

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

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

We have audited, in accordance with the 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 Shasta-Tehama-Trinity Joint Community College District (the "District") General Obligation Bond Funds (the "Measure H Bond Funds") as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated October 25, 2019.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Questioned Costs that we consider to be significant deficiencies as item #2019-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Shasta-Tehama-Trinity Joint Community College District's Measure H Bond Funds' financial statements are free of material misstatement, we performed tests of the Bond Funds' compliance with certain provisions of laws, regulations, and contracts, 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 over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance for the Bond Funds. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance for the Bond Fund. Accordingly, this communication is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
October 25, 2019

FINDINGS AND RESPONSES SECTION

SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
MEASURE H GENERAL OBLIGATION BONDS
Financial Statement Findings
For the Fiscal Year Ended June 30, 2019

This section identifies the deficiencies, 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*.

Finding #2019-001: Accounts Payable Accruals

Criteria: The completeness and accuracy criteria of recording expenses in the proper time period under Generally Accepted Accounting Principles indicate that an analysis should be performed on services provided prior to the fiscal year end to determine if an expense should be recorded through the posting of an accounts payable for expenses that have not been paid by the fiscal year end. When actual values are not available, due to invoices not having been received or other situations, the District should review the facts and circumstances of the services or materials provided, consider contacting the vendor or other methods, to accrue an estimated amount based on the most current available information for any work completed or materials received by the fiscal year end.

Condition: The District did not accrue approximately \$91,260 for the cost of services provided during the 2018-19 fiscal year for retention related to Measure H projects that were in progress over the fiscal year-end.

Questioned Costs: Not applicable.

Context: Retention related to services provided prior to June 30, 2019 had not been accrued.

Effect: The accounts payable and related expense accounts were understated in the Measure H Fund. The District accepted the proposed audit adjustment and the attached report reflects the inclusion of this amount.

Cause: The District's process for estimating liabilities did not include retention payments for the year ended June 30, 2019.

Recommendation: The District should ensure that part of the fiscal year end close process is to verify that invoices have been received for all ongoing projects or amounts have been estimated included related retention values, where applicable. There are several methods that can be implemented if amounts need to be estimated, including estimates based on a prior month billing, estimating based on a percentage of completion, or estimating based on purchase order prices or contract rates.

Corrective Action Plan: The District agrees with this finding and recommendation. The \$91,260 in the unidentified accrual was due to retention on a construction project. The district performed an expanded analysis into retention on 1819 construction contracts and identified additional amounts which were included in the corrective adjustment. To provide more accurate accruals in future years, the project managers will provide the Fiscal Services staff with estimates of all applicable retentions on construction work completed at year-end.

**SHASTA-TEHAMA-TRINITY JOINT COMMUNITY COLLEGE DISTRICT
MEASURE H GENERAL OBLIGATION BONDS
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2019**

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