

SECURITIES AND EXCHANGE COMMISSION

FORM 11-K

Annual report of employee stock purchase, savings and similar plans

Filing Date: **1996-12-30** | Period of Report: **1996-06-30**
SEC Accession No. **0000950109-96-008704**

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FILER

TRC COMPANIES INC /DE/

CIK: **103096** | IRS No.: **060853807** | State of Incorpor.: **DE** | Fiscal Year End: **0630**
Type: **11-K** | Act: **34** | File No.: **001-09947** | Film No.: **96687415**
SIC: **4955** Hazardous waste management

Business Address
*5 WATERSIDE CROSSING
WINDSOR CT 06095
2032898631*

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

Annual Report Pursuant to Section 15(d)
of the Securities Exchange Act of 1934

For the fiscal year ended June 30, 1996
Commission file number 1-5170

TRC COMPANIES, INC. 401(k) RETIREMENT AND SAVINGS PLAN

(Full title of the plan)

TRC COMPANIES, INC.

(Name of issuer of securities held pursuant to the plan)

5 Waterside Crossing
Windsor, Connecticut 06095

(Address of principal executive offices)

TRC COMPANIES, INC. 401(k) RETIREMENT AND SAVINGS PLAN

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Rules and Regulations for Reporting and Disclosure under ERISA have been omitted
because they are not applicable.

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Report of Independent Accountants

To the Participants and Administrator
of TRC Companies, Inc.
401(k) Retirement and Savings Plan

In our opinion, the accompanying statements of net assets available for
benefits, and the related statements of changes in net assets available for
benefits present fairly, in all material respects, the net assets available for
benefits of the TRC Companies, Inc. 401(k) Retirement and Savings Plan at
June 30, 1996 and 1995, and the changes in net assets available for benefits for
the years then ended, in conformity with generally accepted accounting

principles. These financial statements are the responsibility of the plan's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information included in schedules I and II are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PRICE WATERHOUSE LLP

Hartford, Connecticut
December 19, 1996

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TRC COMPANIES, INC. 401(k) RETIREMENT AND SAVINGS PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

<TABLE>

<CAPTION>

| | June 30, | |
|--|--------------|--------------|
| Investments, at fair value: | 1996 | 1995 |
| | ----- | ----- |
| <S> | <C> | <C> |
| Shares of registered investment companies (mutual funds) offered by Barclays Global Investors, as Trustee: | | |
| Money Market Fund | \$ 884,985 | \$ 1,087,045 |
| International Equity Fund | 1,518,863 | 1,397,156 |
| Asset Allocation Fund | 2,463,403 | 2,514,241 |
| Growth Stock Fund | 3,645,549 | 3,050,132 |
| S&P 500 Stock Fund | 3,292,175 | 2,605,687 |
| U.S. Treasury Allocation Fund | 901,192 | 907,002 |
| | ----- | ----- |
| | 12,706,167 | 11,561,263 |
| TRC Stock Fund | 1,206,720 | 971,728 |
| Employee Loan Fund | 436,338 | 274,553 |
| Other Investments | - | 89,820 |
| | ----- | ----- |
| Net assets available for benefits | \$14,349,225 | \$12,897,364 |
| | ===== | ===== |

</TABLE>

The accompanying notes are an integral part of these financial statements

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TRC COMPANIES, INC. 401(k) RETIREMENT AND SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

<TABLE>

<CAPTION>

| | Year Ended June 30, | |
|--------------------------|---------------------|--------------|
| Additions to net assets: | 1996 | 1995 |
| | ----- | ----- |
| <S> | <C> | <C> |
| Contributions: | | |
| Employees | \$ 1,459,147 | \$ 1,490,055 |
| Employer match | 523,860 | 544,225 |
| Rollovers | 23,591 | 568,263 |
| | ----- | ----- |
| | 2,006,598 | 2,602,543 |
| | ----- | ----- |

| | | |
|---|--------------|--------------|
| Investment income: | | |
| Net realized and unrealized appreciation in market value of investments | 1,185,325 | 1,400,883 |
| Interest and dividend income | 652,885 | 354,763 |
| | ----- | ----- |
| | 1,838,210 | 1,755,646 |
| | ----- | ----- |
| Total additions | 3,844,808 | 4,358,189 |
| | ----- | ----- |
| Deductions from net assets: | | |
| Benefits paid to participants | 2,388,279 | 1,157,150 |
| Administrative fees and expenses | 4,668 | 2,812 |
| | ----- | ----- |
| | 2,392,947 | 1,159,962 |
| | ----- | ----- |
| Net increase during year | 1,451,861 | 3,198,227 |
| Net assets at beginning of year | 12,897,364 | 9,699,137 |
| | ----- | ----- |
| Net assets at end of year | \$14,349,225 | \$12,897,364 |
| | ===== | ===== |

</TABLE>

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

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TRC COMPANIES, INC. 401(k) RETIREMENT AND SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE PLAN

The following description of the TRC Companies, Inc. (the "Company") 401(k) Retirement and Savings Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering substantially all full-time employees of the Company and its subsidiaries who have completed ninety days of service. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended.

Contributions

Generally, participants may contribute up to 15% of their base salary subject to certain limitations established by the Internal Revenue Code. Participants may also contribute amounts representing distributions from other qualified plans. On the first 6% of base salary contributed, the Company may provide a matching contribution. The amount of the matching contribution is determined annually by the Compensation Committee of the Company's Board of Directors based upon operating performance. For the years ended June 30, 1996 and 1995, the Company's matching contributions were equal to \$.50 for each \$1.00 contributed by the participants. For the year ended June 30, 1996, the Company's matching contributions were invested in the TRC Stock Fund. For the year ended June 30, 1995, fifty percent of the Company's matching contributions were invested in the TRC Stock Fund, with remaining matching contributions invested as the participants direct.

Participant Accounts

Each participant's account is credited with the participant's contribution, the Company's matching contribution, and allocations of forfeitures of terminated participants' nonvested accounts and Plan earnings. Allocations are based upon participant earnings or account balances.

Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's matching contributions and actual earnings thereon is based upon years of continuous service. A participant is fully vested after four years of credited service.

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Investment Options

Upon enrollment in the Plan, participants may direct contributions into mutual funds offered by Barclays Global Investors or into the TRC Stock Fund. Participants may change their investment options at any time.

Payment of Benefits

If a participant's employment terminates before their account balances become fully vested, the nonvested portion of their account is forfeited and proportionately redistributed annually to remaining Plan participants. For the year ended June 30, 1996, forfeitures of \$62,932 were redistributed. In the event of death or permanent disability, the participant or beneficiary becomes fully vested in their account balances.

Because of the tax deferred status of the Plan, participants generally may not withdraw, without incurring additional taxes and penalties, amounts from the Plan until retirement, death, permanent disability or termination of employment if such occurs prior to age 59-1/2. All distributions from the Plan are made in a lump sum.

Loans and Other In-Service Withdrawals

A participant may obtain a loan from the Plan repayable within a reasonable period of time and at a reasonable rate of interest. The amount of any loan is limited by government regulations to a portion of the participant's vested account balance. A participant may qualify for an in-service withdrawal. Such withdrawals are limited to a portion of their vested account balance and are generally subject to taxes and penalty.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES

The significant accounting and reporting policies followed by the Plan are summarized as follows:

Method of Accounting

The financial statements of the Plan are prepared in accordance with generally accepted accounting principles.

Investments

Investments of the Plan are stated at fair value, primarily by reference to published market data. Employee loans are stated at cost which approximates fair value. Realized and unrealized gains and losses are calculated based upon revalued cost in accordance with ERISA. Under this method, revalued cost equals current value at the beginning of the year or acquisition cost if acquired during the year.

Payment of Benefits

Benefits to participants are recorded when paid.

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Administrative Expenses

Generally, all fees and expenses related to the administration of the Plan are paid by the Company or its subsidiaries. Participants exceeding the allowable number of investment changes and participants with loans from the Plan are charged administrative fees.

NOTE 3 - TAX STATUS OF THE PLAN

The Internal Revenue Service has determined and informed the Company by letter dated October 5, 1994, that the Plan is designed in accordance with applicable sections of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the Plan's financial statements.

NOTE 4 - PLAN TERMINATION

Although it has not expressed any interest to do so, the Company has the right to discontinue contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become fully vested in their accounts.

NOTE 5 - OTHER INVESTMENTS

In connection with the May 1994 transfer of assets into the Plan from the North American Weather Consultants Employees' Profit Sharing Plan, 11,976 shares of the Company's common stock were included. These shares were issued by the Company in connection with the October 1992 purchase of the outstanding capital stock of North American Weather Consultants were held for the benefit of certain Plan participants and restricted from sale under Rule 144 of the Securities Act of 1933 until October 1995. In December 1995 the shares were sold and the proceeds distributed to the accounts of the participants.

NOTE 6 - INVESTMENTS COMPRISING 5% OR MORE OF PLAN ASSETS

Plan investments managed by Barclays Global Investors, as Trustee, that represent 5% or more of the Plan's assets at June 30, 1996 are as follows:

<TABLE>

| <S> | <C> |
|-------------------------------|---------------|
| Money Market Fund | \$ 884,985 |
| International Equity Fund | 1,518,863 |
| Asset Allocation Fund | 2,463,403 |
| Growth Stock Fund | 3,645,549 |
| S&P 500 Stock Fund | 3,292,175 |
| U.S. Treasury Allocation Fund | 901,192 |
| TRC Stock Fund | 1,206,720 |
| | ----- |
| | \$ 13,912,887 |
| | ===== |

</TABLE>

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NOTE 7 - NET ASSETS AVAILABLE FOR BENEFITS

The net assets available for benefits applicable to each investment fund at June 30, 1996 and the changes in net assets for the year then ended are as follows:

<TABLE>

<CAPTION>

| | Money Market Fund | Inter- national Equity Fund | Asset Allocation Fund | Growth Stock Fund | S&P 500 Stock Fund | U.S. Treasury Allocation Fund |
|--|-------------------------|--------------------------------------|-----------------------------|-------------------------|--------------------------|--|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| Net assets available for benefits at June 30, 1995 | \$ 1,087,045 | \$ 1,397,156 | \$ 2,514,241 | \$ 3,050,132 | \$ 2,605,687 | \$ 907,002 |
| Contributions: | | | | | | |
| Employees/employer match | 142,688 | 193,718 | 248,044 | 398,048 | 359,736 | 92,906 |
| Rollovers | 2,750 | 4,590 | 1,665 | 7,497 | 5,911 | 1,178 |
| Net realized and unrealized appreciation (depreciation) in market value of investments | - | 177,672 | 241,704 | 500,796 | 568,462 | (14,490) |
| Interest and dividend income | 53,720 | - | 87,354 | 317,977 | 106,947 | 50,731 |
| Benefits paid to participants | (340,822) | (240,123) | (439,066) | (770,117) | (390,776) | (75,639) |
| Administrative fees and expenses | (1,553) | (454) | (588) | (1,000) | (790) | (206) |
| Transfers (to) from other funds | (58,843) | (13,696) | (189,951) | 142,216 | 36,998 | (60,290) |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Net assets available for benefits at June 30, 1996 | \$ 884,985 | \$ 1,518,863 | \$ 2,463,403 | \$ 3,645,549 | \$ 3,292,175 | \$ 901,192 |
| | ----- | ----- | ----- | ----- | ----- | ----- |

</TABLE>

<TABLE>

<CAPTION>

| | TRC Stock Fund | | | | |
|--|-------------------------|---------------------------------|----------------------|--------------------------|---------------|
| | Participant Directed | Non- Participant Directed | Other Investments | Employee Loan Fund | Total |
| <S> | <C> | <C> | <C> | <C> | <C> |
| Net assets available for benefits at June 30, 1995 | \$ 589,892 | \$ 381,836 | \$ 89,820 | \$ 274,553 | \$ 12,897,364 |
| Contributions: | | | | | |
| Employees/employer match | 34,574 | 513,293 | - | - | 1,983,007 |

| | | | | | |
|--|------------|------------|----------|------------|---------------|
| Rollovers | - | - | - | - | 23,591 |
| Net realized and unrealized appreciation (depreciation) in market value of investments | (131,685) | (140,842) | (16,292) | - | 1,185,325 |
| Interest and dividend income | - | - | - | 36,156 | 652,885 |
| Benefits paid to participants | (24,762) | (59,861) | - | (47,113) | (2,388,279) |
| Administrative fees and expenses | (75) | (2) | - | - | (4,668) |
| Transfers (to) from other funds | 11,688 | 32,664 | (73,528) | 172,742 | - |
| Net assets available for benefits at June 30, 1996 | \$ 479,632 | \$ 727,088 | \$ - | \$ 436,338 | \$ 14,349,225 |

</TABLE>

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The net assets available for benefits applicable to each investment fund at June 30, 1995 and the changes in net assets for the year then ended are as follows:

<TABLE>

<CAPTION>

| | Money Market Fund | Inter-national Equity Fund | Asset Allocation Fund | Growth Stock Fund | S&P 500 Stock Fund | U.S. Treasury Allocation Fund |
|--|-------------------|----------------------------|-----------------------|-------------------|--------------------|-------------------------------|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| Net assets available for benefits at June 30, 1994 | \$ 734,445 | \$ 1,266,966 | \$ 1,994,198 | \$ 2,178,141 | \$ 1,950,096 | \$ 854,945 |
| Contributions: | | | | | | |
| Employees/employer match | 198,592 | 234,057 | 333,558 | 396,273 | 394,896 | 140,197 |
| Rollovers | 38,070 | 95,628 | 114,728 | 132,237 | 125,781 | 25,798 |
| Net realized and unrealized appreciation (depreciation) in market value of investments | - | (878) | 308,706 | 822,710 | 422,410 | 32,599 |
| Interest and dividend income | 60,606 | - | 126,755 | 15,639 | 73,131 | 56,775 |
| Benefits paid to participants | (199,762) | (95,736) | (207,574) | (204,227) | (234,924) | (131,141) |
| Administrative fees and expenses | (1,015) | (259) | (367) | (508) | (460) | (164) |
| Transfers (to) from other funds | 256,109 | (102,622) | (155,763) | (290,133) | (125,243) | (72,007) |
| Net assets available for benefits at June 30, 1995 | \$ 1,087,045 | \$ 1,397,156 | \$ 2,514,241 | \$ 3,050,132 | \$ 2,605,687 | \$ 907,002 |

</TABLE>

<TABLE>

<CAPTION>

| | TRC Stock Fund | | | | |
|--|----------------------|--------------------------|-------------------|--------------------|--------------|
| | Participant Directed | Non-Participant Directed | Other Investments | Employee Loan Fund | Total |
| <S> | <C> | <C> | <C> | <C> | <C> |
| Net assets available for benefits at June 30, 1994 | \$ 157,748 | \$ 179,173 | \$ 119,760 | \$ 263,665 | \$ 9,699,137 |
| Contributions: | | | | | |
| Employees/employer match | 64,594 | 272,113 | - | - | 2,034,280 |
| Rollovers | 36,021 | - | - | - | 568,263 |
| Net realized and unrealized appreciation (depreciation) in market value of investments | (61,212) | (93,512) | (29,940) | - | 1,400,883 |
| Interest and dividend income | - | - | - | 21,857 | 354,763 |
| Benefits paid to participants | (14,101) | (29,157) | - | (40,528) | (1,157,150) |
| Administrative fees and expenses | (39) | - | - | - | (2,812) |

| | | | | | |
|---|------------|------------|-----------|------------|---------------|
| Transfers (to) from other funds | 406,881 | 53,219 | - | 29,559 | - |
| Net assets available for benefits at June 30, 1995 | \$ 589,892 | \$ 381,836 | \$ 89,820 | \$ 274,553 | \$ 12,897,364 |

</TABLE>

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NOTE 8 - SUBSEQUENT EVENT/PLAN AMENDMENT

Beginning October 1, 1996, the Plan was amended to allow participants to direct employer matching contributions.

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SCHEDULE I

TRC COMPANIES, INC. 401(K) RETIREMENT AND SAVINGS PLAN

ITEM 27A - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT JUNE 30, 1996

<TABLE>
<CAPTION>

| Identity of Party Involved | Description of Asset | Number of Units | Historical Cost | Market Value |
|----------------------------|---|-----------------|-----------------|---------------|
| <S> | <C> | <C> | <C> | <C> |
| Barclays Global Investors | Money Market Fund | 884,985 | \$ 884,985 | \$ 884,985 |
| Barclays Global Investors | International Equity Fund | 108,879 | 1,324,058 | 1,518,863 |
| Barclays Global Investors | Asset Allocation Fund | 205,970 | 2,158,635 | 2,463,403 |
| Barclays Global Investors | Growth Stock Fund | 224,618 | 2,732,725 | 3,645,549 |
| Barclays Global Investors | S&P 500 Stock Fund | 225,029 | 2,493,210 | 3,292,175 |
| Barclays Global Investors | TRC Stock Fund | 98,383 | 949,399 | 901,192 |
| Barclays Global Investors | Employee Loan Fund, bearing interest at 7.0% to 10.0% repayable over one to ten years | 219,404 | 1,604,063 | 1,206,720 |
| | | | 436,338 | 436,338 |
| | | | \$ 12,583,413 | \$ 14,349,225 |

</TABLE>

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SCHEDULE II

TRC COMPANIES, INC. 401(k) RETIREMENT AND SAVINGS PLAN

ITEM 27d - SCHEDULE OF REPORTABLE TRANSACTIONS FOR THE YEAR ENDED JUNE 30, 1996

Transactions with the same person or the same issue aggregating 5% or more of the current value of Plan assets as of the beginning of the year:

Purchase Transactions:

<TABLE>
<CAPTION>

| Identity of Party Involved | Description of Asset | Number of Units | Purchase Price |
|----------------------------|---------------------------|-----------------|----------------|
| <S> | <C> | <C> | <C> |
| Barclays Global Investors | Money Market Fund | 46 | \$ 406,027 |
| Barclays Global Investors | International Equity Fund | 63 | 348,878 |
| Barclays Global Investors | Asset Allocation Fund | 63 | 579,361 |
| Barclays Global Investors | Growth Stock Fund | 82 | 1,025,170 |
| Barclays Global Investors | S&P 500 Stock Fund | 71 | 624,580 |
| Barclays Global Investors | TRC Stock Fund | 42 | 672,292 |

</TABLE>

Sales Transactions:

<TABLE>
<CAPTION>

| Identity of Party Involved | Description of Asset | Number of Units | Historical Cost | Sales Price | Realized Gain/(Loss) |
|----------------------------|---------------------------|-----------------|-----------------|-------------|----------------------|
| <S> | <C> | <C> | <C> | <C> | <C> |
| Barclays Global Investors | Money Market Fund | 70 | \$ 652,142 | \$652,142 | \$ - |
| Barclays Global Investors | International Equity Fund | 78 | 367,987 | 404,843 | 36,856 |

| | | | | | |
|---------------------------|-----------------------|----|---------|---------|----------|
| Barclays Global Investors | Asset Allocation Fund | 75 | 782,240 | 871,903 | 89,663 |
| Barclays Global Investors | Growth Stock Fund | 86 | 703,538 | 930,550 | 227,012 |
| Barclays Global Investors | S&P 500 Stock Fund | 81 | 402,403 | 506,552 | 104,149 |
| Barclays Global Investors | TRC Stock Fund | 80 | 202,454 | 164,773 | (37,681) |

</TABLE>

The purchase and selling price for each reportable transaction represents its current value at the time of acquisition or disposition. Gains and losses are calculated based upon historical cost whereas gains and losses in the financial statements are calculated based upon revalued cost in accordance with ERISA, see Note 2.

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CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 33-70662) of our report dated December 19, 1996 appearing on page 3 of the TRC Companies, Inc. 401(k) Retirement and Savings Plan's Annual Report on Form 11-K for the year ended June 30, 1996. We also consent to the reference to us under the caption "Experts" in such Registration Statement.

PRICE WATERHOUSE LLP

Hartford, Connecticut
December 20, 1996

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Signature

Pursuant to the requirements of the Securities Exchange Act of 1993, the Trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

TRC COMPANIES, INC. 401(k)
RETIREMENT AND SAVINGS PLAN

By /s/ Harold C. Elston, Jr.

Harold C. Elston, Jr.
Vice President and Treasurer

December 20, 1996

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