

**BUTTE-GLENN
COMMUNITY COLLEGE DISTRICT**

OROVILLE, CALIFORNIA

AUDIT REPORT

**FOR THE YEARS ENDED
JUNE 30, 2020 AND 2019**



BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
TABLE OF CONTENTS
JUNE 30, 2020 AND 2019

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

FINANCIAL SECTION

Basic Financial Statements:

Statements of Net Position	13
Statements of Revenues, Expenses, and Changes in Net Position	14
Statements of Cash Flows	15
Statements of Net Assets - Component Unit - Foundation	17
Statements of Activities - Component Unit - Foundation	18
Statements of Cash Flows - Component Unit - Foundation	19
Statements of Net Position - Fiduciary Funds	20
Statements of Changes in Net Position - Fiduciary Funds	21
Notes to Financial Statements	22

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Net OPEB Liability and Related Ratios	64
Schedule of Contributions - OPEB	65
Schedule of Proportionate Share of the Net Pension Liability	66
Schedule of Contributions - Pensions	67
Note to the Required Supplementary Information	68

SUPPLEMENTARY INFORMATION

District Organizational Structure	69
Schedule of Expenditures of Federal Awards	70
Schedule of Revenues and Expenditures of State Awards	71
Schedule of Workload Measures for State General Apportionment - Annual/Actual Attendance	72
Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Financial Statements	73
Reconciliation of the ECS 84362 (50 Percent Law) Calculation	74
Details of the Education Protection Account	75
Combining Balance Sheet	76
Combining Statement of Revenues, Expenditures and Changes in Fund Equity	77
Reconciliation of Fund Equity to Net Position	79
Reconciliation of Change in Fund Equity to Change in Net Position	81
Note to Supplementary Information	82

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
TABLE OF CONTENTS
JUNE 30, 2020 AND 2019

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 <i>Government Auditing Standards</i>	84
Independent Auditors' Report on Compliance For Each Major Federal Program; and Report on Internal Control over Compliance Required by the Uniform Guidance	86
Independent Auditors' Report on State Compliance	88

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Schedule of Audit Findings and Questioned Costs	90
Summary Schedule of Prior Year Audit Findings	94



INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Butte-Glenn Community College District
Oroville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Butte-Glenn Community College District, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Butte-Glenn Community College District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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.

Auditor's 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 auditor's 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 entity'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 entity'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 Butte-Glenn Community College District, as of June 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information section, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Butte-Glenn Community College District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, which is required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2021 on our consideration of the Butte-Glenn Community College 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 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 Butte-Glenn Community College District's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
February 24, 2021

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

The California Community College system is comprised of 73 districts, 116 colleges. The Butte-Glenn Community College District (the "District") is located an hour and 10 minutes north of Sacramento on a 928 acre wildlife refuge and is a leader in sustainability efforts. The District serves students in both Butte and Glenn counties and consists of one community college located in Oroville, California, a state approved center located in Chico, California, and satellite campuses throughout the bi-county area. The District serves approximately 16,000 full and part-time, credit and non-credit students per semester.

The following discussion and analysis provides an overview of the financial position and activities of the Butte-Glenn Community College District for the years ended June 30, 2020 and 2019. Please read it in conjunction with the financial statements and notes thereto which follow this section. Responsibility for the completeness and accuracy of this information rests with the District's management.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District follows the reporting standards of Governmental Accounting Standards Board (GASB) Statement No. 34, as amended by GASB Statement No. 35. Rather than issuing fund-type financial statements, the District has adopted the Business Type Activity (BTA) model. This model requires the following components be included in the District's financial statements:

- Management's Discussion and Analysis
- Basic financial statements including Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows
- Notes to Financial Statements

Additionally, fund balance is referred to as Net Position, and the Statements of Cash Flows are presented using the direct method.

The basic financial statements are designed to provide readers with a broad overview of the District's finances using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about the District's activities.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

The Statements of Net Position present the assets, liabilities, and net position of the District for the fiscal years ended June 30, 2020 and 2019 and are prepared using the accrual basis of accounting, which is similar to the accounting basis used by most private sector organizations. The difference between total assets and total liabilities (net position) is one indicator of the current financial condition of the District, and a way to measure the financial health of the District.

The net position is divided into three major categories. The first category, Net Investment in Capital Assets, represents the equity amount in property, plant, and equipment owned by the District. The second category is Restricted Net Position. This net position is available for expenditure by the District, but must be spent for purposes as determined by external entities and/or donors that have placed time or purpose restrictions on the use of the assets. Restrictions can also be enforced through agreements, laws, regulations of creditors, other governmental agencies, imposed bylaws through constitutional provisions, or enabling legislation. The final category is Unrestricted Net Position that is available to the District for any lawful purpose. Although unrestricted, the District's Governing Board may place internal restrictions on this category of net position, but it retains the power to change, remove, or modify such restrictions.

The Statements of Revenues, Expenses, and Changes in Net Position represent the operating results of the District. The purpose of the statements is to present the revenues received by the District, both operating and non-operating, the expenses paid by the District, operating and non-operating, and any other revenues, expenses, gains, and losses. Thus, these statements present the District's results of operations.

Changes in total net position are based on the activities presented in the Statements of Revenues, Expenses, and Changes in Net Position.

Generally, operating revenues are earned for providing goods and services to the various customers and constituencies of the District. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues and to fulfill the mission of the District. Non-operating revenues are those received or pledged for which goods and services are not provided. For example, state appropriations are non-operating revenues because they are provided by the State Legislature to the District without the Legislature directly receiving commensurate goods and services for the revenues.

The Statements of Cash Flows provide information about cash receipts and cash payments, sources of cash, and major uses during the fiscal year. These statements also help users assess the District's ability to generate positive cash flows, meet obligations as they become due and evaluate the need for external financing.

The Statements of Cash Flows are divided into five parts. The first part reflects operating cash flows and shows the net cash provided by the operating activities of the District. The second part details cash received for non-operating, non-investing, and non-capital activities of the institution. The third section deals with the cash used for the acquisition and construction of capital and related financing activities. The fourth part provides information from investing activities. This section reflects the cash received and spent for short-term investments and any interest paid or received on those investments. The final section reconciles the net cash from operating activities to the operating loss reflected on the Statements of Revenues, Expenses, and Changes in Net Position. The net cash reconciliation is shown in the expanded version of the Statements of Cash Flows in the financial statements.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

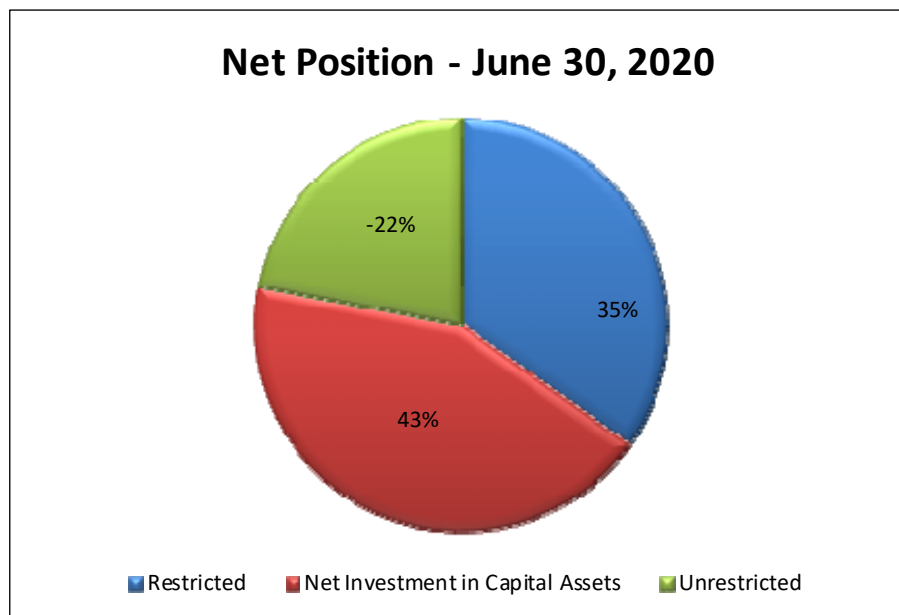
OVERVIEW OF THE FINANCIAL STATEMENTS, continued

The Statements of Net Position as of June 30, 2020 and 2019 are summarized below:

	2020	2019	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Total assets	\$ 423,478,855	\$ 356,132,460	\$ 67,346,395
Deferred outflows of resources	24,075,351	24,205,954	(130,603)
Total Assets and Deferred Outflows of Resources	447,554,206	380,338,414	67,215,792
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	80,193,404	68,804,781	11,388,623
Non-current liabilities	244,646,416	190,170,532	54,475,884
Deferred inflows of resources	7,924,463	6,327,843	1,596,620
Total Liabilities and Deferred Inflows of Resources	332,764,283	265,303,156	67,461,127
NET POSITION			
Invested in capital assets, net of related debt	88,343,189	118,449,294	(30,106,105)
Restricted	71,557,754	39,984,140	31,573,614
Unrestricted	(45,111,020)	(43,398,176)	(1,712,844)
Total Net Position	\$ 114,789,923	\$ 115,035,258	\$ (245,335)

The District's total assets and deferred outflows of resources increased by \$67.2 million or 17.7 percent from the previous year. This was primarily due to the introduction of a new bond, 2019 Series B.

Total liabilities and deferred inflows of resources increased \$67.4 million or 24.7 percent. This is related mainly to issuances of the 2019 Series B bond.



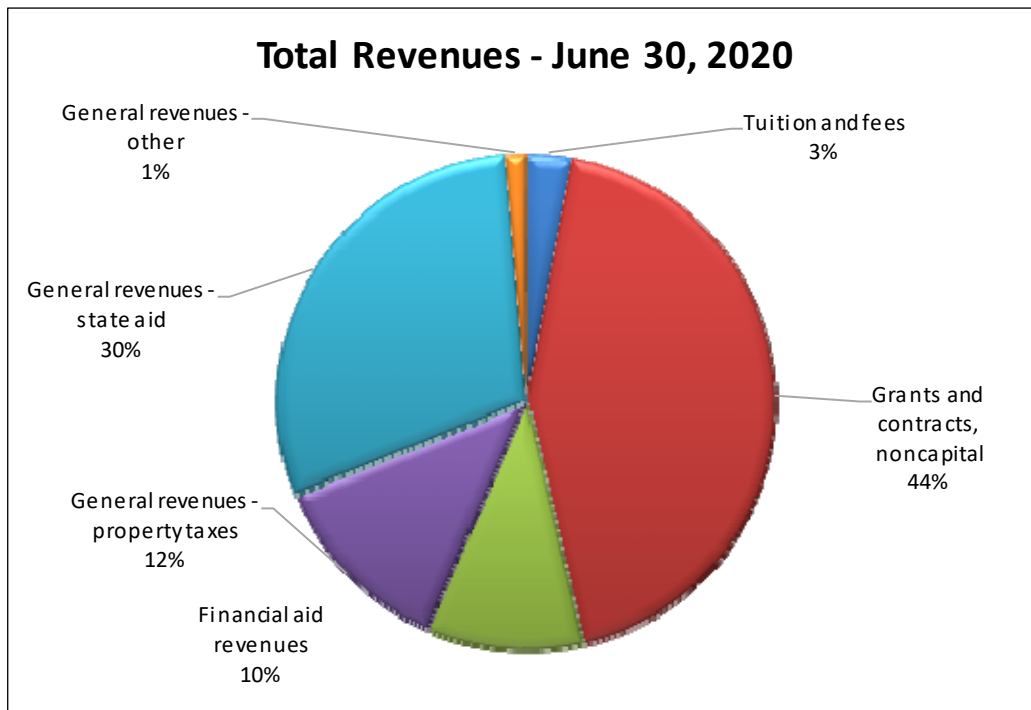
**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

The Statements of Revenues, Expenses, and Changes in Net Position for the fiscal years ended June 30, 2020 and 2019 are summarized below:

	2020	2019	Change
REVENUES			
Tuition and fees	\$ 6,306,431	\$ 7,338,492	\$ (1,032,061)
Grants and contracts, noncapital	90,463,131	92,007,949	(1,544,818)
Financial aid revenues	21,381,698	21,600,011	(218,313)
General revenues - property taxes	25,801,057	28,998,105	(3,197,048)
General revenues - state aid	62,259,731	55,455,222	6,804,509
General revenues - other	2,716,115	2,482,700	233,415
Total Revenues	208,928,163	207,882,479	1,045,684
EXPENSES			
Operating expenses	169,870,903	162,746,283	7,124,620
Financial aid disbursement to students	28,507,833	26,338,615	2,169,218
Interest	10,940,452	10,865,959	74,493
Other expenses	(145,690)	4,047	(149,737)
Total Expenses	209,173,498	199,954,904	9,218,594
Change in Net Position	\$ (245,335)	\$ 7,927,575	\$ (8,172,910)

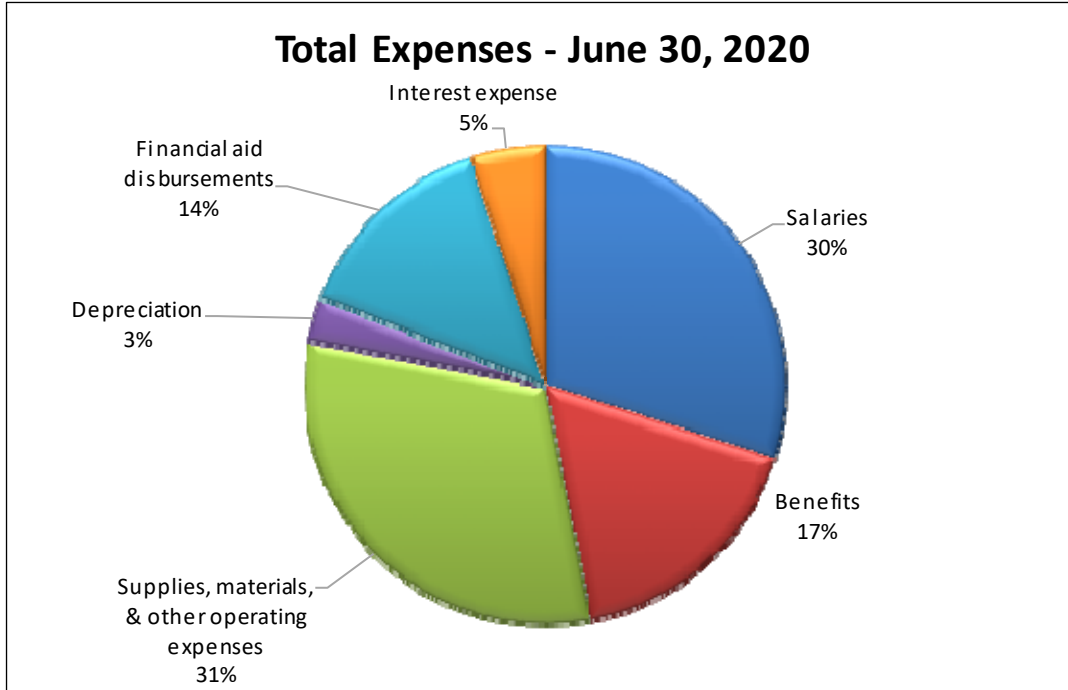
Operating and nonoperating revenues are reflected below:



**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

Operating and nonoperating expenses are reflected below:



District Fiduciary Responsibility

The District is the trustee, or fiduciary, for certain amounts held on behalf of students, clubs, and donors for student loans and scholarships. The District's fiduciary activities are reported separately in the Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. Net position of fiduciary activities is excluded from the District's net position because the District cannot use fiduciary assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Capital Assets

As of June 30, 2020, the District had approximately \$317.4 million invested in capital assets prior to accumulated depreciation. Capital assets consist of land and site improvements, buildings and improvements, construction in progress, equipment and vehicles that met the capitalization threshold recommended by GASB Statement No. 35. These assets have accumulated depreciation of \$83.3 million, leaving a net capital asset amount of \$234.1 million.

Note 5 to the financial statements provides detailed information on capital assets. A summary of capital assets net of accumulated depreciation and changes therein is presented below:

	2020	2019	Change
Capital Assets not being depreciated	\$ 45,752,632	\$ 41,858,545	\$ 3,894,087
Capital Assets being depreciated	271,669,867	256,864,355	14,805,512
Accumulated depreciation	(83,333,539)	(77,718,462)	(5,615,077)
Total Capital Assets	\$ 234,088,960	\$ 221,004,438	\$ 13,084,522

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

Long-Term liabilities

As of June 30, 2020, the District had approximately \$151.8 million in bonded debt, \$5.8 million in capital leases, \$90.1 million net pension liability, total other long-term liabilities of \$4.4 million, and a net OPEB asset in 2019-20 of \$4.6 million. This was a increase of \$47.3 million from the prior year.

Notes 6, 7, and 8 to the financial statements provides detailed information on long-term liabilities. A summary of long-term liabilities and changes therein is presented below:

	2020	2019	Change
General obligation and revenue bonds	\$ 151,838,887	\$ 108,993,303	\$ 42,845,584
Capital leases	5,799,763	6,741,343	(941,580)
Net OPEB liability (asset)	(4,582,059)	(1,086,752)	(3,495,307)
Net pension liability	90,156,930	81,938,206	8,218,724
Other long-term liabilities	4,365,065	3,660,240	704,825
Total Long-Term Liabilities	\$ 247,578,586	\$ 200,246,340	\$ 47,332,246

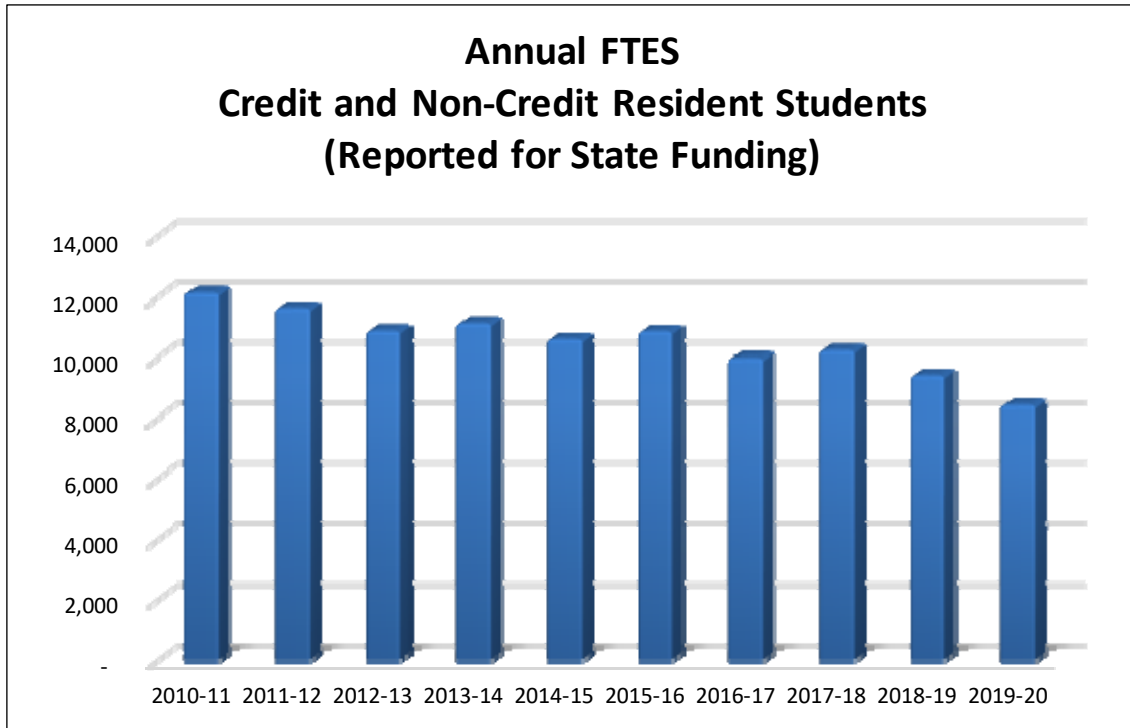
FINANCIAL HIGHLIGHTS

Total net position was \$114.8 million at June 30, 2020. This was decrease of \$245 thousand or .21 percent over the prior year.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

HISTORICAL FULL TIME EQUIVALENT STUDENTS (FTES) TRENDS

Prior to the Camp wildfire in the fall of 2018, the District reported 10,383 credit and non-credit FTES. The Camp wildfire had a negative effect on the already softening enrollment trends for the District, and the COVID-19 pandemic in 2020 impacted the District's enrollment even more. Fortunately, the District's current funding levels have not been reduced due to an emergency condition allowance provided by the state Chancellor's Office because of the 2018 Camp wildfire. This allowance holds the District harmless for enrollment declines caused by the fire, and maintains funding at the 2017-18 levels. The allowance was originally provided through 2020-21, but was later extended through 2024-25.



ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

The public health emergency associated with the coronavirus disease 2019 (COVID-19) pandemic has resulted in enormous hardship for families, businesses, and governments at all levels. In addition to massive impacts on general health and health systems, the emergency has caused a seismic shift in the state's economic conditions. The enacted 2020-21 state budget is reflective of this reality. While the 2020-21 budget prevents immediate cuts to California Community College apportionments and categorical programs, it defers \$1.45 billion in CCC funding to 2021-22.

In January 2020, the state projected a \$5.6 billion surplus for 2020-21 and \$21 billion in reserves, including \$18 billion in the state's Rainy Day Fund. Following three quarters of strong economic growth, the state's economy entered a deep and unexpected recession in the fourth quarter. The recession, combined with \$5.7 billion in new spending related to the state's COVID-19 response, transformed the projected surplus to a projected \$54.3 billion deficit. To help address the deficit, the approved 2020-21 state budget omits most new spending that is unrelated to the COVID-19 pandemic, delays payments to schools and community colleges, and uses budget reserves and federal relief funds to mitigate reductions. Despite a 9% year-to-year reduction in CCC funding for 2020-21, the Budget Act does not

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE, continued

reduce funding for most CCC programs. Instead, the budget defers apportionment payments to CCCs into the next fiscal year. These deferrals provide immediate, one-time budgetary savings for the state, helping to balance the state budget.

In response to the recession, Congress approved a \$2 trillion economic relief package, also known as the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act was signed into law by the President on March 27, 2020. CARES Act funding provides direct fiscal relief to taxpayers, state and local governments, and small businesses. In addition to these direct federal payments, community college districts received federal and state relief funds through the State Budget Act, in the form of a \$120 million COVID-19 response block grant. Federal and state relief funds are being used by districts to mitigate the impact of the Coronavirus for activities that directly support student learning and mitigate learning loss related to the COVID-19 pandemic.

The 2020-21 budget continues implementation of the Student-Centered Funding Formula but provides no enrollment growth funding or cost-of-living adjustment (COLA) for apportionments.

At the time of the writing of this document, it has been determined by the Department of Finance that the revenue projections used to build the 2020-21 state budget have been significantly underestimated. Governor Gavin Newsom recently unveiled a \$227.2 billion budget proposal for 2021-22. The proposal is a record for California and comes as the state's economy shows more resilience and a stronger recovery than many analysts anticipated when the economic impacts of the pandemic first began to take hold in early 2020. Apportionment deferrals used to help balance the state budget in 2020 are proposed to be paid down by over \$1 billion in 2021, and new ongoing and one-time funding are expected to be provided to community colleges in 2021-22. Because of the pivotal role community colleges must play in our regional and statewide economic recovery, the state's investment in community college education and workforce development is vital as California continues to bounce back from the COVID-19 pandemic.

District electors approved issuing \$190 million of General Obligation Bonds on November 8, 2016 for the purpose of constructing and upgrading buildings, infrastructure and classrooms for instructional and student service programs in the Butte-Glenn Community College District. The debt service for these bonds will not come from the District's general fund, but will be paid for by taxes levied on assessed values of properties in Butte and Glenn counties. In April, 2017, the District issued the first series of bonds, totaling \$42 million. One of the bond projects tied to this first issuance was the construction of the new \$23 million welding facility that will double the capacity of the program and allow the necessary space to meet the needs of local manufacturers. In July, 2019, the District issued the second series of bonds, totaling \$49.5 million to finance the remodel of the technology building, technology upgrades, and the planning and construction of a new Science building. By 2024, the District plans to issue a third series of bonds to continue constructing and upgrading buildings, infrastructure and classrooms for instructional and student service programs.

The District provides other postemployment benefits (OPEB) to its retirees. In March 2010, the District joined the California Employers' Retiree Benefit Trust (CERBT) to establish an irrevocable trust for its other postemployment benefits. According to the 2020 actuarial report, \$27.3 million is required to be accumulated to fund this liability. The account balance in the trust as of June 30, 2020, was \$32.3 million, fully funding the actuarial liability for retiree medical benefits. This fully funded position reflects the strength and financial health of the District and allows the District to use fund earnings to cover current and future retiree medical premiums. In addition to the CERBT, the District has set aside another \$1 million in a retiree benefits fund with the county treasurer. These funds are not in an irrevocable trust but have been designated by the District's Board of Trustees for OPEB.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

FUTURE BUDGETS AND 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 or 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. The past year highlighted and heightened California's key challenges. Millions of Californians lost jobs and income during the COVID-19 crisis; low-income families, communities of color, and women were hit hardest. As schools, colleges and universities shifted rapidly to remote learning, educators and parents scrambled to provide all students with high-quality instruction, technology, and support. In addition, California endured a terrible wildfire season, widespread protests pushed the state and the nation to address racial inequities, and historic numbers of Californians voted in the highly consequential November election.

The District feels confident that it has the fiscal strength, resiliency and reserves to be able to absorb future adjustments to state apportionment funding due to fluctuations in enrollment, the economy and fixed cost increases. Prudent fiscal management practices will remain in place to ensure the District has adequate reserves to sustain operations and support the success of its students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, you may contact the Director of Business Services, at Butte-Glenn Community College District, 3536 Butte Campus Drive, Oroville, CA 95965.

FINANCIAL SECTION

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 155,457,575	\$ 117,783,122
Accounts receivable, net	26,954,086	15,026,011
Inventory	153,148	137,709
Due from fiduciary funds, net	12,468	13,941
Prepaid expenditures and other assets	2,230,559	1,080,487
Total Current Assets	<u>184,807,836</u>	<u>134,041,270</u>
Noncurrent Assets:		
Net OPEB asset	4,582,059	1,086,752
Capital assets, net	234,088,960	221,004,438
Total Noncurrent Assets	<u>238,671,019</u>	<u>222,091,190</u>
TOTAL ASSETS	<u>423,478,855</u>	<u>356,132,460</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	1,611,103	1,772,213
Deferred outflows - OPEB	585,392	-
Deferred outflows - pensions	21,878,856	22,433,741
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 447,554,206</u>	<u>\$ 380,338,414</u>
 LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 10,702,287	\$ 13,543,795
Unearned revenue	61,976,888	44,098,426
Compensated absences, current portion	1,683,034	1,354,464
Long-term debt, current portion	5,831,195	8,776,009
Total Current Liabilities	<u>80,193,404</u>	<u>67,772,694</u>
Noncurrent Liabilities:		
Compensated absences	2,458,780	2,028,096
Net pension liability	90,156,930	81,938,206
Long-term debt, noncurrent portion	152,030,706	107,236,317
Total Noncurrent Liabilities	<u>244,646,416</u>	<u>191,202,619</u>
TOTAL LIABILITIES	<u>324,839,820</u>	<u>258,975,313</u>
 DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - OPEB	2,228,042	154,810
Deferred inflows - pensions	5,696,421	6,173,033
 NET POSITION		
Net investment in capital assets	88,343,189	118,449,294
Restricted for:		
Debt service	20,433,463	23,590,459
Capital projects	46,783,659	13,324,906
Other special purposes	4,340,632	3,068,775
Unrestricted	<u>(45,111,020)</u>	<u>(43,398,176)</u>
TOTAL NET POSITION	<u>114,789,923</u>	<u>115,035,258</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	 <u>\$ 447,554,206</u>	 <u>\$ 380,338,414</u>

See accompanying notes to the financial statements.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
OPERATING REVENUES		
Tuition and fees	\$ 12,359,034	\$ 14,213,159
Less: Scholarship discounts and allowances	(6,052,603)	(6,874,667)
Net tuition and fees	<u>6,306,431</u>	<u>7,338,492</u>
Grants and contracts, noncapital:		
Federal	4,114,829	2,037,907
State	82,861,626	84,754,494
Local	1,782,127	1,681,244
Auxiliary enterprise sales and charges	<u>1,704,549</u>	<u>3,534,304</u>
TOTAL OPERATING REVENUES	<u>96,769,562</u>	<u>99,346,441</u>
OPERATING EXPENSES		
Salaries	61,920,393	59,009,734
Employee benefits	36,291,176	31,774,650
Supplies, materials, and other operating expenses and services	65,681,570	65,919,048
Student aid	28,507,833	26,338,615
Depreciation	<u>5,977,764</u>	<u>6,042,851</u>
TOTAL OPERATING EXPENSES	<u>198,378,736</u>	<u>189,084,898</u>
OPERATING (LOSS)	<u>(101,609,174)</u>	<u>(89,738,457)</u>
NON-OPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	44,510,650	35,924,990
Local property taxes	18,890,666	22,875,080
State taxes and other revenues	14,938,306	14,841,319
Federal student aid revenue	21,381,698	21,600,011
Investment income - noncapital	2,647,754	2,432,393
Interest expense on capital asset-related debt	(10,940,452)	(10,865,959)
Gain (loss) on disposal of fixed assets	145,690	(4,047)
Other non-operating revenues	<u>2,810,775</u>	<u>4,688,913</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>94,385,087</u>	<u>91,492,700</u>
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	<u>(7,224,087)</u>	<u>1,754,243</u>
State apportionments, capital	68,361	50,307
Local property taxes and revenues, capital	<u>6,910,391</u>	<u>6,123,025</u>
INCREASE (DECREASE) IN NET POSITION	<u>(245,335)</u>	<u>7,927,575</u>
NET POSITION -- BEGINNING OF YEAR	<u>115,035,258</u>	<u>107,107,683</u>
NET POSITION -- END OF YEAR	<u>\$ 114,789,923</u>	<u>\$ 115,035,258</u>

See accompanying notes to the financial statements.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 6,306,431	\$ 7,338,492
Grants and contracts	94,708,969	86,604,213
Payments to or on behalf of employees	(91,162,785)	(88,811,284)
Payments to vendors for supplies and services	(72,272,891)	(66,293,849)
Payments to students	(28,506,360)	(26,335,381)
Auxiliary enterprise sales and charges	1,704,549	3,534,304
Net Cash Used by Operating Activities	<u>(89,222,087)</u>	<u>(83,963,505)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State apportionments	44,510,650	35,924,990
Property taxes	18,890,666	22,875,080
State taxes and other revenues	14,938,306	14,841,319
Financial aid revenues	21,381,698	21,600,011
Other nonoperating	2,810,775	4,688,913
Net Cash Provided by Non-capital Financing Activities	<u>102,532,095</u>	<u>99,930,313</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(19,062,286)	(29,303,948)
Local property tax, capital projects	6,978,752	6,173,332
Loss on disposal of capital assets	145,690	(4,047)
Principal paid on capital debt	42,725,859	(7,044,970)
Interest paid on capital debt	(9,071,324)	(9,071,839)
Net Cash Provided (Used) by Capital Financing Activities	<u>21,716,691</u>	<u>(39,251,472)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	2,647,754	2,432,393
Net Cash Provided by Investing Activities	<u>2,647,754</u>	<u>2,432,393</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	<u>37,674,453</u>	<u>(20,852,271)</u>
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	<u>117,783,122</u>	<u>138,635,393</u>
CASH & CASH EQUIVALENTS, END OF YEAR	<u>\$ 155,457,575</u>	<u>\$ 117,783,122</u>

See accompanying notes to the financial statements.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (101,609,174)	\$ (89,738,457)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation expense	5,977,764	6,042,851
Changes in Assets and Liabilities:		
Receivables, net	(11,926,602)	1,882,065
Inventory	(15,439)	187,687
Prepaid items	(1,150,072)	(133,654)
Net OPEB (asset)	(3,495,307)	(4,214,525)
Deferred outflows of resources	(30,507)	2,118,387
Accounts payable and accrued liabilities	(5,425,810)	(428,834)
Deferred revenue	17,878,462	(3,748,263)
Net pension liability	8,218,724	5,851,591
Compensated absences	759,254	(60,003)
Deferred inflows of resources	1,596,620	(1,722,350)
Total Adjustments	<u>12,387,087</u>	<u>5,774,952</u>
Net Cash Flows From Operating Activities	<u>\$ (89,222,087)</u>	<u>\$ (83,963,505)</u>

See accompanying notes to the financial statements.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF NET ASSETS – COMPONENT UNIT – FOUNDATION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 726,530	\$ 762,519
Investments - current	962,050	923,606
Other Assets		
Investments - noncurrent	4,980,979	4,449,861
Contributions receivable	75,000	75,000
Assets held by others	44,470	46,482
Prepaid expense	3,500	3,500
Total Assets	<u>6,792,529</u>	<u>6,260,968</u>
LIABILITIES		
Current Liabilities		
Accounts payable	138,377	228,987
Amounts held for pass-through donors	206,711	277,091
Depository liability	615,031	549,815
Total Liabilities	<u>960,119</u>	<u>1,055,893</u>
NET ASSETS		
Without donor restriction	369,222	441,263
With donor restriction	5,463,188	4,763,812
Total Net Assets	<u>5,832,410</u>	<u>5,205,075</u>
Total Liabilities and Net Assets	<u>\$ 6,792,529</u>	<u>\$ 6,260,968</u>

See accompanying notes to the financial statements.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF ACTIVITIES – COMPONENT UNIT - FOUNDATION
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	2020 Total	2019 Total
SUPPORT AND REVENUES				
Contributions:				
Public support	\$ 175,742	\$ 564,871	\$ 740,613	\$ 854,963
Endowment fund contributions	-	302,030	302,030	135,180
Special events revenue:				
Spring Gala	318,821	-	318,821	147,042
Other special events revenue	1,528	-	1,528	262,331
Other revenues, gains, and support:				
Investment return - net of investment fees	38,761	858,686	897,447	376,727
Other revenues	-	170,149	170,149	224,106
Transfers from related party	70,380	118,200	188,580	-
Net assets released from restrictions	1,314,560	(1,314,560)	-	-
Total Support and Revenues after Net Assets Released from Restriction	1,919,792	699,376	2,619,168	2,000,349
OPERATING EXPENSES				
Program services:				
Scholarships	497,424	-	497,424	393,798
Programs and grants	887,514	-	887,514	788,474
Transfers to related party	-	-	-	164,513
Supporting services:				
Management and general	499,755	-	499,755	293,121
Management and general in-kind	75,543	-	75,543	225,000
Spring Gala expenses	31,597	-	31,597	29,043
Total Operating Expenses	1,991,833	-	1,991,833	1,893,949
CHANGE IN NET ASSETS	(72,041)	699,376	627,335	106,400
NET ASSETS, BEGINNING OF YEAR	441,263	4,763,812	5,205,075	5,098,675
NET ASSETS, END OF YEAR	\$ 369,222	\$ 5,463,188	\$ 5,832,410	\$ 5,205,075

See accompanying notes to the financial statements.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS – COMPONENT UNIT – FOUNDATION
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 627,335	\$ 106,400
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Total investment return - net of investment fees	(569,562)	(300,267)
Changes in:		
Assets held by others	2,012	(338)
Prepaid expense	-	(3,500)
Accounts payable	(90,610)	166,616
Amounts held for pass-through donors	(70,380)	164,512
Depository liability	65,216	47,256
Net Cash Provided (Used) by Operating Activities	<u>(35,989)</u>	<u>180,679</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,740,860)	(2,849,331)
Proceeds from the sale of investments	<u>1,740,860</u>	<u>2,849,331</u>
Net Cash Provided by Investing Activities	-	-
Net increase (decrease) in cash and cash equivalents	(35,989)	180,679
Cash and Cash Equivalents - Beginning of Year	762,519	581,840
Cash and Cash Equivalents - End of Year	<u>\$ 726,530</u>	<u>\$ 762,519</u>

See accompanying notes to the financial statements.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2020

	Associated Students	Student Representation Fee Trust	Scholarship and Loan Fund	Other Trust and Agency Fund	Total
ASSETS					
Cash and cash equivalents	\$ 480,398	\$ 82,140	\$ 48,616	\$ 124,229	\$ 735,383
Accounts receivable, net	-	328	-	973	1,301
Prepaid Assets	22,203	-	-	-	22,203
Total Assets	502,601	82,468	48,616	125,202	758,887
LIABILITIES					
Accounts payable	6,856	17,179	-	63,385	87,420
Deferred revenue	-	1,504	-	-	1,504
Due to other funds	11,624	(131)	-	-	11,493
Total Liabilities	18,480	18,552	-	63,385	100,417
NET POSITION					
Held in Trust for Student Groups	484,121	63,916	-	-	548,037
Unrestricted (deficit)	-	-	48,616	61,817	110,433
Total Net Position	\$ 484,121	\$ 63,916	\$ 48,616	\$ 61,817	\$ 658,470

See accompanying notes to the financial statements.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CHANGES IN NET POSITION – FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Associated Students	Student Representation Fee Trust	Scholarship and Loan Fund	Other Trust Fund	Total
OPERATING REVENUES:					
Local revenue	\$ 299,048	\$ 18,498	\$ -	\$ 17,996	\$ 335,542
Total Operating Revenues	299,048	18,498	-	17,996	335,542
OPERATING EXPENSES:					
Salaries	68,705	-	-	-	68,705
Employee benefits	22,069	-	-	-	22,069
Supplies, materials, and other outgo	123,587	10,355	-	17,055	150,997
Total Operating Expenses	214,361	10,355	-	17,055	241,771
Net Change in Net Position	84,687	8,143	-	941	93,771
NET POSITION:					
Beginning of Year	399,434	55,773	48,616	60,876	564,699
End of Year	\$ 484,121	\$ 63,916	\$ 48,616	\$ 61,817	\$ 658,470

See accompanying notes to the financial statements.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 – ORGANIZATION

The Butte-Glenn Community College District (the "District") is a political subdivision of the State of California and is 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 Oroville, California, a state approved center located in Chico, California, and satellite campuses throughout the bi-county area.

Financial Reporting Entity

The District has adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This statement amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles and GASB Statement No. 14 and Statement No. 39. The basic, but not the only criterion for including a potential component unit within the reporting entity is the Board of Trustees' ability to exercise oversight responsibility. A second criterion used in evaluating potential component units is the scope of public service. A third criterion used to evaluate potential component units is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities.

For financial reporting purposes, the District includes all funds, agencies, and authorities that are controlled by or are 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 and the Butte Community College Foundation (the "Foundation") have financial and operational relationships that require analysis to determine whether the Foundation meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) for inclusion as a component unit of the District. After analysis, the Foundation was determined to have met these criteria. Accordingly, the financial activities of the Foundation have been included in the financial statements of the District. The separately audited financial statements of the Foundation may be obtained from the District.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 – ORGANIZATION, continued

Financial Reporting Entity, continued

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

Scope of Public Service: The Foundation is a nonprofit, public benefit corporation incorporated under the laws of the State of California, and the Foundation was formed to promote and assist the educational services of the District.

Discrete Presentation: For financial presentation purposes, the financial activities of the Foundation have been discretely presented with the financial activities of the District.

Joint Powers Agencies and Public Entity Risk Pools

The District is associated with five joint powers agencies (JPAs). These organizations do not meet the criteria for inclusion as component units of the District. The JPAs are the Northern California Community Colleges Self-Insurance Authority (NCCCSIA), the Statewide Association of Community Colleges (SWACC), the Schools Association for Excess Risk (SAFER), the Protected Insurance Program for Schools (PIPS), and the Butte Schools Self-funded Program (BSSP). See Note 9 for more information.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37 and No. 38. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency and intra-fund transactions have been eliminated.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place and amounts are available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 90 days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include state apportionments, property taxes, certain grants, entitlements, and donations. Revenue from state apportionments is generally recognized in the fiscal year in which it is apportioned from the state. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (U.S. GAAP) as applicable to colleges and universities, as well as those prescribed by the California Community Colleges Chancellor's Office.

The District reports are based on all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, now codified in the FASB Accounting Standards Codification, unless those pronouncements conflict with or contradict GASB pronouncements. When applicable, certain prior year amounts have been reclassified to conform to current year presentation. The budgetary and financial accounts of the District are maintained in accordance with the State Chancellor's Office Budget and Accounting Manual.

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37 and No. 38. The Business type activities model followed by the District requires the following components of the District's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements for the District as a whole including:
 - Statements of Net Position
 - Statements of Revenues, Expenses, and Changes in Net Position
 - Statements of Cash Flows
- Notes to Financial Statements

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and all highly liquid investments with an original maturity of three months or less. Cash equivalents also include cash with county treasury balances.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair market value. Fair market value is estimated based on published market prices at year-end. Investments for which there are no quoted market prices are not material.

Accounts Receivable - net

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 reimbursements of allowable expenditures made pursuant to the District's grants and contracts. The District utilizes the allowance method with respect to its accounts receivable. The allowance was \$4,873,022 and \$4,159,696 at June 30, 2020 and 2019, respectively.

Prepaid Expenditures

Prepaid expenditures or expenses represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

Inventory

Inventory, primarily bookstore merchandise, is carried at the lower of cost or market using the first-in, first-out (FIFO) method.

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction-in-progress, buildings and improvements, vehicles, and equipment. The District maintains an initial unit cost capitalization threshold of \$5,000. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Major outlays for capital improvements are capitalized as construction-in-progress as the projects are constructed. Routine repairs and maintenance that do not extend the life of the building or equipment are charged as operating expenses in the year the expense is incurred.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 50 years; improvements, 20 to 65 years; equipment, 5 to 20 years; library books, 5 years; technology equipment, 5 years. Land and construction in progress are considered nondepreciable capital assets; therefore, no depreciation is computed.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the entity-wide financial statements.

Deferred Insurance Costs, Premiums, and Discounts

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. In accordance with GASB Statement No. 65, underwriters' discounts are expensed when incurred.

Deferred Loss on Refunding

The deferred loss on refunding is amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective-interest method. Amortization expense was \$161,110 for both the fiscal years ended June 30, 2020 and 2019, and was reported as part of interest expense in the statement of revenues, expenses, and changes in net position in accordance with GASB Statement No. 65.

Deferred Revenue

Deferred revenue includes advances from grantors and advances from students. Advances from grantors include amounts received from grant and contract sponsors that have not yet been earned. Advances from 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.

Compensated Absences

Compensated absence costs are accrued when earned by employees. Accumulated and vested unpaid employee vacation benefits and compensatory time are recognized as liabilities of the District as the benefits are earned. The District has a load banking program for eligible faculty employees whereby the employee may accrue overload service toward paid leave.

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.

Long-Term Liabilities

Bond premiums and discounts are amortized over the life of the bonds using the effective-interest method. Bonds payable are reported net of the applicable bond premium or discount.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Net Pension Liability

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' 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 in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such, will not be recognized as an outflow of resources (expense/expenditures) until then. The District has two items that qualify for reporting in this category, which are the deferred loss on refunding and deferred pension contributions. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt. The deferred pension activity will be recognized as pension expense in subsequent periods.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has reported deferred inflows related to pensions including differences between projected and actual earnings on plan investments, differences between expected and actual experience, and changes in assumptions.

Net Position

Net position represents the difference between total assets and deferred outflows of resources, less liabilities. The District's net position is classified as follows:

Net investment in Capital Assets – 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 of net investment in capital assets.

Restricted Net Position – Includes resources in which the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

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

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

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Classification of Revenues

The District has classified its revenues as either operating or non-operating 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) internal service – self-insurance charges, (3) most federal, state, and local grants and contracts, and (4) interest on institutional student loans.

Nonoperating revenues – Activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues, such as: (1) state appropriations; (2) investment income; and (3) federal and state financial aid, scholarship, and loan trust receipts, according to GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*; and GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*.

Scholarship Discounts and Allowances

Scholarship Discounts and Allowances Student tuition and fee revenues are reported net of scholarship discounts and allowances in the statements of revenues, expenses and changes in net position. The District offers Board of Governors’ Waivers (BOGW) to qualified students, and these tuition waivers are reported as scholarship discounts.

Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as nonoperating revenues (financial aid revenues) and nonoperating expenses in the District’s financial statements.

Risk Management

The District retains risk for liability and property damage on the first \$1,000 of each claim. The District retains no risk for liability or workers’ compensation claims, and coverage is provided by pooled insurance as a member of a joint powers authority.

Certain property damage coverage in excess of \$1,000,000 and up to \$250,000,000 and certain liability coverage in excess of \$1,000,000 and up to \$25,000,000 is provided by pooled insurance as a member of a joint powers authority of California community colleges and school districts.

Estimates Used in Financial Reporting

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements as well as revenues and expenses during the reporting period. Actual results could differ from those estimates. The District’s largest sources of revenues are enrollment fees, grants and contracts from federal, state and local agencies, state revenues and property taxes. Each of these revenue types is subject to some estimation at the date of the financial statements.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 15th of each year. 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 revisions to the budget.

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 performs 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 full-time equivalent students (FTES). Any additional corrections determined by the State are recorded in the year computed by the State.

On-Behalf Payments

GASB Statement No. 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 one entity to a third-party recipient for the employees of another, legally separate entity be recognized as revenue and expenditure by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers Retirement Systems (STRS) and Public Employees Retirement Systems (PERS) on behalf of all Community Colleges in California. This amount has been reflected in the basic financial statements as a component of other state revenue and employee benefit expense.

Estimates

The preparation of the 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 financial statements and accompanying notes. Actual results may differ from those estimates.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Property Taxes

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

Property Taxes, continued

Secured property taxes are recorded as revenue when apportioned in the fiscal year of the levy. The counties apportion secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll, approximately October 1st of each year.

Reclassifications

Certain reclassifications have been made to prior-year amounts to conform with current-year presentation.

Interfund Activity

Exchange transactions between funds of the District are reported as revenues and expenses within the statement of Revenues, Expenses, and Changes in Net Position. Flows of cash or goods from one fund to another without a requirement for repayment are recognized as interfund transfers within the District's fund financial statements. Amounts owing between funds for both exchange and non-exchange transactions are recorded as interfund receivables and payables within the District's fund financial statements. Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the entity-wide financial statements.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that may impact future financial presentations.

GASB Statement No. 84 – Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement is effective for periods beginning after December 15, 2019. The District has not determined the impact as of June 30, 2020.

GASB Statement No. 87 – Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The Statement is effective for periods beginning after June 15, 2021. The District has not determined the impact as of June 30, 2020.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION

The Foundation is an auxiliary organization of the District. The purpose of the Foundation is to accumulate funds to award scholarships and loans to assist students within Butte and Glenn counties while attending the District, and for designated projects. A substantial portion of the Foundation's revenue is from community donations.

New Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021. Although the full impact of ASU 2016-02 on the Foundation's financial statements has not yet been determined, the future adoption of this guidance will require the Foundation to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

Basis of Presentation and Accounting

These financial statements, which are presented on the accrual basis of accounting, have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net position and transactions into the following categories:

- Net assets without donor restrictions are those resources that are currently available for operations.
- Net assets with donor restrictions are those resources which are stipulated by donors for various scholarships or other programmatic uses

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION, continued

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Foundation has been classified as an organization that is not a private foundation under Section 509(a)(2). The Foundation has not entered into any activities that would jeopardize its tax-exempt status. Accordingly, no provision for income taxes is required.

The Foundation files exempt organization returns in the U.S. federal and California jurisdictions. The federal returns for tax years 2009 and beyond, and the California returns for tax years 2008 and beyond, remain subject to examination by the taxing authorities.

The Foundation accounts for income taxes in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Income Taxes, which clarifies the accounting for uncertainty in income taxes and how an uncertain tax position is recognized in financial statements. The Foundation analyzes tax positions taken in previously filed returns and tax positions expected to be taken in future returns. Based on this analysis, a liability is recorded if uncertain tax benefits have been received. The Foundation's practice is to recognize interest and penalties, if any, related to uncertain tax positions as tax expense. There were no uncertain tax positions identified or related interest and penalties recorded as of June 30, 2020, and the Foundation does not expect this to change significantly over the next 12 months.

Use of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash in bank and short-term investments with a maturity, at date of purchase, of three months or less. At times, the account balances at a financial institution may exceed the Federal Deposit Insurance Corporation (FDIC) insurance coverage limit; and as a result, there is a concentration of credit risk related to amounts in excess of FDIC insurance coverage. Cash and short-term investments held in a bank money market account are reported as investments instead of cash because the Foundation holds those funds as an endowment.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION, continued

Investments

The Foundation invests in bond and equity mutual funds and certificates of deposits. Investments are reported at fair value based on quoted market prices with realized and unrealized gains or losses reported in the statement of activities.

Accounts Receivable

The Foundation utilizes the allowance method of accounting for uncollectible accounts receivable. No allowance was necessary at June 30, 2020 and 2019, respectively. There was no bad debt expense at June 30, 2020 and 2019.

Assets Held by Others

The Foundation transfers funds to the Foundation for California Community Colleges (FCCC) in accordance with a partnership agreement dated March 2009 with the California Community Colleges Scholarship Endowment (the Endowment). The endowment began in May 2008 with an initial \$25 million gift from the Bernard Osher Foundation (Osher). Under the agreement, the California Community Colleges and FCCC had until June 2011 to raise \$50 million, for which Osher would provide a 50% match up to \$25 million. The Foundation estimates that it will receive an annual distribution of 5% to be used for scholarships in accordance with the agreement. The FCCC retains control over the distributions, and the Foundation has no control or access to the principal; therefore, the matching portion of the endowment is not recorded on the Foundation's financial statements. These funds are recorded as permanently restricted assets. At June 30, 2020 and 2019, the amount contributed to the FCCC and its investment earnings net of scholarship distributions totaled \$44,470 and \$46,482, respectively.

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.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION, continued

Fair Value Measurements

The Foundation accounts for certain assets and liabilities in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures. FASB ASC 820 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles, and expands disclosures about fair value measurement.

The Foundation classifies its fair value assets and liabilities into a hierarchy of three levels based on the markets in which they are traded and the reliability of the assumptions used to determine fair value. The asset or liability measurement level within the hierarchy is based on the lowest level of any assumption that is significant to the measurement.

Valuations within the hierarchy levels are based upon the following:

Level 1 - Quoted market prices for identical instruments traded in active exchange markets.

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.

Level 3 - Model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the Foundation's estimates of assumptions that market participants would use on pricing the asset or liability. Valuation techniques include management's judgment and estimation which may be significant.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the fiscal years ended June 30, 2020 and 2019.

Mutual Funds - Each investor in the mutual fund will typically receive units of participation in the mutual fund. These units are valued daily, based on the underlying securities owned by the mutual fund.

Pooled Income Fund - Each income beneficiary in the pooled income fund is assigned units based on the fair market value of the assets at the time they are transferred to the trustee. Shares in the fund are valued daily based on the underlying securities owned. The fund is primarily made up of fixed income funds and equity securities.

Annuities - Valued at contract value which included an adjustment for the time value of money, interest rate and future value.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION, continued

Endowment Investment and Spending Policy

The Foundation's endowment consists of approximately 113 individual donor-restricted funds, the majority of which are established for scholarships, with approximately four established for other specified purposes benefiting the District. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as enacted by the State of California, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Foundation classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies - The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return, over time, of approximately 8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy - The Foundation has a policy of appropriating for distribution the amount of funds needed to finance current-year scholarship distributions. In establishing this policy, the Foundation considers the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 2% annually, which is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION, continued

Related Entity

The District provides office space and administrative services for the Foundation. Certain services are not reflected in these statements since they are not susceptible to an objective measurement or valuation. Services susceptible to measurement have been recorded and amounted to \$150,543 and \$225,000 for the fiscal years ended June 30, 2020 and 2019, respectively. These services relate to District employees whose time benefits the Foundation.

Contributions

The Foundation recognizes contributions from unconditional promises to give when such promises are made if the amounts can be reasonably determined. The contribution receivable of \$75,000 is a beneficial interest in an irrevocable family trust. The amount is estimated to be collected within ten years. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions are available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give that are to be received in future years are discounted at the Foundation's risk-free rate of return.

Donated Assets

Donated marketable securities and other noncash donations (gift annuities) are recorded as contributions at their estimated fair values at the date of donation.

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.

Donated services are reflected in the financial statements as contributions in the accompanying statements at their estimated values at the date of the receipt. No amounts have been reflected in the statements for volunteer services as they do not meet the criteria for recognition. The Foundation pays for most services requiring specific expertise.

Scholarships

The Foundation recognizes unconditional scholarships awarded when such awards are made if the amounts can be reasonably determined. Conditional scholarships awarded are recognized when the conditions on which they depend are substantially met.

Reclassifications

Certain reclassifications have been made to prior-year amounts to conform with current-year presentation.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION, continued

Date of Management Evaluation

Management has evaluated subsequent events through February 5, 2021, the date on which the financial statements were available to be issued.

NOTE 3 – CASH AND CASH EQUIVALENTS

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered state warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies; medium term corporate notes; certificates of participation; obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury – The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with the County Treasurer (Education Code Section 41001). The fair market value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair market value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

Primary Institution – Credit Risk

California Government Code, Section 53601, limits investments in commercial paper to "prime" quality of the highest ranking, or of the highest letter and numerical rating as provided by nationally recognized statistical rating organizations (NRSRO), and limits investments in medium-term notes to a rating of A or better. Individual securities must be backed by the federal government or rated AAA, AA, or A by Standard & Poor's or Aaa, Aa, or A by Moody's indices. The District's investment policy established safety of principal as of primary investment objective. The District's investments in the County investment pool is unrated.

Component Unit – Credit Risk

The Component Unit's investment policies allow for investment in equity securities and fixed income instruments. Any corporate obligations must be rated BBB or a better rating by Standard & Poor's or a similar rating agency. The Component Units' investments are rated at least BBB or better by Standard & Poor's as of June 30, 2020.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020 AND 2019**

NOTE 3 – CASH AND CASH EQUIVALENTS, continued

General Authorizations, continued

Component Unit – Credit Risk, continued

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedule below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	40%	10%
Negotiable Certificates of Deposit	5 years	40%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 3 – CASH AND CASH EQUIVALENTS, continued

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

Summary of Cash and Cash Equivalents

Cash and investments as of June 30, 2020, consist of the following:

Governmental Funds:

Cash in County Treasury	\$	152,057,367
Cash on hand and in banks		3,400,207
Total cash and cash equivalents	\$	<u>155,457,574</u>

Fiduciary Funds:

Cash in County Treasury	\$	674,166
Cash on hand and in banks		61,217
Total cash and cash equivalents	\$	<u>735,383</u>

Interest Rate Risk

Interest rate risk is risk to the earnings or market value of a portfolio due to uncertain future interest rates. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair market value to changes in market interest rates. The District manages its exposure to interest rate risk by primarily investing in the County Investment Pool and in other investment agreements.

Specific Identification

Information about the sensitivity of the fair market values of the District's investments to market interest rate fluctuations is indicated by the 620 day weighted average maturity for the District's deposits of \$152,057,367 book value and \$154,886,850 fair value held with the County Treasurer.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the County pool is not required to be rated, nor has it been rated as of June 30, 2020.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 3 – CASH AND CASH EQUIVALENTS, continued

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, the District’s bank balance was not exposed to custodial credit risk because the balance was comprised of accounts that were individually below \$250,000 and as such, was covered under the FDIC insurance limit.

NOTE 4 – ACCOUNTS RECEIVABLE

Receivables for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources. At June 30, 2020 accounts receivable totaled \$26,954,086. All receivables accrued are considered collectible in full.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Capital Assets not being Depreciated				
Land	\$ 4,477,420	\$ -	\$ -	\$ 4,477,420
Construction in progress	37,381,125	19,959,475	16,065,388	41,275,212
Total Capital Assets not being Depreciated	<u>41,858,545</u>	<u>19,959,475</u>	<u>16,065,388</u>	<u>45,752,632</u>
Capital Assets being Depreciated				
Site improvements	1,560,195	-	-	1,560,195
Buildings & improvements	231,921,365	13,989,979	-	245,911,344
Equipment	19,360,506	543,823	110,765	19,793,564
Vehicles	4,022,289	488,707	106,232	4,404,764
Total Capital Assets being Depreciated	<u>256,864,355</u>	<u>15,022,509</u>	<u>216,997</u>	<u>271,669,867</u>
Total Capital Assets	<u>298,722,900</u>	<u>34,981,984</u>	<u>16,282,385</u>	<u>317,422,499</u>
Less Accumulated Depreciation	<u>77,718,462</u>	<u>5,977,764</u>	<u>362,687</u>	<u>83,333,539</u>
Net Capital Assets	<u>\$221,004,438</u>	<u>\$29,004,220</u>	<u>\$15,919,698</u>	<u>\$234,088,960</u>

Depreciation expense for the year was \$5,977,764.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 5 – CAPITAL ASSETS, continued

Capital asset activity for the District for the fiscal year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Capital Assets not being Depreciated				
Land	\$ 4,477,420	\$ -	\$ -	\$ 4,477,420
Construction in progress	14,011,215	24,843,316	1,473,406	37,381,125
Total Capital Assets not being Depreciated	18,488,635	24,843,316	1,473,406	41,858,545
Capital Assets being Depreciated				
Site improvements	1,560,195	-	-	1,560,195
Buildings & improvements	227,279,734	4,641,631	-	231,921,365
Equipment	22,200,909	1,195,821	4,036,224	19,360,506
Vehicles	3,921,656	100,633	-	4,022,289
Total Capital Assets being Depreciated	254,962,494	5,938,085	4,036,224	256,864,355
Total Capital Assets	273,451,129	30,781,401	5,509,630	298,722,900
Less Accumulated Depreciation	75,707,788	6,042,851	4,032,177	77,718,462
Net Capital Assets	\$ 197,743,341	\$ 24,738,550	\$ 1,477,453	\$ 221,004,438

Depreciation expense for the year was \$6,042,851.

NOTE 6 – LONG-TERM LIABILITIES

Summary

The changes in the District's long-term liabilities for the 2020 fiscal year consisted of the following:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due Within One Year
Long-Term Liabilities					
General obligation bonds	\$ 96,418,315	\$ 49,778,205	\$ 7,780,000	\$ 138,416,520	\$ 4,820,000
Premium on bonds	12,574,988	2,001,868	1,154,489	13,422,367	-
Capital lease obligations	6,741,343	-	941,580	5,799,763	956,214
California Energy Conservation loan	277,680	-	54,429	223,251	54,981
Compensated absences	3,382,560	759,254	-	4,141,814	1,683,034
Totals	\$ 119,394,886	\$ 52,539,327	\$ 9,930,498	\$ 162,003,715	\$ 7,514,229

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 6 – LONG-TERM OBLIGATIONS, continued

Summary, continued

The changes in the District’s long-term liabilities for the 2019 fiscal year consisted of the following:

	Balance			Balance		Due Within
	July 1, 2018	Additions	Deductions	June 30, 2019	One Year	
Long-Term Liabilities						
General obligation bonds	\$ 102,248,079	\$ 260,236	\$ 6,090,000	\$ 96,418,315	\$ 7,780,000	
Premium on bonds	13,786,516	-	1,211,528	12,574,988	-	
Capital lease obligations	7,642,418	-	901,075	6,741,343	-	
California Energy Conservation loan	331,575	-	53,895	277,680	-	
Compensated absences	3,442,563	-	60,003	3,382,560	-	
Totals	\$ 127,451,151	\$ 260,236	\$ 8,316,501	\$ 119,394,886	\$ 7,780,000	

Description of Debt

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax collections. The General Fund makes payments for the revenue bonds, compensated absences, other postemployment benefits and the supplemental employee retirement plan. Accrued vacation will be paid by the fund for which the employee worked.

Original issuance premiums and issuance costs are amortized over the life of the bonds as a component of interest expense on the bonds.

Bonded Debt

The outstanding general obligation bonded debt as of June 30, 2020 is as follows:

Series	Issue Date	Yield	Maturity Date	Bonds			Bonds		Due Within One Year
				Outstanding July 1, 2019	Additions	Redeemed	Outstanding June 30, 2020		
2002 Series A	5/23/2002	1.60-5.80%	8/1/2027	\$ 1,691,823	\$ 140,452	\$ -	\$ 1,832,275	\$ -	
2002 Series B	6/22/2005	2.52-4.99%	8/1/2029	2,751,492	137,753	-	2,889,245	-	
2012 Refunding	1/18/2012	0.32-2.77%	8/1/2026	15,235,000	-	1,440,000	13,795,000	1,575,000	
2015 Refunding	1/21/2015	1.49-2.16%	8/1/2027	22,570,000	-	1,360,000	21,210,000	1,595,000	
2016 Series A	4/16/2017	0.92-3.90%	8/1/2046	38,370,000	-	4,980,000	33,390,000	-	
2017 Refunding	12/20/2017	2.08-2.28%	8/1/2031	15,800,000	-	-	15,800,000	-	
2016 Series B	7/11/2019	1.11-3.28%	8/1/2049	-	49,500,000	-	49,500,000	1,650,000	
			Total	\$ 96,418,315	\$ 49,778,205	\$ 7,780,000	\$ 138,416,520	\$ 4,820,000	

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 6 – LONG-TERM OBLIGATIONS, continued

Bonded Debt, continued

Election of 2002 General Obligation Bonds, Series A

During May 2002, the District issued the Election of 2002 General Obligation Bonds, Series A in the amount of \$29,999,445. The bonds issued consisted of \$21,680,000 of current interest serial bonds, \$7,885,000 of current interest term bonds and \$434,445 in capital appreciation bonds. The bonds mature beginning on August 1, 2003 through August 1, 2027, with interest yields ranging from 1.60 percent to 5.80 percent. At June 30, 2020, the principal balance outstanding (including accreted interest to date) was \$1,832,275.

Fiscal Year	Principal	Interest	Accreted Interest	Total
2021	\$ -	\$ -	\$ -	\$ -
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026-2027	434,445	-	2,660,555	3,095,000
Accretion	1,397,830	-	(1,397,830)	-
Total	\$ 1,832,275	\$ -	\$ 1,262,725	\$ 3,095,000

Election of 2002 General Obligation Bonds, Series B

During June 2005, the District issued the Election of 2002 General Obligation Bonds, Series B in the amount of \$36,998,634. The bonds issued consisted of \$27,210,000 of current interest serial bonds, \$8,420,000 of current interest term bonds and \$1,368,634 in capital appreciation bonds. The bonds mature beginning on August 1, 2006 through August 1, 2029, with interest yields ranging from 2.52 percent to 4.99 percent. At June 30, 2020, the principal balance outstanding (including accreted interest to date) was \$2,889,245.

Fiscal Year	Principal	Interest	Accreted Interest	Total
2021	\$ -	\$ -	\$ -	\$ -
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026-2030	-	-	-	-
2031-2034	1,368,634	-	3,106,366	4,475,000
Accretion	1,520,611	-	(1,520,611)	-
Total	\$ 2,889,245	\$ -	\$ 1,585,755	\$ 4,475,000

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 6 – LONG-TERM OBLIGATIONS, continued

Bonded Debt, continued

2012 General Obligation Refunding Bonds

Proceeds from the 2012 General Obligation Refunding Bonds of \$21,755,000, issued in January 2012, were used to advance refund a portion of the outstanding Election of 2002 General Obligation Bonds, Series A. Investments backed by the U.S. government were purchased and placed in an irrevocable trust with an escrow agent. The investments and fixed earnings on the investments are sufficient to fully provide for all future debt service on the refunded bonds, and accordingly the refunding transaction met the criteria for an in-substance defeasance. The liabilities related to the refunded bonds were removed from the District's financial statements for the fiscal year ended June 30, 2012.

The bonds issued consisted entirely of current interest serial bonds. The bonds mature beginning on August 1, 2013 through August 1, 2026, with interest yields ranging from 0.32 percent to 2.77 percent. At June 30, 2020, the principal balance outstanding was \$13,795,000.

Fiscal Year	Principal	Interest	Total
2021	\$ 1,575,000	\$ 517,187	\$ 2,092,187
2022	1,670,000	462,012	2,132,012
2023	1,810,000	388,062	2,198,062
2024	1,955,000	310,500	2,265,500
2025	2,105,000	229,300	2,334,300
2026-2027	4,680,000	190,400	4,870,400
Total	\$ 13,795,000	\$ 2,097,461	\$ 15,892,461

2015 General Obligation Refunding Bonds

Proceeds from the 2015 General Obligation Refunding Bonds, issued in January 2015, were used to advance refund a portion of the outstanding Election of 2002 General Obligation Bonds, Series B. Investments backed by the U.S. government were purchased and placed in an irrevocable trust with an escrow agent. The investments and fixed earnings on the investments are sufficient to fully provide for all future debt service on the refunded bonds, and accordingly the refunding transaction met the criteria for an in-substance defeasance. The liabilities related to the refunded bonds were removed from the District's financial statements for the fiscal year ended June 30, 2015. The bonds issued consisted entirely of current interest serial bonds. The bonds mature beginning on August 1, 2015 through August 1, 2027, with interest yields ranging from 1.49 percent to 2.16 percent. At June 30, 2020, the principal balance outstanding was \$21,210,000.

Fiscal Year	Principal	Interest	Total
2021	\$ 1,595,000	\$ 1,020,625	\$ 2,615,625
2022	1,855,000	934,375	2,789,375
2023	2,130,000	834,750	2,964,750
2024	2,435,000	720,625	3,155,625
2025	2,760,000	590,750	3,350,750
2026-2028	10,435,000	818,625	11,253,625
Total	\$ 21,210,000	\$ 4,919,750	\$ 26,129,750

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 6 – LONG-TERM OBLIGATIONS, continued

Bonded Debt, continued

Election of 2016 General Obligation Bonds, Series A

During April 2017, the District issued the Election of 2016 General Obligation Bonds, Series A in the amount of \$42,000,000. The bonds issued consisted entirely of current interest serial bonds. The bonds mature beginning on August 1, 2018 through August 1, 2046, with interest yields ranging from 0.92 percent to 3.90 percent. At June 30, 2020, the principal balance outstanding was \$33,390,000.

Fiscal Year	Principal	Interest	Total
2021	\$ -	\$ 1,578,225	\$ 1,578,225
2022	-	1,578,225	1,578,225
2023	-	1,578,225	1,578,225
2024	-	1,578,225	1,578,225
2025	160,000	1,578,225	1,738,225
2026-2030	1,955,000	7,697,375	9,652,375
2031-2035	4,360,000	7,083,575	11,443,575
2036-2040	7,705,000	5,883,825	13,588,825
2041-2045	12,485,000	3,658,212	16,143,212
2046-2047	6,725,000	537,076	7,262,076
Total	\$ 33,390,000	\$ 32,751,188	\$ 66,141,188

Bonded Debt, continued

2017 General Obligation Refunding Bonds proceeds, issued in December 2017, were used to advance refund the outstanding Election of 2002 General Obligation Bonds, Series C. Investments backed by the U.S. government were purchased and placed in an irrevocable trust with an escrow agent. The investments and fixed earnings on the investments are sufficient to fully provide for all future debt service on the refunded bonds, and accordingly the refunding transaction met the criteria for an in-substance defeasance. The liabilities related to the refunded bonds were removed from the District's financial statements for the fiscal year ended June 30, 2019. The bonds issued consisted entirely of current interest serial bonds. The bonds mature beginning on August 1, 2018 through August 1, 2031, with interest yields ranging from 2.08 percent to 2.28 percent. At June 30, 2020, the principal balance outstanding was \$15,800,000.

Fiscal Year	Principal	Interest	Total
2021	\$ -	\$ 779,050	\$ 779,050
2022	-	779,050	779,050
2023	-	779,050	779,050
2024	-	779,050	779,050
2025	-	779,050	779,050
2026-2030	7,350,000	3,716,250	11,066,250
2031	8,450,000	411,550	8,861,550
	\$ 15,800,000	\$ 8,023,050	\$ 23,823,050

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 6 – LONG-TERM OBLIGATIONS, continued

Election of 2016 General Obligation Bonds, Series B

In July 2019, the District issued the Measure J General Obligation Bonds, Series B in the amount of \$49,500,000. The bonds mature beginning on August 1, 2020 through August 1, 2048, with interest yields ranging from 1.11 percent to 3.28 percent.

The general long-term liabilities maturity schedules for the Measure J General Obligation Bonds Series B are as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 1,650,000	\$ 1,845,870	\$ 3,495,870
2022	2,400,000	1,699,219	4,099,219
2023	2,475,000	1,603,219	4,078,219
2024	300,000	1,504,219	1,804,219
2025	100,000	1,492,219	1,592,219
2026-2030	2,090,000	7,305,495	9,395,495
2031-2035	4,450,000	6,711,295	11,161,295
2036-2040	7,670,000	5,578,893	13,248,893
2041-2045	11,770,000	3,945,692	15,715,692
2046-2049	16,595,000	1,546,987	18,141,987
	<u>\$ 49,500,000</u>	<u>\$ 33,233,108</u>	<u>\$ 82,733,108</u>

Compensated Absences

Compensated absences refer to accumulated unpaid employee vacation benefits that are accrued as a liability as the benefits are earned. At June 30, 2020, the balance outstanding was \$4,141,814.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

In addition to the pension benefits described above, the District provides certain health care benefits for eligible employees, and their dependents, who have retired from service with the District. Classified employees hired before July 1, 1987, and management and academic employees hired before July 1, 1988, receive lifetime benefits. Classified employees hired after July 1, 1987, and management and academic employees hired after July 1, 1988, can receive retiree health benefits until age 65. To be eligible for benefits, the employees must have been employed by the District for at least 10 continuous years and be at least 55 years of age. Academic, classified, and management employees hired after July 1, 2018 can receive retiree health benefits until age 65 if they have been employed by the District for at least 15 years and be at least 55 years of age.

The District provides benefits through the Butte-Glenn Community College District Health Plan (the Plan), a single-employer defined benefit healthcare plan administered by the District. The Plan does not issue a publicly available report.

Funding Policy

The District’s agreement with employees is for monthly contributions for members who meet the eligibility criteria of their collective bargaining agreement and who retire during the term of the contract. The contribution requirements of plan members and the District are established and may be amended by the District’s Board of Trustees through the collective bargaining process. The members receiving benefit contributions vary depending on the level of coverage selected.

The following is a summary of the current employee retiree benefit plan:

	Faculty	Classified	Management
Benefit types provided	Medical only	Medical only	Medical only
Duration of Benefits	To age 65*	To age 65*	To age 65*
Required Service	10 years	10 years	10 years
Minimum Age	55	55	55
Dependent Coverage	Yes	Yes	Yes
College Contribution %	100%	100%	100%
College Cap	None	None	None

*Classified employees hired before July 1, 1987 and non-classified employees hired before July 1, 1988 receive lifetime benefits

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020 AND 2019**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Employees Covered by Benefit Term

The following is a table of plan participants as of the June 30, 2019 measurement date:

	Number of Participants
Inactive Employees Receiving Benefits	204
Participating Active Employees	526
	<u>730</u>

Contribution Information

The contribution requirements of plan members and the District 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 with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For fiscal year 2019-2020, the District made \$444,328 contributions to the Plan. The District had a net OPEB asset of \$4,582,059 as of June 30, 2020.

OPEB Plan InvestmentsButte

The plan discount rate of 7.0% was determined using the following asset allocation and assumed rate of return:

Asset Class	Percentage of Portfolio	Assumed Gross Return
U.S. Large Cap	43%	7.795%
U.S. Small Cap	23%	7.795%
Long-Term Corporate Bonds	12%	5.295%
Long-Term Government Bonds	6%	4.500%
Treasury Inflation Protected Securitie	5%	7.795%
U.S. Real Estate	8%	7.795%
All Commodities	3%	7.795%
Total	<u>100%</u>	

Rolling periods of time for all asset classes in combination we used to appropriately reflect correlation between asset classes. This means that the average returns for any asset class do not necessarily reflect the averages over time individually but reflect the return for the asset class for the portfolio average.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2019
Measurement date	June 30, 2019
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.75%
Investment rate of return	7.00%
Discount rate	7.00%
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)	Total Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance July 1, 2018	\$ 29,140,862	\$ 30,227,614	\$ (1,086,752)
Changes for the year:			
Service cost	923,917	-	923,917
Interest	1,993,887	-	1,993,887
Employer contributions	-	1,849,721	(1,849,721)
Actual Benefit Payments from Trust	(1,108,575)	(1,108,575)	-
Actual Benefit Payments from Employer	(1,009,450)	(1,009,450)	-
Experience gains/losses	(2,520,540)	-	(2,520,540)
Expected investment income	-	2,106,313	(2,106,313)
Investment gains/losses	-	(176,329)	176,329
Administrative expense	-	(6,549)	6,549
Expected benefit payments	(119,415)	-	(119,415)
Net change	(1,840,176)	1,655,131	(3,495,307)
Balance June 30, 2019	\$ 27,300,686	\$ 31,882,745	\$ (4,582,059)

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expense of \$(1,563,139). At June 30, 2020, the District reported \$585,392 deferred outflows of resources and reported \$2,228,042 of deferred inflows of resources related to investment gains and losses.

The deferred outflows/(inflows) of resources related to pensions will be recognized as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ (267,433)
2022	(267,433)
2023	(267,433)
2024	(228,730)
2025	(263,966)
Thereafter	<u>(791,983)</u>

Sensitivity of the net pension liability to assumptions

The following presents the net OPEB liability calculated using the discount rate of 7.0 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 (6.00 percent) and 1 percent higher (8.00):

	Discount Rate 1% Lower (6.00%)	Current Discount Rate (7.00%)	Discount Rate 1% Higher (8.00%)
Net OPEB liability	\$ (2,573,941)	\$ (4,582,059)	\$ (6,359,341)

The following table presents the net OPEB liability calculated using the health 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):

	Trend Rate 1% Lower (3.00%)	Current Trend Rate (4.00%)	Trend Rate 1% Higher (5.00%)
Net OPEB liability	\$ (6,352,676)	\$ (4,582,059)	\$ (2,652,017)

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 8 – NET PENSION LIABILITY

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are member of the California State Teachers’ Retirement System (CalSTRS), and Classified employees are members of the California Public Employees’ Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow 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	\$ 41,333,191	\$ 9,109,379	\$ 5,143,963	\$ 4,086,006
CalPERS	48,823,739	12,769,477	552,458	11,153,788
Total	\$ 90,156,930	\$ 21,878,856	\$ 5,696,421	\$ 15,239,794

Pension Plans – California Public Employees’ Retirement System (CalPERS)

General Information about the Pension Plan

Plan Description – Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees’ Retirement System (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 plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016 annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. This report and CalPERS audited financial information are publicly 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 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.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020 AND 2019**

NOTE 8 – NET PENSION LIABILITY, continued

Pension Plans – California Public Employees’ Retirement System (CalPERS), continued

General Information about the Pension Plan, continued

The CalPERS provisions and benefits in effect at June 30, 2020, 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%	6.500%
Required employer contribution rate	18.062%	18.062%

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 the 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 percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the total District contributions were \$4,935,194.

On-Behalf Payments - The District was the recipient of on-behalf payments made by the State of California to CalPERS for community college education. These payments consist of state general fund contributions of approximately \$-0- to CalPERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CalPERS

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$48,823,739. The net pension liability was measured as of June 30, 2018. 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 school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively was 0.168 percent and 0.159 percent, resulting in a net increase in the proportionate share of 0.009 percent.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 8 – NET PENSION LIABILITY, continued

Pension Plans – California Public Employees’ Retirement System (CalPERS), continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CalPERS, continued

For the year ended June 30, 2020, the District recognized a pension expense of \$11,153,788. At June 30, 2020, 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	\$ -	\$ 452,849
Differences between expected and actual experience	3,546,563	-
Changes in assumptions	2,324,162	-
Net changes in proportionate share of net pension liability	1,963,558	99,609
District contributions subsequent to the measurement date	4,935,194	-
Total	\$ 12,769,477	\$ 552,458

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
2021	\$ 4,622,697
2022	1,212,473
2023	880,273
2024	566,382
	\$ 7,281,825

Actuarial Assumptions – For the measurement period ended June 30, 2018 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2017 total pension liability. The June 30, 2017 and the June 30, 2018 total pension liabilities were based on the following actuarial methods and assumptions:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
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	2.50%
Wage growth	Varies by entry age and service

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 8 – NET PENSION LIABILITY, continued

Pension Plans – California Public Employees’ Retirement System (CalPERS), continued

Actuarial Assumptions, continued

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. 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 table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses:

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**	Real Return Years 11+***
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
	100%		

*In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

**An expected inflation of 2.0% used for this period

***An expected inflation of 2.92% used for this period

Discount Rate - The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS' website.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020 AND 2019**

NOTE 8 – NET PENSION LIABILITY, continued

Pension Plans – California Public Employees’ Retirement System (CalPERS), continued

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate -

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is in the following table:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Plan's net pension liability	\$ 70,376,209	\$ 48,823,739	\$ 30,944,475

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS CAFR at <https://www.calpers.ca.gov>.

Pension Plans – California State Teachers’ Retirement System (CalSTRS)

General Information about the Pension Plan

Plan Description – The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

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.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020 AND 2019**

NOTE 8 – NET PENSION LIABILITY, continued

Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued

Benefits Provided, continued

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. The STRP provision and benefits in effect as June 30, 2018 are summarized as follows:

	STRP Defined Benefit Plan	
	On or before December 31, 2012	On or after January 1, 2013
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	16.28%	16.28%
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 contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions 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, 2020, are presented above and the District's total contributions were \$2,007,603.

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 \$2,184,843 to CalSTRS.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 8 – NET PENSION LIABILITY, continued

Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CalSTRS

At June 30, 2020, 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:

Total net pension liability, including state share:

District's proportionate share of the net pension liability	\$ 41,333,191
State's proportionate share of the net pension liability associated with the District	<u>22,550,197</u>
Total	<u>\$ 63,883,388</u>

The net pension liability was measured as of June 30, 2018. 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 school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively, was 0.0460 percent and 0.0430 percent, resulting in a net increase in the proportionate share of 0.003 percent.

For the year ended June 30, 2020, the District recognized pension expense of \$4,086,006. At June 30, 2020, 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	\$ -	\$ 1,591,802
Differences between expected and actual experience	104,344	1,163,937
Changes in assumptions	5,227,156	-
Net changes in proportionate share of net pension liability	1,770,276	2,388,224
District contributions subsequent to the measurement date	2,007,603	-
Total	<u>\$ 9,109,379</u>	<u>\$ 5,143,963</u>

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 8 – NET PENSION LIABILITY, continued

Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CalSTRS, 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
2021	\$ (168,035)
2022	(545,366)
2023	1,175,499
2024	1,743,369
2025	(126,900)
Thereafter	(120,754)
	\$ 1,957,813

Actuarial Assumptions – The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Notes to schedule:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
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%

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020 AND 2019**

NOTE 8 – NET PENSION LIABILITY, continued

Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued

Actuarial Assumptions, continued

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's investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation is based on Teachers' Retirement Board of the California State Teachers' Retirement System (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%
Risk Mitigating 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 that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per Assembly Bill 1469. 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 occur midyear. Based on those 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 the total pension liability.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020 AND 2019**

NOTE 8 – NET PENSION LIABILITY, continued

Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate -

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.10% percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 61,548,543	\$ 41,333,191	\$ 24,570,814

Pension plan fiduciary net position - Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalSTRS CAFR at <http://www.calstrs.com/comprehensive-annual-financial-report>.

NOTE 9 – RISK MANAGEMENT

The District is a member of the Northern California Community Colleges Self-Insurance Authority (NCCCSIA), a joint powers authority (JPA), for the purpose of establishing, operating and maintaining programs for risk pooling, insurance, and risk management for liability, property and workers’ compensation. NCCCSIA self-insures its liability and property exposures through the Statewide Association of Community Colleges Joint Powers Authority (SWACC) and Schools Association for Excess Risk (SAFER) and its workers’ compensation exposures through the Protected Insurance Program for Schools and Community Colleges Joint Power Authority (PIPS).

The District participates in a health insurance benefits program organized by the Butte Schools Self-Funded Program (BSSP), a joint powers authority, created to provide self-insurance programs for school districts. BSSP limits health benefit costs by contracting with Self-Insured Schools of California (SISC), which is the largest school-focused purchasing pool in California.

The JPA’s are independently accountable for their fiscal matters, and as such, are not component units of the District for financial reporting purposes.

Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the programs. There has been no significant 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.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District as of June 30, 2020.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2020.

The District has filed a lawsuit against PG&E seeking to recover damages related to the November 2018 Camp Wildfires. The District is seeking compensation for costs incurred related to repair or replacement of damaged or destroyed property and loss of wages. Due to ongoing investigations and the utility company's bankruptcy filing, any recoverable amounts are unknown at this time.

NOTE 11 – RELATED PARTY TRANSACTIONS

As described in Note 1, the Foundation is a supporting organization of the District and the College; therefore, transactions between the Foundation and the District, District personnel, students at the College, and programs of the College, are expected. Per the Foundation's Bylaws, the College President is responsible for Foundation operations and District and College personnel serve in ex-officio and voting capacities on the Foundation's Board.

During the year ended June 30, 2020, the Foundation indirectly supported the District by providing grants to students of the College, paying programmatic expenditures, and/or reimbursing District personnel and departments for programmatic costs.

The Foundation was further supported by the involvement of College and District personnel in the Foundation's events and programs. The total amount of these contributions has not been segregated from the non-District affiliated contributions.

NOTE 12 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2020 through February 24, 2021, the date the financial statements were issued.

**REQUIRED SUPPLEMENTARY
INFORMATION**

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 923,917	\$ 899,189	\$ 804,135
Interest	1,993,887	1,951,138	1,937,161
Actual Benefit Payments from Employer	(1,009,450)	-	-
Actual Benefit Payments from Trust	(1,108,575)	-	-
Experience gains/losses	(2,520,540)	-	-
Benefit payments	(119,415)	(2,266,528)	(2,933,900)
Net change in total OPEB liability	(1,840,176)	583,799	(192,604)
Total OPEB liability, beginning of year	29,140,862	28,557,063	28,749,667
Total OPEB liability, end of year (a)	<u>\$ 27,300,686</u>	<u>\$ 29,140,862</u>	<u>\$ 28,557,063</u>
Plan fiduciary net position			
Employer contributions	\$ 1,849,721	\$ 5,043,731	\$ 7,199,445
Investment income	2,106,313	1,875,574	2,211,375
Investment gains/losses	(176,329)	193,513	-
Administrative expense	(6,549)	(47,966)	(11,393)
Expected benefit payments	-	(2,266,528)	(2,933,900)
Change in plan fiduciary net position	3,773,156	4,798,324	6,465,527
Fiduciary trust net position, beginning of year	30,227,614	25,429,290	18,963,763
Fiduciary trust net position, end of year (b)	<u>\$ 34,000,770</u>	<u>\$ 30,227,614</u>	<u>\$ 25,429,290</u>
Net OPEB liability (asset), ending (a) - (b)	\$ (6,700,084)	\$ (1,086,752)	\$ 3,127,773
Covered payroll	\$40,321,536	\$ 37,318,424	\$ 34,377,883
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	125%	104%	89%
Net OPEB liability (asset) as a percentage of covered payroll	-17%	-3%	9%

Note: In the future, as data becomes available, ten years of information will be presented.

See accompanying note to the required supplementary information.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS - OPEB
FOR THE YEAR ENDED JUNE 30, 2020**

	2020		2019		2018
Actuarially determined contribution	\$ 2,154,276	\$	2,237,440	\$	2,266,528
Contributions in relations to the actuarially determined contribution	444,328		3,092,035		5,198,262
Contribution deficiency (excess)	<u>\$ 1,709,948</u>	\$	<u>(854,595)</u>	\$	<u>(2,931,734)</u>
Covered-employee payroll	\$ 40,321,536	\$	37,318,424	\$	34,377,883
Contribution as a percentage of covered-employee payroll	1%		8%		15%

See accompanying note to the required supplementary information.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2020**

CaISTRS	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.046%	0.043%	0.043%	0.044%	0.049%	0.046%
District's proportionate share of the net pension liability	\$ 41,333,191	\$ 39,502,758	\$ 39,558,965	\$ 35,933,488	\$ 32,726,520	\$ 26,907,952
State's proportionate share of the net pension liability associated with the District	22,550,197	22,618,264	23,402,940	20,459,305	17,308,674	16,478,960
Total	<u>\$ 63,883,388</u>	<u>\$ 62,121,022</u>	<u>\$ 62,961,905</u>	<u>\$ 56,392,793</u>	<u>\$ 50,035,194</u>	<u>\$ 43,386,912</u>
District's covered - employee payroll	\$ 11,073,376	\$ 24,129,091	\$ 23,214,359	\$ 22,783,029	\$ 26,985,380	\$ 32,097,000
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	171%	164%	170%	158%	121%	84%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
CaIPERS	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.168%	0.159%	0.153%	0.147%	0.151%	0.156%
District's proportionate share of the net pension liability	\$ 48,823,739	\$ 42,435,448	\$ 36,527,650	\$ 29,065,674	\$ 22,328,567	\$ 17,456,784
District's covered - employee payroll	\$ 25,025,070	\$ 23,536,375	\$ 23,781,224	\$ 19,821,037	\$ 18,052,908	\$ 12,723,907
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	207%	180%	154%	147%	124%	137%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%

Note: In the future, as data becomes available, ten years of information will be presented.

See accompanying note to the required supplementary information.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS - PENSIONS
FOR THE YEAR ENDED JUNE 30, 2020**

CaSTRS	Reporting Fiscal Year					
	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 2,007,603	\$ 3,928,216	\$ 3,349,832	\$ 2,866,105	\$ 2,417,462	\$ 1,995,120
District's contributions in relation to the statutorily required contribution	2,007,603	3,928,216	3,349,832	2,866,105	2,417,462	1,995,120
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 11,073,376	\$ 24,129,091	\$ 23,214,359	\$ 22,783,029	\$ 22,529,935	\$ 12,723,907
District's contributions as a percentage of covered-employee payroll	18.13%	16.28%	14.43%	12.58%	10.73%	15.68%

CaIPERS	Reporting Fiscal Year					
	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 4,935,194	\$ 4,251,140	\$ 3,303,212	\$ 2,753,142	\$ 2,138,728	\$ 1,817,802
District's contributions in relation to the statutorily required contribution	4,935,194	4,251,140	3,303,212	2,753,142	2,138,728	1,817,802
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 25,025,070	\$ 23,536,375	\$ 23,781,224	\$ 19,821,037	\$ 18,052,908	\$ 15,756,972
District's contributions as a percentage of covered-employee payroll	19.72%	18.06%	13.89%	13.89%	11.85%	11.54%

Note: In the future, as data becomes available, ten years of information will be presented.

See accompanying note to the required supplementary information.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Changes in the Net OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the net OPEB asset, including beginning and ending balances, the plan's fiduciary net position, and the net OPEB asset. In the future, as data becomes available, ten years of information will be presented. There were no changes in benefit terms or assumptions in the current year.

Schedule of Contributions – OPEB

This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

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 position 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 – Pensions

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.

**SUPPLEMENTARY
INFORMATION**

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
DISTRICT ORGANIZATIONAL STRUCTURE
JUNE 30, 2020

The Butte-Glenn Community College District (the District) is a political subdivision of the State of California and is 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 Oroville, California, a state approved center located in Chico, California, and satellite campuses throughout the bi-county area.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Mr. John Blacklock	President	2022
Mr. John Dahlmeier	Vice President	2020
Ms. Julie Boss	Clerk	2022
Mr. Michael Boeger	Member	2022
Mr. William G. McGinnis	Member	2020
Mr. Rick Krepelka	Member	2020
Mr. Eugene Massa	Member	2020
Mr. Jimmy Vega	Student Member - (Non voting)	2020

DISTRICT ADMINISTRATION

Dr. Samia Yaqub
Superintendent/President

Mr. Andrew Suleski
Vice President, Administration/CBO

Mrs. Virginia Guleff
Vice President, Instruction

Mr. Allen Renville
Vice President, Student Services

Mr. Gregory Stoup
Vice President, Planning, Institutional Effectiveness

Mr. Jim Nicholas
Director, Business Services

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
U.S. Department of Education			
Direct			
Student Financial Assistance Cluster			
Federal Work Study Program	84.033	N/A	\$ 349,472
Federal Direct Student Loans	84.268	N/A	3,938,922
Federal Pell Grant Program	84.063	N/A	17,198,399
Total Student Financial Assistance Cluster			<u>21,486,793</u>
Adult Education	84.002	N/A	31,523
Supplemental Education Opportunity Grants	84.007	N/A	244,375
Childcare Access Means Parents in School	84.335A	N/A	167,360
Emergency Assistance to Institutions of Higher Education Program	84.938T	N/A	829,508
Coronavirus Aid, Relief, and Economic Security Act (Minority Serving Institutions)	84.425L	P425L200420	32,964
Coronavirus Aid, Relief, and Economic Security Act (Student Portion)	84.425E	P425E202461	1,080,230
Passed Through California Department of Education			
Vocational Education - Basic Grants to States	84.048	17-150-001	370,000
Vocational Education - Basic Grants to States - Title I-C	84.048	17-C01-004	488,218
Career and Technical Education - Basic Grants to States	84.048	17-112-004	46,195
Total U.S. Department of Education			<u>24,777,166</u>
U.S. Department of Agriculture			
Passed Through Butte County Office of Education			
CalFresh	10.561	N/A	79,624
Forest Reserve	10.665	N/A	23,581
Child Nutrition Program	10.558	N/A	10,600
Total U.S. Department of Agriculture			<u>113,805</u>
Corporation for National and Community Service			
Passed Through California Community Colleges Chancellor's Office			
AmeriCorps	94.006	N/A	46,898
U.S. Department of the Interior			
Passed Through Bureau of Indian Affairs			
Bureau of Indian Affairs	15.124	N/A	25,374
Total U.S. Department of the Interior			<u>25,374</u>
U.S. Department of Commerce			
Passed Through California Manufacturing Technology Consulting			
National Institute of Standards and Technology	11.611	N/A	96,737
Total U.S. Department of Commerce			<u>96,737</u>
Small-Business Administration			
Passed Through CSU, Chico Research Foundation			
Small Business Development - 2019	59.037	F-0241	127,194
Small Business Development - 2020	59.037	F-0422	82,965
SBA	59.037	N/A	20,266
Total Small-Business Administration			<u>230,425</u>
U.S. Department of Veterans Affairs			
Veterans Education	64.117	N/A	9
Total U.S. Department of Veterans Affairs			<u>9</u>
U.S. Department of Health and Human Services			
Passed Through California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families	93.558	N/A	31,374
Passed Through Chancellor's Office			
Foster Care Title IV-E	93.658	N/A	121,912
Passed Through Foundation for California Community Colleges			
Chafee Foster Care Independence Program	93.674	N/A	22,500
Total U.S. Department of Health and Human Services			<u>175,786</u>
U.S. Environmental Protection Agency			
Office of Research and Development			
National Student Design Competition for Sustainability	66.516	N/A	25,750
Total U.S. Environmental Protection Agency			<u>25,750</u>
U.S. Department of Transportation			
Dwight D. Eisenhower Transportation Fellowship Program	20.215	N/A	4,558
Total U.S. Department of Transportation			<u>4,558</u>
Total Federal Programs			<u>\$ 25,496,508</u>

See accompanying note to the supplementary information.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Program Title	Total Entitlement	Prior balance	Cash Received	Program Revenues			Total Program Expenditures
				Accounts Receivable	Grantor Advances	Total Revenue	
Basic Skills	\$ 171,990	\$ 71,219	\$ 71,219	\$ -	\$ -	\$ -	\$ -
Cal Works	380,229	9,157	361,607	9,157	-	361,607	361,607
Extended Opportunity Programs and Services	1,391,528	-	1,401,965	-	101,235	1,300,730	1,300,730
Cooperative Agencies Resources for Education	1,089,185	(5,091)	1,135,381	-	238,062	902,410	902,410
Disabled Students Programs and Services	750,634	-	750,634	-	151,007	599,627	599,627
Student Equity	7,048,136	(2,785,872)	4,262,264	-	3,042,858	4,005,278	4,005,278
Board Financial Assistance Programt	447,468	(15,794)	431,674	-	-	447,468	447,468
Online Ed Initiative	-	1,259	-	1,259	-	-	-
Ed Futures	20,306	764,358	664,748	119,916	-	20,306	20,306
Temporary Assistance for Needy Families	33,669	-	16,314	15,059	-	31,373	31,373
TTIP/CENIC	6,218,286	(6,218,285)	-	-	1,096,622	5,121,663	5,121,663
Telecommunications	13,000,000	-	13,000,000	-	2,763,707	10,236,293	10,236,293
Technology Center	1,635,469	1,974,330	1,974,465	-	135	-	-
E.P.P	-	1,470,692	1,470,971	-	279	-	-
Restricted Lottery	812,927	-	812,927	-	-	812,927	812,927
Student Success Completion	2,039,216	-	2,039,216	-	-	2,039,216	2,039,216
Strongwork Force	58,059,845	(22,205,935)	35,949,911	-	40,193,550	17,962,296	17,962,296
Child Development Center	11,678	1,399	12,928	149	-	11,678	11,678
Adult Education Block Grant	2,367,065	(119,824)	2,238,205	-	80,002	2,278,027	2,278,027
DSN	886,254	(16,219)	720,000	-	88,994	647,225	647,225
Core Applications Program	10,500,724	(597,001)	3,687,391	5,372,918	-	9,657,310	9,657,310
Data Services Program	3,056,219	1,118,529	2,198,000	1,796,676	-	2,876,147	2,876,147
Shared Infrastructure	13,425,552	(2,305,099)	4,280,000	3,827,765	-	10,412,864	10,412,864
All other State Programs	12,892,028	(781,279)	12,178,628	422,245	3,734,445	9,647,707	9,647,707
Total State District Funding	\$ 136,238,408	\$ (29,639,456)	\$ 89,658,448	\$ 11,565,144	\$ 51,490,896	\$ 79,372,152	\$ 79,372,152

See accompanying note to the supplementary information.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT -
ANNUAL/ACTUAL ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2020**

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2019 only)			
1. Noncredit	9.83	-	9.83
2. Credit	177.75	-	177.75
B. Summer Intersession (Summer 2020 - Prior to July 1, 2020)			
1. Noncredit	6.35	-	6.35
2. Credit	330.07	-	330.07
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	5,110.62	-	5,110.62
(b) Daily Census Contact Hours	375.99	-	375.99
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	567.76	-	567.76
(b) Credit	546.83	-	546.83
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	880.50	-	880.50
(b) Daily Census Contact Hours	105.69	-	105.69
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	8,111.39	-	8,111.39
Supplemental Information (subset of above information)			
E. In-service Training Courses	307.35	-	307.35
F. Basic Skills Courses and Immigrant Education			
1. Credit	2.32	-	2.32
2. Noncredit	56.74	-	56.74
Total Basic Skills FTES	59.06	-	59.06

See accompanying note to the supplementary information.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2020.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF THE ECS 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2020**

	Object/ TOP Codes	Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	14,676,236	-	14,676,236	14,676,236	-	14,676,236
Other	1300	8,096,733	-	8,096,733	8,160,219	-	8,160,219
Total Instructional Salaries		22,772,969	-	22,772,969	22,836,455	-	22,836,455
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	5,048,243	-	5,048,243
Other	1400	-	-	-	821,989	-	821,989
Total Non-Instructional Salaries		-	-	-	5,870,232	-	5,870,232
Total Academic Salaries		22,772,969	-	22,772,969	28,706,687	-	28,706,687
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	12,563,180	-	12,563,180
Other	2300	-	-	-	829,760	-	829,760
Total Non-Instructional Salaries		-	-	-	13,392,940	-	13,392,940
Instructional Aides							
Regular Status	2200	1,137,824	-	1,137,824	1,137,824	-	1,137,824
Other	2400	515,570	-	515,570	516,487	-	516,487
Total Instructional Aides		1,653,394	-	1,653,394	1,654,311	-	1,654,311
Total Classified Salaries		1,653,394	-	1,653,394	15,047,251	-	15,047,251
Employee Benefits	3000	11,597,594	-	11,597,594	19,433,479	-	19,433,479
Supplies and Materials	4000	-	-	-	752,281	-	752,281
Other Operating Expenses	5000	535,800	-	535,800	3,333,417	-	3,333,417
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		36,559,757	-	36,559,757	67,273,115	-	67,273,115
<u>Exclusions</u>							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	1,060,079	-	1,060,079	1,060,079	-	1,060,079
Std. Health Svcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	939,122	-	939,122
Object to Exclude							
Rents and Leases	5060	-	-	-	567,661	-	567,661
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	398	-	398
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	398	-	398
Other Operating Expenses and Services	5000	-	-	-	1,605,153	-	1,605,153
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	203,928	-	203,928
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	203,928	-	203,928
Total Capital Outlay		-	-	-	203,928	-	203,928
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ 1,060,079	\$ -	\$ 1,060,079	\$ 4,376,341	\$ -	\$ 4,376,341
Total for ECS 84362, 50% Law		\$ 35,499,678	\$ -	\$ 35,499,678	\$ 62,896,774	\$ -	\$ 62,896,774
Percent of CEE (Instructional Salary Cost/Total CEE)		56.44%	0.00%	56.44%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 31,448,387	\$ -	\$ 31,448,387

See accompanying note to the supplementary information.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 DETAILS OF THE EDUCATION PROTECTION ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2020**

EPA Revenue	5,385,977
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	5,385,977	-	-	5,385,977
Total		5,385,977	-	-	5,385,977

See accompanying note to the supplementary information.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2020**

June 30, 2020	General Fund	Bond Interest and Redemption Fund	Child Development Fund	Other Special Revenue Fund	Capital Outlay Projects Fund	Bond Construction Fund	Balance Forward
ASSETS							
Cash and equivalents	\$ 73,128,147	\$ 20,360,494	\$ 285,231	\$ 4,939,436	\$ 4,482,013	\$ 46,677,858	\$ 149,873,179
Accounts receivable, net	26,005,024	72,969	58,018	18,199	10,720	181,766	26,346,696
Inventory	-	-	-	-	-	-	-
Prepaid assets	2,220,231	-	-	-	-	-	2,220,231
Due from other funds	272,966	-	-	-	-	-	272,966
Total Assets	\$ 101,626,368	\$ 20,433,463	\$ 343,249	\$ 4,957,635	\$ 4,492,733	\$ 46,859,624	\$ 178,713,072
LIABILITIES							
Accounts payable	\$ 7,872,849	\$ -	\$ -	\$ -	\$ 12,268	\$ 74,417	\$ 7,959,534
Deferred revenue	61,232,902	-	-	-	-	-	61,232,902
Compensated absences	4,141,814	-	-	-	-	-	4,141,814
Due to other funds	1,503,160	-	-	992,255	-	-	2,495,415
Total Liabilities	74,750,725	-	-	992,255	12,268	74,417	75,829,665
FUND EQUITY							
Retained earnings	-	-	-	-	-	-	-
Fund balance:							
Restricted	-	20,433,463	-	-	-	46,785,207	67,218,670
Committed	-	-	-	-	4,480,465	-	4,480,465
Assigned	-	-	-	-	-	-	-
Uncommitted	26,875,643	-	343,249	3,965,380	-	-	31,184,272
Total Fund Equity	26,875,643	20,433,463	343,249	3,965,380	4,480,465	46,785,207	102,883,407
Total Liabilities and Fund Equity	\$ 101,626,368	\$ 20,433,463	\$ 343,249	\$ 4,957,635	\$ 4,492,733	\$ 46,859,624	\$ 178,713,072

See accompanying note to the supplementary information.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2020**

June 30, 2020	Balance Brought Forward	Farm Operations Fund	Bookstore Fund	Cafeteria Fund	Self Insurance Fund	Retiree Benefit Fund	Financial Aid Fund	Total
ASSETS								
Cash and equivalents	\$ 149,873,179	\$ 32,117	\$ 70,564	\$ 74,189	\$ 3,760,578	\$ 1,031,504	\$ 615,444	\$ 155,457,575
Accounts receivable, net	26,346,696	(114)	137,931	19,617	367,461	3,941	78,554	26,954,086
Inventory	-	-	123,825	29,323	-	-	-	153,148
Prepaid assets	2,220,231	-	892	-	-	-	9,436	2,230,559
Due from other funds	272,966	-	-	-	992,255	1,500,000	455	2,765,676
Total Assets	\$ 178,713,072	\$ 32,003	\$ 333,212	\$ 123,129	\$ 5,120,294	\$ 2,535,445	\$ 703,889	\$ 187,561,044
LIABILITIES								
Accounts payable	\$ 7,959,534	\$ 2	\$ 48,492	\$ 8,087	\$ -	\$ -	\$ 101,870	\$ 8,117,985
Deferred revenue	61,232,902	-	103,881	90,835	-	-	549,270	61,976,888
Long-term obligations	4,141,814	-	-	-	-	-	-	4,141,814
Due to other funds	2,495,415	-	180,838	24,207	-	-	52,748	2,753,208
Total Liabilities	75,829,665	2	333,211	123,129	-	-	703,888	76,989,895
FUND EQUITY								
Retained earnings	-	32,001	1	-	-	2,535,445	1	2,567,448
Fund balance:								
Restricted	67,218,670	-	-	-	-	-	-	67,218,670
Committed	4,480,465	-	-	-	-	-	-	4,480,465
Assigned	-	-	-	-	5,120,294	-	-	5,120,294
Uncommitted	31,184,272	-	-	-	-	-	-	31,184,272
Total Fund Equity	102,883,407	32,001	1	-	5,120,294	2,535,445	1	110,571,149
Total Liabilities and Fund Equity	\$ 178,713,072	\$ 32,003	\$ 333,212	\$ 123,129	\$ 5,120,294	\$ 2,535,445	\$ 703,889	\$ 187,561,044

See accompanying note to the supplementary information.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

June 30, 2020	General Fund	Bond Interest and Redemption Fund	Child Development Fund	Other Special Revenue Fund	Capital Outlay Projects Fund	Bond Construction Fund	Balance Forward
REVENUES							
Federal	\$ 2,908,977	\$ -	\$ 10,600	\$ -	\$ -	\$ -	\$ 2,919,577
State	133,383,708	145,179	151,814	-	-	-	133,680,701
Local	25,947,668	8,602,079	162,190	1,371,758	52,774	50,440,209	86,576,678
Cost of sales	-	-	-	-	-	-	-
Total Revenues	162,240,353	8,747,258	324,604	1,371,758	52,774	50,440,209	223,176,956
EXPENDITURES							
Academic salaries	33,425,580	-	-	-	-	-	33,425,580
Classified salaries	27,379,376	-	185,106	-	-	-	27,564,482
Employee benefits	26,446,978	-	123,264	-	-	-	26,570,242
Supplies and materials	1,892,521	-	9,651	-	15,549	-	1,917,721
Other operating expenses	58,981,022	-	13,110	-	225,290	34,302	59,253,724
Capital outlay	2,684,052	-	-	-	3,340,877	16,254,160	22,279,089
Total Expenditures	150,809,529	-	331,131	-	3,581,716	16,288,462	171,010,838
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES							
	11,430,824	8,747,258	(6,527)	1,371,758	(3,528,942)	34,151,747	52,166,118
OTHER FINANCING SOURCES							
	2,935,578	-	-	-	2,652,015	-	5,587,593
OTHER OUTGO							
	(11,521,026)	(11,904,254)	-	-	-	-	(23,425,280)
NET CHANGE IN FUND BALANCE							
	2,845,376	(3,156,996)	(6,527)	1,371,758	(876,927)	34,151,747	34,328,431
BEGINNING FUND BALANCE							
	24,030,267	23,590,459	349,776	2,593,622	5,357,392	12,633,460	68,554,976
ENDING FUND BALANCE							
	\$ 26,875,643	\$ 20,433,463	\$ 343,249	\$ 3,965,380	\$ 4,480,465	\$ 46,785,207	\$ 102,883,407

See accompanying note to the supplementary information.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY
FOR THE YEAR ENDED JUNE 30, 2020**

June 30, 2020	Balance Brought Forward	Farm Operations Fund	Bookstore Fund	Cafeteria Fund	Self Insurance Fund	Retiree Benefit Fund	Financial Aid Fund	Total
REVENUES								
Federal	\$ 2,919,577	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,576,950	\$ 25,496,527
State	133,680,701	-	-	-	-	-	5,693,928	139,374,629
Local	86,576,678	14,048	535,678	1,175,874	848,420	16,264	236,957	89,403,919
Cost of sales	-	-	(1,752,365)	(870,473)	-	-	-	(2,622,838)
Total Revenues	223,176,956	14,048	(1,216,687)	305,401	848,420	16,264	28,507,835	251,652,237
EXPENDITURES								
Academic salaries	33,425,580	-	-	-	-	-	-	33,425,580
Classified salaries	27,564,482	7,566	488,643	434,122	-	-	-	28,494,813
Employee benefits	26,570,242	199	232,178	194,713	-	-	-	26,997,332
Supplies and materials	1,917,721	4,745	(1,466,201)	(288,855)	-	-	-	167,410
Other operating expenses	59,253,724	671	36,433	94,847	49,308	-	-	59,434,983
Capital outlay	22,279,089	-	325	13,445	80,076	-	-	22,372,935
Total Expenditures	171,010,838	13,181	(708,622)	448,272	129,384	-	-	170,893,053
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES								
	52,166,118	867	(508,065)	(142,871)	719,036	16,264	28,507,835	80,759,184
OTHER FINANCING SOURCES								
	5,587,593	-	422,601	134,093	-	-	-	6,144,287
OTHER OUTGO								
	(23,425,280)	-	-	-	-	-	(28,507,833)	(51,933,113)
NET CHANGE IN FUND BALANCE								
	34,328,431	867	(85,464)	(8,778)	719,036	16,264	2	34,970,358
BEGINNING FUND BALANCE								
	68,554,976	31,134	85,465	8,778	4,401,258	2,519,181	(1)	75,600,791
ENDING FUND BALANCE								
	\$ 102,883,407	\$ 32,001	\$ 1	\$ -	\$ 5,120,294	\$ 2,535,445	\$ 1	\$ 110,571,149

See accompanying note to the supplementary information.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF FUND EQUITY TO NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

Total Fund Equity - District Funds Included in the Reporting Entity		\$ 110,571,149
Assets recorded within the statements of net position not included in the District fund financial statements:		
Nondepreciable capital assets	\$ 45,752,632	
Depreciable capital assets	271,669,867	
Accumulated depreciation	<u>(83,333,539)</u>	234,088,960
Net OPEB Asset		4,582,059
Deferred outflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred loss on refunding		1,611,103
Deferred inflows related to OPEB		585,392
Deferred inflows related to pensions		21,878,856
Liabilities recorded within the statements of net position not recorded in the District fund financial statements:		
Net pension liability		(90,156,930)
Long-term debt		(157,861,901)
Unmatured Interest		(2,584,302)
Deferred inflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred inflows related to OPEB		(2,228,042)
Deferred inflows related to pensions		<u>(5,696,421)</u>
Net Position Reported Within the Statements of Net Position		<u>\$ 114,789,923</u>

See accompanying note to the supplementary information.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF CHANGE IN FUND EQUITY TO CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

Change in Fund Equity - District Funds Included in the Reporting Entity	\$ 34,970,358
Depreciation expense	(5,977,764)
Accretion of general obligation bonds	(278,205)
Amortization of bond premiums	1,154,489
Interest expense from deferred loss on refunding	(161,110)
Capital outlay expense	18,916,596
Pension related activity	(8,296,997)
Other postemployment benefits	2,007,467
Proceeds from Long-Term Debt	(51,501,868)
Principal Payments on debt	8,776,009
Loss on disposal of fixed assets	145,690
Change in Net Position Reported Within the Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ (245,335)</u>

See accompanying note to the supplementary information.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 – PURPOSE OF SCHEDULES

A. District Organizational Structure

This schedule provides information about the District's boundaries and schools operated members of the governing board, and members of the administration.

B. Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

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

C. Schedule of Revenues and Expenditures of State Awards

The accompanying schedule of expenditures of state awards includes the state grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

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

Full-Time Equivalent Students (FTES) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to community college districts. This schedule provides information regarding the attendance of students throughout the District.

E. 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 fund financial statements.

F. Reconciliation of the ECS 84362 (50 Percent Law) Calculation

This schedule reports any audit adjustments made to the reported data to ensure that a minimum of 50 percent of the District's current expense of education is expended for salaries of classroom instructors.

G. Details of the Education Protection Account

This schedule reports the District revenue and expenditure classification of the Proposition 30 Education Protection Account funds.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 – PURPOSE OF SCHEDULES, continued

H. Combining Balance Sheet

This schedule provides a balance sheet detail of all District funds included in the government-wide financial reporting entity.

I. Combining Statement of Revenues, Expenditures and Changes in Fund Equity

This schedule provides revenues, expenditures, and changes in fund equity detail for all District funds included in the government-wide financial reporting entity.

J. Reconciliation of Fund Equity to Net Position

This schedule provides a reconciliation of the adjustments necessary to bring the District's internal fund financial statements, prepared on a modified accrual basis, to the entity-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

K. Reconciliation of Change in Fund Equity to Change in Net Position

This schedule provides a reconciliation of the adjustments necessary to bring the District's internal fund financial statements, prepared on a modified accrual basis, to the entity-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

**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

The Board of Trustees
Butte-Glenn Community College District
Oroville, 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 the Butte-Glenn Community College District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Butte-Glenn Community College District's basic financial statements, and have issued our report thereon dated February 24, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Butte-Glenn Community College 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 Butte-Glenn Community College District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Butte-Glenn Community College District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Butte-Glenn Community College District's financial statements are free of 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
February 24, 2021



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
Butte-Glenn Community College District
Oroville, California

Compliance

We have audited Butte-Glenn Community College District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Butte-Glenn Community College District's major federal programs for the year ended June 30, 2020. Butte-Glenn Community College District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Butte-Glenn Community College 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (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 Butte-Glenn Community College 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 Butte-Glenn Community College District's compliance.

Opinion on Each Major Federal Program

In our opinion, Butte-Glenn Community College 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, 2020.

Report on Internal Control Over Compliance

Management of Butte-Glenn Community College 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 Butte-Glenn Community College District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the 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 Butte-Glenn Community College District's internal control over compliance.

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

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

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

CWDL, Certified Public Accountants

San Diego, California
February 24, 2021



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

The Board of Trustees
Butte-Glenn Community College District
Oroville, California

Report on State Compliance

We have audited Butte-Glenn Community College District's compliance with the types of compliance requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2019-20*, issued by the California Community Colleges Chancellor's Office for the year ended June 30, 2020.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on Butte-Glenn Community College District's compliance with the 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 *California Community Colleges Contracted District Audit Manual (CDAM) 2019-20*, issued by the California Community Colleges Chancellor's Office. Those standards 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 the state programs noted below. An audit includes examining, on a test basis, evidence about Butte-Glenn Community College 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 with the requirements referred to above. However, our audit does not provide a legal determination of Butte-Glenn Community College District's compliance with those requirements.

Opinion on State Compliance

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2020.

Procedures Performed

In connection with the audit referred to above, we selected and tested transactions and records to determine Butte-
Glenn Community College District's compliance with the state laws and regulations applicable to the following items:

- Section 411 – SCFF Data Management Control Environment
- Section 421 – Salaries of Classroom Instructors (50 Percent Law)
- Section 423 – Apportionment for Activities Funded From Other Sources
- 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 430 – Scheduled Maintenance Program
- Section 431 – Gann Limit Calculation
- Section 435 – Open Enrollment
- Section 439 – Proposition 39 Clean Energy
- 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 – Proposition 55 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) 2019-2020*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
February 24, 2021

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Section I – Summary of Auditors’ Results

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
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	<u>No</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program of Cluster</u>
<u>84.007, 84.268, 84.033 84.063</u>	<u>Student Financial Aid Cluster</u>
<u>84.425</u>	<u>Cares Act</u>
<u>84.048</u>	<u>Vocational Education</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 764,895</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None Noted</u>

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

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 2019-20.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Section III – Federal Award Findings and Questioned Costs

This section identifies the audit findings required to be reported by Uniform Guidance.

There were no federal award findings or questioned costs identified during 2019-20.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

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 2019-20.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

There were no findings or questioned costs identified during 2018-19.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
COMMUNITY COLLEGE DISTRICT**

**MEASURE J GENERAL OBLIGATION BONDS
FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MEASURE J GENERAL OBLIGATION BONDS
CITIZENS' BOND OVERSIGHT COMMITTEE MEMBERS
June 30, 2020

The Board of Trustees of the Butte-Glenn Community College District established the Citizens' Bond Oversight Committee. The Committee shall perform the following duties: (1) inform the public concerning the District's expenditure of bond proceeds, (2) review expenditure reports produced by the District to ensure that (a) bond proceeds were expended only for the purposes set forth in the Measure; and (b) no bond proceeds were used for any teacher or administrative salaries or other operating expenses and (3) present to the Board, in public session, an annual written report which shall include the following: a statement indicating whether the District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution; and a summary of the Committee's proceedings and activities for the preceding year.

The Citizens' Bond Oversight Committee for Measure J for the fiscal year ended June 30, 2020 was composed of the following members:

Members	Position	Representing
Trish Dunlap	Chairperson	Support Organization
John Nock	Vice-Chairperson	Member at Large
Mike Boss	Member	Business Community
Gilbert Houston	Member	Taxpayer's Association
Orval Hughes	Member	Senior Citizen's Organization
Tom Lando	Member	Member at Large
Vacant*	Member	Student active in a Community College

*The District is actively soliciting to fill the noted vacancy.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MEASURE J GENERAL OBLIGATION BONDS
TABLE OF CONTENTS
June 30, 2020**

	<u>Page</u>
Independent Auditors' Report.....	1

FINANCIAL SECTION

Balance Sheet.....	3
Statement of Revenues, Expenditures and Changes in Fund Balance.....	4
Notes to Financial Statements.....	5

SUPPLEMENTARY INFORMATION SECTION

Bond Program – Purpose of Bond Issuance (Unaudited).....	10
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OTHER 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 <i>Government Auditing Standards</i>	12
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FINDINGS AND RESPONSES SECTION

Schedule of Findings and Responses	14
Summary Schedule of Prior Audit Findings	15

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Butte-Glenn Community College District
Oroville, California

Report on the Financial Statements

We have audited the accompanying financial statements of Butte-Glenn Community College District (the "District") Measure J General Obligation Bonds activity included in the Measure J General Obligation Bond Funds (the "Measure J Bond Funds") of the District as of and for the year ended June 30, 2020, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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.

Auditor's Responsibility

Our responsibility is to express an opinion 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 auditor's 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 entity'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 entity'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure J Bond Funds of Butte-Glenn Community College District, as of June 30, 2020, and the changes in financial position 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, the financial statements present only the District's Measure J Bond Funds and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2020, and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Butte-Glenn Community College District's Measure J General Obligation Bond Funds. The Purpose of Bond Issuance on pages 10 and 11 of this report and the Citizen's Bond Oversight Committee Members are presented for purposes of additional analysis and are not a required part of the financial statements. The information has not been subjected to the auditing procedures applied in the audit of the 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 February 10, 2021 on our consideration of the District's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and other matters for the Measure J Bond Funds. 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 internal control over financial reporting or on compliance for the Bond Funds. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Butte-Glenn Community College District's internal control over financial reporting and compliance for the Bond Funds.

San Diego, California
February 10, 2021

FINANCIAL SECTION

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MEASURE J GENERAL OBLIGATION BONDS
Balance Sheet
June 30, 2020**

ASSETS	
Cash and cash equivalents	\$ 46,677,858
Receivables	<u>181,766</u>
Total Assets	<u>\$ 46,859,624</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	<u>\$ 74,417</u>
Total Liabilities	<u>74,417</u>
Fund Balance	
Restricted for capital projects	<u>46,785,207</u>
Total Liabilities and Fund Balance	<u>\$ 46,859,624</u>

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 MEASURE J GENERAL OBLIGATION BONDS
 Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Fiscal Year Ended June 30, 2020**

REVENUES	
Interest income	\$ 1,110,620
Total Revenues	<u>1,110,620</u>
EXPENDITURES	
Supplies, materials and other operating expenses	34,302
Capital outlay	<u>16,254,160</u>
Total Expenditures	<u>16,288,462</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,177,842)
OTHER FINANCING SOURCES	
Proceeds from long-term debt	<u>49,329,589</u>
Total Other Financing Sources	<u>49,329,589</u>
Net Change in Fund Balance	34,151,747
Restricted Fund Balance, July 1, 2019	<u>12,633,460</u>
Restricted Fund Balance, June 30, 2020	<u>\$ 46,785,207</u>

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MEASURE J GENERAL OBLIGATION BONDS
Notes to Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Butte-Glenn Community College District (the "District") accounts for its Measure J General Obligation Bond Funds' ("Bond Funds") financial transactions in accordance with policies and procedures of the State Chancellor's Office's California Community Colleges Budget and Accounting Manual. The accounting policies of the Measure J Bond Funds conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies:

Financial Reporting Entity: The financial statements include only the Bond Funds' Measure J General Obligation Bond Resources of the District. The funds were established to account for the expenditures of general obligation bonds issued under the General Obligation Bonds (Election of 2016, Series A). The authorized issuance amount of the bonds is \$190,000,000. These financial statements are not intended to present fairly the financial position and results of operations of the District in compliance with accounting principles generally accepted in the United States of America.

Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The financial statements represent the Measure J General Obligation Bond Funds of the District and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Cash and Cash Equivalents: For the purpose of the financial statements, cash equivalents are defined as financial instruments with an original maturity of three months or less. Funds invested in the Butte County Treasury are considered cash equivalents.

Restricted Fund Balance: Restricted fund balance includes resources which are legally or contractually restricted by external third parties. Fund balance is restricted for capital projects of the Measure J Bond Funds in accordance with the Bond Project List for Measure J General Obligation Bonds.

Accounting Estimates: The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MEASURE J GENERAL OBLIGATION BONDS
Notes to Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Encumbrances: Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30, 2020 consisted of \$46,677,858 held in the County Treasury investment pool.

Credit Risk: In accordance with Education Code Section 41001, the Bond Funds maintain all of their cash in the Butte County Treasury. The County Treasurer of Butte County acts as the Measure J General Obligation Bonds Fiscal Agent. The County pools these funds with those of other districts in the County and invests the cash. These pooled funds are carried at fair value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the Bond Funds’ deposits are maintained in a recognized pooled investment fund under the care of a third party and the Bond Funds’ share of the pooled investment fund does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable State laws, the Butte County Treasurer may invest in derivative securities. However, at June 30, 2020, the Butte County Treasurer has represented that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

Investments Authorized by Debt Agreements: Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
County Pooled Investment Fund	None	None	None

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MEASURE J GENERAL OBLIGATION BONDS
Notes to Financial Statements
June 30, 2020

NOTE 2 – CASH AND CASH EQUIVALENTS, continued

Disclosures Relating to Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment:

Investment Type	Weighted Average Maturity (in Days)
Butte County Investment Pool	620

Concentration of Credit Risk: The District's investment policy places limits on the amount it may invest in any one issuer. At June 30, 2020, the District had no concentration of credit risk.

NOTE 3 – PURPOSE OF BOND ISSUANCE

Bond Authorization: By approval of the proposition for Measure J by at least 55% of the registered voters voting on the proposition at the election held on November 8, 2016, Butte-Glenn Community College District was authorized to issue and sell bonds of up to \$190,000,000 in aggregate principal amount.

Purpose of Bonds: The proceeds of the Bonds may be used:

"To upgrade classrooms to improve safety and prepare students/ veterans for university transfer/careers, such as nursing, welding, emergency response by upgrading aging classrooms/ technology, removing asbestos/ unsafe gas lines, improving water conservation, electrical wiring, security, constructing science, welding, public safety, Veterans facilities, and repairing, acquiring, constructing property, facilities/ equipment, shall Butte-Glenn Community College District issue \$190,000,000 in bonds at legal rates, requiring independent audits, citizen oversight, all funds spent locally?"

As required by the California Constitution, the proceeds from the sale of bonds will be used only for the construction, reconstruction, rehabilitation or replacement of school facilities including the furnishing and equipping of school facilities and not for any other purpose, including teacher and administrative salaries and other school operating expense

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MEASURE J GENERAL OBLIGATION BONDS
Notes to Financial Statements
June 30, 2020

NOTE 4 – GENERAL OBLIGATION BOND ISSUANCES

The Bonds represent an obligation of the District payable solely from ad valorem property taxes levied and collected by Butte County and Glenn County on properties within the District. The Boards of Supervisors of Butte County and Glenn County have power and are obligated to annually levy ad valorem taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the District without limitation of rate or amount, except as to certain personal property which is taxable at limited rates.

In April 2017, the District issued the Measure J General Obligation Bonds, Series A in the amount of \$42,000,000. The bonds mature beginning on August 1, 2018 through August 1, 2046, with interest yields ranging from 0.92 percent to 3.9 percent.

The general long-term liabilities maturity schedules for the Measure J General Obligation Bonds Series A are as follows:

2016 Series A General Obligation Bonds

Fiscal Year	Principal	Interest	Total
2021	\$ -	\$ 1,578,225	\$ 1,578,225
2022	-	1,578,225	1,578,225
2023	-	1,578,225	1,578,225
2024	-	1,578,225	1,578,225
2025	160,000	1,578,225	1,738,225
2026-2030	1,955,000	7,697,375	9,652,375
2031-2035	4,360,000	7,083,575	11,443,575
2036-2040	7,705,000	5,883,825	13,588,825
2041-2045	12,485,000	3,658,212	16,143,212
2046-2047	6,725,000	537,076	7,262,076
Total	<u>\$ 33,390,000</u>	<u>\$ 32,751,188</u>	<u>\$ 66,141,188</u>

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MEASURE J GENERAL OBLIGATION BONDS
Notes to Financial Statements
June 30, 2020

NOTE 4 – GENERAL OBLIGATION BOND ISSUANCES, continued

In July 2019, the District issued the Measure J General Obligation Bonds, Series A in the amount of \$49,500,000. The bonds mature beginning on August 1, 2020 through August 1, 2048, with interest yields ranging from 1.11 percent to 3.28 percent.

The general long-term liabilities maturity schedules for the Measure J General Obligation Bonds Series A are as follows:

2016 Series B General Obligation Bonds			
Fiscal Year	Principal	Interest	Total
2021	\$ 1,650,000	\$ 1,845,870	\$ 3,495,870
2022	2,400,000	1,699,219	4,099,219
2023	2,475,000	1,603,219	4,078,219
2024	300,000	1,504,219	1,804,219
2025	100,000	1,492,219	1,592,219
2026-2030	2,090,000	7,305,495	9,395,495
2031-2035	4,450,000	6,711,295	11,161,295
2036-2040	7,670,000	5,578,893	13,248,893
2041-2045	11,770,000	3,945,692	15,715,692
2046-2049	16,595,000	1,546,987	18,141,987
Total	\$ 49,500,000	\$ 33,233,108	\$ 82,733,108

SUPPLEMENTARY INFORMATION SECTION

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MEASURE J GENERAL OBLIGATION BONDS
Purpose of Bond Issuance
June 30, 2020**

LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools, and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, "for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities", upon approval by 55% of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establish and appoint members to an independent citizens' oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1(b)(3)D of Article XIII A of the California Constitution.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT GENERAL OBLIGATION BONDS, MEASURE J

The Butte-Glenn Community College District, Butte County and Glenn County, California Election of 2016 General Obligation Bonds, Measure J were authorized at an election of the registered voters of the Butte-Glenn Community College District held on November 8, 2016 at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of \$190,000,000 principal amount of general obligation bonds of the District. The Bonds are being issued to finance the acquisition, construction and modernization of certain District property and facilities. The Bonds are general obligations of the District, payable solely from ad valorem property taxes. A summary of the text of the ballot language was as follows:

"To upgrade classrooms to improve safety and prepare students/ veterans for university transfer/careers, such as nursing, welding, emergency response by upgrading aging classrooms/ technology, removing asbestos/ unsafe gas lines, improving water conservation, electrical wiring, security, constructing science, welding, public safety, Veterans facilities, and repairing, acquiring, constructing property, facilities/ equipment, shall Butte-Glenn Community College District issue \$190,000,000 in bonds at legal rates, requiring independent audits, citizen oversight, all funds spent locally?"

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MEASURE J GENERAL OBLIGATION BONDS
Purpose of Bond Issuance
June 30, 2020**

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT GENERAL OBLIGATION BONDS, MEASURE J, continued

The District's Board of Trustees developed the following Bond Project List for the Measure J Bonds:

- Upgrade classrooms for job and career pathways in fields like nursing, law enforcement and welding.
- Repair classrooms to better prepare returning veterans for high-paying jobs.
- Provide facilities to prepare students to transfer to four-year colleges and universities.
- Improve vocational education to prepare students for careers.
- Provide a permanent Veterans Resource Center.
- Build a new welding facility.
- Provide a science, technology and engineering center for instruction in high-tech fields.
- Improve water conservation.
- Replace deteriorating gas, electrical and sewer lines and leaky roofs.
- Remove asbestos.
- Meet current building safety codes.

FURTHER SPECIFICATIONS

No Administrator Salaries: Proceeds from the sale of bonds authorized by this measure shall be used only for the construction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

OTHER 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

To the Board of Trustees
Butte-Glenn Community College District
Oroville, 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 Butte-Glenn Community College District (the "District") Measure J General Obligation Bond Funds (the "Measure J Bond Funds") as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated February 10, 2021.

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 J 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 J 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Butte-Glenn Community College District's Measure J 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.

San Diego, California
February 10, 2021

FINDINGS AND RESPONSES SECTION

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MEASURE J GENERAL OBLIGATION BONDS
Financial Statement Findings
For the Fiscal Year Ended June 30, 2020**

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*.

There were no financial statement findings or questioned costs identified during 2019-20.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MEASURE J GENERAL OBLIGATION BONDS
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2020**

There were no financial statement findings or questioned costs identified during 2018-19.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT

MEASURE J GENERAL OBLIGATION BONDS PERFORMANCE AUDIT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MEASURE J GENERAL OBLIGATION BONDS
Table of Contents
June 30, 2020**

	<u>Page</u>
Independent Auditors' Report.....	1

BACKGROUND

Legislative History.....	2
Butte-Glenn Community College District Measure J General Obligation Bonds	2

PERFORMANCE AUDIT

Objectives	4
Scope	4
Methodology.....	4
Conclusion.....	4

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Butte-Glenn Community College District
Oroville, California

We have conducted a performance audit of the Butte-Glenn Community College District (the "District") Measure J General Obligation Bond funds for the year ended June 30, 2020.

We conducted our performance audit in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed on page 4 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure J General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for Butte-Glenn Community College District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of Butte-Glenn Community College District to determine if internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution. Accordingly, we do not express any assurance on the internal controls.

The results of our tests indicated that, in all significant respects, Butte-Glenn Community College District expended Measure J General Obligation Bond funds for the year ended June 30, 2020 only for specific projects developed by the District's Board of Trustees and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

San Diego, California
February 10, 2021

BACKGROUND

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MEASURE J GENERAL OBLIGATION BONDS
Background Information
June 30, 2020**

LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts or county offices of education "for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities", upon approval by 55% of the electorate.

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BUTTE-GLENN COMMUNITY COLLEGE DISTRICT MEASURE J GENERAL OBLIGATION BONDS

The Butte-Glenn Community College District, Butte County and Glenn County, California Election of 2016 General Obligation Bonds, Measure J were authorized at an election of the registered voters of the Butte-Glenn Community College District held on November 8, 2016 at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of \$190,000,000 principal amount of general obligation bonds of the District. The Bonds are being issued to finance the acquisition, construction and modernization of certain District property and facilities. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes. A summary of the text of the ballot language was as follows:

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**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MEASURE J GENERAL OBLIGATION BONDS
Background Information
June 30, 2020**

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT MEASURE J GENERAL OBLIGATION BONDS, continued

The District's Board of Trustees developed the following Bond Project List for the Measure J Bonds:

- Upgrade classrooms for job and career pathways in fields like nursing, law enforcement and welding.
- Repair classrooms to better prepare returning veterans for high-paying jobs.
- Provide facilities to prepare students to transfer to four-year colleges and universities.
- Improve vocational education to prepare students for careers.
- Provide a permanent Veterans Resource Center.
- Build a new welding facility.
- Provide a science, technology and engineering center for instruction in high-tech fields.
- Improve water conservation.
- Replace deteriorating gas, electrical and sewer lines and leaky roofs.
- Remove asbestos.
- Meet current building safety codes.

In November 2016, the constituents of the District approved Measure J authorizing the District to issue \$190,000,000 in general obligation bonds. As of June 30, 2020, the District has issued \$91,500,000 of the Measure J bonds.

In April 2017, the District issued the 2016 General Obligation Bonds, Series A in the amount of \$42,000,000. The bonds mature beginning on August 1, 2018 through August 1, 2046, with interest yields ranging from 0.92 percent to 3.9 percent.

In July 2019, the District issued the 2016 General Obligation Bonds, Series B in the amount of \$49,500,000. The bonds mature beginning on August 1, 2020 through August 1, 2048, with interest yields ranging from 1.11 percent to 3.28 percent.

PERFORMANCE AUDIT

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MEASURE J GENERAL OBLIGATION BONDS
Objectives, Scope, Methodology and Conclusions
June 30, 2020

OBJECTIVES

The objective of our performance audit was to determine that the District expended Measure J General Obligation Bond funds for the year ended June 30, 2020 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

SCOPE

The District provided to us a list of all Measure J General Obligation Bond project expenditures for the year ended June 30, 2020 (the "List"). The List represented \$16,288,462 in expenditures from July 1, 2019 through June 30, 2020.

METHODOLOGY

We performed the following procedures to the List of Measure J General Obligation Bond project expenditures for the year ended June 30, 2020:

- Interviewed District management related to controls over planning, bidding, contracting, expenditure of bond funds and financial reporting and determined that controls have been put in place and are working as documented.
- Documented District procedures and controls over planning, bidding, contracting, expenditure of bond funds and financial reporting.
- Performed tests to determine that the District controls over planning, bidding, contracting, expenditure of bond funds and financial reporting have been put in place and are working as documented.
- Verified the mathematical accuracy of the List.
- Reconciled the List to total bond expenditures as reported by the District in the District's audited financial statements for the year ended June 30, 2020, presented as the Measure J General Obligation Bond funds.
- We selected a sample of expenditures totaling \$9,439,553. The sample was selected to provide a representation across specific projects, vendors and expenditure amounts. The sample represented 58% of the total expenditure value. Verified that the expenditures were for the approved projects and were expended for the upgrading, acquiring, constructing and equipping of school facilities, including building art, science and math classrooms and labs, or expanding healthcare job training facilities.

CONCLUSION

The results of our tests indicated that, in all significant respects, Butte-Glenn Community College District expended Measure J General Obligation Bond funds for the year ended June 30, 2020 only for the specific projects developed by the District's Governing Board and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.