CWDL

See what's possible.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MEASURE J GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2024

858.565.2700
www.cwdl.com

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MEASURE J GENERAL OBLIGATION BONDS
TABLE OF CONTENTS
JUNE 30, 2024

Page

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

CWDL

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 fiscal year then ended June 30, 2024.

The results of our tests indicated that, in all significant respects, the District expended Measure J General Obligation Bond funds for the fiscal year ended June 30, 2024 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.

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 XIIIA 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 the 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.

CWDL, Certified Public Accountants

San Diego, California
November 9, 2024

BACKGROUND

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MEASURE J GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION
JUNE 30, 2024

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 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:

> *"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, 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, 2024, the District has issued $141,500,000 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.

In June 2022, the District issued the 2016 General Obligation Bonds, Series C in the amount of $50,000,000. The bonds mature beginning on August 1, 2022 through August 1, 2047, with interest yields ranging from 1.44 percent to 3.8 percent.

PERFORMANCE AUDIT

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MEASURE J GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSION
JUNE 30, 2024

OBJECTIVES

The objective of our performance audit was to determine that the District expended Measure J General Obligation Bond funds for the fiscal year then ended June 30, 2024 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 fiscal year then ended June 30, 2024 (the "List"). The List represented $32,697,366 in expenditures from July 1, 2023 through June 30, 2024.

METHODOLOGY

We performed the following procedures to the List of Measure J General Obligation Bond project expenditures for the fiscal year then ended June 30, 2024:

- 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 fiscal year then ended June 30, 2024, presented as the Measure J General Obligation Bond funds.
- Selected a sample of expenditures totaling $29,542,272. The sample was selected to provide a representation across specific projects, vendors and expenditure amounts. The sample represented approximately 90.4% of the total expenditure value. We 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 fiscal year ended June 30, 2024 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 XIIIA of the California Constitution.