,070	0.31
Lassen County	89,372,036	0.36	2,208,219,054	4.05
Modoc County	14,851,970	0.06	1,001,147,103	1.48
Shasta County	17,728,895,736	70.62	17,783,745,191	99.69
Tehama County	5,593,938,758	22.28	5,593,938,758	100.00
Trinity County	1,635,903,246	6.52	1,647,203,697	99.31
Total District	$25,104,430,630	100.00%		

Source: California Municipal Statistics, Inc.

Tax Levies, Collections and Delinquencies

Approximately 71.48% of taxable property within the District is located within the County. The following table shows secured tax levies within the portion of the District lying in the County, and amounts delinquent as of June 30, for the fiscal years shown below.

SECURED TAX CHARGES AND DELINQUENCIES (SHASTA COUNTY PORTION)
Fiscal Years 2008-09 through 2017-18
Shasta-Tehama-Trinity Joint Community College District

	Secured Tax Charge[(1)]	Amt. Del. June 30	% Del. June 30
2008-09	$8,685,249.23	$342,435.30	3.94%
2009-10	8,439,672.52	303,915.74	3.60
2010-11	8,007,373.66	345,948.39	4.32
2011-12	7,740,889.06	227,307.00	2.94
2012-13	7,642,559.59	192,712.21	2.52
2013-14	8,069,236.91	146,338.33	1.81
2014-15	8,200,994.42	144,856.02	1.77
2015-16	8,570,672.42	139,454.53	1.63
2016-17	8,949,287.60	139,199.83	1.56
2017-18	9,353,547.67	163,019.96	1.74

(1) Reflects the 1% general fund apportionment.

	Secured Tax Charge[(2)]	Amt. Del. June 30	% Del. June 30
2008-09	$1,350,738.60	$53,322.48	3.95%
2009-10	1,459,962.60	53,048.42	3.63
2010-11	1,292,120.16	56,947.63	4.41
2011-12	2,103,267.06	61,037.72	2.90
2012-13	689,601.96	18,405.70	2.67
2013-14	1,161,151.26	21,145.75	1.82
2014-15	1,474,545.06	26,191.50	1.78
2015-16	736,838.72	12,092.37	1.64
2016-17	859,331.79	13,620.68	1.59
2017-18	4,221,921.56	65,531.88	1.55

(2) Reflects the District's general obligation bond debt service levy.
Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment - Teeter Plan

Shasta, Tehama, Lassen, Humboldt and Trinity Counties. Certain counties in the State of California operate under a statutory program entitled Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"). Under the Teeter Plan, local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by the county.

The Boards of Supervisors of the Shasta, Tehama, Lassen, Humboldt and Trinity Counties have each approved the implementation of the "Teeter Plan" within their respective counties, as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each participating local agency levying property taxes, including school districts and community college districts, receives from its county the amount of uncollected taxes credited to its fund, in the same manner as if the amount credited had been collected. In return, the county receives and retains delinquent payments, penalties and interest as collected, that would have been due the local agency. The Teeter Plan, once adopted by a county, remains in effect unless the county board of supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year, the board of supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the county. A board of supervisors may, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in the county when delinquencies for taxes levied by that agency exceed 3%.

The Teeter Plan applies to the 1% general purpose property tax levy. Whether or not the Teeter Plan also is applied to other tax levies for local agencies, such as the tax levy for general obligation bonds of local agencies, varies by county. Humboldt County and Lassen County do not include the District's general obligation bond levy under the Teeter Plan. **Therefore, the receipt of property taxes within Humboldt County and Lassen County with respect to the District's general obligation bonds, including the Bonds, is subject to delinquencies.**

Modoc County. The County of Modoc has not adopted the Teeter Plan, and consequently the Teeter Plan is not available to local taxing entities within Modoc County, such as the District. **The receipt of property taxes from those portions of Modoc County subject to taxation by the District is therefore subject to delinquencies.**

Largest Property Owners

The more property (by assessed value) which is owned by a single taxpayer within the District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer's financial situation and ability or willingness to pay property taxes. The following table lists the 20 largest local secured taxpayers in the District in terms of their fiscal year 2018-19 secured assessed valuations. Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representation as to whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2018-19
Shasta-Tehama-Trinity Joint Community College District

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total[(1)]
1.	Sierra Pacific Industries	Industrial/Timber	$212,838,671	0.89%
2.	Charles R. Crain, Jr.	Food Processing	136,342,047	0.57
3.	Wal-Mart Stores East LP	Distribution Facilities/Stores	132,139,696	0.55
4.	McConnell Foundation	Commercial	120,226,526	0.50
5.	Knauf Insulation LLC	Industrial	118,656,812	0.49
6.	Lehigh Southwest Cement Company	Industrial	73,523,707	0.31
7.	RPI Shasta Mall LP	Commercial	52,100,934	0.22
8.	MPT of Shasta LP	Medical Buildings	47,573,449	0.20
9.	Bell-Carter Foods Inc.	Food Processing	45,360,222	0.19
10.	Gary & Patsy Knighten 1995 Trust	Residential Properties	34,686,420	0.14
11.	Farmland Reserve Inc.	Agricultural	34,098,041	0.14
12.	Redding MHP Estates LP	Mobile Home Park	33,045,297	0.14
13.	Trinity River Lumber Company	Industrial/Timber	28,338,015	0.12
14.	Safeway Inc.	Commercial	27,987,591	0.12
15.	Westlands Water District	Land Holdings	27,204,736	0.11
16.	Wheelabrator Shasta Energy Company Inc.	Industrial	27,150,230	0.11
17.	Shasta Station LLC	Commercial	25,870,839	0.11
18.	Crane Mills	Food Processing	21,401,466	0.09
19.	Marx Family 2012 Trust	Residential Properties	18,910,285	0.08
20.	River Commons 2016 LP	Assisted Living Facility	18,456,830	0.08
			$1,235,911,814	5.15%

[(1)] Fiscal year 2018-19 local secured assessed valuation of the District: $23,987,377,527.
Source: California Municipal Statistics, Inc.

Tax Rates

A representative tax rate area ("TRA") located within the District is Tax Rate Area 1-000. The table below demonstrates the total *ad valorem* property tax rates levied by all taxing entities in this TRA, as a percentage of assessed valuation, during the five-year period from 2014-15 through 2018-19.

TYPICAL TAX RATE (TRA 1-000-SHASTA COUNTY)[(1)]
Fiscal Years 2014-15 through 2018-19
Shasta-Tehama-Trinity Joint Community College District

	2014-15	2015-16	2016-17	2017-18	2018-19
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Shasta-Tehama-Trinity Community College	.0107	.0051	.0057	.0267	.0097
Shasta Union High School District	.0235	.0213	.0202	.0397	.0475
Redding School District	.0748	.0680	.0660	.0394	.0324
Total	1.1090%	1.0944%	1.0919%	1.1058%	1.0896%

[(1)] 2018-19 assessed valuation for TRA 1-000 is $1,316,919,196, which is 5.25% of the District's total assessed valuation.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. effective as of September 1, 2019. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The following table shows the percentage of each overlapping entity's assessed value located within the boundaries of the District. The table also shows the corresponding portion of the overlapping entity's existing debt payable from property taxes levied within the District. The total amount of debt for each overlapping entity is not given in the table.

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
Shasta-Tehama-Trinity Joint Community College District

2018-19 Assessed Valuation: $25,104,430,630

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 9/1/19
Shasta-Tehama-Trinity Community College District	**100.000%**	**$63,810,000**[1]
Fall River Unified School District	100.000	2,570,000
Gateway Unified School District	100.000	29,862,590
Red Bluff Union High School District	100.000	25,390,000
Shasta Union High School District	100.000	42,822,015
Cascade School District	100.000	11,523,595
Enterprise School District	100.000	24,948,938
Redding School District	100.000	11,545,000
Other School Districts	1.135-100.000	43,762,203
Mayers Memorial Hospital District	100.000	7,883,886
1915 Act Bonds	100.000	781,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$264,899,227
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Shasta County General Fund Obligations	99.692%	$ 24,803,370
Tehama County Certificates of Participation	100.000	10,910,000
Trinity County Certificates of Participation	96.789	2,260,023
Humboldt County and Office of Education Certificates of Participation	0.308	37,561
Lassen County General Fund Obligations	4.047	141,571
Shasta Regional Transportation Agency General Fund Obligations	99.692	748,707
Shasta-Tehama-Trinity Community College District General Fund Obligations	**100.000**	**6,545,000**
Corning Union High School District Certificates of Participation	100.000	2,403,348
Red Bluff Union High School District Certificates of Participation	100.000	5,375,000
Redding School District Certificates of Participation	100.000	3,963,530
Other School Districts General Fund Obligations	100.000	3,444,888
Mayers Memorial Hospital District Certificates of Participation	100.000	14,157,000
City of Anderson Pension Fund Obligation Bonds	100.000	1,477,000
City of Redding General Fund Obligations	100.000	33,725,000
City of Shasta Lake General Fund Obligations	100.000	2,469,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$112,460,998
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$30,735,000
COMBINED TOTAL DEBT		$408,095,225[2]

Ratios to 2018-19 Assessed Valuation:

Direct Debt ($63,810,000).....0.25%
Total Direct and Overlapping Tax and Assessment Debt 1.06%
Combined Direct Debt ($70,355,000) 0.28%
Combined Total Debt.....1.63%

Ratios to Redevelopment Incremental Valuation ($2,463,297,933):

Total Overlapping Tax Increment Debt 1.25%

---

[1] Excludes the Bonds described herein.

[2] Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable from the proceeds of an ad valorem *property tax levied by the Counties on the taxable property in the District for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein. Articles XIIIA, XIIIB, XIIIC and XIIID of the Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the Counties to levy taxes on behalf of the District and the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such information that these laws impose any limitation on the ability of the Counties to levy taxes for payment of the Bonds. The tax levied by the Counties for payment of the principal of and interest on the Bonds was approved by the voters of the District in compliance with Article XIIIA, Article XIIIC, and all applicable laws.*

Article XIIIA of the California Constitution

Article XIIIA ("Article XIIIA") of the State Constitution limits the amount of *ad valorem* property taxes on real property to 1% of "full cash value" as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the "base year value." The full cash value is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIA has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the adjusted base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on the Bonds. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations" herein.

Article XIIIA requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem* property, sales or transaction tax on real property. Article XIIIA exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b) as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) on bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of the Series 2019F Bonds falls within the exception described in (c) of the immediately preceding sentence. In addition,

Article XIIIA requires the approval of two-thirds or more of all members of the legislature of the State (the "State Legislature") to change any State taxes for the purpose of increasing tax revenues.

Split Roll Property Tax Ballot Measure. On October 15, 2018, a proposed ballot initiative became eligible for the November 2020 Statewide ballot (the "2020 Ballot Measure"). If approved by a majority of voters casting a ballot at the November 2020 Statewide election, the 2020 Ballot Measure would amend Article XIIIA such that the "full cash value" of commercial and industrial real property that is not zoned for commercial agricultural production, for each lien date, would be equal to the fair market value of that property. If passed, the 2020 Ballot Measure would not affect the "full cash value" of residential property or real property used for commercial agricultural production, which would continue to be subject to annual increases not to exceed 2%. After compensating the State General Fund for resulting reductions in State personal income tax and corporate tax revenues, and compensating cities, counties and special districts for the cost of implementing the 2020 Ballot Measure, approximately 40% of the remaining additional tax revenues generated as a result of the 2020 Ballot Measure would be deposited into a fund created pursuant to the 2020 Ballot Measure called the Local School and Community College Property Tax Fund, with such funds being used to supplement, and not replace, existing funding school districts and community college districts receive under the State's constitutional minimum funding requirement. The District cannot predict whether the 2020 Ballot Measure will appear on the Statewide ballot at the November 2020 election or, if it does, whether the 2020 Ballot Measure will be approved by a majority of voters casting a ballot. If approved, the District cannot make any assurance as to what effect the implementation of the 2020 Ballot Measure will have on District revenues or the assessed valuation of real property in the District.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the relevant county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Both the United States Supreme Court and the State Supreme Court have upheld the general validity of Article XIIIA.

Proposition 50 and Proposition 171

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIIIA of the State Constitution to allow owners of property that was "substantially damaged or destroyed" by a disaster, as declared by the Governor, (the "Damaged Property"), to transfer their existing base year value (the "Original Base Year Value") to a comparable replacement property within the same county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the "Original Cash Value"); however, such property will retain its base year value

notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50 percent of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the "Replacement Base Year Value") depends on the relation of the full cash value of the replacement property (the "Replacement Cash Value") to the Original Cash Value: if the Replacement Cash Value exceeds 120 percent of the Original Cash Value, then the Replacement Base Year Value is calculate by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120 percent of the Original Cash Value, then the Replacement Base Year Value equals the Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

On November 2, 1993, the voters of the State approved Proposition 171. Proposition 171 amends subdivision (e) of Section 2 of Article XIIIA of the State Constitution to allow owners of Damaged Property to transfer their Original Base Year Value to a "comparable replacement property" located within another county in the State, which is acquired or newly constructed within three years after the disaster.

Intra-county transfers under Proposition 171 are more restrictive than inter-county transfers under Proposition 50. For example, Proposition 171 (1) only applies to (a) structures that are owned and occupied by property owners as their principal place of residence and (b) land of a "reasonable size that is used as a site for a residence;" (2) explicitly does not apply to property owned by firms, partnerships, associations, corporations, companies, or legal entities of any kind; (3) only applies to replacement property located in a county that adopted an ordinance allowing Proposition 171 transfers; (4) claims must be timely filed within three years of the date of purchase or completion of new construction; and (5) only applies to comparable replacement property, which has a full cash value that is of "equal or lesser value" than the Original Cash Value.

Within the context of Proposition 171, "equal or lesser value" means that the amount of the Replacement Cash Value does not exceed either (1) 105 percent of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110 percent of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115 percent of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction.

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("unitary property"). Under the State Constitution, such property is assessed by the SBE as part of a "going concern" rather than as individual pieces of real or personal property. Such State-assessed unitary and certain other property is allocated to counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year. So long as the District is not a community supported district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's school financing formula. See "DISTRICT FINANCIAL INFORMATION – State Funding of Education" herein.

Article XIIIB of the California Constitution

Article XIIIB ("Article XIIIB") of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIIIB defines

(a) "change in the cost of living" with respect to school districts and community college districts (collectively "K-14 school districts") to mean the percentage change in State per capita income from the preceding year, and

(b) "change in population" with respect to a school district to mean the percentage change in the ADA of the school district from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIIIB, as amended.

The appropriations of an entity of local government subject to Article XIIIB limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for bonded debt service such as the Bonds, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the State Legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIIIB also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See "– Propositions 98 and 111" below.

Article XIIIC and Article XIIID of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the State Constitution Articles XIIIC and XIIID (respectively, "Article XIIIC" and "Article XIIID"), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the State Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the State Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIIIA of the State Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Propositions 98 and 111

On November 8, 1988, voters of the State approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act were modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changed State funding of public education below the university level and the

operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-14 school districts at a level equal to the greater of (a) the same percentage of State general fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, and (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State Legislature to suspend this formula for a one-year period.

The Accountability Act also changed how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount are, instead of being returned to taxpayers, transferred to K-14 school districts. Any such transfer to K-14 school districts is excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year is automatically increased by the amount of such transfer. These additional moneys enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which can be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Since the Accountability Act is unclear in some details, there can be no assurances that the State Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's budget.

On June 5, 1990, the voters of the State approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limitation Act of 1990" ("Proposition 111") which further modified Article XIIIB and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

The most significant provisions of Proposition 111 are summarized as follows:

a. Annual Adjustments to Spending Limit. The annual adjustments to the Article XIIIB spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in State per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of such districts' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

c. Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit: (i) all appropriations

for "qualified capital outlay projects" as defined by the State Legislature, and (ii) any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the State Legislature and the Governor, which was expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

d. Recalculation of Appropriations Limit. The Article XIIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

e. School Funding Guarantee. A complex adjustment was made to the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues ("Test 1") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment ("Test 2"). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test ("Test 3"), which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in State per capita personal income. Under Test 3, K-14 school districts will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 will become a "credit" to K-14 school districts (also referred to as a "maintenance factor") which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, State voters approved an amendment (commonly known as "Proposition 39") to the State Constitution. Proposition 39 is an initiated Constitutional amendment that (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the State Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, community college districts, including the District, and county offices of education. As noted above, the State Constitution previously limited property taxes to 1% of the value of property, such that property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all

bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate projected to be levied as the result of any single election be no more than $60 (for a unified school district), $30 (for an elementary school district or a high school district), or $25 (for a community college district), per $100,000 of taxable property value, when assessed valuation is projected to increase in accordance with Article XIIIA of the State Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the State Legislature and approval by the Governor.

Proposition 1A and Proposition 22

On November 2, 2004, State voters approved Proposition 1A, which amends the State Constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. The State may shift from schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was projected to be approximately $1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, was projected to be an increase in the State's general fund costs by approximately $1 billion annually for several decades.

Proposition 55

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 6, 2016. Proposition 55 extends, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public

Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"). Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,001 for single filers (over $500,000 but less than $600,001 for joint filers and over $340,000 but less than $408,001 for head-of-household filers), (ii) 2% for taxable income over $300,000 but less than $500,001 for single filers (over $600,000 but less than $1,000,001 for joint filers and over $408,000 but less than $680,001 for head-of-household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for head-of-household filers).

The revenues generated from the personal income tax increases will be included in the calculation of the Proposition 98 Minimum Funding Guarantee (defined herein) for school districts and community college districts. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Propositions 98 and 111" herein. From an accounting perspective, the revenues generated from the personal income tax increases are being deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the "EPA"). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to school districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing board is prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Jarvis v. Connell

On May 29, 2002, the State Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the State Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the State Supreme Court upheld the holding of the Court of Appeal, stating that the State Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the State Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 2

On November 4, 2014, voters approved the Rainy Day Budget Stabilization Fund Act (also known as "Proposition 2"). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State's Budget Stabilization Account (the "BSA") established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the "Annual BSA Transfer"). Supplemental transfers to the BSA (a "Supplemental BSA Transfer") are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of the total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15-year period ending with the 2029-30 fiscal year, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the State Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changes the conditions under which the Governor and the State Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the State Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a "budget emergency," defined as an emergency within the meaning of Article XIIIB of the State Constitution or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of the funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the "PSSSA") into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would otherwise be paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is "Test 1," (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year's funding level, as adjusted for ADA growth and cost of living.

Proposition 51

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative that was approved by voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of $9 billion in general obligation bonds by the State for the new construction and modernization of K-14 facilities.

K-12 School Facilities. Proposition 51 includes $3 billion for the new construction of K-12 facilities and an additional $3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school district lacks sufficient local funding, it may apply for additional state grant funding, up to 100% of the project costs. In addition, a total of $1 billion will be available for the modernization and new construction of charter school facilities ($500 million) and technical education facilities ($500 million). Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, school districts that cannot cover their local share for these two types of projects may apply for State loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, State grants are capped at $3 million for a new facility and $1.5 million for a modernized facility. Charter schools must be deemed financially sound before project approval.

Community College Facilities. Proposition 51 includes $2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system, who then decides which projects to submit to the State Legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and State Legislature will select among eligible projects as part of the annual state budget process.

The District makes no representation or guarantees that it will either pursue or qualify for Proposition 51 State facilities funding.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the State Constitution and Propositions 22, 26, 30, 39, 98, 55 and 51 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA

The information in this section concerning State funding of community college districts is provided as supplementary information only, and it should not be inferred from the inclusion of the information under this heading that the principal of and interest on the Bonds are payable from State revenues. The Bonds are payable solely from the proceeds of an ad valorem *property tax required to be levied by the Counties in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

Major Revenues

General. California community college districts (other than "community supported" Basic Aid districts, as described below) receive a majority of their funding from the State, and the balance from local and federal sources. State funds include general apportionment, categorical funds, capital construction, lottery funds, and other minor sources. Every community college district receives the same amount of State lottery funds on a per-student basis (which is generally less than 3%), although lottery funds are not categorical funds as they are not for particular programs or students. The initiative authorizing the lottery requires the funds to be used for instructional purposes, and prohibits their use for capital purposes.

The major local revenue source is local property taxes that are collected from within district boundaries, with student enrollment fees accounting for the most of the remainder. A small part of a community college district's budget is from local sources other than property taxes and student enrollment fees, such as interest income, donations, educational foundation contributions and sales or leases of property.

The sum of property taxes, student enrollment fees, EPA funds, and State aid comprise a district's revenue limit. State funding is generally subject to the appropriation of funds in the State's annual budget. Thus, decreases in State revenues may affect appropriations made by the State Legislature to community college districts.

"Basic Aid" community college districts (also referred to "community supported" districts) are those districts whose local property taxes, student enrollment fee collections, and Education Protection Account funds exceed the revenue allocation determined by the current State funding model. Thus, Basic Aid districts do not receive any general apportionment funding from the State. The current law in the State allows these districts to keep the excess funds without penalty. The implication for Basic Aid districts is that legislatively determined annual COLAs and other politically determined factors are less significant in determining such districts primary funding sources. Rather, property tax growth and the local economy become the determining factors. The District is not currently a Basic Aid district.

Enrollment Based Funding. California community college districts apportionments were previously funded pursuant to a system established by Senate Bill 361 ("SB 361"). SB 361 provided for a basic allocation (a "Basic Allocation") based on the number of colleges, state-approved education centers and total enrollment, together with funding based on per-student rates for credit FTES, non-credit FTES and career development and college preparation ("CDCP") non-credit FTES.

SB 361 specified that, commencing with the 2006-07 fiscal year the minimum funding per FTES would be: (a) not less than $4,367 per credit FTES; (b) at a uniform rate of $2,626 per non-credit FTES; and (c) $3,092 per CDCP FTES. Although CDCP FTES were initially funded at a lower rate than credit FTES, subsequent legislation effective as of the 2015-16 fiscal year set the minimum funding for CDCP FTES at the same level as credit FTES. Each such minimum funding rate was subject to cost of living adjustments (each, a "COLA"), if any, funded through the State budgeting legislation in each fiscal year.

One unit of FTES is equivalent to 525 student contact hours, which is determined based on a State formula of one student multiplied by 15 weekly contact hours multiplied by 35 weeks. Accordingly, the number of FTES in the District may not equal the number of students enrolled in the District.

In each fiscal year, the State budget established an enrollment cap on the maximum number of resident FTES, known as the "funded" FTES, for which a community college district would receive a revenue allocation. A district's enrollment cap was based on the previous fiscal year's reported FTES, plus the growth allowance provided for by the State budget, if any. All student hours in excess of the enrollment cap were considered "unfunded" FTES. Nonresident and international students are excluded from the State funding formula and pay full tuition.

Student Centered Funding Formula. Assembly Bill 1809 ("AB 1809"), the higher education trailer bill passed as part of the State budget for fiscal year 2018-19, implemented a new funding mechanism for community college districts referred to as the "Student Centered Funding Formula," (the "SCFF"). The SCFF includes three components: (1) a base allocation (the "Base Allocation") driven primarily by enrollment, (2) a supplemental allocation (the "Supplemental Allocation") based on the number of certain types of low-income students, and (3) a student success allocation (the "Student Success Allocation") calculated using various performance-based metrics.

The SCFF includes several hold-harmless provisions to provide districts greater financial stability in transitioning to the new formula: (i) for fiscal years 2018-19 through 2020-21, community college districts will receive no less in total apportionment funding than they received in 2017-18, adjusted for COLAs; (ii) for fiscal year 2021-22 and onward, districts will receive no less in apportionment funding per-student than they received in fiscal year 2017-18; and (iii) beginning in fiscal year 2018-19, districts will receive the greater of the amount calculated by the SCFF for the current or prior year (excluding amounts districts receive pursuant to the provision summarized in (i) above.)

Base Allocation. The Base Allocation is composed of (1) the Basic Allocation, determined consistent with the prior funding formula (see "—Enrollment Based Funding"), and (2) funding for credit, non-credit and CDCP FTES. The Base Allocation is expected to constitute approximately 70% of Statewide funding for community college districts in fiscal year 2018-19 and in fiscal year 2019-20. Future years' allocations are yet to be determined.

The SCFF provides minimum funding levels for credit FTES for the first fiscal year at $3,727 for fiscal year 2018-19. For fiscal year 2019-20 the State's 2019-20 Budget recalculates funding rates in the base, supplemental and student success allocations so that 70% of SCFF funds would be allocated to the base allocation. Beginning in 2020-21 those funding rates would be adjusted by COLA. Notwithstanding the foregoing, the SCFF provides higher credit FTES funding rates for certain districts that were entitled to higher funding rates under the prior funding formula. Beginning in fiscal year 2021-22, the provision of COLAs and other adjustments will be subject to appropriation therefor in the annual State budget. Total funding for credit FTES will be based on a rolling three-year average of the funded credit FTES from the current fiscal year and the two immediately preceding fiscal years. Credit FTES associated with enrollment growth proposed in the annual budget act shall be excluded from the three-year average and shall instead be added to the computed three-year rolling average. In computing the three-year average, credit FTES generated by incarcerated and special admit students shall be excluded and funded consistent with the prior funding formula.

Funding levels for non-credit and CDCP FTES are determined consistent with the prior funding formula. See "—Enrollment Based Funding" herein. Total funding for these categories will be based on actual non-credit and CDCP FTES for the most recent fiscal year.

The table below shows the District's resident FTES figures for the last 10 fiscal years, along with budgeted FTES for the current fiscal year.

FULL TIME EQUIVALENT STUDENTS[(1)]
Fiscal Years 2010-11 through 2019-20
Shasta-Tehama-Trinity Joint Community College District

Fiscal Year	Funded FTES	Unfunded FTES[(2)]	Total FTES
2010-11	7,756	26	7,782
2011-12	7,164	--	7,164
2012-13	7,270	64	7,334
2013-14[(3)]	7,270	--	7,270
2014-15	6,963	--	6,963
2015-16[(3)]	6,963	--	6,963
2016-17	7,203	--	7,203
2017-18	7,200	--	7,200
2018-19	6,900	--	6,900
2019-20[(4)]	6,900	--	6,900

(1) One FTES is equivalent to 525 student contact hours, which is determined based on a State formula of one student multiplied by 15 weekly contact hours multiplied by 35 weeks. Accordingly, the number of FTES in the District may not equal the number of students enrolled in the District. Reflects resident FTES counts only; non-resident FTES are excluded from State funding formula calculations and pay full tuition.

(2) In each fiscal year, the State budget will establish an enrollment cap on the maximum number of FTES, known as the "funded" FTES, for which a community college district will receive a revenue allocation, as determined by the program-based model. A district's enrollment cap is based on the previous fiscal year's reported FTES, plus the growth allowance provide for by the State budget, if any. All student hours in excess of the enrollment cap are considered "unfunded" FTES.

(3) In fiscal years 2013-14 and 2015-16, FTES figures include approximately 782 FTES and 866 FTES, respectively, in excess of the District's actual FTES count, and for which it received State funding. Reflects the receipt of "stability" funding. Under California Code Regulations Section 58776, during the initial year of a decline in FTES, community college districts are eligible to receive "stability" funding, in an amount equal to the revenue loss associated with a decline in FTES for that year. Stability funding is available for a one year period. If FTES are not restored to the pre-decline level within a period of two years following the initial decline, a community college district that has received stability funding is subject to a permanent reduction of its funded FTES and an attendant decline in operating revenue.

(4) Budgeted.

Source: Shasta-Tehama-Trinity Joint Community College District.

Supplemental Allocation. The Supplemental Allocation, accounting for approximately 20% of Statewide funding, will be distributed to districts based on their headcounts of students that qualify for Federal Pell Grants, California College Promise Grants or student fee waivers under Education Code 76300. The SCFF provides $919 per qualifying student for fiscal year 2018-19. Beginning in fiscal year 2019-20, the provision of COLAs and other adjustments to this amount will be subject to appropriation therefor in the annual State budget. Headcounts are not unduplicated, such that districts will receive twice as much supplemental funding for a student that falls into more than one of the aforementioned categories.

Student Success Allocation. The Student Success Allocation will be distributed to districts based on their performance in various student outcome metrics, including obtaining various degrees and certificates, completing transfer-level math and English courses within a student's first year, and having students obtain a regional living wage within a year of completing community college. The Student Success Allocation is expected to account for 10% of statewide funding for community college districts. Each metric is assigned a point value, with some metrics weighted more than others. A single student outcome with more points will generate more funding. Beginning in fiscal year 2019-20 the student success allocation will count only the highest of all awards a student earned in the same year and will only count the award if the student was enrolled in the district in the year the award was granted. The student success allocation will also calculate based on the three-year rolling average of each metric. Outcome metrics for students that qualify for Federal Pell Grants, AB 540 and California College Promise Grants are eligible for additional funding.

For fiscal year 2018-19, the SCFF provides a rate for all students of $440 per point, and additional $111 per point for Pell Grant, AB 540 and California College Promise Grant students. For fiscal year 2019-20 the State's 2019-20 Budget recalculates funding rates for the student success allocation so that in 2019-20, 10% of the SCFF funds would be allocated for the student success allocation. Beginning in 2020-21 those rates would be adjusted by COLA.

Budget Procedures

On or before September 15, the Board of Trustees of a community college district is required under Section 58305 of the State Code of Regulations, Title V, to adopt a balanced budget. Each September, every State agency, including the Chancellor's Office of the California Community Colleges (the "Chancellor's Office"), submits to the State Department of Finance ("DOF") proposals for changes in the State budget. These proposals are submitted in the form of Budget Change Proposals ("BCPs"), involving analyses of needs, proposed solutions and expected outcomes. Thereafter, the DOF makes recommendations to the Governor, and by January 10 a proposed State budget is presented by the Governor to the State Legislature. The Governor's State budget is then analyzed and discussed in committees and hearings begin in the State Assembly and Senate. In May, based on the debate, analysis and changes in the economic forecasts, the Governor issues a revised budget with changes he or she can support. The law requires the State Legislature to submit its approved budget by June 15, and by June 30 the Governor should announce his or her line item reductions and sign the State budget. In response to growing concern for accountability and with enabling legislation (AB 2910, Chapter 1486, Statutes of 1986), the Board of Governors and the Chancellor's Office have established expectations for sound district fiscal management and a process for monitoring and evaluating the financial condition to ensure the financial health of the State's community college districts. In accordance with statutory and regulatory provisions, the Chancellor has been given the responsibility to identify districts at risk and, when necessary, the authority to intervene to bring about improvement in their financial condition. To stabilize a district's financial condition, the Chancellor may, as a last resort, seek an appropriation for an emergency apportionment.

The monitoring and evaluation process is designed to provide early detection and amelioration that will stabilize the financial condition of a district before an emergency apportionment is necessary. This is accomplished by (1) assessing the financial condition of districts through the use of various information sources and (2) taking appropriate and timely follow-up action to bring about improvement in a district's financial condition, as needed. A variety of instruments and sources of information are used to provide a composite of each district's financial condition, including quarterly financial status reports, annual financial and budget reports, attendance reports, annual district audit reports, district input and other financial records. In assessing each district's financial condition, the Chancellor will pay special attention to each district's general fund balance, spending pattern, and full-time equivalent student patterns. Those districts with greater financial difficulty will receive follow-up visits from the Chancellor's Office where financial solutions to the district's problems will be addressed and implemented.

See "SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT – General Fund Budgeting" herein for more information regarding the District's recent budgeting trends.

Minimum Funding Guarantees for California Community College Districts Under Propositions 98 and 111

General. In 1988, State voters approved Proposition 98, an initiative that amended Article XVI of the State Constitution and provided specific procedures to determine a minimum guarantee for annual K-14 school district funding. The constitutional provision links the K-14 funding formulas to growth factors that are also used to compute the State appropriations limit. Proposition 111 (Senate

Constitutional Amendment 1), adopted in June 1990, among other things, changed some earlier school funding provisions of Proposition 98 relating to the treatment of revenues in excess of the State spending limit and added a third funding "test" ("Test 3") to calculate the annual funding guarantee. This third calculation is operative in years in which general fund tax revenue growth is weak. The amendment also specified that under Test 2 (see below), the annual COLA for the minimum guarantee for annual K-14 funding would be the change in the State's per-capita personal income, which is the same COLA used to make annual adjustments to the State appropriations limit (Article XIII B). See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Propositions 98 and Proposition 111" herein.

Calculating Minimum Funding Guarantee. There are currently three tests which determine the minimum level of K-14 funding. Under implementing legislation for Proposition 98 (AB 198 and SB 98 of 1989), each segment of public education (K-14 school districts and direct elementary and secondary level instructional services provided by the State) has separately calculated amounts under the Proposition 98 tests. The base year for the separate calculations is the 1989-90 fiscal year. Each year, each segment is entitled to the greater of the amounts separately computed for each under Test 1 or 2. Should the calculated amount under Proposition 98 guarantee (K-14 education aggregated) be less than the sum of the separate calculations, then the Proposition 98 guarantee amount shall be prorated to the three segments in proportion to the amount calculated for each. This statutory split has been suspended in every year beginning with 1992-93. In those years, community colleges received less than was required from the statutory split.

Test 1 guarantees that K-14 education will receive at least the same funding share of the State general fund budget it received in 1986-87. Initially, that share was just over 40%. Because of the major shifts of property tax from local government to K-14 school districts which began in 1992-93 and increased in 1993-94, the percentage dropped to 33.0%.

Test 2 provides that K-14 education will receive as a minimum, its prior-year total funding (including State general fund and local revenues) adjusted for enrollment growth and per-capita personal income COLA.

Test 3, established pursuant to Proposition 111, provides an alternative calculation of the funding base in years in which State per-capita General Fund revenues grow more slowly than per-capita personal income. When this condition exists, K-14 minimum funding is determined based on the prior-year funding level, adjusted for changes in enrollment and COLA where the COLA is measured by the annual increase in per-capita general fund revenues, instead of the higher per-capita personal income factor. The total allocation, however, is increased by an amount equal to one-half of 1% of the prior-year funding level as a funding supplement.

In order to make up for the lower funding level under Test 3, in subsequent years K-14 education receives a maintenance allowance (also referred to as a "maintenance factor") equal to the difference between what should have been provided if the revenue conditions had not been weak and what was actually received under the Test 3 formula. This maintenance allowance is paid in subsequent years when the growth in per-capita State tax revenue outpaces the growth in per-capita personal income.

The enabling legislation to Proposition 111, Chapter 60, Statutes of 1990 (SB 98, Garamendi), further provides that K-14 education shall receive a supplemental appropriation in a Test 3 year if the annual growth rate in non-Proposition 98 per-capita appropriations exceeds the annual growth rate in per-pupil total spending.

State Assistance

State community college districts' principal funding formulas and revenue sources are derived from the budget of the State. The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, neither the District nor the Underwriter take responsibility as to the accuracy or completeness thereof and neither has independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem *property tax required to be levied by the Counties in an amount sufficient for the payment thereof.*

2019-20 Budget. On June 27, 2019, the Governor signed into law the State budget for fiscal year 2019-20 (the "2019-20 Budget"). The following information is drawn from the State Department of Finance's summary of the 2019-20 Budget.

For fiscal year 2018-19, the 2019-20 Budget projects total general fund revenues and transfers of $138 billion and total expenditures of $142.7 billion. The State is projected to end the 2018-19 fiscal year with total available general fund reserves of $20.7 billion, including $5.4 billion in the traditional general fund reserve, $14.4 billion in the BSA and $900 million in the Safety Net Reserve Fund for the CalWORKs and Medi-Cal programs. For fiscal year 2019-20, the 2019-20 Budget projects total general fund revenues and transfers of $143.8 billion and authorizes expenditures of $147.8 billion. The State is projected to end the 2019-20 fiscal year with total available general fund reserves of $18.8 billion, including $1.4 billion in the traditional general fund reserve, $16.5 billion in the BSA and $900 million in the Safety Net Reserve Fund. The 2019-20 Budget also authorizes a deposit to the PSSSA of $376.5 million in order to comply with Proposition 2. The amount is below the threshold required to trigger certain maximum local reserve levels for school districts created by State legislation approved in 2014 (and amended in 2017).

For fiscal year 2019-20, the Budget sets the minimum funding guarantee at $81.1 billion. Other significant features with respect to community college funding include the following:

- *Student Centered Funding Formula* – An ongoing increase of $254.7 million in Proposition 98 funding to support the SCFF, including (i) an increase of $230 million to support a 3.26% COLA for total apportionment growth, and (ii) an increase of $24.7 million to fund 0.55% of enrollment growth.

- *Settle-Up Payment* - An increase of $686.6 million for K-14 school districts to pay the balance of past-year Proposition 98 funding owed through fiscal year 2017-18.

- *Pension Costs* – A $3.15 billion payment from non-Proposition 98 funds to CalSTRS and CalPERS, to reduce long-term liabilities for K-14 school districts. Of this amount, $850 million would be provided to buy down employer contribution rates in fiscal years 2019-20 and 2020-21. With these payments, CalSTRS employer contributions will be reduced from 18.13% to 17.1% in fiscal year 2019-20, and from 19.1% to 18.4% in fiscal year 2020-21. The CalPERS employer contribution will be reduced from 20.7% to 19.7% in fiscal year 2019-20, and the projected CalPERS employer contribution is expected to be reduced from 23.6% to 22.9 % in fiscal year 2020-21. The remaining $2.3 billion would be paid towards employers' long-term unfunded liability. See also "SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT - Retirement Programs" herein.

- *Free College* - $42.6 million in ongoing Proposition 98 funding to support a second academic year of the California College Promise to waive enrollment fees for fist-time, full-time students.

- *Deferred Maintenance* – A one-time increase of $13.5 million in Proposition 98 funding for deferred maintenance, instructional equipment and specified water conservation projects.

- *Student Support* – An ongoing increase of $9 million in Proposition 98 funding to provide support to community college students who are homeless or are experiencing housing insecurity. The 2019-20 Budget also provides a one-time increase of $3.9 million in Proposition 98 funding to address student basic needs, including housing and food insecurity.

- *Veterans Resources* – An ongoing increase of $5 million in Proposition 98 funding for the establishment or enhancement of veterans resource centers at community colleges. In addition, the 2019-20 Budget also provides an increase of $2.25 million in Proposition 98 settle-up funds to expand veterans resource centers at specified colleges.

- *Workforce Development* – A one-time increase of $4.75 million in one-time, Proposition 98 settle-up funds to support the improvement of workforce development programs at specified community colleges.

- *Proposition 51* – The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative approved at the November 8, 2016 election that authorizes the sale and issuance of $9 billion in State general obligation bonds for the new construction and modernization of K-14 facilities. The 2019-20 Budget allocates $535.3 million of such bond funds for critical fire and life safety projects at campuses statewide.

Future Actions. The District cannot predict what actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District. However, the obligation to levy *ad valorem* property taxes upon all taxable property within the District for the payment of principal of and interest on the Bonds would not be impaired.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT

The information in this section concerning the operations of the District and the District's finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The principal of and interest on the Bonds are payable only from the proceeds of an ad valorem *property tax levied by the Counties for the payment thereof. See "THE BONDS – Security and Sources of Payment*" herein.

Introduction

The District was established in 1950 and is located primarily in Shasta County, Tehama County and Trinity County, with small portions located in Humboldt County, Lassen County and Modoc County. The District currently maintains one comprehensive community college, Shasta College, in Redding California, a health sciences center in downtown Redding, a Tehama campus in Red Bluff, a Trinity campus in Weaverville, and an Intermountain campus in Burney. For fiscal year 2019-20, the District has budgeted its full-time equivalent student ("FTES") count at 6,900 students. Taxable property within the District has an assessed valuation of $25,104,430,630 for fiscal year 2018-19.

Administration

The District is governed by a seven-member Board, each member of which is elected, by trustee area, to a four-year term. Elections for positions to the Board are held every two years, alternating between three and four available positions. Current members of the Board, together with their office and the date their term expires, are listed below:

BOARD OF TRUSTEES
Shasta-Tehama-Trinity Joint Community College District

Board Member	Office	Term Expires
Dr. Rob Lydon	President	December 2022
Kendall S. Pierson	Vice President	December 2020
Patrick W. Carr	Clerk	December 2022
Richard Lawrence	Trustee	December 2022
Rhonda E. Nehr	Trustee	December 2020
Rayola B. Pratt	Trustee	December 2020
Scott J. Swendiman	Trustee	December 2020

The Superintendent/President of the District is appointed by the Board and reports to the Board. The Superintendent/President is responsible for management of the District's day-to-day operations and supervises the work of other key administrators.

Brief biographies of the District's Superintendent/President and Assistant Superintendent/Vice President of Administrative Services follow:

Joe Wyse, Ed.D, Superintendent/President. Dr. Joe Wyse is the Superintendent/President for the District. Prior to accepting his current position, Dr. Wyse served as Vice-President, Administrative Services from March of 2007 to July of 2011. From 2005 to 2007, Dr. Wyse served as the Executive Director of the California Regional Center of Trinity International University in Santa Ana, California. From 1996 to 2004, Dr. Wyse served as Associate Dean. From 1991 to 1996, Dr. Wyse served as Associate Director of Admissions of Trinity Evangelical Divinity School in Deerfield, Illinois. Dr. Wyse

earned his baccalaureate degree in physics from Kenyon College and his Master of Arts from Trinity Evangelical Divinity School. He completed his Doctor of Education at Pepperdine University in 2014.

Morris Rodrigue, Assistant Superintendent/Vice President of Administrative Services. Mr. Rodrigue is the Assistant Superintendent/Vice President of Administrative Services. Previously, Mr. Rodrigue served as Dean of Science Language Arts and Math from July of 2009 to December of 2011. From 2007 to 2009, Mr. Rodrigue served as the Associate Dean of Student Learning. From 1999 to 2007, Mr. Rodrigue served as a Math Faculty Member. Mr. Rodrigue earned both his baccalaureate and masters degree in mathematics from the New Mexico Institute of Mining and Technology.

Labor Relations

The District currently employs 154 full-time and 375 part-time certificated professionals, 214 full-time and part-time classified employees and 77 managerial and confidential employees. District employees, except supervisors, management and some part-time employees, are represented by two bargaining units as noted below:

BARGAINING UNITS
Shasta-Tehama-Trinity Joint Community College District

Labor Organization	Number of Employees In Organization	Contract Expiration Date
Shasta College Faculty Association – CTA/NEA	154 full-time, 375 part-time	June 30, 2019[(1)]
California School Employees Association Chapter No. 381	214	June 30, 2019[(1)]

(1) Bargaining units currently working under terms of expired contract; new agreements under negotiation.
Source: Shasta-Tehama-Trinity Joint Community College District.

Retirement Programs

The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Underwriter.

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "STRS Defined Benefit Program"). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized.

In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State passed the legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed AB 1469 ("AB 1469") into law as a part of the State's fiscal year 2014-15 budget. AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the "2014 Liability"), within 32 years, by increasing member, K-14 school district and State contributions to STRS. Commencing July 1, 2014, the employee contribution rate increased over a three-year phase-in period in accordance with the following schedule:

MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	STRS Members Hired Prior to January 1, 2013	STRS Members Hired After January 1, 2013
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

Source: AB 1469.

Pursuant to the Reform Act (defined below), the contribution rates for members hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees hired after the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year commencing July 1, 2019, the contribution rate for employees hired after the Implementation Date (defined below) will be 10.205%.

Pursuant to AB 1469, K-14 school districts' contribution rate will increase over a seven-year phase-in period in accordance with the following schedule:

K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	K-14 school districts
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

Source: AB 1469.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "STRS Board"), is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1%

of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated $2.246 billion to be transferred to the Teacher's Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21. The remainder of the payment not committed for the reduction in employer contribution rates described above, is required to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. See also "FUNDING OF COMMUNITY COLLEGE DISTRICTS – State Assistance – 2019-20 Budget" herein.

The District's contributions to STRS were $1,798,261 in fiscal year 2015-16, $2,087,782 in fiscal year 2016-17, $2,556,919 for fiscal year 2017-18, and $2,944,807 (estimated) for fiscal year 2018-19. The District has currently projects $3,684,835 for its contribution to STRS for fiscal year 2019-20.

The State also contributes to STRS, currently in an amount equal to 7.328% for fiscal year 2018-19 and 7.828% for fiscal year 2019-20. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2017 included 1,624 public agencies and 1,366 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The District is currently

required to contribute to PERS at an actuarially determined rate, which is 18.062% of eligible salary expenditures for fiscal year 2018-19, and will be 20.733% of eligible salary expenditures in fiscal year 2019-20. Participants enrolled in PERS prior to January 1, 2013 contribute at a rate established by statute, which is 7% of their respective salaries in fiscal year 2018-19 and will be 7% in fiscal year 2019-20, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 7% in fiscal year 2018-19 and will be 7% in fiscal year 2019-20. See "—California Public Employees' Pension Reform Act of 2013" herein.

Pursuant to SB 90, the State Legislature appropriated $144 million for fiscal year 2019-20 and $100 million for fiscal year 2020-21 to be transferred to the Public Employees' Retirement Fund, to pay in advance, on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years. In addition, the State Legislature appropriated $660 million to be applied toward certain unfunded liabilities for K-14 school district employers. See also "FUNDING OF COMMUNITY COLLEGE DISTRICTS – State Assistance – 2019-20 Budget" herein.

The District's contributions to PERS were $1,191,289 in fiscal year 2015-16, $1,632,060 in fiscal year 2016-17, $2,012,566 for fiscal year 2017-18 and $2,348,077 (estimated) for fiscal year 2018-19. The District currently projects $2,934,966 for its contribution to PERS for fiscal year 2019-20.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

[REMAINDER OF PAGE LEFT BLANK]

FUNDED STATUS
STRS (Defined Benefit Program) and PERS (Schools Pool)
(Dollar Amounts in Millions)[1]
Fiscal Years 2010-11 through 2017-18

STRS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)[2]	Unfunded Liability (MVA)[2]	Value of Trust Assets (AVA)[3]	Unfunded Liability (AVA)[3]
2010-11	$208,405	$147,140	$68,365	$143,930	$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152

PERS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)	Unfunded Liability (MVA)	Value of Trust Assets (AVA)[3]	Unfunded Liability (AVA)[3]
2010-11	$58,358	$45,901	$12,457	$51,547	$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	--[4]	--[4]
2014-15	73,325	56,814	16,511	--[4]	--[4]
2015-16	77,544	55,785	21,759	--[4]	--[4]
2016-17	84,416	60,865	23,551	--[4]	--[4]
2017-18[5]	92,071	64,846	27,225	--[4]	--[4]

(1) Amounts may not add due to rounding.
(2) Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.
(3) Reflects actuarial value of assets.
(4) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.
(5) On April 16, 2019, the PERS Board (defined below) approved the K-14 school district contribution rate for fiscal year 2019-20 and released certain actuarial information to be incorporated into the June 30, 2018 actuarial valuation to be released in summer 2019.

Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member's increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the "2016 STRS Actuarial Valuation"). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation (the "2017 STRS Actuarial Valuation"), and (iii) decreasing the projected wage growth to 3.50% and the projected inflation

rate to 2.75%. The 2017 STRS Actuarial Valuation continues using the Entry Age Normal Actuarial Cost Method.

Based on salary increases less than assumed and actuarial asset gains recognized from the current and prior years, the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2018 (the "2018 STRS Actuarial Valuation") reports that the unfunded actuarial obligation decreased by $109 million since the 2017 STRS Actuarial Valuation and the funded ratio increased by 1.4% to 64.0% over such time period.

According to the 2018 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2046 of 99.9%, except for a small portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990, for which AB 1469 provides no authority to the STRS Board to adjust rates to pay down that portion of the unfunded actuarial obligation. This finding reflects the scheduled contribution rate increases directed by statute, assumes additional increases in the scheduled contribution rates allowed under the current law will be made, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

In recent years, the PERS Board of Administration (the "PERS Board") has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

On March 14, 2012, the PERS Board voted to lower the PERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "PERS Discount Rate") from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The new discount rate went into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions were first reflected in the Schools Pool in

the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on December 20, 2017, the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.625% for the June 30, 2018 actuarial valuation and to 2.50% for the June 30, 2019 actuarial valuation, (ii) lowering the payroll growth rate to 2.875% for the June 30, 2018 actuarial valuation and 2.75% for the June 30, 2019 actuarial valuation, and (iii) certain changes to demographic assumptions relating to the salary scale for most constituent groups, and modifications to the morality, retirement, and disability retirement rates.

On February 14, 2018, the PERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While PERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

On April 16, 2019, the PERS Board established the employer contribution rates for 2019-20 and released certain information from the Schools Pool Actuarial Valuation as of June 30, 2018, ahead of its summer of 2019 release date. Based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, along with the expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date, the projected contribution rate for 2020-21 is projected to be 23.6%, with annual increases thereafter, resulting in a projected 26.5% employer contribution rate for fiscal year 2025-26.

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those amounts required under AB 1469. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other

changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

GASB Statement Nos. 67 and 68. On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

As of June 30, 2018, the District's proportionate shares of the STRS and PERS net pension liabilities were $26,928,926 and $22,045,535, respectively. For more information, see "APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 8" attached hereto.

Other Post-Employment Benefits

Benefit Plan. The District provides post-employment healthcare benefits (the "Benefits") to employees who retire with PERS or STRS pension benefits. Retirees are eligible for benefits depending on their most recent date of hire and years of service. The District pays different levels up to 100% of eligible retirees' medical plan premiums for employees hired prior to July 1, 2001. These benefits may continue for the lifetime of a surviving spouse and other dependents, subject to certain eligibility rules. Employees hired after July 1, 2001 are no longer eligible to receive the same level of benefits. After retiring with 15 years of service, such employees receive a contribution of $500 per month up until they are Medicare eligible. As of August 27, 2019, the District has 410 active full-time employees eligible for benefits, and 275 retirees currently receiving benefits.

Funding Policy. The contribution requirements of the Plan members and the District are established and amended by the District and the District's bargaining units. The District's contribution is currently based on a projected pay-as-you-go basis to cover the cost of Benefits for current retirees. Additionally, the District has established an irrevocable GASB-qualifying trust to prefund a portion of its total OPEB liability (the "OPEB Trust"). For fiscal year 2018-19, the District contributed total expenditures of $4,392,049, of which $2,642,049 was used for premiums and $1,750,000 will be used to fund the OPEB Trust. The District projects a contribution of $2,850,000 in fiscal year 2019-20, of which $2,700,000 will be used for premiums and $150,000 will be used to fund the OPEB Trust.

As of June 30, 2019, the value of assets in the OPEB Trust was $17,157,281.

GASB Statement Nos. 74 and 75. On June 2, 2015, GASB approved Statements Nos. 74 and 75 (each, "GASB 74" and "GASB 75") with respect to pension accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB 74 replaces GASB Statements No. 43 and 57 and GASB 75 replaces GASB 45.

Most of GASB 74 applies to plans administered through trusts, contributions in which contributions are irrevocable, trust assets are dedicated to providing other post –employment benefits to plan members and trust assets are legally protected from creditors. GASB Statements No. 74 and No. 75 will require a liability for OPEB obligations, known as the Net OPEB Liability, to be recognized on the balance sheet of the plan and the participating employer's financial statements. In addition, an OPEB expense (service cost plus interest on total OPEB liability plus current-period benefit changes minus member contributions minus assumed earning on plan investments plus administrative expenses plus recognition of deferred outflows minus recognition of deferred inflows) will be recognized in the income statement of the participating employers. In the notes to its financial statements, employers providing other post-employment benefits will also have to include information regarding the year-to-year change in the Net OPEB Liability and a sensitivity analysis of the Net OPEB Liability to changes in the discount rate and healthcare trend rate. The required supplementary information will also be required to show a 10-year schedule of the plan's net OPEB liability reconciliation and related ratios, and any actuarially determined contributions and investment returns.

Under GASB 74, the measurement date must be the same as the plan's fiscal year end, but the actuarial valuation date may be any date up to 24 months prior to the measurement date. For the Total OPEB Liability, if the valuation date is before the measurement date, the results must be projected forward from the valuation date to the measurement date using standard actuarial roll-forward techniques. For plans that are unfunded or have assets insufficient to cover the projected benefit payments, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate must be used. For plans with assets that meet the GASB 74 requirements, a projection of the benefit payments and future Fiduciary Net Position is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB. The Fiduciary Net Position measures the value of trust assets, adjusted for payees and receivables.

GASB No. 74 has an effective date for plan fiscal years beginning after June 15, 2016, and was first recognized in the District's financial statements for fiscal year 2016-17. GASB Statement No. 75 has an effective date for employer fiscal years beginning after June 15, 2017, and the District first recognized GASB No. 75 in their financial statements for fiscal year 2017-18. For fiscal year 2017-18, the District reported a Total OPEB Liability of $38,699,945, a Fiduciary Net Position of $14,281,308 and a Net OPEB Liability of $24,418,637. See also "APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 11" attached hereto.

Actuarial Valuation. The District's most recent actuarial study, dated as of July 2, 2019 calculated the District's accrued liability in accordance with GASB No. 74 and GASB No. 75. The study concluded that, as of a June 30, 2018 measurement date, the District's Total OPEB Liability was $38,252,976, its Fiduciary Net Position was $15,654,159 and its Net OPEB Liability was $22,598,817.

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 State Wide Association of Community Colleges Joint Powers Authority ("SWACC"). The Authority provides for a risk-sharing plan whereby the member districts share in the claims costs as well as the administration costs of providing property and liability coverages.

Coverage includes property, liability and workers' compensation insurance. Liability losses in excess of the District's $5,000 retention amount are covered up to $25,250,000 per occurrence. Coverage above the $25,000,000 level up to $50,000,000 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 $250,000 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 ("STSIG"), which provides a risk-sharing plan for health benefits coverage consisting of medical, dental, and vision programs. STSIG is self-insured using specified third-party administrators to process claims. The District is also a member of the Retiree Health Benefits Joint Powers Authority through the Community College League of California, which provides coverage for retiree health benefits.

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California Community College Budget and Accounting Manual. This manual, according to Section 84030 of the State Education Code, is to be followed by all State community college districts. GASB has released Statement No. 34, which makes changes in the annual financial statements for all governmental agencies in the United States, especially in recording of fixed assets and their depreciation, and in the way the report itself is formatted. These requirements became effective on May 15, 2002 for the District, as well as for any other governmental agency with annual revenues of between $10 million and $100 million. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

General Fund Budgeting

The table on the following page shows the District's combined restricted and unrestricted general fund budgets for fiscal years 2015-16 through 2019-20, unaudited actual results for fiscal years 2015-16 through 2017-18, and estimated actuals for fiscal year 2018-19.

GENERAL FUND BUDGETING
Fiscal Years 2015-16 through 2019-20
Shasta-Tehama-Trinity Joint Community College District

	Fiscal Year 2015-16		Fiscal Year 2016-17		Fiscal Year 2017-18		Fiscal Year 2018-19		Fiscal Year 2019-20
REVENUES:	**Budgeted**[1]	**Ending**[1]	**Budgeted**[1]	**Ending**[1]	**Budgeted**[1]	**Ending**[1]	**Budgeted**[1]	**Ending**[4]	**Projected**[4]
Federal	$1,948,788	$1,999,024	$2,226,825	$2,342,765	$1,968,654	$1,914,187	$1,954,851	$2,145,950	$2,201,412
State	40,513,028	41,063,399	37,679,401	39,834,463	38,209,265	39,978,628	40,589,877	42,446,244	43,983,581
Local	17,460,890	18,613,971	20,497,703	20,219,216	21,128,015	21,338,555	21,918,088	21,194,642	22,183,300
TOTAL REVENUES	59,922,706	61,676,394	60,403,929	62,396,444	61,305,934	63,231,370	64,462,816	65,786,836	68,368,293
EXPENDITURES:									
Academic Salaries	19,788,256	19,593,209	19,594,947	19,586,015	21,050,922	21,682,273	20,934,570	21,934,570	22,921,606
Classified Salaries	11,271,511	10,607,256	12,013,864	12,144,181	13,758,489	13,414,362	14,566,177	14,675,300	16,042,120
Employee Benefits	11,988,383	12,957,934	12,616,825	11,945,379	13,399,713	13,742,362	14,760,630	15,950,953	15,857,605
Supplies and Materials	1,921,537	1,825,906	2,069,687	2,346,440	2,013,663	1,876,467	2,146,819	1,713,105	2,204,765
Other Operating Expenses and Services	11,309,122	10,832,646	11,847,770	12,274,982	9,522,089	8,224,685	9,624,784	7,519,033	8,676,766
Capital Outlay	2,160,592	1,803,559	1,282,154	2,169,693	2,587,762	1,850,867	1,736,857	1,583,202	2,135,798
TOTAL EXPENDITURES	58,439,401	57,620,510	59,425,247	60,466,690	62,332,638	60,791,016	63,769,837	63,376,163	67,838,670
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	1,483,305	4,055,884	978,682	1,929,754	(1,026,704)	2,440,354	692,979	2,410,673	529,623
OTHER FINANCING SOURCES (USES)	7,500	195,119	7,500	7,500	7,500	1,115,028[2]	5,000	31,499	5,000
OTHER OUTGO	(1,553,628)	(2,256,002)	(2,386,686)	(1,726,085)	(1,697,635)	(3,475,257)	2,566,483	(3,074,981)	(2,766,776)
NET INCREASE (DECREASE) IN FUND BALANCES	(62,823)	1,995,001	(1,400,504)	211,169	(2,716,839)	80,125	(1,868,504)	(632,809)	(2,242,153)
BEGINNING FUND BALANCE	8,430,388	8,430,388	10,425,389[3]	10,425,389[3]	10,636,558	10,476,735	10,556,860	10,556,860	9,924,051
ENDING FUND BALANCE	$8,367,565	$10,425,389	$9,024,885	$10,636,558	$7,919,719	$10,556,860	$8,688,356	$9,924,051	$7,681,898

[1] From the District's CCFS-311 Reports filed with the Chancellor's Office. Budgeted amounts for fiscal years 2015-16 through 2019-20 and unaudited ending results for fiscal years 2015-16 through 2018-19 in object-oriented format provided for comparison. For audited results of fiscal years 2013-14 through 2017-18 in the revised reporting format, see "SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT – Comparative Financial Statements" herein.

[2] Includes a $1,081,427 Adult Education Block Grant.

[3] The District's Auditor made a net adjustment of $342,820 to the fund balance in the fiscal year 2015-16 Comprehensive Audited Financing Statements as a result of a reclassification of the auxiliary fund for financial statement purposes for an upward adjustment of $350,705, and a downward adjustment made by the District in the amount of $7,885.

[4] From the District's Tentative Budget.

Source: Shasta-Tehama-Trinity Joint Community College District.

Comparative Financial Statements

The table on the following page reflects the District's audited revenues, expenditures and fund balances for its governmental funds, from fiscal years 2013-14 through 2017-18. See also "APPENDIX B - 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT" attached hereto.

[REMAINDER OF PAGE LEFT BLANK]

AUDITED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Fiscal Years 2013-14 through 2017-18
Shasta-Tehama-Trinity Joint Community College District

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
OPERATING REVENUES					
Tuition and Fees	$9,622,928	$9,342,272	$9,170,116	$9,185,043	$11,803,256
Less: Scholarship discount and allowances	(5,281,313)	(4,970,875)	(4,742,646)	(4,823,180)	(7,183,096)
Net tuition and fees	4,341,615	4,371,397	4,427,470	4,361,863	4,620,160
Grants and Contracts, non-capital:					
Federal	1,870,620	1,709,806	1,905,177	1,805,284	1,914,186
State	4,985,843	8,712,331	18,279,372	13,930,769	11,903,059
Local	807,440	745,440	716,801	1,218,383	945,144
Auxiliary enterprise sales and charges	1,004,815	1,004,875	1,080,092	1,060,773	1,040,385
Total operating revenues	13,010,333	16,543,849	26,408,912	22,377,072	20,422,934
OPERATING EXPENSES					
Salaries	27,945,239	28,935,427	30,929,489	33,218,907	35,988,690
Employee benefits	10,234,804	9,113,549	9,774,498	13,234,116	19,896,053
Payments to students	574,229	583,990	495,764	712,405	--
Supplies, materials and other operating expenses and services	6,434,120	8,891,201	13,209,187	10,932,008	12,947,456
Utilities	1,072,662	1,024,629	1,093,508	1,186,034	--
Depreciation and amortization expense	3,006,724	3,130,843	3,245,034	4,324,239	3,136,954
Total operating expenses	49,267,778	51,679,639	58,747,480	63,607,709	71,969,153
OPERATING LOSS	(36,257,445)	(35,135,790)	(32,338,568)	(41,230,637)	(51,546,219)
NON-OPERATING REVENUES (EXPENSES)					
State apportionments, non-capital	17,023,901	13,830,816	15,721,050	16,639,528	18,209,800
Education protection account revenues	5,603,365	6,471,105	5,869,806	5,758,669	5,877,788
Local property taxes	14,127,107	15,244,967	15,653,147	16,961,443	16,217,456
State taxes and other revenues	1,588,363	1,392,776	1,826,287	1,403,927	5,974,984
Federal other revenues	86,060	68,625	93,845	11,414	--
Investment income, non-capital	55,496	70,869	132,847	153,750	690,220
Investment income, capital	--	--	--	--	--
Interest expense - capital asset-related debt	--	--	--	--	(3,648,714)
Loss/Gain on disposal of capital assets	--	--	--	--	--
Financial aid revenues – federal	16,558,169	15,411,059	16,103,782	16,502,744	20,767,526
Financial aid revenues – state	1,048,425	1,182,398	1,899,317	2,083,056	--
Financial aid expenses	(17,602,980)	(16,527,092)	(18,003,461)	(18,583,591)	(20,767,826)
Other non-operating revenue (expenses)	689,330	782,964	146,762	323,700	1,323,047
Total non-operating revenues (expenses)	39,177,236	37,928,487	39,443,382	41,254,640	44,644,281
INCOME (LOSS) BEFORE OTHER REVENUES & EXPENSES	2,919,791	2,792,697	7,104,814	24,003	(6,901,938)
State apportionments, capital	--	--	--	--	439,409
Local property taxes and revenues, capital	173,980	219,850	189,074	206,759	6,016,871
Interest expense – capital asset related debt	(2,022,498)	(1,801,152)	(1,759,459)	(1,704,432)	--
Bond issuance costs	--	(195,869)	--	--	--
Grants and gifts, capital	--	--	--	--	--
Investment Income, capital	10,229	12,480	15,197	24,807	--
Total other revenues, expenses, gains or losses	(1,838,289)	(1,764,691)	(1,555,188)	(1,472,866)	6,456,280
CHANGE IN NET POSITION	1,081,502	1,028,006	5,549,626	(1,448,863)	(445,658)
NET POSITION – BEGINNING OF YEAR (AS RESTATED)	34,885,494	739,758[1]	1,767,764	5,356,272[2]	(29,408,408)[3]
NET POSITION, END OF YEAR	$35,966,996	$1,767,764	$7,317,390	$3,907,409	($29,854,066)

(1) Net positon as of July 1, 2014 has been restated by ($35,227,238) (restated to recognize the net pension liability, net of related deferred outflows of resources), as a result of the implementation of GASB Statement Nos. 68 and 71. See "— Retirement Programs – GASB Statement Nos. 67 and 68" herein.

(2) Net position as of July 1, 2016 has been restated by ($1,961,118) as a result of an understatement of net pension liability as of June 30, 2016.

(3) Net position as of July 1, 2017 has been restated by ($33,315,817) based on an adjustment of $190,207 due to an error identified in accumulated depreciation and an adjustment of ($35,506,024) as a result of the implementation of GASB Statement No. 75. See "— Other Post-Employment Benefits – GASB Statement Nos. 74 and 75" herein.

Source: Shasta-Tehama-Trinity Joint Community College District.

District Debt Structure

Short-Term Debt. The District currently has no outstanding short-term debt.

Long-Term Debt. The District's general long-term debt, as of June 30, 2018, consisted of the following:

SUMMARY OF LONG-TERM DEBT
as of June 30, 2018
Shasta-Tehama-Trinity Joint Community College District

Long-Term Debt. The District's long-term debt as of June 30, 2018 consisted of the following:

Long-term Debt:	Balance Beginning of Year	Additions	Reductions	Balance End of Year
General Obligation Bonds[1]	$23,390,000	$50,000,000	$790,000	$72,600,000
Premium on general obligation bonds	2,954,464	4,214,390	399,015	6,769,839
Revenue Bonds	15,405,000	--	8,395,000	7,010,000
Premium on revenue bonds	338,032	--	27,044	310,988
Other financing	761,365	--	104,743	656,622
Total	$42,848,861	$54,214,390	$9,715,802	$87,347,449
Other Long-term Liabilities:				
Compensated absences	1,091,061	124,032	--	1,173,287
Net OPEB Liability	23,159,347	1,259,290	--	24,418,637
Net Pension Liability	43,083,281	5,891,180	--	48,974,461
Total	$67,291,883	$7,274,502	--	$74,566,385

[1] In 1966, general obligation bonds in the aggregate principal amount of $4,000,000 (the "1966 Bonds") were issued by the predecessor district - Shasta Joint Junior College District. The District is the successor district thereto and is obligated to service the bonded debt of the predecessor district. 1966 Bonds in the amount of $25,000 matured in 1991 but were not redeemed. The liability for the unredeemed balances has been reflected in the summary of the principal amounts due for the year ended June 30, 2018.

Source: Shasta-Tehama-Trinity Joint Community College District.

General Obligation Bonds. The following table summarizes the prior outstanding general obligation bond issuances by the District (not including the Bonds).

Issuance	Initial Principal Amount	Principal Outstanding[1]	Date of Delivery
2011 General Obligation Refunding Bonds	$7,250,000.00	$4,400,000.00	December 06, 2011
2014 General Obligation Refunding Bonds	18,095,000.00	17,345,000.00	August 14, 2014
Election of 2016, Series A	50,000,000.00	43,120,000.00	September 7, 2017

[1] As of September 1, 2019.

Source: Shasta-Tehama-Trinity Joint Community College District.

GENERAL OBLIGATION BOND DEBT SERVICE
Shasta-Tehama-Trinity Joint Community College District

Year Ending August 1	2011 Refunding Bonds	2014 Refunding Bonds	2016 Series A Bonds	The Series B Bonds	The Series B-1 Bonds	Total Annual Debt Service
2020	$624,150.00	$1,471,750.00	$2,956,000.00	$573,939.72	$596,165.56	$6,222,005.28
2021	600,800.00	1,575,250.00	2,145,250.00	2,693,350.00	720,200.00	7,734,850.00
2022	579,300.00	1,677,000.00	2,141,650.00	878,350.00	720,200.00	5,996,500.00
2023	602,800.00	1,741,750.00	2,217,450.00	908,550.00	720,200.00	6,190,750.00
2024	574,050.00	1,851,000.00	2,294,450.00	937,150.00	720,200.00	6,376,850.00
2025	600,550.00	1,922,250.00	2,377,450.00	969,150.00	720,200.00	6,589,600.00
2026	619,750.00	1,997,000.00	2,456,050.00	1,004,350.00	720,200.00	6,797,350.00
2027	666,750.00	2,054,750.00	2,545,250.00	1,042,550.00	720,200.00	7,029,500.00
2028	--	2,821,000.00	2,634,450.00	1,078,550.00	720,200.00	7,254,200.00
2029	--	2,960,000.00	2,726,950.00	1,117,350.00	720,200.00	7,524,500.00
2030	--	3,066,000.00	2,821,950.00	1,153,750.00	720,200.00	7,761,900.00
2031	--	--	2,918,950.00	1,192,750.00	720,200.00	4,831,900.00
2032	--	--	3,022,450.00	1,234,150.00	720,200.00	4,976,800.00
2033	--	--	3,126,700.00	1,282,750.00	720,200.00	5,129,650.00
2034	--	--	3,236,400.00	1,323,150.00	720,200.00	5,279,750.00
2035	--	--	3,351,000.00	1,370,550.00	720,200.00	5,441,750.00
2036	--	--	3,470,200.00	1,419,550.00	720,200.00	5,609,950.00
2037	--	--	3,588,200.00	1,469,950.00	720,200.00	5,778,350.00
2038	--	--	3,712,400.00	1,518,650.00	720,200.00	5,951,250.00
2039	--	--	3,847,200.00	1,574,800.00	720,200.00	6,142,200.00
2040	--	--	3,976,800.00	1,628,100.00	720,200.00	6,325,100.00
2041	--	--	4,116,000.00	1,688,550.00	720,200.00	6,524,750.00
2042	--	--	4,264,000.00	1,745,850.00	720,200.00	6,730,050.00
2043	--	--	--	--	2,970,200.00	2,970,200.00
2044	--	--	--	--	3,074,177.50	3,074,177.50
2045	--	--	--	--	3,181,493.16	3,181,493.16
2046	--	--	--	--	3,291,786.86	3,291,786.86
2047	--	--	--	--	3,404,698.50	3,404,698.50
2048	--	--	--	--	3,524,868.00	3,524,868.00
2049	--	--	--	--	3,646,755.20	3,646,755.20
Total	$4,868,150.00	$23,137,750.00	$69,947,200.00	29,805,839.72	$39,534,544.78	$167,293,484.50

Source: Shasta-Tehama-Trinity Joint Community College District.

Lease Revenue Bonds. Pursuant to the Marks-Roos Local Bond Pooling Act of 1985, consisting of Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of California (commencing with Section 6584), the California Community College Financing Authority (the "Authority") has previously issued the following series of lease revenue bonds on behalf of the District. The lease revenue bonds are payable from lease payments to be made by the District pursuant to a lease/purchase agreement by and between the District and the Authority.

Issuance	Initial Principal Amount	Date of Delivery	Interest Rates	Final Maturity
Series 2012A	$9,495,000[(1)]	March 15, 2012	2.000% - 5.000%	May 1, 2030

(1) Issued to refinance other then-outstanding lease revenue bonds of the Authority sold on behalf of the District.
Source: Shasta-Tehama-Trinity Joint Community College District.

The District's total annual lease payment obligations with respect to all of its outstanding lease revenue bonds are as follows:

ANNUAL LEASE PAYMENTS
California Community College Financing Authority Lease Revenue Bonds for
Shasta-Tehama-Trinity Joint Community College District

Year Ending (May 1)	Series 2012A Bonds
2020	$793,812.50
2021	792,887.50
2022	800,212.50
2023	796,000.00
2024	798,750.00
2025	810,000.00
2026	814,250.00
2027	821,750.00
2028	822,250.00
2029	826,000.00
2030	477,750.00
Total	$8,553,662.5

Source: Shasta-Tehama-Trinity Joint Community College District.

Energy Commission Loan. The District entered into a contract with the California Energy Commission to receive money for energy conservation projects, including, upgrades to the Shasta College main campus central HVAC system and lighting upgrades in the library. The contract is charged interest at 3.95% and began reimbursement on December 22, 2010. The loan agreement matures through 2023. The schedule of the future total debt service payments is as follows:

Year Ending December 31	Total Debt Service
2019	$134,007.70
2020	134,007.70
2021	134,007.70
2022	134,007.70
2023	134,007.70
Total:	$938,053.90

Source: Shasta-Tehama-Trinity Joint Community College District.

Capital Lease. The District leases equipment under non-cancelable operating leases. In addition, the District has monthly rent contracts for classroom facilities. The schedule of future total debt service payments is as follows:

Year Ending June 30	Total Debt Service
2020	$67,059
2021	27,939
2022	26,789
2023	7,174
2024-2028	108
Total:	$129,069

Source: Shasta-Tehama-Trinity Joint Community College District.

TAX MATTERS

Series B Bonds

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Series B Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Series B Bonds is exempt from State of California personal income tax.

The difference between the issue price of a Series B Bond (the first price at which a substantial amount of the Series B Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Series B Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Series B Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Series B Bond Owner will increase the Series B Bond Owner's basis in the applicable Series B Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the Series B Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income of interest (and original issue discount) on the Series B Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Series B Bonds to assure that interest (and original issue discount) on the Series B Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Series B Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series B Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Series B Bond Owner's original basis for determining loss on sale or exchange in the applicable Series B Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Series B Bond premium, which must be amortized under Section 171 of the Code; such amortizable Series B Bond premium reduces the Series B

Bond Owner's basis in the applicable Series B Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Series B Bond premium may result in a Series B Bond Owner realizing a taxable gain when a Series B Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Series B Bond to the Owner. Purchasers of the Series B Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Series B Bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Series B Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series B Bonds might be affected as a result of such an audit of the Series B Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Series B Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Series B Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE SERIES B BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE SERIES B BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE SERIES B BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE SERIES B BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE SERIES B BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE SERIES B BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE SERIES B BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Series B Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) on the Series B Bonds for federal income tax purposes with respect to any Series B Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Series B Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Series B Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Series B Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Series B Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Series B Bonds.

A copy of the proposed form of opinion of Bond Counsel for the Series B Bonds is attached hereto as APPENDIX A.

Series B-1 Bonds

In the opinion of Bond Counsel, under existing statutes, regulation, rulings and judicial decisions, interest on the Series B-1 Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code but is exempt from State of California personal income tax.

Except for certain exceptions, the difference between the issue price of a Series B-1 Bond (the first price at which a substantial amount of the Series B-1 Bonds of the same maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Series B-1 Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the Owner of a Series B-1 Bond will increase the Owner's basis in the Series B-1 Bond. Owners of Series B-1 Bonds should consult their own tax advisor with respect to taking into account any original issue discount on the Series B-1 Bonds.

The amount by which a Series B-1 Bond Owner's original basis for determining gain or loss on sale or exchange of the applicable Series B-1 Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the Owner of a Series B-1 Bond may elect to amortize under Section 171 of the Code. Such amortizable bond premium reduces the Series B-1 Bond Owner's basis in the applicable Series B-1 Bond (and the amount of taxable interest received) for federal income tax purposes. The basis reduction as a result of the amortization of Series B-1 Bond premium may result in the Owner of a Series B-1 Bond realizing a taxable gain when a Series B-1 Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Series B-1 Bond to the Owner. The Owners of the Series B-1 Bonds that have a basis in the Series B-1 Bonds that is greater than the principal amount of the Series B-1 Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

The federal tax and State of California personal income tax discussion set forth above with respect to the Series B-1 Bonds is included for general information only and may not be applicable depending upon an Owner's particular situation. The ownership and disposal of the Series B-1 Bonds and the accrual or receipt of interest with respect to the Series B-1 Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences.

A copy of the proposed form of opinion of Bond Counsel for the Series B-1 Bonds is attached hereto as APPENDIX A.

LIMITATION ON REMEDIES; BANKRUPTCY

General. State law contains certain safeguards to protect the financial solvency of community college districts. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA" herein. If the safeguards are not successful in preventing a community college district from becoming insolvent, the State Chancellor and the Board of Governors, operating through a special trustee appointed by the State Chancellor, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the community college district for the adjustment of its debts. In addition, an insolvent community college district may be able to file a petition under Chapter 9 before a special trustee is appointed. Prior to such petition, if any, the community college district is required to participate in a neutral evaluation process with interested parties as provided

in the Government Code or declare a fiscal emergency and adopt a resolution by a majority vote of the governing board that includes findings that the financial state of the community college district jeopardizes the health, safety, or well-being of the residents of its jurisdiction or service area absent the protections of Chapter 9.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors from taking any action to collect amounts due from the District or to enforce any obligation of the District related to such amounts due, without consent of the District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a Chapter 9 bankruptcy case, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Statutory Lien. Pursuant to the Government Code Section 53515, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax, and such lien automatically arises, without the need for any action or authorization by the District or the Board, and is valid and binding from the time the Bonds are executed and delivered. See "THE BONDS – Security and Sources of Payment" herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of "special revenues" within the meaning of the Bankruptcy Code and the pledged *ad valorem* property taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

Special Revenues. If the *ad valorem* property tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* property tax revenues should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. State law prohibits the use of the tax proceeds for any purpose other than payment of the bonds and the bond proceeds can only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payments of bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

Possession of Tax Revenues; Remedies. The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the Treasury Pool, as described in "THE BONDS – Application and Investment of Bond Proceeds" herein and "APPENDIX E – SHASTA COUNTY INVESTMENT POOL" attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues

to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

Opinion of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights. The proposed form of the approving opinion of Bond Counsel attached hereto as Appendix A is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

LEGAL MATTERS

Continuing Disclosure

Current Undertaking. In connection with the issuance of the Bonds, the District has covenanted for the benefit of Owners of the Bonds (including the Beneficial Owners of the Bonds) to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than nine months following the end of the District's fiscal year (the District's fiscal year ends on June 30), commencing with the report for the 2018-19 fiscal year, and to provide notices of the occurrence of certain listed events. The Annual Report and the notices of listed events will be filed in accordance with the requirements of the Rule. The specific nature of the information to be made available and to be contained in the notices of material events is described in the form of Continuing Disclosure Certificate attached hereto as APPENDIX C. These covenants have been made in order to assist the Underwriter in complying with the Rule.

Previous Undertakings. The District has, within the past five years, failed to file its required annual reports in a timely manner for fiscal year 2013-14 in connection with its Series 2008A Lease Revenue Bonds and the Series 2009A Lease Revenue Bonds, as required by its prior continuing disclosure undertakings. In addition, the District has, within the past five years, failed to file its annual report for fiscal year 2013-14 in connection with its 2014 Refunding Bonds, as required by its prior continuing disclosure undertaking. The District has also failed to file in a timely manner certain notices of listed events, as required by its existing continuing disclosure undertakings. All such annual reports have since been filed.

Legality for Investment in California

Under provisions of the State Financial Code, the Bonds are legal investments for commercial banks in the State to the extent that the Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and under provisions of the State Government Code, are eligible for security for deposits of public moneys in the State.

Absence of Material Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* property taxes to collect other revenues or contesting the District's ability to issue and retire the Bonds.

Information Reporting Requirements

On May 17, 2006, the President signed the Tax Increase Prevention and Reconciliation Act of 2005 (the "TIPRA"). Under Section 6049 of the Code, as amended by TIPRA, interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

Legal Opinions

The validity of the Bonds and certain other legal matters are subject to the approving opinions of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Bond Counsel. Copies of the proposed forms of such legal opinions are attached to this Official Statement as APPENDIX A.

Financial Statements

The District's audited financial statements with required supplemental information for the year ended June 30, 2018, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report dated December 5, 2018 of Cossolias Wilson Dominguez Leavitt, Certified Public Accountants (the "Auditor"), are included in this Official Statement as APPENDIX B. In connection with the inclusion of the financial statements and the report of the Auditor thereon in APPENDIX B to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

RATINGS

Moody's and S&P have assigned ratings of "Aa2" and "AA," respectively, to the Bonds. Such ratings reflect only the views of such organization and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's, 7 World Trade Center at 250 Greenwich, New York, NY 10007 and S&P Global Ratings, 55 Water Street, 45th Floor, New York, NY 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the respective rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price for the Bonds.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

The District has covenanted in a Continuing Disclosure Certificate to file on the Electronic Municipal Market Access ("EMMA") website operated by the Municipal Securities Rulemaking Board notices of any ratings changes on the Bonds. See "- Continuing Disclosure" herein and "APPENDIX C -

FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. Notwithstanding such covenant, information relating to ratings changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to the rating agencies and their respective websites and official media outlets for the most current ratings changes with respect to the Bonds after the initial issuance of the Bonds.

UNDERWRITING

The Bonds are being purchased by Morgan Stanley & Co. LLC, as the underwriter (the "Underwriter"). The Underwriter has agreed to purchase the Series B Bonds at a price of $21,851,011.75 (reflecting the initial principal amount of the Series B Bonds of $20,000,000.00, plus original issue premium of $1,931,011.75, and less the Underwriter's discount of $80,000.00). The Underwriter has agreed to purchase the Series B-1 Bonds at a price of $19,920,000.00 (reflecting the initial principal amount of the Series B-1 Bonds of $20,000,000.00, and less the Underwriter's discount of $80,000.00). The Contract of Purchase for the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said Contract of Purchase, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices stated on the cover page hereof. The offering prices may be changed from time to time by the Underwriter.

The Underwriter has provided the following for inclusion in this Official Statement. The District does not guarantee the accuracy or completeness of the following information, and the inclusion thereof should not be construed as a representation of the District.

Morgan Stanley & Co. LLC, Underwriter of the Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

[REMAINDER OF PAGE LEFT BLANK]

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolution providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

Some of the data contained herein has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. This Official Statement has been approved by the District.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended only as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners, beneficial or otherwise, of any of the Bonds.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT

By /s/ Dr. Joe Wyse
Dr. Joe Wyse
Superintendent/President

APPENDIX A

FORM OF OPINIONS OF BOND COUNSEL

Upon issuance and delivery of the Series B Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Series B Bonds in substantially the following form:

October 3, 2019

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

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $20,000,000 Shasta-Tehama-Trinity Joint Community College District (Humboldt, Lassen, Modoc, Shasta, Tehama and Trinity Counties, California) Election of 2016 General Obligation Bonds, Series B (Federally Tax-Exempt) (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Act"), commencing with Section 53506 *et seq.*, a fifty-five percent vote of the qualified electors of the Shasta-Tehama-Trinity Joint Community College District (the "District") voting at an election held on November 8, 2016, and a resolution of the Board of Trustees of the District (the "Resolution").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

4. Interest on the Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of

the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

6. The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

Stradling Yocca Carlson & Rauth

Upon issuance of the Series B-1 Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Series B-1 Bonds in substantially the following form:

October 3, 2019

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

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $20,000,000 Shasta-Tehama-Trinity Joint Community College District (Humboldt, Lassen, Modoc, Shasta, Tehama and Trinity Counties, California) Election of 2016 General Obligation Bonds, Series B-1 (Federally Taxable) (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, and a resolution (the "Resolution") of the Board of Trustees of the Shasta-Tehama-Trinity Joint Community College District (the "District").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code").

4. Interest on the Bonds is exempt from State of California personal income tax.

5. Except for certain exceptions, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated payment price at maturity with respect to such Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by a Bond owner will increase the Bond owner's basis in the applicable Bond.

6. The amount by which a Bond owner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the owner of Bond may elect to amortize under Section 171 of the Code. Such amortizable bond premium reduces the Bond owner's basis in the applicable Bond (and the amount of taxable interest received) for federal income tax purposes. The basis reduction as a result of the

amortization of Bond premium may result in the owner of a Bond realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner. The owners of the Bonds that have a basis in the Bonds that is greater than the principal amount of the Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

Except as expressly set forth in paragraphs (3), (4), (5) and (6), we express no opinion regarding any tax consequences with respect to the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement as bond counsel to the District terminates upon the issuance of the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

APPENDIX B

2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

[THIS PAGE INTENTIONALLY LEFT BLANK]

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT

REDDING, CALIFORNIA

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2018

COSSOLIAS | WILSON
DOMINGUEZ | LEAVITT
CERTIFIED PUBLIC ACCOUNTANTS

(858) 565-2700 | www.cwdlcpa.com

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
TABLE OF CONTENTS
JUNE 30, 2018

Independent Auditors' Report	1
Management's Discussion and Analysis	4

FINANCIAL SECTION

Basic Financial Statements:	
Statement of Net Position - Primary Government	11
Statement of Revenues, Expenses, and Changes in Net Position - Primary Government	12
Statement of Cash Flows - Primary Government	13
Statement of Financial Position - Foundation	15
Statement of Activities - Foundation	16
Statement of Cash Flows - Foundation	18
Notes to Financial Statements	19

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Net OPEB Liability and Related Ratios	49
Schedule of Contributions - OPEB	50
Schedule of Proportionate Share of the Net Pension Liability	51
Schedule of Contributions - Pensions	52
Note to Required Supplementary Information	53

SUPPLEMENTARY INFORMATION

Organizational Structure	54
Schedule of Workload Measures for State General Apportionment - Annual/Actual Attendance	55
Schedule of Expenditures of Federal Awards	56
Schedule of Revenues and Expenditures of State Awards	57
Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Financial Statements	58
Reconciliation of the ECS 84362 (50 Percent Law) Calculation	59
Details of the Education Protection Account Expenditures	60
Combining Balance Sheet - District Funds Included in the Reporting Entity	61
Combining Statement of Revenues, Expenses, and Changes in Fund Equity - District Funds Included in the Reporting Entity	63
Reconciliation of Fund Equity to Net Position	65
Reconciliation of Change in Fund Equity to Change in Net Position	66
Notes to Supplementary Information	67

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
TABLE OF CONTENTS
JUNE 30, 2018

OTHER INDEPENDENT AUDITORS' REPORTS

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* 69

Independent Auditors' Report on Compliance For Each Major Federal Program; and Report on Internal Control over Compliance Required by the Uniform Guidance 71

Independent Auditors' Report on State Compliance 73

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Schedule of Audit Findings and Questioned Costs 75
Schedule of Prior Year Audit Findings 79

INDEPENDENT AUDITORS' REPORT

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, 2018; 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the District as of June 30, 2018, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District implemented the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 75, "Accounting for Financial Reporting for Postemployment Benefits Other than Pensions". This Statement replaces the requirements of GASB Statements No. 45, "Accounting and Reporting for Employers Post-Employment Benefits Other than Pensions", as amended, and GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans." Note disclosures and required supplementary information requirements about OPEB are also discussed. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and the required supplementary information on pages 49 to 52 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 schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Member of AICPA
5151 Murphy Canyon Road, Ste. 135, San Diego, CA 92123
P: (858) 565-2700 F: (858) 565-7399 E: info@cwdlcpa.com www.cwdlcpa.com
CalCPA

Such information is the responsibility of management and was derived from, and relates 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 information on pages 53 to 66 and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

The organization structure has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
December 5, 2018

Member of AICPA
5151 Murphy Canyon Road, Ste. 135, San Diego, CA 92123
P: (858) 565-2700 F: (858) 565-7399 E: info@cwdlcpa.com www.cwdlcpa.com
CalCPA

MANAGEMENT'S DISCUSSION AND ANALYSIS

USING THIS ANNUAL REPORT

As required by Governmental Accounting Standards Board (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, deferred outflow of resources, liabilities, deferred inflow of resources, 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 deferred outflow of resources, and liabilities and deferred inflows of resources – are 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's economy continued to grow through 2017-18. Once again the State passed an on-time budget in June 2017. The State's Legislative Analyst's Office (LAO) is very cautious in making any long-term projections; however, does give a positive projection for the 2017-18 year. The LAO also concludes that with the state's projected reserves, "the State could weather a mild recession without cutting spending or raising taxes through 2020-21."

The statewide community college budget contained a 1.56% cost-of-living adjustment (COLA), providing a COLA in 4 of the past 5 years. There was a statewide base funding increase of $183.6 million, $1.1 million for the District. Statewide increase of $76.9 million in deferred maintenance and instruction equipment funding, $487,000 for the District. There was a new funding allocation for Guided Pathways of $150 million statewide. This was distributed to Districts through an application process resulting in $943,879 to the District. Growth funding of 1% was available. The District was in stability funding and not able to capture growth funding.

The District continues to operate in a conservative mode in an effort to project fund balance. For the 2017-18 fiscal year the District received the full apportionment with no deficit factor applied. This, along with increases in other unrestricted revenue, adjustments to spending, and continued efficiency in hiring, the District was able to transfer $527,000 to the other post-employment benefits (OPEB) trust. The District ended the 2017-18 year with unrestricted operating income of $439,000 and fund balance of 23.4%. The fund balance represents net equity for the District which does not equate to cash reserves.

Increases to the employer share of PERS and STRS continue to be the largest increases to expenditures each fiscal year, representing approximately $605,000 increase in 2017-18. 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 deferred outflow of resources, and liabilities, and deferred inflow of resources is an indicator of the financial health of a District.

The following table summarizes the net position at June 30, 2018 and 2017:

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2018	2017	Change
Current assets	$ 22,251,354	$ 24,093,254	$ (1,841,900)
Non-current assets	120,354,983	80,339,207	40,015,776
Deferred outflow of resources	16,223,433	10,290,785	5,932,648
Total Assets and Deferred Outflows of Resources	158,829,770	114,723,246	44,106,524
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	26,913,275	23,850,006	3,063,269
Non-current liabilities	157,189,494	85,152,303	72,037,191
Deferred inflows of resources	4,581,067	1,813,528	2,767,539
Total Liabilities and Deferred Inflows of Resources	188,683,836	110,815,837	77,867,999
NET POSITION			
Invested in capital assets, net of related debt	10,144,443	14,762,224	(4,617,781)
Restricted	13,007,633	2,754,492	10,253,141
Unrestricted	(53,006,142)	(13,609,307)	(39,396,835)
Total Net Position	$ (29,854,066)	$ 3,907,409	$ (33,761,475)

Current cash and cash equivalents consist mainly of cash in the County Treasury. Current assets, unrestricted cash, receivables, prepaid expenses and inventories remained constant from the prior year, with a slight decrease in cash as a result of operating loss.

Noncurrent assets, assets that are not scheduled to be used in the next fiscal year, increased as a result of restricted cash. Restricted cash increased due to the issuance of 2016 Series A General Obligation Bond. Restricted investments remain strong from the Innovation Award funds received in the prior fiscal years. Non-depreciable capital assets increased due to construction in progress.

Depreciable capital assets are the historical value of buildings, site improvements and equipment less accumulated depreciation. Additions and deletions of capital assets along with $3,136,954 of depreciation expense resulted in a $1,390,882 decrease in depreciable capital assets.

During the fiscal year, the District adopted GASB Statement No. 75, This standard requires District's to report the total OPEB liability reduced by the value of plan assets held in an irrevocable trust. The District restated its beginning net position by $(33.3) million due to the implementation of GASB Statement No. 75. The District went from a $10.3 million net OPEB asset to a $24.4 million net OPEB liability as a result.

Accounts payable decreased in this fiscal year. This was primarily due to a decrease in the OPEB trust accrual and the timing of expenses at the end of the year.

Statement of Net Position, continued

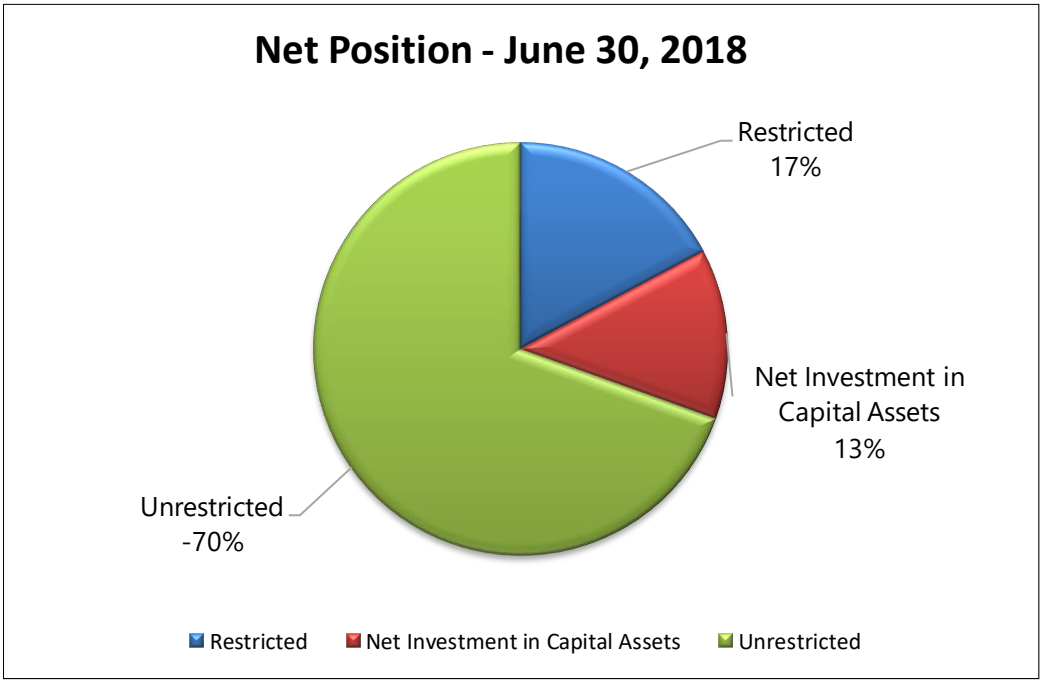
Advances from grantors and students relates mainly to federal, state, and local program funds received but not yet earned as of June 30, 2018. Grant revenue is earned when expensed. The District received several multi-year awards over the past several years, which have contributed to the higher than average advances of revenue balance.

Noncurrent liabilities are debt and other liabilities to be paid in the future; the due date is a year or more away. Noncurrent liabilities are comprised of compensated absences payable (vacation accrual) of $1,109,141, bonds and loans payable of $82,687,255, and the net pension liability of $48,974,461. Additionally, as a result of the implementation of GASB 75 during 2017-18, the District now records its share of net OPEB liability. This amount increased from a net OPEB asset of $10.3 million in 2016-17 to a $24.4 million net OPEB liability in 2017-18.

Unrestricted net assets include an amount reserved for non-cash assets, prepayments, and amounts reserved for capital and other projects. Board policy 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.

The District implemented a new Governmental Accounting Standards Board regulation, GASB 68 – *Accounting and Financial Reporting for Pensions* in 2014-15. With changes to discount rates during 2017-18, pension expense and the net pension liability has continued to increase.

The composition of Net Position at June 30, 2018 is reflected below:



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 nonoperating revenues and expenses. State general apportionment funds, while budgeted for operations, are considered nonoperating revenues according to generally accepted accounting principles.

The following table summarizes the activity for the fiscal years ended June 30, 2018 and 2017:

	2018	2017	Change
OPERATING REVENUES			
Tuition and fees (net)	$ 4,620,160	$ 4,361,863	$ 258,297
Grants and contracts	14,762,389	16,954,436	(2,192,047)
Auxiliary enterprise sales, net	1,040,385	1,060,773	(20,388)
Total Operating Revenues	20,422,934	22,377,072	(1,954,138)
OPERATING EXPENSES			
Salaries and benefits	55,884,743	46,453,023	9,431,720
Supplies, materials, and other operating expenses	12,947,456	12,830,447	117,009
Depreciation	3,136,954	4,324,239	(1,187,285)
Total Operating Expenses	71,969,153	63,607,709	8,361,444
Operating Loss	(51,546,219)	(41,230,637)	(10,315,582)
NON-OPERATING REVENUES (EXPENSES)			
State apportionments, noncapital	18,209,800	16,639,528	1,570,272
Education protection account revenues, noncapital	5,877,788	5,758,669	119,119
Local property taxes, noncapital	16,217,456	16,961,443	(743,987)
State taxes and other revenues, noncapital	5,974,984	1,403,927	4,571,057
Financial aid revenues	20,767,526	18,585,800	2,181,726
Financial aid expenses	(20,767,826)	(18,583,591)	(2,184,235)
Investment income	690,220	178,557	511,663
Interest expense	(3,648,714)	(1,704,432)	(1,944,282)
Other non-operating revenues	1,323,047	335,114	987,933
Total Non-Operating Revenues (Expenses)	44,644,281	39,575,015	5,069,266
OTHER REVENUES (EXPENSES)			
State apportionments, capital	439,409	-	439,409
Local property taxes and revenues, capital	6,016,871	206,759	5,810,112
Change in Net Position	(445,658)	(1,448,863)	1,003,205
NET POSITION -- BEGINNING OF YEAR	3,907,409	7,317,390	(3,409,981)
PRIOR PERIOD ADJUSTMENTS (SEE NOTE 16)	(33,315,817)	(1,961,118)	(31,354,699)
NET POSITION -- END OF YEAR	$ (29,854,066)	$ 3,907,409	$ (33,761,475)

Tuition and fees were $11,803,256, less the Board of Governor tuition waivers of $7,183,096. 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 $435,011 and dorm fees were $486,154 for 2017-18.

State and federal contracts and grants are down approximately $2.2 million. Overall, categorical funding from the Chancellor's Office remained constant with the prior year. Auxiliary enterprise sales and charges are primarily Bookstore commissions and Food Service sales with a small amount of rental income.

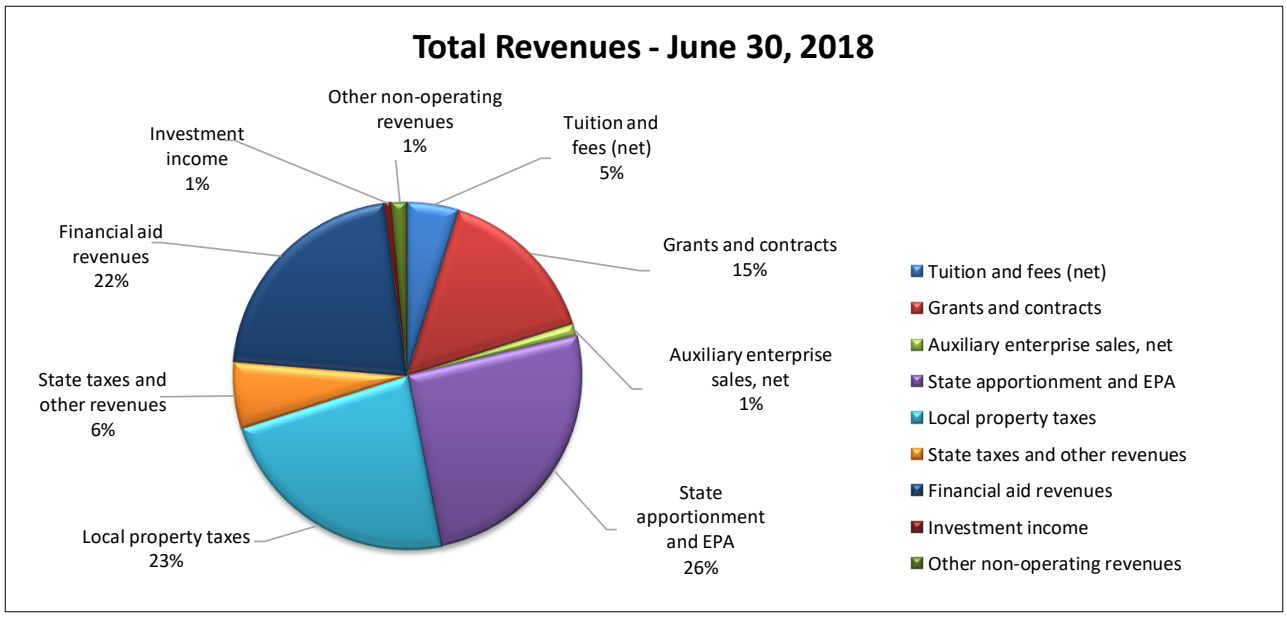
Statement of Revenues, Expenses, and Changes in Net Position, continued

State apportionment represents Total Computation Revenue (TCR) estimated at $41.8 million earned less 98% of regular enrollment fees collected, EPA funds and property taxes, less deficit factor. Final TCR for 2017-18 was $36.3 million.

Property taxes and other revenue consist primarily of local property tax revenue, $22,234,327, and State lottery revenue of $1,320,487.

Net position in the statement of net position as of July 1, 2017, decreased by $33,761,475, primarily as a result of the implementation of GASB Statement No. 75. This standard brought on the District's total OPEB liability as of June 30, 2018, reduced by funds held in the District's irrevocable trust.

The composition of operating and nonoperating revenues for the year ended June 30, 2018 are reflected below:



Salaries and employee benefits reflect an increase of $9.4 million from the prior year. The primary driver was the increase in the net pension liability due to changes of assumptions by the actuarial report. Salaries and benefits are expected to increase as contribution rates continue to rise each year.

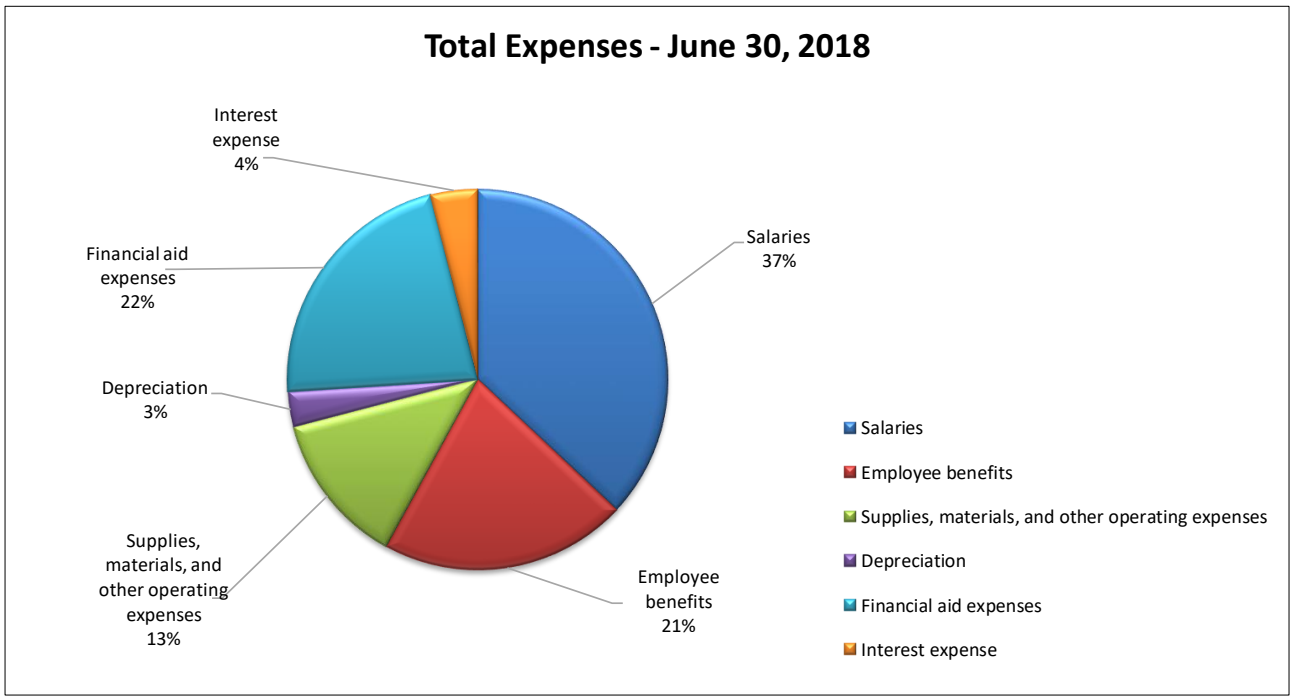
Payments to students are made possible through student service grants. These payments will fluctuate with the available funding and eligibility of students.

Supplies, materials, other operating expenses and services consist of those non-capital expenditures made by the District. This area remained relatively constant from prior year.

Statement of Revenues, Expenses, and Changes in Net Position, continued

Depreciation expense decreased over the prior year.

The composition of operating and nonoperating expenses for the year ended June 30, 2018 are reflected below:



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, the ability to meet its obligations as they become due, and the need for external financing.

The following table summarizes the activity for the fiscal years ended June 30, 2018 and 2017:

CASH PROVIDED BY (USED IN)	2018	2017	Change
Operating activities	$ (46,993,178)	$ (34,652,179)	$ (12,340,999)
Noncapital financing activities	47,602,775	38,047,086	9,555,689
Capital financing activities	45,030,502	(4,855,953)	49,886,455
Investing activities	(1,325,491)	608,514	(1,934,005)
Net Increase (Decrease) in Cash and Cash Equivalents	$ 44,314,608	$ (852,532)	$ 45,167,140

Cash receipts from operating activities consist primarily of federal, state, and local grants and contracts of $19,382,549. Cash outlays were primarily payments to or on behalf of employees for salaries and benefits in the amount of $55,884,743, and payments to suppliers and other outgo of $12,947,456.

Statement of Cash Flows, continued

General apportionment of $18,209,800, EPA of $5,877,788, and local property taxes of $16,217,456 are the primary sources of non-capital financing activities.

Net cash used by capital and related financing activities increased primarily due to issuance of the 2016 General Obligation Bonds, Series A. Net cash used by investing activities decreased during 2017-18.

Economic Factors That May Affect the Future

The 2018-19 State budget includes Proposition 98 minimum guarantee funding of $78.4 billion for K-12 and community college districts. This is an increase of $2.8 billion from the prior year. Approximately $54.9 billion, 70%, of the K-12 and community college funding guarantee comes from the State's general fund with the remaining $23.5 billion, 30%, from local property taxes.

The system wide Community College budget was designed to align with the system's advocacy with the Vision for Success. The 2018-19 budget includes an additional $606 million of on-going funding and $358 million of on-time local assistance. Most notably, the budget includes funds related to two proposals, the Student Centered funding Formula and the online community college.

The 2018-19 budget agreement begins a transition to a new student success centered funding formula with $270 million to support the implementation. Some other items of significance included in the above totals are $28.5 million for scheduled maintenance and state instructional equipment, $46 million to fund the implementation of California Promise, first year free initiative, $13.5 million with $5 million ongoing for Financial Aid technology improvements and 2.71% COLA.

The new funding formula represents an increase to our Total Computation Revenue (TCR) estimated at $2.7 million for the 2018-19 fiscal year. This is eased the continued increases to the employer share of PERS and STRS. For the 5th year in a row, both plans had increases. STRS employer rate increased from 14.43% to 16.28%, with a proposed increase through 2019-20 at 19.1%. PERS employer rate increased from 15.531% to 18.062%, with proposed increases through 2024-25 up to 26%. The District will continue to explore options to set aside funds to stabilize these costs in the future.

The District continue to research ways to increase its sources of non-State revenue and reduce costs where possible in order to maintain as health of a fund balance as possible to carry forward.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION – PRIMARY GOVERNMENT
JUNE 30, 2018

ASSETS		
Current Assets:		
Cash and cash equivalents	$	15,114,608
Accounts receivable, net		6,471,587
Inventory		16,366
Prepaid expenditures and other assets		648,793
Total Current Assets		22,251,354
Noncurrent Assets:		
Restricted cash and cash equivalents		53,988,757
Restricted investments		10,920,506
Capital assets, net		55,445,720
Total Noncurrent Assets		120,354,983
TOTAL ASSETS		142,606,337
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refundings		946,129
Deferred outflows - pensions		15,277,304
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	158,829,770
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	$	4,574,163
Unearned revenue		12,665,932
Amounts held for others		4,948,840
Long-term debt, current portion		4,724,340
Total Current Liabilities		26,913,275
Noncurrent Liabilities:		
Compensated absences		1,109,141
Net OPEB liability		24,418,637
Net pension liability		48,974,461
Long-term debt, non-current portion		82,687,255
Total Noncurrent Liabilities		157,189,494
TOTAL LIABILITIES		184,102,769
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pensions		4,581,067
NET POSITION		
Net investment in capital assets		10,144,443
Restricted for:		
Debt service		9,442,247
Capital projects		3,565,386
Unrestricted		(53,006,142)
TOTAL NET POSITION		(29,854,066)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$	158,829,770

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

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2018

OPERATING REVENUES		
Tuition and fees (gross)	$	11,803,256
Less: Scholarship discounts and allowances		(7,183,096)
Net tuition and fees		4,620,160
Grants and contracts, noncapital:		
Federal		1,914,186
State		11,903,059
Local		945,144
Auxiliary enterprise sales, net		1,040,385
TOTAL OPERATING REVENUES		20,422,934
OPERATING EXPENSES		
Salaries		35,988,690
Employee benefits		19,896,053
Supplies, materials, and other operating expenses		12,947,456
Depreciation		3,136,954
TOTAL OPERATING EXPENSES		71,969,153
OPERATING INCOME (LOSS)		(51,546,219)
NON-OPERATING REVENUES (EXPENSES)		
State apportionments, noncapital		18,209,800
Education protection account revenues, noncapital		5,877,788
Local property taxes, noncapital		16,217,456
State taxes and other revenues, noncapital		5,974,984
Financial aid revenues		20,767,526
Financial aid expenses		(20,767,826)
Investment income		690,220
Interest expense		(3,648,714)
Other non-operating revenues		1,323,047
TOTAL NON-OPERATING REVENUES (EXPENSES)		44,644,281
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES		(6,901,938)
State apportionments, capital		439,409
Local property taxes and revenues, capital		6,016,871
CHANGE IN NET POSITION		(445,658)
NET POSITION -- BEGINNING OF YEAR		3,907,409
PRIOR PERIOD ADJUSTMENTS (SEE NOTE 16)		(33,315,817)
NET POSITION -- END OF YEAR	$	(29,854,066)

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS – PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$	4,620,160
Grants and contracts		13,634,501
Payments to or on behalf of employees		(51,890,281)
Payments to vendors for supplies and services		(12,974,901)
Payment to students		(1,423,042)
Other receipts		1,040,385
Net Cash Used by Operating Activities		(46,993,178)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State apportionments, noncapital		18,209,800
Education protection account revenues, noncapital		5,877,788
Local property taxes, noncapital		16,217,456
State taxes and other revenues, noncapital		5,974,984
Financial aid disbursements		(20,767,826)
Financial aid receipts		20,767,526
Other non-operating revenues		1,323,047
Net Cash Provided by Non-capital Financing Activities		47,602,775
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisition and construction of capital assets		(3,673,233)
Proceeds from debt issuance		50,000,000
State revenue, capital projects		439,409
Local revenue, capital		6,016,871
Principal paid on capital debt		(9,289,743)
Interest paid on capital debt		1,537,198
Net Cash Provided by Capital Financing Activities		45,030,502
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments		(2,015,711)
Investment income		690,220
Net Cash Provided by Investing Activities		(1,325,491)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		44,314,608
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		24,788,757
CASH AND CASH EQUIVALENTS, END OF YEAR	$	69,103,365

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS – PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2018

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	$	(51,546,219)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation expense		3,136,954
Changes in Assets and Liabilities:		
Accounts receivable, net		(1,116,597)
Inventory		4,140
Prepaid expenditures and other assets		(351,291)
Deferred outflows - pensions		(6,004,581)
Accounts payable and accrued liabilities		(21,934)
Deferred revenue		(1,130,127)
Amounts held for others		(5,564)
Compensated absences		124,032
Net OPEB liability		1,259,290
Net pension liability		5,891,180
Deferred inflows - pensions		2,767,539
Total Adjustments		4,553,041
Net Cash Flows From Operating Activities	$	(46,993,178)
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	$	15,114,608
Restricted cash and cash equivalents		53,988,757
Total Cash and Cash Equivalents	$	69,103,365

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
STATEMENT OF FINANCIAL POSITION – FOUNDATION
JUNE 30, 2018

ASSETS		
Current Assets		
Cash and Cash Equivalents	$	1,229,140
Investments		3,765,015
Prepaid Expense		12,500
Accounts receivable		568
Accrued Interest receivable		12,550
Total Current Assets		5,019,773
Noncurrent Assets:		
Land		32,066
Total Noncurrent Assets		32,066
TOTAL ASSETS	$	5,051,839
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$	16,066
Depository liabilities		1,179,251
Total Current Liabilities		1,195,317
NET ASSETS		
Unrestricted		1,433,318
Temporarily restricted		2,423,204
Total Net Assets		3,856,522
TOTAL LIABILITIES AND NET ASSETS	$	5,051,839

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
STATEMENT OF ACTIVITIES – FOUNDATION
FOR THE YEAR ENDED JUNE 30, 2018

CHANGES IN UNRESTRICTED NET ASSETS		
REVENUES AND GAINS		
Contributions:		
Public Support	$	96,959
Total Contributions		96,959
Other revenues and gains:		
Investment income		84,045
Other income		85,415
Gain/Loss on Investments		5,685
Total Other Revenues and Gains (Loss)		175,145
Total Unrestricted Revenues and Gains		272,104
EXPENSES		
Program Services:		
Burney Property		51,007
Total Program Services		51,007
Supporting Services:		
Management and general		186,675
Total Supporting Services		186,675
Total Expenses		237,682
CHANGES IN UNRESTRICTED NET ASSETS	$	34,422

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
STATEMENT OF ACTIVITIES – FOUNDATION
FOR THE YEAR ENDED JUNE 30, 2018

CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
REVENUE AND GAINS (LOSSES)		
Contributions:		
Public Support	$	65,377
Total Contributions		65,377
Other revenues and gains (losses):		
Investment income		125,073
Gain/Loss on Investments		(171,983)
Total Other Revenues and Gains (Losses)		(46,910)
Total Unrestricted Revenues and Gains (Losses)		18,467
EXPENSES		
Program Services		
Scholarships		98,717
Total Supporting Services		98,717
Total Expenses		98,717
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		(80,250)
CHANGES IN NET ASSETS		(45,828)
NET ASSETS -- BEGINNING OF YEAR		3,902,350
NET ASSETS -- END OF YEAR	$	3,856,522

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS – FOUNDATION
FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	(45,828)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in fair value of investments		(175,347)
Change in:		
Accounts receivable		2,047
Other assets		201,326
Prepaids		(12,500)
Current liabilities		174,443
Net Cash Provided (Used) by Operating Activities		144,141
NET INCREASE IN CASH		144,141
CASH AND CASH EQUIVALENTS -- BEGINNING OF YEAR		1,084,999
CASH AND CASH EQUIVALENTS -- END OF YEAR	$	1,229,140

NOTE 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.

For financial reporting purposes, the District includes all funds, agencies, and authorities that are controlled by, or dependent on, the District's executive and legislative branches. Control by, or dependence on, the District was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the District, obligations of the District to finance any deficits that may occur, or receipt of significant subsidies from the District.

As a result, the financial statements of the District include the financial activities of the District and the combined totals of the trust and agency funds, which represent the various scholarships and student organizations within the District.

The District identified the Shasta College Foundation (the Foundation) as its only potential component unit. The District and the Foundation have financial and operational relationships that meet the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) for inclusion of the Foundation as a component unit of the District. Accordingly, the financial activities of the Foundation as a component unit have been included in the financial statements of the District.

The following are those aspects of the relationship between the District and the Foundation as the component unit that satisfies the GASB:

> Accountability: The District is able to impose its will upon the Foundation. The Foundation provides specific financial benefits, or imposes specific financial burdens, on the District.
>
> Scope of Public Service: The Foundation is a nonprofit public benefit corporation incorporated under the laws of the state of California. The Foundation was formed to promote and assist the educational services of the District.
>
> Discrete Presentation: For financial presentation purposes, the Foundation's financial activities have been discretely presented with the financial activities of the District.

Basis of Presentation and Accounting 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. The District has elected to follow GASB pronouncements and not Financial Accounting Standards Board (FASB) pronouncements after November 30, 1989.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 reported in the fiscal year in which the program is predominately conducted. Summer session expenditures through June 30 are recorded as prepaid expenses.

The budgetary and 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.

Restricted Investments are restricted for scholarships and specific programs.

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. The District utilizes the allowance method with respect to its accounts receivable based on all accounts receivable with an age greater than two years old in combination with historical collection information. The allowance was estimated at $677,188 for the year ended June 30, 2018.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 to 80 years for buildings, 10 years for site improvements, 3 to 8 years for equipment and vehicles.

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 grantors and students 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 California Public Employees' Retirement System (CalPERS) or California State Teachers' Retirement System (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 $257,481 for the year ended June 30, 2018.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Pension For purposes of measuring the net pension liability, deferred outflows of resources/deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and CalPERS, and additions to/deductions from STRP's and CalPERS's fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable with the benefit terms. Investments are reported at fair value.

Fair Value Measurements The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United State of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs.

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 which will only be recognized as an outflow of resources (expense) in the future. District pension contributions, subsequent to the measurement date, are reported as deferred outflows of resources in the government-wide statement of net position. District contributions, subsequent to the measurement date, will be amortized during the next fiscal year.

In addition to liabilities, the statement of net position includes 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 and would only be recognized as an inflow of resources (revenue) at that time.

Changes in proportion and differences between District contributions and proportionate share of pension contributions, the District's proportionate share of the net difference between projected and actual earnings on pension plan investments, changes in assumptions, and the differences between the District's expected and actual experience are reported as deferred inflows of resources or deferred outflows of resources in the government-wide statement of net position. These amounts are amortized over the estimated service lives of the pension plan participants.

The District also has 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 shorter of the life of the refunded or refunding debt.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 towards restricted resources, and then towards unrestricted resources.

Classification of Revenues The District has classified its revenues as either operating or nonoperating. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, including state appropriations, local property taxes, and investment income. Revenues are classified according to the following criteria:

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

Nonoperating Revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources, 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 *Accounting and Financial Reporting for Certain Grants and Other Financial* Assistance, 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 amount reported in the basic financial statements as of June 30, 2018, was $1,148,535.

Change in Accounting Principles

GASB Statement No. 73 – In June 2015, GASB issued Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This standard establishes requirements for defined benefit pensions that are not within the scope of GASB Statement 68 and amends certain provisions of GASB Statements 67 and 68. The Statement is effective for periods beginning after June 15, 2016. The District has implemented GASB Statement No. 73 for the year ending June 30, 2018.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The primary objective of GASB 75 is to improve accounting and financial reporting by state and local governments for other postemployment benefits (OPEB) by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. It will require employers to report a net OPEB liability for the difference between the present value of projected pension benefits for past service and restricted resources held in trust for the payment of benefits. The Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. GASB 75 is required to be implemented retroactively and will require a restatement of beginning net position. The Statement is effective for periods beginning after June 15, 2017. The District has implemented GASB Statement No. 73 for the year ending June 30, 2018.

New Accounting Pronouncements

GASB Statement No. 83 – In November 2016, the GASB issued Statement No. 83, Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged; however, no such asset retirement obligations are known at this time.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Discretely Presented Component Unit - Foundation, continued

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).

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 accounting principles generally accepted in the United States of America, 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 board-designated endowments.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Discretely Presented Component Unit - Foundation, continued

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 that are due in the next year are recorded at their net realizable value.

Unconditional promises to give that are 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.

Fair Value Measurements The Foundation categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The cash and investments as of June 30, 2018, for the District and Foundation are as follows:

	District	Foundation
Cash and cash equivalents - current	$ 15,114,608	$ 1,229,140
Restricted cash and cash equivalents - noncurrent	53,988,757	-
Investments	10,920,506	3,765,015
Total Deposits and Investments	$ 80,023,871	$ 4,994,155

The carrying amounts of the District's and Foundation's deposits are summarized as follows:

	District	Foundation
Cash in county treasury	$ 68,323,777	$ -
Cash on hand and in banks	779,588	1,229,140
Totals	$ 69,103,365	$ 1,229,140

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 349 days at June 30, 2018.

As of the date of these financial statements, the County of Shasta's 2018 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, $779,588 of the District's bank balances and all of the Foundation's bank balances at June 30, 2018, are insured.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS, continued

Investments

The *California Government Code* and the investment policy of the District authorize the District 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

At June 30, 2018, 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.

Investments consisted of the following.

	District	Foundation
Money market funds	$ 792,593	$ 2,542,513
Mutual funds	287,682	-
Municipal bonds	4,734,354	669,168
Corporate/government bonds	5,105,877	553,334
Totals	$ 10,920,506	$ 3,765,015

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

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS, continued

	District		
	(Level 1)	(Level 2)	Total
Cash in county treasury	$ -	$ 68,323,777	$ 68,323,777
Money market funds	792,593	-	792,593
Mutual funds	287,682	-	287,682
Municipal bonds	-	4,734,354	4,734,354
Federal government bonds	-	105,014	105,014
Corporate bonds:			
Basic materials	-	362,032	362,032
Communication	-	241,899	241,899
Energy	-	112,364	112,364
Financial services	-	3,077,522	3,077,522
Healthcare	-	945,038	945,038
Industrials	-	197,443	197,443
Public	-	64,565	64,565
Total Investments	$ 1,080,275	$ 78,164,008	$ 79,244,283

	Foundation		
	(Level 1)	(Level 2)	Total
Mutual funds:			
Large cap value funds	$ 711,435	$ -	$ 711,435
Large cap blend funds	1,831,078	-	1,831,078
Municipal bonds	-	669,168	669,168
Corporate bonds:			
Communication	-	50,521	50,521
Biotech	-	80,618	80,618
Financial services	-	310,708	310,708
Healthcare	-	20,035	20,035
Industrials	-	88,006	88,006
Real estate	-	3,446	3,446
Total Investments	$ 2,542,513	$ 1,222,502	$ 3,765,015

Interest Rate Risk

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.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS, continued

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, 2018, 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 2% 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.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

Tuition and fees	$	1,314,246
Less: Allowance for doubtful accounts		(677,188)
Federal grants and contracts		594,011
State grants and contracts		3,630,230
Local grants and contracts		301,617
Investment income - noncapital		120,994
Local property taxes		1,131,487
Other		56,190
Totals	$	6,471,587

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2018, is summarized as follows:

	Beginning Balance July 1, 2017	Adjustment	Restated Beginning Balance July 1, 2017	Additions	Deductions	Ending Balance June 30, 2018
Capital assets not being depreciated						
Land	$ 3,839,886	$ -	$ 3,839,886	$ -	$ -	$ 3,839,886
Construction in progress	523,792	-	523,792	2,165,808	238,647	2,450,953
Total capital assets not being depreciated	4,363,678	-	4,363,678	2,165,808	238,647	6,290,839
Capital assets being depreciated						
Site improvements	20,689,860	-	20,689,860	17,409	-	20,707,269
Buildings and improvements	65,772,473	-	65,772,473	325,068	86,104	66,011,437
Vehicles and equipment	10,486,281	-	10,486,281	1,114,552	141,386	11,459,447
Computer equipment	2,656,202	-	2,656,202	275,528	100,304	2,831,426
Leasehold improvements	18,352	-	18,352	22,090	-	40,442
Total capital assets being depreciated	99,623,168	-	99,623,168	1,754,647	327,794	101,050,021
Total capital assets	103,986,846	-	103,986,846	3,920,455	566,441	107,340,860
Less: accumulated depreciation	49,267,612	(190,207)	49,077,405	3,136,954	319,219	51,895,140
Net Capital Assets	$ 54,719,234	$ 190,207	$ 54,909,441	$ 783,501	$ 247,222	$ 55,445,720

The Shasta College Foundation disposed of $201,326 worth of capital assets during the year ending June 30, 2018.

NOTE 5 – ACCOUNTS PAYABLE

Accounts payable consisted of the following:

Accrued payroll and related liabilities	$ 327,112
Interest payable	1,325,648
Construction payable	719,673
Other	2,201,730
Total	$ 4,574,163

NOTE 6 – LONG-TERM LIABILITIES

Capital assets activity for the year ended June 30, 2018, is summarized as follows:

	Balance July 1, 2017	Additions/ Accretions	Reductions	Balance June 30, 2018	Current Portion
Long-Term Liabilities					
General obligation bonds	$ 23,390,000	$ 50,000,000	$ 790,000	$ 72,600,000	$ 3,660,000
Premium on general obligation bonds	2,954,464	4,214,390	399,015	6,769,839	399,015
Revenue bonds	15,405,000	-	8,395,000	7,010,000	465,000
Premium on revenue bonds	338,032	-	27,044	310,988	27,044
Other financing	761,365	-	104,743	656,622	109,135
Total long-term debt	42,848,861	54,214,390	9,715,802	87,347,449	4,660,194
Other long-term liabilities:					
Compensated absences	1,049,255	124,032	-	1,173,287	64,146
Net OPEB Liability	23,159,347	1,259,290	-	24,418,637	
Net pension liability	43,083,281	5,891,180	-	48,974,461	-
Total other long-term liabilities	67,291,883	7,274,502	-	74,566,385	64,146

NOTE 6 – LONG-TERM LIABILITIES, continued

Long-term debt consisted of the following individual debt issues:

REVENUE BONDS		
2012 Lease Revenue Refunding Bond Series 2012A, issued by California Community College Financing Authority, in the original amount of $9,495,000. Final maturity is in 2030. Interest rate ranges from 2.00% to 5.00%.	$	7,010,000
Subtotal		7,010,000
Premium on 2012 Lease Revenue Refunding Bonds		310,988
Subtotal - Lease Revenue Bonds	$	7,320,988
GENERAL OBLIGATION BONDS		
2011 General Obligation Refunding Bonds, issued in the original amount of $7,250,000. Final maturity is in 2028. Interest rate ranges from 2.00% to 5.00%.	$	4,830,000
2014 General Obligation Refunding Bonds, issued in the original amount of $18,095,000. Final maturity is in 2031. Interest rate ranges from 3.00% to 5.00%.		17,770,000
2016 General Obligation Bonds, Series A, issued in the original amount of $50,000,000. Final maturity is in 2042. Interest rate ranges from 2.00% to 5.00%.		50,000,000
Subtotal		72,600,000
Premium on 2011 General Obligation Bonds - Series A		286,129
Premium on 2014 General Obligation Bonds - Series B		2,437,896
Premium on 2016 General Obligation Bonds - Series A		4,045,814
Subtotal - General Obligation Bonds	$	79,369,839
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%.	$	656,622
Total Other Financing		656,622
Total Long-Term Debt		87,347,449
Current portion		4,660,194
Total Long-Term Debt - Noncurrent Portion	$	4,660,194

NOTE 6 – LONG-TERM LIABILITIES, continued

The annual debt service requirements to maturity on the general obligation bonds are as follows:

Fiscal Year	Principal	Interest	Total
2019	$ 3,635,000	$ 3,015,438	$ 6,650,438
2020	5,155,000	2,874,163	8,029,163
2021	2,280,000	2,716,600	4,996,600
2022	1,660,000	2,622,125	4,282,125
2023	1,815,000	2,539,975	4,354,975
2024-2028	13,125,000	11,090,525	24,215,525
2029-2033	15,375,000	7,212,375	22,587,375
2034-2038	11,870,000	4,697,850	16,567,850
2039-2041	17,685,000	1,877,700	19,562,700
Total	$ 72,600,000	$ 38,646,750	$ 111,246,750

The annual debt service requirements to maturity on the revenue bonds are as follows:

Fiscal Year	Principal	Interest	Total
2019	$ 465,000	$ 317,763	$ 782,763
2020	490,000	303,813	793,813
2021	505,000	287,888	792,888
2022	530,000	270,213	800,213
2023	545,000	251,000	796,000
2024-2028	3,255,000	812,000	4,067,000
2029-2033	1,220,000	83,750	1,303,750
Total	$ 7,010,000	$ 2,326,425	$ 9,336,425

NOTE 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 $88,664 for the year ended June 30, 2018.

The future minimum lease payments are as follows:

Fiscal Year	Principal
2019	$ 120,296
2020	67,059
2021	27,939
2022	26,789
2023	7,174
2024-2028	108
Total	$ 249,365

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of CalSTRS and classified employees are members of CalPERS.

For the fiscal year ended June 30, 2018, the District reported its proportionate share of the net pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 26,928,926	$ 7,645,277	$ 4,231,374	$ 2,305,893
CalPERS	22,045,535	7,632,027	349,693	4,917,730
Total	$ 48,974,461	$ 15,277,304	$ 4,581,067	$ 7,223,623

Net pension liability, deferred outflows of resources, and deferred inflows of resources are reported in the accompanying statement of net position; pension expense is reported in the accompanying statement of revenues, expenses, and changes in net position.

California State Teachers' Retirement System (CalSTRS)

Plan Description Certificated employees of the District participate in STRP, a cost-sharing multiple- employer public employee retirement system defined benefit pension plan administered by CalSTRS. Benefit provisions are established by state statute, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues publicly available financial reports that can be obtained at www.calstrs.com.

Benefits Provided The STRP provides retirement, disability, and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP. The District contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

The STRP provisions and benefits in effect at June 30, 2018, are summarized as follows:

	STRP Defined Benefit Plan	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%*
Required employer contribution rate	14.43%	14.43%
Required state contribution rate	9.328%	9.328%

*The rate imposed on CalSTRS 2% at 62 members assuming no change in the normal cost of benefits.

Contributions Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2018, are presented above, and the District's total contributions were $2,556,919.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$	26,928,926
State's proportionate share of the net pension liability associated with the District		15,931,054
Total	$	42,859,980

The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2017 and June 30, 2016, was 0.029 percent and 0.033 percent, respectively, resulting in a net decrease in the proportionate share of 0.004 percent.

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

For the year ended June 30, 2018, the District recognized pension expense of $2,305,893. In addition, the District recognized pension expense and revenue of $838,468 for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	$ -	$ 957,272
Differences between expected and actual experience	99,585	542,712
Changes in assumptions	4,988,773	-
Net changes in proportionate share of net pension liability	-	2,731,390
District contributions subsequent to the measurement date	2,556,919	-
Total	$ 7,645,277	$ 4,231,374

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to pensions will be recognized as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ (89,639)
2020	(89,639)
2021	(89,637)
2022	(461,679)
2023	739,520
Thereafter	848,058
	$ 856,984

Actuarial Methods and Assumptions Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 2010, through June 30, 2015
Actuarial cost method	Entry Age Normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary investment practice, a best estimate range was determined assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentile for the long-term distribution of annualized returns.

The assumed asset allocation is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Global Equity	47%	6.30%
Fixed Income	12%	0.30%
Real Estate	13%	5.20%
Private Equity	13%	9.30%
Cash/Liquidity	2%	-1.00%
Absolute Return/Risk Mitigation Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
	100%	

*20-year geometric average

Discount Rate The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	$ 39,540,212	$ 26,928,926	$ 16,694,012

California Public Employees' Retirement System (CalPERS)

Plan Description Qualified employees are eligible to participate in the School Employer Pool (SEP) and the Safety Risk Pool under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plans regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016, annual actuarial valuation reports, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety. These report(s) and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or age 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

The CalPERS provisions and benefits in effect at June 30, 2018, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.000%
Required employer contribution rate	13.89%	13.89%

Contributions Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2018, are presented above, and the total District contributions were $2,012,566.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $22,045,535. The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2017 and June 30, 2016, was 0.092 percent and 0.083 percent, respectively, resulting in a net increase in the proportionate share of 0.009 percent.

For the year ended June 30, 2018, the District recognized pension expense of $4,917,730. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	$ 237,245	$ -
Differences between expected and actual experience	827,139	-
Changes in assumptions	3,192,575	322,672
Net changes in proportionate share of net pension liability	1,362,502	27,021
District contributions subsequent to the measurement date	2,012,566	-
Total	$ 7,632,027	$ 349,693

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to pensions will be recognized as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ 1,861,416
2020	1,854,087
2021	1,665,445
2022	(111,180)
	$ 5,269,768

Actuarial Methods and Assumptions Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 1997, through June 30, 2011
Actuarial cost method	Entry Age Normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns.

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10*	Real Return Years 11+**
Global Equity	47%	4.90%	5.38%
Fixed Income	19%	0.80%	2.27%
Inflation Assets	6%	0.60%	1.39%
Private Equity	12%	6.60%	6.63%
Real Estate	11%	2.80%	5.21%
Infrastructure and Forestland	3%	3.90%	5.36%
Liquidity	2%	-0.40%	-0.90%
	100%		

*An expected inflation of 2.5% used for this period
**An expected inflation of 3.0% used for this period

Discount Rate The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Plan's net pension liability	$ 32,436,047	$ 22,045,535	$ 13,425,736

Social Security As established by Federal law, all public-sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use Social Security as its alternative plan for full time employees. Contributions made by the District and an employee vest immediately. The District contributes 6.2 percent of an employee's gross earnings. An employee is required to contribute 6.2 percent of his or her gross earnings to the pension plan.

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS, continued

Alternative Plan The District offers Accumulation Program for Part-Time and Limited Service Employees (Apple Plan) approved in 1991 for part-time employees who are not members of CalSTRS and CalPERS. The District contributes 4 percent of their salary on behalf of the employees to the plan.

On Behalf Payments The District was the recipient of on-behalf payments made by the State of California to CalSTRS for community college education. These payments consist of state general fund contributions of approximately $1,148,535 to CalSTRS.

NOTE 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.

NOTE 10 – RISK MANAGEMENT

The District is a member of the Statewide Association of Community Colleges Joint Powers Authority (SWACC). SWACC 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 and liability insurance. Liability losses in excess of the District's $5,000 retention amount are covered up to $25,000,000 per occurrence. Coverage above the $25,000,000 level up to $50,000,000 is arranged independently for each member through the Schools Association for Excess Risk (SAFER). The District's property is covered by SWACC for losses in excess of the District's $5,000 retention amount up to $250,000 per occurrence. Coverage is arranged independently for each member through SAFER for losses above the $250,000 level up to $250,000,000. There has been no signification reduction in any of the insurance coverages from the 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 administers to process claims.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The District provides postemployment healthcare 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.

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.

The following is a description of the current retiree benefit plan. These benefits apply to employees hired after July 1, 2001. Employees hired prior to this date are eligible for benefits under prior, grandfathered plans.

	Faculty	Classified	Management
Benefit types provided	Medical only	Medical only	Medical only
Duration of Benefits	Until Medicare Eligible	Until Medicare Eligible	Until Medicare Eligible
Required Service	15 years	15 years	15 years
Minimum Age	55	55	55
Dependent Coverage	No	No	No
College Contribution %	100%	100%	100%
College Cap	$500 per month	$500 per month	$500 per month

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 annually with contributions based on the District's approved final budget.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Employees Covered by Benefit Term

The following is a table of plan participants at June 30, 2018:

	Number of Participants
Inactive Employees/Dependents Receiving Benefits	268
Active Employees	330
	598

Contributions to Trust

Eligible employees are not permitted to make contributions to the Trust. The Plan administrator (CalPERS) shall, on behalf of the employer (District), make all contribution to the Trustee. All contributions shall be paid to the Trustee for investment and reinvestment pursuant to the terms of the trust agreement. The District does not have contractually required contributions rates, but contributes in an amount sufficient to fully fund the total OPEB obligation over a period not to exceed 30 years. The District has a net OPEB liability of $24,418,637 as of June 30, 2018.

OPEB Plan Investments

The plan discount rate of 6.2% was determined using the following asset allocation and assumed rate of return:

Asset Class	Percentage of Portfolio	Assumed Gross Return
U.S. Large Cap	60%	7.80%
U.S. Small Cap	15%	7.80%
Long-Term Corporate Bonds	20%	5.30%
Short-Term Gov't Fixed	5%	3.25%
Total	100%	

Rolling periods of time for all asset classes in combination to appropriately reflect correlation between asset classes. That means that the average returns for any asset class don't necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. Geometric means were used.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Actuarial Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2017
Measurement date	June 30, 2017
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.75%
Investment rate of return	6.20%
Discount rate	6.20%
Health care cost trend rate	4.00%
Payroll increase	2.75%
Mortality	For certificated employees the 2009 CalSTRS mortality tables were used. For classified employees the 2014 CalPERS active mortality for miscellaneous employees were used.

Changes in the Net OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Total OPEB Liability (a) - (b)
Balance July 1, 2016	$ 39,016,850	$ 11,186,101	$ 27,830,749
Changes for the year:			
Service cost	81,520	-	81,520
Interest	2,336,713	-	2,336,713
Employer contributions	-	4,671,402	(4,671,402)
Net investment income	-	1,159,443	(1,159,443)
Administrative expense	-	(500)	500
Benefit payments	(2,735,138)	(2,735,138)	-
Net change	(316,905)	3,095,207	(3,412,112)
Balance June 30, 2017	$ 38,699,945	$ 14,281,308	$ 24,418,637

Fiduciary Net Position as a percentage of the Total OPEB Liability as June 30, 2018 was 36.9%.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Sensitivity of the net pension liability to assumptions

The following presents the net OPEB liability calculated using the discount rate of 6.20 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (5.20 percent) and 1 percent higher (7.20 percent):

	Discount Rate 1% Lower (5.20%)	Current Discount Rate (6.20%)	Discount Rate 1% Higher (7.20%)
Net OPEB liability	$ 24,097,434	$ 24,418,637	$ 24,613,268

The following table presents the net OPEB liability calculated using the heath care cost trend rate of 4.0 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percent lower (3.0 percent) and 1 percent higher (5.0 percent):

	Healthcare Cost Trend Rates 1% Lower (3.00%)	Healthcare Cost Trend Rates Current Rate (4.00%)	Healthcare Cost Trend Rates 1% Higher (5.00%)
Net OPEB liability	$ 27,912,666	$ 24,418,637	$ 21,410,244

NOTE 12 – COMMITMENTS

As of June 30, 2018, the District had no unfinished construction contracts.

NOTE 13 – INVESTMENT INCOME – FOUNDATION

A summary of return on investment consisted of the following:

Interest and dividends	$ 209,118
Net realized and unrealized gain (loss)	(166,299)
Total Investment Income	$ 42,819

NOTE 14 – TEMPORARILY RESTRICTED NET ASSETS – FOUNDATION

Temporarily restricted net assets are available for the following purposes:

Dental Programs	$ 6,679
Scholarships	750,109
Assistance to needy students	1,351,259
Athletic programs	143,519
Other programs	171,638
Total Temporarily Restricted Net Assets	$ 2,423,204

NOTE 15 – TEMPORARILY RESTRICTED NET ASSETS – FOUNDATION

Endowment net asset composition by type of fund is as follows:

Board-Designated Endowment Funds	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets - beginning of year	$ 404,995	$ -	$ -	$ 404,995
Contributions	-	-	-	-
Investment loss	-	-	-	-
Net depreciation	-	-	-	-
Amounts appropriated for expenditures	-	-	-	-
Other amounts released from restrictions	-	-	-	-
Endowment net assets - end of year	$ 404,995	$ -	$ -	$ 404,995

* Endowment amount was overstated on PY Foundation report by $50,000. The beginning of year endowment amount agrees with the beginning balance per the Districts record of $404,995.

NOTE 16 – PRIOR-PERIOD ADJUSTMENTS

The beginning net position decreased by $33,315,817. This was due to adjustments made to bring on the net OPEB liabilities following the District's implementation of GASB Statements No. 75 during the year ended June 30, 2018. The total decrease to beginning pet position was $33,506,024. See Note 2, Summary of Significant Accounting Policies, Change in Accounting Principles for further details on the implementation of GASB Statements No. 75. In addition, the District increased beginning net position by $190,207 due to an error identified in accumulated depreciation.

NOTE 17 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2018 through December 5, 2018, the date the financial statements were issued. The District concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDING JUNE 30, 2018

		2018
Total OPEB liability		
Service cost	$	81,520
Interest on Total OPEB Liability		2,336,713
Benefit payments		(2,735,138)
Net change in total OPEB liability		(316,905)
Total OPEB liability, beginning of year		39,016,850
Total OPEB liability, end of year (a)	$	38,699,945
Plan fiduciary net position		
Employer contributions	$	4,671,402
Net investment income		1,159,443
Administrative expense		(500)
Benefit payments		(2,735,138)
Change in plan fiduciary net position		3,095,207
Fiduciary trust net position, beginning of year		11,186,101
Fiduciary trust net position, end of year (b)	$	14,281,308
Net OPEB liability(asset), ending (a) - (b)	$	24,418,637
Covered payroll	$	25,615,871
Plan fiduciary net position as a percentage of the total OPEB liability(asset)		36.90%
Net OPEB liability(asset) as a percentage of covered payroll		95.33%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.

See accompanying note to required supplementary information.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDING JUNE 30, 2018

CalSTRS	**2018**	**2017**	**2016**	**2015**
District's proportion of the net pension liability	0.029%	0.033%	0.034%	0.034%
District's proportionate share of the net pension liability	$ 26,928,926	$ 26,690,730	$ 20,470,496	$ 18,482,101
State's proportionate share of the net penesion liability associated with the District	15,931,054	9,683,397	7,918,393	7,480,520
Total	$ 42,859,980	$ 36,374,127	$ 28,388,889	$ 25,962,621
District's covered - employee payroll	$ 17,719,466	$ 16,912,477	$ 16,879,021	$ 15,767,999
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	151.97%	157.82%	121.28%	117.21%
Plan fiduciary net position as a percentage of the total pension liability	69.00%	70.04%	74.00%	76.50%

CalPERS	**2018**	**2017**	**2016**	**2015**
District's proportion of the net pension liability	0.092%	0.083%	0.083%	0.086%
District's proportionate share of the net pension liability	$ 22,045,535	$ 16,392,551	$ 12,648,608	$ 9,677,714
District's covered - employee payroll	$ 14,489,316	$ 11,940,524	$ 9,789,632	$ 9,162,368
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	152.15%	137.29%	129.20%	105.62%
Plan fiduciary net position as a percentage of the total pension liability	71.90%	73.90%	79.40%	83.50%

See accompanying note to required supplementary information.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDING JUNE 30, 2018

	Reporting Fiscal Year			
CalSTRS	2018	2017	2016	2015
Statutorily required contribution	$ 2,556,919	$ 2,087,782	$ 1,798,261	$ 1,397,951
District's contributions in relation to the statutorily required contribution	2,556,919	2,087,782	1,798,261	1,397,951
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 17,719,466	$ 16,912,477	$ 16,879,021	$ 15,767,999
District's contributions as a percentage of covered-employee payroll	14.43%	12.34%	10.65%	8.87%

	Reporting Fiscal Year			
CalPERS	2018	2017	2016	2015
Statutorily required contribution	$ 2,012,566	$ 1,632,060	$ 1,191,289	$ 1,082,045
District's contributions in relation to the statutorily required contribution	2,012,566	1,632,060	1,191,289	1,082,045
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 14,489,316	$ 11,940,524	$ 9,789,632	$ 9,162,368
District's contributions as a percentage of covered-employee payroll	13.89%	13.67%	12.17%	11.81%

See accompanying note to required supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Changes in the Net OPEB Liability and Related Ratios

The Schedule of Changes in Net OPEB liability is presented to illustrate the elements of the District's Net OPEB liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net positions and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Schedule of Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuation for either CalSTRS or CalPERS.

Changes in Assumptions

The discount rate for CalPERS was 7.65% as of June 30, 2017 and 7.15% as of June 30, 2018. The discount rate for CalSTRS was 7.60% as of June 30, 2017 and 7.10% as of June 30, 2018. The change in discount rate increased the total net pension liability for each plan.

SUPPLEMENTARY INFORMATION

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
ORGANIZATION STRUCTURE
JUNE 30, 2018

GOVERNING BOARD

NAME	OFFICE	Area	TERM EXPIRES
Mr. Kendall S. Pierson	Member	A	2020
Mr. Patrick Carr	Member	B	2018
Mr. Scott J. Swendiman	President	C	2020
Ms. Rhonda E. Nehr	Member	D	2020
Mrs. Rayola B. Pratt	Member	E	2020
Dr. Rob Lydon	Vice President	F	2018
Mr. Robert M. Steinacher	Clerk	G	2018

ADMINISTRATION

Dr. Joe Wyse
District Superintendent/President

Mr. Frank Nigro
Vice President of Instruction

Mr. Morris Rodrigue
Vice President of Administrative Services

Dr. Kevin O'Rorke
Vice President of Student Services

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT – ANNUAL/ACTUAL ATTENDANCE
JUNE 30, 2018

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2017 only)			
1. Noncredit	10.95	-	10.95
2. Credit	36.95	-	36.95
B. Summer Intersession (Summer 2018 - Prior to July 1, 2018)			
1. Noncredit	-	-	-
2. Credit	517.47	-	517.47
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	3,456.75	-	3,456.75
(b) Daily Census Contact Hours	488.83	-	488.83
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	156.89	-	156.89
(b) Credit	574.68	-	574.68
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Contact Hours	959.63	-	959.63
(b) Daily Census Contact Hours	542.93	-	542.93
D. Total FTES	6,745.08	-	6,745.08
Supplemental Information (subset of above information)			
E. In-service Training Courses	30.87	-	30.87
F. Basic Skills Courses and Immigrant Education			
1. Credit	83.45	-	83.45
2. Noncredit	124.45	-	124.45
Total Basic Skills FTES	207.90	-	207.90

See accompanying note to supplementary information.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF INTERIOR			
Indian Self-Determination Contract Support	15.024	*	$ 15,917
U.S. DEPARTMENT OF AGRICULTURE			
STNF Restoriation Crew RAC	10.668	*	14,301
Child and Adult Care Food Program	10.558	*	4,399
Total U.S. Department of Agriculture			18,700
U.S. DEPARTMENT OF JUSTICE			
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assualt and Stalking on Campus	16.525	*	117,859
U.S. DEPARTMENT OF EDUCATION			
STUDENT FINANCIAL ASSISTANCE CLUSTER			
Federal Supplement Education Opportunity Grant (FSEOG)	84.007	*	275,613
Federal Work Study Program (FWS)	84.044	*	182,666
Federal Pell Grants (PELL)	84.063	*	13,937,114
Federal Direct Student Loans	84.268	*	3,266,015
Total Student Financial Assistance Cluster			17,661,408
TRIO CLUSTER			
TRIO - Student Support Services	84.042	*	302,004
TRIO - Talent Search Program	84.044	*	197,788
TRIO - Upward Bound Program	84.047	*	217,036
Total TRIO Cluster			716,828
Passed through State Departent of Education			
Career and Technical Education - Basic Grants to States	84.048	13-112-110	322,992
MDRC - New World of Work	84.048	*	4,968
Total Passed through State Departent of Education			327,960
Passed through State Departent of Rehabilitiation			
College to Career	84.126A	*	240,249
Total U.S. Department of Education			18,946,445
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through from California Community Colleges Chancellor's Office			
Temporary Assistance to Needy Families (TANF)	93.558	*	78,805
Foster Care Title IV-E	93.658	FKCD	69,218
Total U.S. Department of Health and Human Services			148,023
COPRORATION FOR NATIONAL SERVICES			
State and Local Homeland Security Training Program	94.005	*	33,305
Total Federal Expenditures			$ 19,280,249

*Pass-Through number is either not available or not applicable

See accompanying note to supplementary information.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES OF STATE AWARDS
YEAR ENDED JUNE 30, 2018

	Program Revenues				
	Cash Received	Accounts Receivable	Deferred Income	Total	Program Expenditures
Extended Opportunity Programs and Services	$ 1,102,640	$ -	$ -	$ 1,102,640	$ 1,102,640
CALGrants	1,442,647	(4,592)	-	1,438,055	1,438,055
Disabled Students Programs and Services	614,159	-	-	614,159	614,159
CalWORKS	421,000	7,687	-	428,687	428,687
Student Financial Aid Administration	290,646	-	-	290,646	290,646
Matriculation	1,540,435	-	-	1,540,435	1,540,435
Economic Workforce Development	252,610	10,004	-	262,614	262,614
Career Technical Education	615,822	109,059	1,469,197	2,194,078	2,194,078
Cooperative Agency Resources Education	145,003	9,539	-	154,542	154,542
Foster Parent	170,931	(74,865)	(2,158)	93,908	93,908
Basic Skills Student Outcomes	779,740	171,273	(74,328)	876,685	876,685
Student Equity Program	960,851	-	68,634	1,029,485	1,029,485
Prop 39 Clean Energy Job Act	59,750	-	-	59,750	59,750
Strong Workforce Program	923,422	-	7,069	930,491	930,491
Innovation Award	1,350,000	-	(588,858)	761,142	761,142
Prop 39 Clean Energy Workforce Grant	-	144,045	-	144,045	144,045
College Promise	-	-	570,797	570,797	570,797
Full Time Student Success Grant	707,500	-	41,484	748,984	748,984
Bachelor Degree Health Science	-	-	130,474	130,474	130,474
Foster and Kinship Care	4,410	(1,489)	-	2,921	2,921
Adult Ed Block Grant	1,060,696	-	669,018	1,729,714	1,729,714
CAFYES	469,321	5,089	-	474,410	474,410
Other State Awards	1,665,081	1,811	(298,704)	1,368,188	1,368,188
All other categorical	8,276,480	219,095	(252,476)	8,243,099	8,243,099
Total	$ 22,853,144	$ 596,656	$ 1,740,149	$ 25,189,949	$ 25,189,949

See accompanying note to supplementary information.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH AUDITED FINANCIAL STATEMENTS
JUNE 30, 2018

June 30, 2018	General Fund	Bond Interest and Redemption Fund	GO Bond Interest and Redemption Funds	Lease Revenue Bond Interest and Redemption Funds	Revenues Operations Fund	Repair and Replacement Fund	Parking Improvement Fund	Balance Forward
Annual Financial and Budget Report (CCFS-311)								
Fund Balance	$ 10,556,859	$ -	$ 9,424,999	$ 17,248	$ 767,893	$ 333,000	$ 1,118,012	$ 22,218,011
Adjustments and reclassifications increasing (decreasing) the fund balance:								
Reclassification of Auxiliary Fund for financial statement purposes	569,348	-	-	-	-	-	(569,348)	-
Reclassification of amounts held for others	-	-	-	-	-	-	-	-
Net Adjustments and Reclassifications	569,348	-	-	-	-	-	(569,348)	-
Audited Financial Statements Fund Balance	$ 11,126,207	$ -	$ 9,424,999	$ 17,248	$ 767,893	$ 333,000	$ 548,664	$ 22,218,011

June 30, 2018 (continued)	Balance Brought Forward	Capital Outlay Projects Fund	Lease Revenue Bond Construction Fund	GO Bond Projects Fund	Student Trusts	Student Financial Aid Fund	Scholarship and Loan Trust Fund	Trustee Investment Trust	Total
Annual Financial and Budget Report (CCFS-311)									
Fund Balance	$ 22,218,011	$ 4,073,800	$ -	$ 39,935,007	$ 326,797	$ 6,366	$ 239,042	$ 4,383,001	$ 71,182,024
Adjustments and reclassifications increasing (decreasing) the fund balance:									
Reclassification of Auxiliary Fund for financial statement purposes	-	-	-	-	-	-	-	-	-
Reclassification of amounts held for others	-	-	-	-	(326,797)	-	(239,042)	(4,383,001)	(4,948,840)
Net Adjustments and Reclassifications	-	-	-	-	(326,797)	-	(239,042)	(4,383,001)	(4,948,840)
Audited Financial Statements Fund Balance	$ 22,218,011	$ 4,073,800	$ -	$ 39,935,007	$ -	$ 6,366	$ -	$ -	$ 66,233,184

See accompanying note to supplementary information.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF THE ECS 84362 (50 PERCENT LAW) CALCULATION
JUNE 30, 2018

		Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/ TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	9,929,703	-	9,929,703	9,929,703	-	9,929,703
Other	1300	5,143,760	-	5,143,760	5,143,760	-	5,143,760
Total Instructional Salaries		15,073,463	-	15,073,463	15,073,463	-	15,073,463
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	2,850,797	-	2,850,797
Other	1400	-	-	-	222,036	-	222,036
Total Non-Instructional Salaries		-	-	-	3,072,833	-	3,072,833
Total Academic Salaries		15,073,463	-	15,073,463	18,146,296	-	18,146,296
Classified Salaries							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	7,148,348	-	7,148,348
Other	2300	-	-	-	641,950	-	641,950
Total Non-Instructional Salaries		-	-	-	7,790,298	-	7,790,298
Instructional Aides							
Regular Status	2200	658,853	-	658,853	658,853	-	658,853
Other	2400	331,619	-	331,619	331,619	-	331,619
Total Instructional Aides		990,472	-	990,472	990,472	-	990,472
Total Classsified Salaries		990,472	-	990,472	8,780,770	-	8,780,770
Employee Benefits	3000	5,577,416	-	5,577,416	11,143,676	-	11,143,676
Supplies and Materials	4000	-	-	-	582,888	-	582,888
Other Operating Expenses	5000	48,621	-	48,621	4,546,275	-	4,546,275
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		21,689,972	-	21,689,972	43,199,905	-	43,199,905
Exclusions							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	1,248,078	-	1,248,078	1,248,078	-	1,248,078
Std. Health Srvcs. Above Amount Collected	6441	-	-	-	119,016	-	119,016
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	1,189,631	-	1,189,631
Object to Exclude							
Rents and Leases	5060	-	-	-	128,373	-	128,373
Lottery Expenditures							
Academic Salaries	1000	-	-	-	120,774	-	120,774
Classified Salaries	2000	-	-	-	388,221	-	388,221
Employee Benefits	3000	-	-	-	189,601	-	189,601
Supplies and Materials	4000						
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	9,281	-	9,281
Non-inst. Supplies & Materials	4400	-	-	-	612,609	-	612,609
Total Supplies and Materials		-	-	-	621,890	-	621,890
Other Operating Expenses and Services	5000	-	-	-	-	-	-
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400						
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	7,437	-	7,437
Total Exclusions		$ 1,248,078	$ -	$ 1,248,078	$ 4,013,021	$ -	$ 4,013,021
Total for ECS 84362, 50% Law		$ 20,441,894	$ -	$ 20,441,894	$ 39,186,884	$ -	$ 39,186,884
Percent of CEE (Instructional Salary Cost/Total CEE)		52.17%	0.00%	52.17%	100.00%	0.00%	100.00%
50% of Current Expense of Education		$ -	$ -	$ -	$ 19,593,442	$ -	$ 19,593,442

See accompanying note to supplementary information.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
DETAILS OF THE EDUCATION PROTECTION ACCOUNT EXPENDITURES
JUNE 30, 2018

EPA Revenue	5,877,788

Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	0100-5900	5,831,780	45,616	392	5,877,788
Total		5,831,780	45,616	392	5,877,788

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
COMBINING BALANCE SHEET – DISTRICT FUNDS INCLUDED IN THE REPORTING ENTITY
JUNE 30, 2018

	General Fund	Bond Interest and Redemption Fund	GO Bond Interest and Redemption Funds	Lease Revenue Bond Interest and Redemption Funds	Revenues Operations Fund	Repair and Replacement Fund	Parking Improvement Fund	Balance Forward
ASSETS								
Current Assets								
Cash and equivalents	$ 14,008,348	$ -	$ -	$ -	$ 187,655	$ 334,150	$ 584,455	$ 15,114,608
Accounts receivable - net	6,153,973	-	71,317	-	57,729	-	-	6,283,019
Inventories	5,066	-	-	-	11,300	-	-	16,366
Prepaid expenditures and other assets	181,844	-	-	-	50,000	-	-	231,844
Due from other funds	2,271,567	-	-	-	847,779	5,250	-	3,124,596
Total Current Assets	22,620,798	-	71,317	-	1,154,463	339,400	584,455	24,770,433
Noncurrent Assets								
Restricted cash and equivalents	-	-	9,353,682	17,248	-	-	-	9,370,930
Restricted investments	6,358,868	-	-	-	-	-	-	6,358,868
Total Noncurrent Assets	6,358,868	-	9,353,682	17,248	-	-	-	15,729,798
Total Assets	$ 28,979,666	$ -	$ 9,424,999	$ 17,248	$ 1,154,463	$ 339,400	$ 584,455	$ 40,500,231
LIABILITIES								
Accounts payable	$ 2,452,668	$ -	$ -	$ -	$ 40,352	$ -	$ 8,519	$ 2,501,539
Deferred revenue	12,186,046	-	-	-	48,664	-	-	12,234,710
Amounts held for others	-	-	-	-	-	-	-	-
Long-term obligations	64,146	-	-	-	-	-	-	64,146
Due to other funds	3,150,599	-	-	-	297,554	6,400	27,272	3,481,825
Total Liabilities	17,853,459	-	-	-	386,570	6,400	35,791	18,282,220
FUND EQUITY								
Fund Balances:								
Reserved for debt service	-	-	9,424,999	17,248	-	-	-	9,442,247
Reserved for special purpose	-	-	-	-	767,893	333,000	548,664	1,649,557
Unreserved:								
Undesignated	11,126,207	-	-	-	-	-	-	11,126,207
Total Fund Equity	11,126,207	-	9,424,999	17,248	767,893	333,000	548,664	22,218,011
Total Liabilities and Fund Equity	$ 28,979,666	$ -	$ 9,424,999	$ 17,248	$ 1,154,463	$ 339,400	$ 584,455	$ 40,500,231

See accompanying note to supplementary information.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
COMBINING BALANCE SHEET – DISTRICT FUNDS INCLUDED IN THE REPORTING ENTITY
JUNE 30, 2018

	Balance Brought Forward	Capital Outlay Projects Fund	Lease Revenue Bond Construction Fund	GO Bond Projects Fund	Student Trusts	Student Financial Aid Fund	Scholarship and Loan Trust Fund	Trustee Investment Trust	Total
ASSETS									
Current Assets									
Cash and equivalents	$ 15,114,608	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 15,114,608
Accounts receivable - net	6,283,019	-	-	-	1,884	145,930	-	40,700	6,471,533
Inventories	16,366	-	-	-	-	-	-	-	16,366
Prepaid expenditures and other assets	231,844	206,156	-	210,793	-	-	-	-	648,793
Due from other funds	3,124,596	1,112,185	-	-	30,457	1,125,655	-	-	5,392,893
Total Current Assets	24,770,433	1,318,341	-	210,793	32,341	1,271,585	-	40,700	27,644,193
Noncurrent Assets	-								-
Restricted cash and equivalents	9,370,930	3,008,162	-	40,443,421	305,936	319,168	409,383	131,757	53,988,757
Restricted investments	6,358,868	-	-	-		351,094	-	4,210,544	10,920,506
Total Noncurrent Assets	15,729,798	3,008,162	-	40,443,421	305,936	670,262	409,383	4,342,301	64,909,263
Total Assets	$ 40,500,231	$ 4,326,503	$ -	$ 40,654,214	$ 338,277	$ 1,941,847	$ 409,383	$ 4,383,001	$ 92,553,456
LIABILITIES									
Accounts payable	$ 2,501,539	$ 202,703	$ -	$ 516,970	$ 3,020	$ 12,462	$ 11,821	$ -	$ 3,248,515
Deferred revenue	12,234,710	-	-	-	1,500	429,722	-	-	12,665,932
Amounts held for others	-	-	-	-	326,797	-	239,042	4,383,001	4,948,840
Long-term obligations	64,146	-	-	-	-	-	-	-	64,146
Due to other funds	3,481,825	50,000	-	202,237	6,960	1,493,297	158,520	-	5,392,839
Total Liabilities	18,282,220	252,703	-	719,207	338,277	1,935,481	409,383	4,383,001	26,320,272
FUND EQUITY									
Fund Balances:									
Reserved for debt service	9,442,247	-	-	-	-	-	-	-	9,442,247
Reserved for special purpose	1,649,557	4,073,800	-	39,935,007	-	6,366	-	-	45,664,730
Unreserved:									
Undesignated	11,126,207	-	-	-	-	-	-	-	11,126,207
Total Fund Equity	22,218,011	4,073,800	-	39,935,007	-	6,366	-	-	66,233,184
Total Liabilities and Fund Equity	$ 40,500,231	$ 4,326,503	$ -	$ 40,654,214	$ 338,277	$ 1,941,847	$ 409,383	$ 4,383,001	$ 92,553,456

See accompanying note to supplementary information.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY – DISTRICT FUNDS INCLUDED IN THE REPORTING ENTITY
JUNE 30, 2018

	General Fund	Bond Interest and Redemption Fund	GO Bond Interest and Redemption Funds	Lease Revenue Bond Interest and Redemption Funds	Revenues Operations Fund	Repair and Replacement Fund	Parking Improvement Fund	Balance Forward
OPERATING REVENUES								
Net tuition and fees	$ 3,698,995	$ -	$ -	$ -	$ 921,165	$ -	$ -	$ 4,620,160
Grants and Contracts, noncapital								
Federal	1,914,186	-	-	-	-	-	-	1,914,186
State	11,903,059	-	-	-	-	-	-	11,903,059
Local	944,844	-	-	-	-	-	-	944,844
Auxiliary enterprise sales, net	101,221	-	-	-	939,164	-	-	1,040,385
Total Operating Revenues	18,562,305	-	-	-	1,860,329	-	-	20,422,634
OPERATING EXPENDITURES								
Salaries	35,096,605	-	-	-	708,053	-	-	35,804,658
Employee benefits	13,742,380	-	-	-	228,653	-	-	13,971,033
Supplies, materials, and other operating expenses	12,918,669	-	405,861	-	592,487	6,400	118,172	14,041,589
Total Operating Expenses	61,757,654	-	405,861	-	1,529,193	6,400	118,172	63,817,280
Operating Income (Loss)	(43,195,349)	-	(405,861)	-	331,136	(6,400)	(118,172)	(43,394,646)
NONOPERATING REVENUES (EXPENDITURES)								
State apportionments, noncapital	18,209,800	-	-	-	-	-	-	18,209,800
Education protection account revenues, noncapital	5,877,788	-	-	-	-	-	-	5,877,788
Local property taxes, noncapital	16,217,456	-	-	-	-	-	-	16,217,456
State taxes and other revenues, noncapital	3,987,981	-	-	-	-	-	-	3,987,981
Financial aid revenues	-	-	-	-	-	-	-	-
Financial aid expenses	-	-	-	-	-	-	-	-
Investment income	117,428	-	4,346,001	725	8,121	3,518	7,078	4,482,871
Interest expense	(23,242)	-	(2,070,404)	(1,179,081)	(5,811)	-	-	(3,278,538)
Other non-operating revenues	581,387	-	-	-	28,270	-	-	609,657
State apportionments, capital	-	-	92,242	-	-	-	-	92,242
Local property taxes and revenues, capital	-	-	6,016,871	-	-	-	-	6,016,871
Total Nonoperating Revenues (Expenditures)	44,968,598	-	8,384,710	(1,178,356)	30,580	3,518	7,078	52,216,128
OTHER FINANCING SOURCES (USES)								
Operating transfer in	1,198,859	-	-	4,968,483	50,000	58,905	-	6,276,247
Operating transfer out	(2,619,856)	(25,000)	(3,401,776)	(779,352)	(372,307)	-	(39,134)	(7,237,425)
Proceeds from long-term debt	-	-	8,655,354	-	-	-	-	8,655,354
Proceeds from sale of capital assets	8,591	-	-	-	-	-	-	8,591
Debt service	(83,939)	-	(5,690,000)	(3,470,000)	(20,985)	-	-	(9,264,924)
Total Other Financing Sources (Uses)	(1,496,345)	(25,000)	(436,422)	719,131	(343,292)	58,905	(39,134)	(1,562,157)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses	276,904	(25,000)	7,542,427	(459,225)	18,424	56,023	(150,228)	7,259,325
FUND EQUITY -- BEGINNING OF YEAR	10,849,303	25,000	1,882,572	476,473	749,469	276,977	698,892	14,958,686
FUND EQUITY -- END OF YEAR	$ 11,126,207	$ -	$ 9,424,999	$ 17,248	$ 767,893	$ 333,000	$ 548,664	$ 22,218,011

See accompanying note to supplementary information.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY – DISTRICT FUNDS INCLUDED IN THE REPORTING ENTITY
JUNE 30, 2018

	Balance Brought Forward	Capital Outlay Projects Fund	Lease Revenue Bond Construction Fund	GO Bond Projects Fund	Student Trusts	Student Financial Aid Fund	Scholarship and Loan Trust Fund	Trustee Investment Trust	Total
OPERATING REVENUES									
Net tuition and fees	$ 4,620,160	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,620,160
Grants and Contracts, noncapital									
Federal	1,914,186	-	-	-	-	-	-	-	1,914,186
State	11,903,059	-	-	-	-	-	-	-	11,903,059
Local	944,844	-	-	-	-	300	-	-	945,144
Auxiliary enterprise sales and charges	1,040,385	-	-	-	-	-	-	-	1,040,385
Total Operating Revenues	20,422,634	-	-	-	-	300	-	-	20,422,934
OPERATING EXPENDITURES									
Salaries	35,804,658	-	-	60,000	-	-	-	-	35,864,658
Employee benefits	13,971,033	-	-	24,589	-	-	-	-	13,995,622
Supplies, materials, and other operating expenses	14,041,589	659,781	-	1,919,319	-	-	-	-	16,620,689
Total Operating Expenses	63,817,280	659,781	-	2,003,908	-	-	-	-	66,480,969
Operating Income (Loss)	(43,394,646)	(659,781)	-	(2,003,908)	-	300	-	-	(46,058,035)
NONOPERATING REVENUES (EXPENDITURES)									
State apportionments, noncapital	18,209,800	-	-	-	-	-	-	-	18,209,800
Education protection account revenues, noncapital	5,877,788	-	-	-	-	-	-	-	5,877,788
Local property taxes, noncapital	16,217,456	-	-	-	-	-	-	-	16,217,456
State taxes and other revenues, noncapital	3,987,981	-	-	-	-	-	-	-	3,987,981
Financial aid revenues	-	-	-	-	-	20,767,526	-	-	20,767,526
Financial aid expenses	-	-	-	-	-	(20,767,826)	-	-	(20,767,826)
Investment income	4,482,871	31,603	(2)	391,254	-	(1,116)	-	-	4,904,610
Interest expense	(3,278,538)	-	-	-	-	-	-	-	(3,278,538)
Other non-operating revenues	609,657	239,219	-	-	-	-	-	-	848,876
State apportionments, capital	92,242	347,167	-	-	-	-	-	-	439,409
Local property taxes and revenues, capital	6,016,871	-	-	-	-	-	-	-	6,016,871
Total Nonoperating Revenues (Expenditures)	52,216,128	617,989	(2)	391,254	-	(1,416)	-	-	53,223,953
OTHER FINANCING SOURCES (USES)									
Operating transfer in	6,276,247	1,268,897	-	-	-	-	-	-	7,545,144
Operating transfer out	(7,237,425)	(51,007)	-	(256,712)	-	-	-	-	(7,545,144)
Proceeds from long-term debt	8,655,354	-	-	41,804,373	-	-	-	-	50,459,727
Proceeds from sale of capital assets	8,591	5,853	-	-	-	-	-	-	14,444
Debt service	(9,264,924)	-	-	-	-	-	-	-	(9,264,924)
Total Other Financing Sources (Uses)	(1,562,157)	1,223,743	-	41,547,661	-	-	-	-	41,209,247
Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses	7,259,325	1,181,951	(2)	39,935,007	-	(1,116)	-	-	48,375,165
FUND EQUITY -- BEGINNING OF YEAR	14,958,686	2,891,849	2	-		7,482	-	-	17,858,019
FUND EQUITY -- END OF YEAR	$ 22,218,011	$ 4,073,800	$ -	$ 39,935,007	$ -	$ 6,366	$ -	$ -	$ 66,233,184

See accompanying note to supplementary information.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF FUND EQUITY TO NET POSITION
JUNE 30, 2018

Total Fund Equity - District Funds Included in the Reporting Entity		$ 66,233,184
Assets recorded within the statements of net position not included in the District fund financial statements:		
Nondepreciable capital assets	$ 6,290,839	
Depreciable capital assets	101,050,021	
Accumulated depreciation	(51,895,140)	55,445,720
Unmatured Interest		(1,325,648)
Deferred outflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred loss on refunding		946,129
Deferred outflows from pensions		15,277,304
Liabilities recorded within the statements of net position not recorded in the District fund financial statements:		
Compensated absences		(1,109,141)
Net pension liability		(48,974,461)
Net OPEB obligation		(24,418,637)
Long-term debt		(87,347,449)
Deferred inflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred inflows from pensions		(4,581,067)
Net Assets Reported Within the Statements of Net Position		$ (29,854,066)

See accompanying note to supplementary information.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF CHANGE IN FUND EQUITY TO CHANGE IN NET POSITION
JUNE 30, 2018

Change in Fund Equity - District Funds Included in the Reporting Entity	$	48,375,165
Compensated absence expense not reported within the GASB 35 Statements		(124,032)
Depreciation expense reported within the GASB 35 Statements		(3,136,954)
Change in accrued interest reported within the GASB 35 Statements		(749,121)
Amortization of bond premiums reported within the GASB 35 Statements		426,059
Amortization of deferred loss on refunding		(71,933)
Capital outlay expense not reported within the GASB 35 Statements		3,681,808
Loss on disposal of capital assets not reported within the GASB 35 Statements		(8,575)
Pension expense reported within the GASB 35 Statements		(2,654,138)
Other postemployment benefits expense reported within the GASB 35 Statements		(1,259,290)
Principal Payments on debt not reported within the GASB 35 Statements		9,289,743
Proceeds for issuance of long-term debt not reported within the GASB 35 Statements		(54,214,390)
Change in Net Position Reported Within the Statement of Revenues, Expenses, and Changes in Net Position	$	(445,658)

See accompanying note to supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

Organization Structure

This schedule provides information about the District's governing board members and administration members.

Schedule of Workload Measures for State General Apportionment – Annual/Actual Attendance

The schedule of workload measures for state general apportionment annualized attendance as of June 30, 2018, represents the basis of apportionment of the District's annual source of funding.

Schedule of Revenues and Expenditures of Federal Awards

This schedule includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance).

Expenditures reported on this schedule are reported on the modified basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The District has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Schedule of Expenditures of State Awards

This schedule includes the state activity of the District under categorical programs of the state of California for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of the *California Community Colleges Contracted District Audit Manual 2016-17*.

Expenses reported on this schedule are reported on the accrual basis of accounting.

Reconciliation of Annual Financial and Budget Report (CCFS-311) With Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the Audited Financial Statements.

Reconciliation of the ECS 84362 (50 Percent 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.

NOTE 1 – PURPOSE OF SCHEDULES, continued

Details of the 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.

Reconciliation of Fund Equity to Net Position and Reconciliation of Change in Fund Equity to Change in Net Position

These schedules provide the information necessary to reconcile the supplemental combining financial schedules to the audited financial statements.

NOTE 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. 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.

NOTE 3 – LOAN PROGRAMS

The District is responsible only for the performance of certain administrative duties with respect to the Federal Direct Loan Program. Accordingly, the value of these outstanding loans is not reflected in the District's financial statements. It is not practical to determine the balance of loans outstanding to students of the District under this program as of June 30, 2018.

OTHER INDEPENDENT AUDITORS' REPORTS

COSSOLIAS | WILSON
DOMINGUEZ | LEAVITT
CERTIFIED PUBLIC ACCOUNTANTS

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*

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, 2018; and the related notes to the financial statements, which collectively comprise the District's basic financial statements; and have issued our report thereon dated December 5, 2018.

Emphasis of Matter – Change in Accounting Principles

As discussed in Note 1 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans. Our opinion is not modified with respect to this matter.

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 contro*l 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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*.

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.

CWDL, Certified Public Accountants

December 5, 2018
San Diego, California

Member of AICPA
5151 Murphy Canyon Road, Ste. 135, San Diego, CA 92123
P: (858) 565-2700 F: (858) 565-7399 E: info@cwdlcpa.com www.cwdlcpa.com
CalCPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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) *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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Those standards and the Uniform Guidance 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 of 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, 2018.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

Purpose of This Report

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

CWDL, Certified Public Accountants

December 5, 2018
San Diego, California

Member of AICPA
5151 Murphy Canyon Road, Ste. 135, San Diego, CA 92123
P: (858) 565-2700 F: (858) 565-7399 E: info@cwdlcpa.com www.cwdlcpa.com
CalCPA

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

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

Report on State Compliance

We have audited the Shasta-Tehama-Trinity Joint Community College District's (the District) compliance with the types of state compliance requirements described in the *California Community Colleges Contracted District Audit Manual 2017-18,* published by the California Community Colleges Chancellor's Office, for the year ended June 30, 2018. 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 the District's compliance with the state laws and regulations based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and *California Community Colleges Contracted District Audit Manual 2017-18,* published by the California Community Colleges Chancellor's Office. Those standards and the *California Community Colleges Contracted District Audit Manual 2017-18,* 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 occurred. 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.

Opinion

In our opinion, the District complied, in all material respects, with the state compliance requirements referred to above that are applicable to the District for the year ended June 30, 2018.

Member of AICPA
5151 Murphy Canyon Road, Ste. 135, San Diego, CA 92123
P: (858) 565-2700 F: (858) 565-7399 E: info@cwdlcpa.com www.cwdlcpa.com
CalCPA

Other Matters

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with State laws and regulations applicable to the following:

Section 421 – Salaries of Classroom Instructors (50 Percent Law)
Section 423 – Apportionment for Instructional Service Agreements/Contracts
Section 424 – State General Apportionment Funding System
Section 425 – Residency Determination for Credit Courses
Section 426 – Students Actively Enrolled
Section 427 – Dual Enrollment (CCAP and Non-CCAP)
Section 428 – Student Equity
Section 429 – Student Success and Support Program (SSSP)
Section 430 – Scheduled Maintenance Program
Section 431 – Gann Limit Calculation
Section 435 – Open Enrollment
Section 439 – Proposition 39 Clean Energy
Section 440 – Intersession Extension Programs
Section 444 – Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475 – Disabled Student Programs and Services (DSPS)
Section 479 – To Be Arranged Hours (TBA)
Section 490 – Proposition 1D and 51 State Bond Funded Projects
Section 491 – Education Protection Account Funds

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2017-18*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

December 5, 2018
Redding, California

Member of AICPA
5151 Murphy Canyon Road, Ste. 135, San Diego, CA 92123
P: (858) 565-2700 F: (858) 565-7399 E: info@cwdlcpa.com www.cwdlcpa.com
CalCPA

FINDINGS AND QUESTIONED COSTS SECTION

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018

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 Noted
Non-compliance 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 Noted
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards	No
Identification of major programs:	

CFDA Numbers	Name of Federal Program of Cluster
84.007, 84.044 84.063, 84.268	Student Financial Aid Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	No

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Noted
Type of auditors' report issued on compliance for State programs:	Unmodified

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

There were no financial statement findings or questioned costs identified during 2017-18.

Section III – Federal Award Findings and Questioned Costs

This section identifies the audit findings required to be reported by the Uniform Guidance (e.g., deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs identified during 2017-18.

Section IV – State Award Findings and Questioned Costs

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

There were no state award findings or questioned costs identified during 2017-18.

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2018

There were no audit findings or questioned costs identified during 2016-17.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Shasta-Tehama-Trinity Joint Community College District (the "District") in connection with the issuance of (i) $20,000,000 of the District's Election of 2016 General Obligation Bonds, Series B (Federally Tax-Exempt) (the "Series B Bonds") and (ii) $20,000,000 of the District's Election of 2016 General Obligation Bonds, Series B-1 (Federally Taxable) (the "Series B-1 Bonds" and, together with the Series B Bonds, the "Bonds"). The Bonds are being issued pursuant to a Resolution of the District adopted on September 11, 2019 (the "Resolution"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean initially the Isom Advisors, a Division of Urban Futures, Inc., or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"Financial Obligation" shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of (a) or (b). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the Municipal Rulemaking Board consistent with the Rule.

"Holders" shall mean the registered owners of the Bonds.

"Listed Events" shall mean any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

"Official Statement" shall mean the Official Statement, dated as of September 19, 2019, relating to the offer and sale of the Bonds.

"Participating Underwriter" shall mean Morgan Stanley & Co. LLC, as the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org/, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2018-19 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than thirty (30) days (nor more than sixty (60) days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided.

SECTION 4. Content and Form of Annual Reports.

(a) The District's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

(A) State funding received by the District for the last completed fiscal year;

(B) Full time equivalent student counts of the District for the last completed fiscal year;

(C) Outstanding District indebtedness;

(D) Summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year; and

(E) Assessed valuation of taxable property within the District for the current year.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format, and accompanied by identifying information, as prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. defeasances.

4. rating changes.

5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).

6. unscheduled draws on the debt service reserves reflecting financial difficulties.

7. unscheduled draws on credit enhancement reflecting financial difficulties.

8. substitution of the credit or liquidity providers or their failure to perform.

9. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties; and

10. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District. For the purposes of the event identified in this Section 5(a)(10), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent

or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.

2. modifications to rights of Bondholders.

3. optional, contingent or unscheduled Bond calls.

4. unless described under Section 5(a)(5) above, adverse tax opinions, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

5. release, substitution or sale of property securing repayment of the Bonds.

6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

7. appointment of a successor or additional paying agent with respect to the Bonds or the change of name of such paying agent.

8. incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Bondowners.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a) or Section 5(b), as applicable.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon fifteen (15) days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: October 3, 2019

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT

By _____
Assistant Superintendent/Vice President of Administrative Services

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT

Name of Bond Issue: Election of 2016 General Obligation Bonds, Series B (Federally Tax-Exempt)
Election of 2016 General Obligation Bonds, Series B-1 (Federally Taxable)

Date of Issuance: October 3, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT

By _____[form only; no signature required]_____

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR CITY OF REDDING AND THE COUNTIES OF SHASTA AND TEHAMA

The following information regarding City of Redding (the "City") and the Counties of Shasta and Tehama (collectively, the "Counties") is included only for the purpose of supplying general information regarding the local community and economy. The Bonds are not a debt of the City or the Counties. This material has been prepared by or excerpted from the sources noted herein and has not been reviewed for accuracy by the District or Bond Counsel.

General

City of Redding. The City is the county seat of Shasta County. Incorporated in 1887, it is a general law city governed by a five-member City Council elected at large for alternating four-year terms. Encompassing approximately 60 square miles, it is 160 miles north of Sacramento and 150 miles east of the Pacific Ocean, located on the Sacramento River. Traditionally it has relied on extracting timber and the processing of wood by products for its economy, which has since shifted toward tourism and service based industries. It is a regional center of commerce for several Northern California counties.

Shasta County. Located at the northern end of the Sacramento Valley, Shasta County comprises approximately 3,850 square miles. It was incorporated in 1850 as one of the original 27 counties of the State of California (the "State"). A general law county, it is run by a five member County Board of Supervisors, elected from nonpartisan districts to staggered four-year terms. Professional services and retail sales are growing sectors of the local economy. Shasta County has several tourist attractions, including Shasta Lake, Lassen Peak and Burney Falls.

Tehama County. Formed from parts of Butte, Colusa and Shasta counties in 1856, Tehama County is governed by a five-member Board of Supervisors elected from nonpartisan districts to staggered four-year terms. It has a total area of 2,962 square miles and is intersected by the Sacramento River. Located an equal distance between Seattle and Los Angeles, Tehama County is bisected by a major north-south interstate, the I-5, and is a major transportation hub. Home to Lassen National Park as well as the Sacramento River Bend Outstanding Natural Area, it offers year round outdoor recreational activities.

[REMAINDER OF PAGE LEFT BLANK]

Population

The following table shows the historical population figures for the City, the Counties and the State for the last 10 years.

POPULATION ESTIMATES
2010 through 2019
City of Redding, Shasta County, Tehama County and the State of California

Year[1]	City of Redding	Shasta County	Tehama County	State of California
2010[2]	89,861	177,223	63,463	37,253,956
2011	90,321	178,200	63,524	37,594,781
2012	90,549	178,408	63,585	37,971,427
2013	90,956	179,167	63,636	38,321,459
2014	91,168	179,253	63,738	38,622,301
2015	91,386	179,379	63,873	38,952,462
2016	91,277	178,203	64,012	39,214,803
2017	91,544	178,301	64,016	39,504,609
2018	91,958	178,926	64,103	39,740,508
2019	92,839	178,773	64,387	39,927,315

(1) As of January 1.
(2) As of April 1.
Source: 2010: U.S. Department of Commerce, Bureau of the Census, for April 1.
2010-19 (2010 Demographic Research Unit Benchmark): California Department of Finance for January 1.

[REMAINDER OF PAGE LEFT BLANK]

Income

The following table summarizes per capita personal income for the Counties, the State, and the United States for the past 10 years.

PER CAPITA PERSONAL INCOME
2008 through 2017
Shasta County, Tehama County, the State of California, and the United States

Year	Shasta County	Tehama County	State of California	United States
2008	$33,120	$27,296	$43,895	$40,904
2009	33,086	27,926	42,050	39,284
2010	34,611	28,774	43,609	40,545
2011	35,570	30,486	46,145	42,727
2012	36,385	32,010	48,751	44,582
2013	37,135	32,519	49,173	44,826
2014	39,612	35,957	52,237	47,025
2015	42,244	37,658	55,679	48,940
2016	43,324	38,500	57,497	49,831
2017	44,691	40,016	59,796	51,640

Note: Per capital personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. Last updated: March 6, 2019 – revised statistics for 1969 - 2000. Estimates for 2010 – 2017 reflect county population estimates available as of March 2018.
All dollar estimates are in current dollars (not adjusted for inflation).
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

[REMAINDER OF PAGE LEFT BLANK]

Principal Employers

The following tables list the principal employers in the Counties.

PRINCIPAL EMPLOYERS
2018
Shasta County

Employer	Industry	Number of Employees
Shasta County	Public Administration	2,007
Mercy Medical Center	Services: Health	1,505
Shasta Regional Medical Center	Services: Health	818
City of Redding	Public Administration	777
Shasta Community College	Services: Education	612
Redding Rancheria	Amusement and Recreation Services	565
CA Transportation Department	Public Administration	514
Shasta Union High School District	Services: Education	398
Shasta Community Health	Services: Health	384
Blue Shield of California	Insurance Carriers	330

Source: Shasta County Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018.

PRINCIPAL EMPLOYERS
2018
Tehama County

Employer	Industry	Number of Employees
Walmart Distribution Center	Wholesale Trade – durable goods	1,000 – 4,999
I-5 RV Park at Rolling Hills Casino	Amusement and Recreation Services	500 – 999
Sierra Pacific Industries	Manufacturing: Lumber and Wood Products	500 – 999
Bell-Carter Olive Co	Agriculture: Agricultural Services	250 – 499
Sierra Pacific Windows	Manufacturing: Lumber and Wood Products	250 – 499
St Elizabeth Community Hospital	Services: Health	250 – 499
Tehama County Department of Education	Services: Education	250 – 499
CAL Fire	Public Administration	100 - 249
Forestry & Fire Protection	Agriculture: Forestry Services	100 - 249
Home Depot	Retail Trade: Building Materials, Hardware	100 - 249

Source: America's Labor Market Information System (ALMIS) Employer Database, 2019 1st Edition.

Employment

The following table summarizes the labor force, employment and unemployment figures for the years 2014 through 2018 for the City, the Counties, the State, and the United States.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
2014 through 2018[1]
City of Redding, Shasta County, Tehama County, the State of California, and the United States

Year and Area	Labor Force	Employment[2]	Unemployment[3]	Unemployment Rate (%)
2014				
City of Redding	39,800	36,300	3,500	8.8
Shasta County	74,900	67,700	7,200	9.6
Tehama County	25,080	22,670	2,410	9.6
State of California	18,755,000	17,348,600	1,406,400	7.5
United States	155,922,000	146,305,000	9,617,000	6.2
2015				
City of Redding	39,600	36,800	2,800	7.1
Shasta County	74,200	68,400	5,800	7.8
Tehama County	25,040	23,060	1,980	7.9
State of California	18,893,200	17,723,300	1,169,900	6.2
United States	157,130,000	148,834,000	8,296,000	5.3
2016				
City of Redding	39,700	37,200	2,500	6.3
Shasta County	74,300	69,100	5,200	7.0
Tehama County	25,090	23,300	1,790	7.1
State of California	19,102,700	18,065,000	1,037,700	5.4
United States	159,187,000	151,436,000	7,751,000	4.9
2017				
City of Redding	39,500	37,500	2,000	5.1
Shasta County	74,100	69,800	4,300	5.8
Tehama County	25,570	23,940	1,630	6.4
State of California	19,312,000	18,393,100	918,900	4.8
United States	160,320,000	153,337,000	6,982,000	4.4
2018				
City of Redding	39,600	37,900	1,700	4.4
Shasta County	74,200	70,500	3,700	4.9
Tehama County	25,630	24,180	1,450	5.7
State of California[4]				
United States	162,075,000	155,761,000	6,314,000	3.9

Note: Data is not seasonally adjusted.
(1) Annual averages, unless otherwise specified.
(2) Includes persons involved in labor-management trade disputes.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
(4) Annual averages data for 2018 is not yet available.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2018 Benchmark.

Industry

Shasta County is included in the Redding Metropolitan Statistical Area (the "MSA"). The distribution of employment is presented in the following table for the past five years. These figures are multi county-wide statistics and may not necessarily accurately reflect employment trends in the County.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
2014 through 2018
Shasta County (Redding MSA)

Category	2014	2015	2016	2017	2018
Total Farm	900	900	900	900	1,000
Total Nonfarm	62,200	63,600	65,100	66,200	67,100
Total Private	49,600	50,900	52,300	53,200	53,800
Goods Producing	5,000	5,300	5,600	5,900	6,100
Mining, Logging, and Construction	2,800	3,000	3,100	3,300	3,400
Manufacturing	2,300	2,400	2,500	2,600	2,700
Service Providing	57,200	58,200	59,500	60,400	61,100
Private Service Providing	44,500	45,500	46,700	47,300	47,800
Trade, Transportation and Utilities	12,200	12,600	12,800	12,900	12,800
Wholesale Trade	1,700	1,800	1,800	1,800	1,800
Retail Trade	8,800	9,100	9,300	9,300	9,200
Transportation, Warehousing and Utilities	1,800	1,800	1,800	1,800	1,800
Information	700	700	700	700	600
Financial Activities	2,600	2,600	2,600	2,700	2,700
Professional and Business Services	6,000	6,300	6,800	7,000	7,500
Educational and Health Services	14,100	14,400	14,800	15,000	15,100
Leisure and Hospitality	6,600	6,700	6,700	6,800	6,700
Other Services	2,400	2,300	2,300	2,300	2,400
Government	12,600	12,700	12,800	13,100	13,300
Total, All Industries	63,200	64,500	66,000	67,100	68,100

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.
Source: State of California, Employment Development Department, Labor Market Information Division, Average Labor Force and Industry Employment. March 2018 Benchmark.

Tehama County is a Geographical Area. The distribution of employment is presented in the following table for the past five years.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
2014 through 2018
Tehama County

Category	2014	2015	2016	2017	2018
Total Farm	1,470	1,750	1,830	1,980	1,910
Total Nonfarm	15,640	15,870	16,230	16,780	17,060
Total Private	11,640	11,850	12,160	12,630	12,900
Goods Producing	2,480	2,530	2,510	2,590	2,690
Mining and Logging	150	140	140	140	140
Construction	560	550	560	610	670
Manufacturing	1,770	1,840	1,810	1,840	1,880
Durable Goods	1,300	1,360	1,380	1,390	1,410
Nondurable Goods	470	480	440	450	470
Service Providing	13,170	13,350	13,720	14,200	14,360
Private Service Providing	9,170	9,320	9,660	10,040	10,200
Trade, Transportation and Utilities	3,580	3,670	3,920	4,020	4,030
Wholesale Trade	320	320	300	290	280
Retail Trade	1,810	1,850	2,050	2,050	2,060
Transportation, Warehousing and Utilities	1,440	1,500	1,570	1,680	1,690
Information	60	60	80	110	100
Financial Activities	340	330	360	350	330
Professional and Business Services	660	700	810	880	820
Educational and Health Services	2,860	2,860	2,830	2,970	3,130
Leisure and Hospitality	1,300	1,360	1,340	1,410	1,470
Other Services	360	340	330	320	320
Government	4,000	4,030	4,060	4,150	4,160
Total, All Industries	17,110	17,630	18,050	18,760	18,970

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.
Source: State of California, Employment Development Department, Labor Market Information Division, Average Labor Force and Industry Employment. March 2018 Benchmark.

Commercial Activity

Summaries of annual taxable sales for the City and the Counties for the past five years are shown in the following tables.

ANNUAL TAXABLE SALES
2014 through 2018
City of Redding
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2014	2,483	$1,543,265	3,558	$1,940,312
2015	--	1,579,371	--	1,994,333
2016	--	1,641,038	--	2,046,447
2017	--	1,656,743	--	2,084,572
2018	--	1,718,329	--	2,181,351

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years.
Source: "Taxable Sales in California," California Department of Tax and Fee Administration.

ANNUAL TAXABLE SALES
2014 through 2018
Shasta County
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2014	4,945	$2,025,336	6,904	$2,816,992
2015	--	2,068,515	--	2,894,305
2016	--	2,163,067	--	2,985,531
2017	--	2,247,646	--	3,101,824
2018	--	2,322,511	--	3,205,512

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years.
(1) Data not currently available.
Source: "Taxable Sales in California," California Department of Tax and Fee Administration.

ANNUAL TAXABLE SALES
2014 through 2018
Tehama County
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2014	[1]	$596,895	[1]	$780,102
2015	--	597,253	--	780,288
2016	--	607,999	--	793,291
2017	--	647,480	--	816,167
2018	--	680,797	--	834,873

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years.
[1] Data not currently available.
Source: "Taxable Sales in California," California Department of Tax and Fee Administration.

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued from 2014 through 2018 for the City and the Counties are shown in the following tables.

BUILDING PERMITS AND VALUATIONS
2014 through 2018
City of Redding
(Dollars in Thousands)

	2014	2015	2016	2017	2018
Valuation					
Residential	$27,619	$50,116	$32,464	$38,723	$41,156
Non-Residential	36,074	25,716	33,422	25,388	32,098
Total	$63,693	$75,832	$65,886	$64,111	$73,254
Units					
Single Family	108	191	131	146	113
Multiple Family	3	54	3	2	92
Total	111	245	134	148	205

Note: Totals may not add to sum due to rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2014 through 2018
Shasta County
(Dollars in Thousands)

	2014	2015	2016	2017	2018
Valuation					
Residential	$60,468	$87,160	$81,533	$102,658	$100,844
Non-Residential	46,516	46,838	52,272	52,872	52,888
Total	$106,984	$133,998	$133,805	$155,530	$153,732
Units					
Single Family	235	309	261	377	300
Multiple Family	5	59	54	6	94
Total	240	368	315	383	394

Note: Totals may not add to sum due to rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2014 through 2018
Tehama County
(Dollars in Thousands)

	2014	2015	2016	2017	2018
Valuation					
Residential	$19,021	$19,001	$18,706	$28,232	$31,774
Non-Residential	18,856	42,209	28,894	50,922	26,719
Total	$37,877	$61,210	$47,600	$79,154	$58,493
Units					
Single Family	64	52	64	91	110
Multiple Family	4	2	2	14	2
Total	68	54	66	105	112

Note: Totals may not add to sum due to rounding.
Source: Construction Industry Research Board.

APPENDIX E

SHASTA COUNTY INVESTMENT POOL

The following information concerning the Shasta County Investment Pool (the "Investment Pool") has been provided by the Treasurer-Tax Collector (the "Treasurer") of Shasta County (the "County"), and has not been confirmed or verified by the District or the Underwriter. The District and the Underwriter have not made an independent investigation of the investments in the Investment Pool and have made no assessment of the current County investment policy. The value of the various investments in the Investment Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors, may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Investment Pool will not vary significantly from the values described herein. Finally, neither the District nor the Underwriter make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Investment Pool may be obtained from the Treasurer's website at http://www.co.shasta.ca.us/index/tr_index.aspx; however, the information presented on such website is not incorporated herein by any reference.

[THIS PAGE INTENTIONALLY LEFT BLANK]

SHASTA COUNTY POOLED INVESTMENT **06/28/19**

June 28, 2019

PURCHASE DATE	SECURITY TYPE	PAR AMOUNT	COST AMOUNT	% OF TOTAL	DISC	PREM	ACCRUED INTEREST		MATURITY	CUSIP	MOODY'S RATING	INT/DISC RATE	YIELD	BROKER	DAYS TO MAT	DAYS*COST	MARKET VALUE	UNREALIZED GAIN/LOSS
	Local Agency Investment Fund (max 65,000)	25,000,000.00	25,000,000.00	**4.58%**					07/01/19		not rated	2.57	2.57	LAIF	3	75,000,000.00	25,174,666.01	N/A
	Repo Agreement (10% max 20% limit)	54,500,000.00	54,500,000.00	**9.98%**					07/01/19			2.18	2.18	UBS	3	163,500,000.00	54,500,000.00	N/A
	LIR Treasury Fund - Mutual Fund (5.00%max)			**0.00%**										UBS		0.00		N/A
*****	**Total Inactive Public Deposits (7.5% limit)**	**0.00**	**0.00**	**0.00%**													**0.00**	
10/11/18	US Treasury Note	5,000,000.00	4,883,800.00		(116,200.00)			4,883,800.00	09/12/19	912796RA9	NA/NA	2.49	2.57	UBS	76	371,168,800.00	4,979,100.00	95,300.00
01/22/18	US Treasury Note	5,000,000.00	4,923,046.88		(76,953.12)		0.00	4,923,046.88	01/31/20	912828H52	NA/NA	1.25	2.03	Union Banc	217	1,068,301,172.96	4,975,400.00	52,353.12
12/07/18	US Treasury Note	5,000,000.00	4,921,679.69		(78,320.31)		0.00	4,921,679.69	02/15/20	912828W22	AA+/NA	1.38	2.72	UBS	232	1,141,829,688.08	4,978,500.00	56,820.31
12/12/18	US Treasury Note	5,000,000.00	4,919,484.90		(80,515.10)		0.00	4,919,484.90	02/29/20	912828J50	AA+/NA	1.38	2.73	UBS	246	1,210,193,285.40	4,977,750.00	58,265.10
01/03/19	US Treasury Note	5,000,000.00	4,981,700.00		(18,300.00)		0.00	4,981,700.00	03/31/20	9128284C1	NA/NA	2.25	2.55	UBS	277	1,379,930,900.00	5,008,400.00	26,700.00
12/18/18	US Treasury Note	5,000,000.00	4,920,950.00		(79,050.00)		0.00	4,920,950.00	05/15/20	912828X96	NA/NA	1.50	2.65	UBS	322	1,584,545,900.00	4,977,950.00	57,000.00
04/15/19	US Treasury Note	5,000,000.00	4,950,000.00		(50,000.00)		0.00	4,950,000.00	05/31/20	912828XE5	NA/NA	1.50	2.40	UBS	338	1,673,100,000.00	4,976,950.00	26,950.00
11/28/18	US Treasury Note	5,000,000.00	4,896,250.00		(103,750.00)		0.00	4,896,250.00	07/15/20	9128282J8	NA/NA	1.50	2.81	UBS	383	1,875,263,750.00	4,976,950.00	80,700.00
03/07/19	US Treasury Note	5,000,000.00	4,931,487.40		(72,656.25)		4,143.65	4,931,487.40	08/15/20	9128282Q2	NA/NA	1.50	2.53	Wedbush	414	2,041,635,783.60	4,976,950.00	45,462.60
03/29/19	US Treasury Note	5,000,000.00	4,998,850.79		(13,476.56)		12,327.35	4,998,850.79	08/15/21	912828RC6	NA/Aaa	2.13	2.24	Wedbush	779	3,894,104,765.41	5,038,100.00	39,249.21
*****	**Total Treasury Bill (50% limit)**	**50,000,000.00**	**49,327,249.66**	**9.04%**									**2.52**				**49,866,050.00**	**538,800.34**
*****	**Total Negotiable Cert of Deposit (20% limit)**	**0.00**	**0.00**	**0.00%**													**0.00**	**0.00**
10/20/16	JP Morgan Medium Term Note - Callable	5,000,000.00	5,000,000.00			0.00	0.00	5,000,000.00	09/23/19	48215LRG9	A+/Aa3	1.65	1.54	UBS	87	435,000,000.00	4,990,550.00	(9,450.00)
04/17/17	Toyota Motor Credit Medium Term Note	5,000,000.00	5,000,000.00			0.00		5,000,000.00	04/17/20	89236TDU6	AA-/Aa3	1.95	1.80	Union Banc	294	1,470,000,000.00	4,990,400.00	(9,600.00)
12/13/18	Apple Inc Medium Term Note-Callable	5,000,000.00	4,942,400.00		(57,600.00)		0.00	4,942,400.00	05/06/20	037833BD1	AA+/Aa1	2.00	2.85	Union Banc	313	1,546,971,200.00	4,994,050.00	51,650.00
01/04/19	JP Morgan Chase Med Term Note-Callable	5,000,000.00	4,977,150.00		(22,850.00)		0.00	4,977,150.00	06/23/20	46625HLW8	A-/A2	2.75	3.07	UBS	361	1,796,751,150.00	5,019,800.00	42,650.00
03/26/19	Toyota Motor Credit Medium Term Note	5,000,000.00	5,086,641.67			53,600.00	33,041.67	5,086,641.67	01/08/21	89236TFQ3	Aa3/AA-	3.05	2.43	UBS	560	2,848,519,335.20	5,068,750.00	(17,891.67)
04/03/19	Apple Inc Medium Term Note-Callable	5,000,000.00	4,911,076.39		(101,625.00)		12,701.39	4,911,076.39	08/04/21	037833CC2	AA+/Aa1	1.55	2.45	Wedbush	768	3,771,706,667.52	4,951,600.00	40,523.61
08/02/18	Bank of NY Med Term Note-Callable	5,000,000.00	5,000,000.00			0.00	0.00	5,000,000.00	09/23/21	06406HBY4	A/A1	3.55	3.18	UBS	818	4,090,000,000.00	5,137,000.00	137,000.00
*****	**Total Medium Term Notes (20% limit/ 3% ea)**	**35,000,000.00**	**34,917,268.06**	**6.40%**									**2.47**				**35,152,150.00**	**234,881.94**
10/04/18	Toyota Motor Credit Corp. CP	5,000,000.00	4,903,250.00		(96,750.00)			4,903,250.00	07/01/19	89233HU10	A-1+/P-1	2.58	2.63	UBS	3	14,709,750.00	5,000,000.00	96,750.00
11/07/18	ING US Funding CP	5,000,000.00	4,908,666.67		(91,333.33)			4,908,666.67	07/05/19	4497W1U53	A-1/P-1	2.74	2.79	Union Banc	7	34,360,666.69	4,998,700.00	90,033.33
10/30/18	JP Morgan CP	5,000,000.00	4,891,652.78		(108,347.22)			4,891,652.78	07/26/19	46640QUS8	A-1/P-1	2.90	2.96	UBS	28	136,966,277.84	4,991,800.00	100,147.22
11/13/18	MUFG Bank CP	5,000,000.00	4,898,377.78		(101,622.22)			4,898,377.78	08/09/19	62479MV91	A-1/P-1	2.72	2.78	Union Banc	42	205,731,866.76	4,987,250.00	88,872.22
11/27/18	ING US Funding CP	5,000,000.00	4,895,388.89		(104,611.11)			4,895,388.89	08/23/19	4497W1VP8	A-1/P-1	2.80	2.86	Union Banc	56	274,141,777.84	4,982,850.00	87,461.11
01/09/19	Credit Suisse New York CP	5,000,000.00	4,913,366.67		(86,633.33)			4,913,366.67	08/23/19	2254EBVP3	A-1/P-1	2.76	2.81	UBS	56	275,148,533.52	4,982,850.00	69,483.33
12/04/18	JP Morgan CP	5,000,000.00	4,889,784.72		(110,215.28)			4,889,784.72	08/30/19	4664QVW8	A-1/P-1	2.95	3.02	UBS	63	308,056,437.36	4,980,600.00	90,815.28
12/07/18	Natxny CP	5,000,000.00	4,890,500.00		(109,500.00)			4,890,500.00	09/03/19	63873KW37	A-1/P-1	2.92	3.01	UBS	67	327,663,500.00	4,979,750.00	89,250.00
12/14/18	Credit Suisse NY CP	5,000,000.00	4,894,338.89		(105,661.11)			4,894,338.89	09/06/19	2254EBW64	A-1/P-1	2.86	2.92	UBS	70	342,603,722.30	4,978,800.00	84,461.11
03/15/19	JP Morgan CP	5,000,000.00	4,925,688.89		(74,311.11)			4,925,688.89	10/10/19	4664OQXA4	A-1/P-1	2.56	2.60	UBS	104	512,271,644.56	4,968,850.00	43,161.11
03/06/19	Natxny CP	5,000,000.00	4,912,250.00		(87,750.00)			4,912,250.00	11/04/19	63873KY43	A-1/P-1	2.60	2.65	UBS	129	633,680,250.00	4,961,850.00	49,600.00
04/04/19	Toyota Motor Credit Corp. CP	5,000,000.00	4,907,291.67		(92,708.33)			4,907,291.67	12/27/19	89233HZT4	A-1+/P-1	2.50	2.57	UBS	182	893,127,083.94	4,946,800.00	39,508.33
04/09/19	MUFG Bank CP	5,000,000.00	4,904,729.17		(95,270.83)			4,904,729.17	01/03/20	62479LA39	A-1/P-1	2.55	2.60	UBS	189	926,993,813.13	4,945,500.00	40,770.83
*****	**Total Comm Paper (20% limit)**	**65,000,000.00**	**63,735,286.13**	**11.68%**									**2.78**				**64,705,600.00**	**970,313.87**
01/02/18	Federal Farm Credit Bond	5,000,000.00	4,975,250.00		(24,750.00)		0.00	4,975,250.00	11/15/19	3133EHS87	AA+/Aaa	1.65	1.92	UBS	140	696,535,000.00	4,993,700.00	18,450.00
03/02/16	Federal Farm Credit Bond (Callable)	5,000,000.00	5,000,000.00					5,000,000.00	03/02/20	3133EFH59	AA+/Aaa	1.38	1.38	UBS	248	1,240,000,000.00	4,980,050.00	(19,950.00)
10/26/16	Federal Farm Credit Bank (Callable)	5,000,000.00	4,995,000.00		(5,000.00)			4,995,000.00	04/06/20	3133EGXNO	AA+/Aaa	1.24	1.27	UBS	283	1,413,585,000.00	4,972,050.00	(22,950.00)
01/03/19	Federal Farm Credit Bank	5,000,000.00	4,939,200.00		(60,800.00)		0.00	4,939,200.00	06/17/20	3133EEPX2	AA+/AAA	1.68	2.54	Union Banc	355	1,753,416,000.00	4,980,350.00	41,150.00
08/03/16	Federal Farm Credit Bank (Callable)	5,000,000.00	5,000,000.00					5,000,000.00	08/03/20	3133EGPP4	AA+/Aaa	1.36	1.36	UBS	402	2,010,000,000.00	4,973,700.00	(26,300.00)
10/23/18	Federal Farm Credit Bank (Callable)	5,000,000.00	5,000,000.00					5,000,000.00	10/23/20	3133EJK32	AA+/Aaa	2.96	2.96	Wells Fargo	483	2,415,000,000.00	5,016,000.00	16,000.00
11/03/16	Federal Farm Credit Bond (Callable)	5,000,000.00	5,000,000.00				0.00	5,000,000.00	11/02/20	3133EGC29	AA+/Aaa	1.35	1.35	UBS	493	2,465,000,000.00	4,949,800.00	(50,200.00)
02/27/17	Federal Farm Credit Bank (Callable)	5,000,000.00	4,998,500.00		(1,500.00)		0.00	4,998,500.00	11/16/20	3133EG7E9	AA+/Aaa	1.87	1.87	UBS	507	2,534,239,500.00	5,000,000.00	1,500.00
12/14/16	Federal Farm Credit Bank (Callable)	5,000,000.00	5,000,000.00					5,000,000.00	12/14/20	3133EGU37	AA+/Aaa	1.83	1.83	UBS	535	2,675,000,000.00	4,999,550.00	(450.00)
01/09/18	Federal Farm Credit Bank	5,000,000.00	4,994,350.00		(5,650.00)		0.00	4,994,350.00	01/04/21	3133EH5G4	AA+/Aaa	2.07	2.11	Union Banc	556	2,776,858,600.00	5,016,150.00	21,800.00
04/12/19	Federal Farm Credit Bank (Callable)	5,000,000.00	5,000,000.00					5,000,000.00	01/12/21	3133EKGV2	AA+/Aaa	2.51	2.51	UBS	564	2,820,000,000.00	5,000,500.00	500.00
03/20/19	Federal Farm Credit Bank	5,000,000.00	5,014,191.67			650.00	13,541.67	5,014,191.67	02/11/21	3133EKAJ5	AA+/Aaa	2.50	2.49	Wells Fargo	594	2,978,429,851.98	5,053,550.00	39,358.33
11/26/18	Federal Farm Credit Bank	5,000,000.00	4,999,500.00		(500.00)			4,999,500.00	05/26/21	3133EJW70	Aaa/AA+	2.88	2.88	Union Banc	698	3,489,651,000.00	5,101,500.00	102,000.00
12/14/18	Federal Farm Credit Bank	5,000,000.00	4,994,280.00		(5,720.00)			4,994,280.00	06/14/21	3133EJ2T5	Aaa/AA+	2.80	2.85	Wells Fargo	717	3,580,898,760.00	5,096,750.00	102,470.00
11/15/18	Federal Farm Credit Bank	5,000,000.00	4,998,400.00		(1,600.00)			4,998,400.00	11/15/21	3133EJT74	AA+/Aaa	3.05	3.06	UBS	871	4,353,606,400.00	5,143,850.00	145,450.00
04/12/19	Federal Farm Credit Bank	5,000,000.00	5,000,027.78		(2,500.00)		2,527.78	5,000,027.78	07/05/22	3133EKFK7	AA+/Aaa	2.60	2.61	UBS	1103	5,515,030,641.34	5,000,150.00	122.22
*****	**Total Federal Farm Credits (20% limit)**	**80,000,000.00**	**79,908,699.45**	**14.64%**									**2.19**				**80,277,650.00**	**368,950.55**

04/06/17	Federal Home Loan Bank	5,000,000.00	5,000,000.00					5,000,000.00	07/15/19	3130AB3Q7	AA+/Aaa	1.40	1.40	Mutual Securities	17	85,000,000.00	4,998,400.00	(1,600.00)
11/01/18	Federal Home Loan Bank	5,000,000.00	4,927,250.00		(72,750.00)		0.00	4,927,250.00	09/26/19	313OA9EP2	AA+/Aaa	1.00	2.64	UBS	90	443,452,500.00	4,985,500.00	58,250.00
12/12/18	Federal Home Loan Bank	5,000,000.00	4,890,916.67		(109,083.33)			4,890,916.67	10/16/19	313384NA3	AA+/Aaa	2.55	2.61	UBS	110	538,000,833.70	4,968,350.00	77,433.33
10/02/18	Federal Home Loan Bank	5,000,000.00	4,959,260.00		(40,740.00)		0.00	4,959,260.00	02/11/20	313OADN32	AA+/Aaa	2.13	2.74	Wedbush	228	1,130,711,280.00	5,002,100.00	42,840.00
06/03/16	Federal Home Loan Bank Bond(Callable)	5,000,000.00	5,000,000.00					5,000,000.00	03/03/20	3130A87M9	AA+/Aaa	1.47	1.47	UBS	249	1,245,000,000.00	4,971,900.00	(28,100.00)
11/02/18	Federal Home Loann Bank	5,000,000.00	4,956,400.00		(43,600.00)		0.00	4,956,400.00	03/13/20	313OA12B3	AA+/Aaa	2.13	2.78	UBS	259	1,283,707,600.00	5,000,400.00	44,000.00
04/20/16	Federal Home Loan Bank Bond(Callable)	5,000,000.00	5,000,000.00					5,000,000.00	04/20/20	313OA7RP2	AA+/Aaa	1.38	1.38	UBS	297	1,485,000,000.00	4,973,450.00	(26,550.00)
06/08/18	Federal Home Loan Bank	5,000,000.00	5,000,000.00					5,000,000.00	05/28/20	313OAECJ7	AA+/Aaa	2.63	2.55	Wedbush	335	1,675,000,000.00	5,026,550.00	26,550.00
11/02/17	Federal Home Loan Bank	5,000,000.00	5,000,000.00					5,000,000.00	06/12/20	313383HU8	AA+/Aaa	1.75	1.70	UBS	350	1,750,000,000.00	4,987,400.00	(12,600.00)
01/19/18	Federal Home Loan Bank	5,000,000.00	4,931,555.00		(68,445.00)		0.00	4,931,555.00	09/11/20	313OA66T9	AA+/Aaa	1.63	2.17	Wedbush	441	2,174,815,755.00	4,979,700.00	48,145.00
05/03/18	Federal Home Loan Bank	5,000,000.00	4,861,370.00		(138,630.00)		0.00	4,861,370.00	09/28/20	313OACE26	AA+/Aaa	1.38	2.57	Wedbush	458	2,226,507,460.00	4,967,000.00	105,630.00
04/02/19	Federal Home Loan Bank (Callable)	5,000,000.00	5,007,187.50		(12,500.00)		19,687.50	5,007,187.50	01/29/21	313OADFV9	AA+/Aaa	2.25	2.39	Union Banc	581	2,909,175,937.50	4,998,300.00	(8,887.50)
03/26/19	Federal Home Loan Bank	5,000,000.00	5,034,968.89			17,955.00	17,013.89	5,034,968.89	03/12/21	313OAFV61	AA+/Aaa	2.50	2.31	Wedbush	623	3,136,785,618.47	5,049,800.00	14,831.11
06/22/18	Federal Home Loan Bank	5,000,000.00	5,000,000.00			0.00	0.00	5,000,000.00	06/11/21	313373ZY1	AA+/Aaa	3.63	2.70	Wedbush	714	3,570,000,000.00	5,168,550.00	168,550.00
01/02/18	Federal Home Loan Bank	5,000,000.00	4,834,810.00		(165,190.00)		0.00	4,834,810.00	07/14/21	3130A8QS5	AA+/Aaa	1.13	2.09	Wedbush	747	3,611,603,070.00	4,937,700.00	102,890.00
12/06/16	Federal Home Loan Bank Bond (Callable)	5,000,000.00	5,000,000.00					5,000,000.00	12/06/21	313OAACM8	AA+/Aaa	2.05	2.05	UBS	892	4,460,000,000.00	5,000,050.00	50.00
04/17/19	Federal Home Loan Bank	5,000,000.00	5,023,550.00			11,050.00	12,500.00	5,023,550.00	03/11/22	313378WG2	AA+/Aaa	2.50	2.42	Union Banc	987	4,958,243,850.00	5,090,850.00	67,300.00
*****	**Total Federal Home Loans (20% limit)**	**85,000,000.00**	**84,427,268.06**	**15.47%**									**2.23**				**85,106,000.00**	**678,731.94**
08/30/16	Federal National Mtge Note	5,000,000.00	4,980,600.00		(19,400.00)		0.00	4,980,600.00	08/02/19	3135GON33	AA+/Aaa	0.88	1.01	Wedbush	35	174,321,000.00	4,993,950.00	13,350.00
11/16/18	Federal National Mtge	5,000,000.00	4,936,485.00		(63,515.00)		0.00	4,936,485.00	08/28/19	3135GOP49	AA+/Aaa	1.00	2.63	Wells Fargo	61	301,125,585.00	4,990,500.00	54,015.00
02/26/16	Federal National Mtge Note-Callable	5,000,000.00	5,000,000.00					5,000,000.00	11/26/19	3136G2YA9	AA+ / Aaa	1.40	1.40	UBS	151	755,000,000.00	4,985,600.00	(14,400.00)
12/09/16	Federal National Mtge Note-Callable	5,000,000.00	5,000,000.00				0.00	5,000,000.00	11/26/19	3136G4JE4	AA+/Aaa	1.50	1.49	Union Banc	151	755,000,000.00	4,987,800.00	(12,200.00)
04/14/16	Federal National Mtge Note-Callable	5,000,000.00	5,000,000.00					5,000,000.00	01/14/20	3136G3JJ5	AA+ / Aaa	1.36	1.36	Wedbush	200	1,000,000,000.00	4,981,250.00	(18,750.00)
11/21/18	Federal National Mtge Note	5,000,000.00	4,938,615.00		(61,385.00)		0.00	4,938,615.00	01/21/20	3135GOA78	AA+/Aaa	1.63	2.70	Wedbush	207	1,022,293,305.00	4,987,050.00	48,435.00
04/06/17	Federal National Mtge Note	5,000,000.00	5,000,000.00				0.00	5,000,000.00	02/28/20	3135GOT29	AA+/Aaa	1.50	1.50	Union Banc	245	1,225,000,000.00	4,980,800.00	(19,200.00)
04/19/17	Federal National Mtge	5,000,000.00	5,000,000.00			0.00	0.00	5,000,000.00	06/22/20	3135GOD75	AA+/Aaa	1.50	1.42	Wedbush	360	1,800,000,000.00	4,974,500.00	(25,500.00)
10/31/16	Federal National Mtge Note-Callable	5,000,000.00	5,000,000.00					5,000,000.00	07/28/20	3136G4GK3	AA+/Aaa	1.35	1.35	UBS	396	1,980,000,000.00	4,974,600.00	(25,400.00)
11/08/18	Federal National Mtge Note	5,000,000.00	4,988,350.00		(11,650.00)		0.00	4,988,350.00	10/30/20	3135GOU84	AA+/ Aaa	2.88	2.99	Union Banc	490	2,444,291,500.00	5,063,500.00	75,150.00
11/27/18	Federal National Mtge Note	5,000,000.00	5,000,000.00			0.00	0.00	5,000,000.00	10/30/20	3135GOU84	AA+/Aaa	2.88	2.86	UBS	490	2,450,000,000.00	5,063,500.00	63,500.00
12/19/18	Federal National Mtge Note	5,000,000.00	5,000,000.00			0.00	0.00	5,000,000.00	06/22/21	3135GOU35	AA+/Aaa	2.75	2.65	Wedbush	725	3,625,000,000.00	5,090,300.00	90,300.00
04/09/19	Federal National Mtge Note	5,000,000.00	4,982,761.11		(43,350.00)		26,111.11	4,982,761.11	01/05/22	3135GOS38	AA+/Aaa	2.00	2.33	Wells Fargo	922	4,594,105,743.42	5,026,250.00	43,488.89
10/16/18	Federal National Mtge Note	5,000,000.00	4,812,355.00		(187,645.00)		0.00	4,812,355.00	10/05/22	3135GOT78	AA+/Aaa	2.00	3.01	Wedbush	1195	5,750,764,225.00	5,035,000.00	222,645.00
*****	**Total Federal National Mtge. (20% limit)**	**70,000,000.00**	**69,639,166.11**	**12.76%**									**2.05**				**70,134,600.00**	**495,433.89**
04/04/18	Federal Home Loan Mtge	5,000,000.00	4,915,430.00		(84,570.00)		0.00	4,915,430.00	07/19/19	3137EAEB1	AA+/Aaa	0.88	2.21	Wedbush	21	103,224,030.00	4,995,950.00	80,520.00
08/29/18	Federal Home Loan Mtge	5,000,000.00	4,934,650.00		(65,350.00)		0.00	4,934,650.00	07/19/19	3137EAEB1	AA+/Aaa	0.88	2.36	UBS	21	103,627,650.00	4,995,950.00	61,300.00
11/01/17	Federal Home Loan Mtge	5,000,000.00	4,981,055.00		(18,945.00)		0.00	4,981,055.00	08/15/19	3137EAEH8	AA+/NA	1.38	1.59	Wedbush	48	239,090,640.00	4,994,650.00	13,595.00
04/07/17	Federal Home Loan Mtge CP-Callable	5,000,000.00	5,000,000.00				0.00	5,000,000.00	09/09/19	3134GA7A6	AA+/Aaa	1.50	1.50	UBS	73	365,000,000.00	4,992,650.00	(7,350.00)
04/17/17	Federal Home Loan Mtge	5,000,000.00	4,991,550.00		(8,450.00)		0.00	4,991,550.00	10/02/19	3137EADM8	AA+/Aaa	1.25	1.32	UBS	96	479,188,800.00	4,987,900.00	(3,650.00)
10/26/17	Federal Home Loan Mtge	5,000,000.00	4,998,375.69		(1,624.31)			4,998,375.69	10/25/19	3134GBHT2	AA+/Aaa	1.63	1.64	Union Banc	119	594,806,707.11	4,991,000.00	(7,375.69)
12/14/17	Federal Home Loan Mtge	5,000,000.00	4,961,180.00		(38,820.00)		0.00	4,961,180.00	01/17/20	3137EAEE5	AA+/Aaa	1.50	1.88	Wedbush	203	1,007,119,540.00	4,982,300.00	21,120.00
04/06/17	Federal Home Loan Mtge CP	4,976,830.00	4,976,830.00				0.00	4,976,830.00	05/01/20	3137EADR7	AA+/Aaa	1.38	1.53	Wedbush	308	1,532,863,640.00	4,971,450.00	(5,380.00)
11/21/18	Federal Home Loan Mtge	5,000,000.00	4,897,300.00		(102,700.00)		0.00	4,897,300.00	07/30/20	3134G33Z1	AA+/Aaa	1.55	2.80	UBS	398	1,949,125,400.00	4,980,800.00	83,500.00
04/07/16	Federal Home Loan Mtge CP-Callable	4,800,000.00	4,800,000.00					4,800,000.00	10/07/20	3134G8YQ6	AA+/Aaa	1.53	1.53	Union Banc	467	2,241,600,000.00	4,777,056.00	(22,944.00)
12/06/18	Federal Home Loan Mtge	5,000,000.00	4,949,720.00		(50,280.00)		0.00	4,949,720.00	02/16/21	3137EAEL9	AA+/Aaa	2.38	2.85	Wedbush	599	2,964,882,280.00	5,043,300.00	93,580.00
02/23/18	Federal Home Loan Mtge CP-Callable	5,000,000.00	5,000,000.00					5,000,000.00	02/23/21	3134GSDK8	AA+/Aaa	2.50	2.50	UBS	606	3,030,000,000.00	5,003,900.00	3,900.00
12/13/17	Federal Home Loan Mtge - Callable	5,000,000.00	4,998,750.00		(1,250.00)		0.00	4,998,750.00	02/26/21	3134GB3B6	AA+/Aaa	2.00	2.01	UBS	609	3,044,238,750.00	5,000,200.00	1,450.00
04/20/17	Federal Home Loan Mtge(Callable)	5,000,000.00	5,000,000.00					5,000,000.00	10/20/21	3134GBJB9	AA+/Aaa	2.00	2.00	UBS	845	4,225,000,000.00	5,000,350.00	350.00
04/10/19	Federal Home Loan Mtge (Callable)	5,000,000.00	5,000,000.00					5,000,000.00	01/10/22	3134GTBE2	AA+/Aaa	2.60	2.60	UBS	927	4,635,000,000.00	5,000,600.00	600.00
04/24/19	Federal Home Loan Mtge (Callable)	5,000,000.00	5,000,000.00					5,000,000.00	07/24/23	3134GTFW8	AA+/Aaa	2.56	2.56	UBS	1487	7,435,000,000.00	5,026,100.00	26,100.00
04/30/19	Federal Home Loan Mtge (Callable)	5,000,000.00	5,000,000.00					5,000,000.00	04/30/24	3134GTCQ4	AA+/Aaa	2.70	2.70	UBS	1768	8,840,000,000.00	5,018,550.00	18,550.00
*****	**Total Fed HM LN Mtge. Corp Disc Note (20%)**	**84,776,830.00**	**84,404,840.69**	**15.46%**									**2.09**				**84,762,706.00**	**339,315.31**
	TOTAL	**549,276,830.00**	**545,859,778.16**	**100.00%**	**(3,653,902.85)**	**83,255.00**	**153,596.01**										**549,679,422.01**	
Cost of Investments		**545,859,778.16**	**520,968,306.46**	**UBOC**														
Cash in Treasury		**28,235.78**	**25,000,000.00**	**LAIF**		**236,851.01**				**TOTAL DAYS*COST**						**187,389,901,175.63**		
Cash in US Bank		**568,381.95**		**REPO**						**TOTAL COST AMOUNT**						**545,859,778.16**		
Return Checks				**LIR**						**WEIGHTED AVERAGE MATURITY**					**DAYS**	**343.29**		
Shasta Lake LAIF		**264,527.55**		**GNMA**						**WEIGHTED AVERAGE MATURITY**					**YEARS**	**0.95**		
Active Deposits		**7,129,504.99**			**(108,528.30)**													
Adjustments			**545,968,306.46**															
Balance in Treasury		**553,850,428.43**																

I certify that this report accurately reflects the County Treasurers investments, and is in conformance with the adopted County Investment Policy Statement.

Furthermore, I certify to the best of my knowledge, sufficient investment liquidity, and anticipated revenues are available to meet the County's budgeted expenditure requirements for the next six months.

PAR + DISC + PREM + ACC INT = COST