BUTTE-GLENN
COMMUNITY COLLEGE DISTRICT

OROVILLE, CALIFORNIA

AUDIT REPORT

FOR THE YEARS ENDED
JUNE 30, 2018 AND 2017

COSSOLIAS | WILSON
DOMINGUEZ | LEAVITT
CERTIFIED PUBLIC ACCOUNTANTS

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BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
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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, 2018 and 2017, 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.

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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, 2018 and 2017, 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.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 2 to the financial statements, the District implemented the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 75, "Accounting for Financial Reporting for Postemployment Benefits Other than Pensions". This Statement replaces the requirements of GASB Statements No. 45, "Accounting and Reporting for Employers Post-Employment Benefits Other than Pensions", as amended, and GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple- Employer Plans." Note disclosures and required supplementary information requirements about OPEB are also discussed. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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 Award*s, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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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 December 31, 2018 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
December 31, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The California Community College system is comprised of 73 districts, 115 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, 2018 and 2017. 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.

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, 2018 and 2017 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.

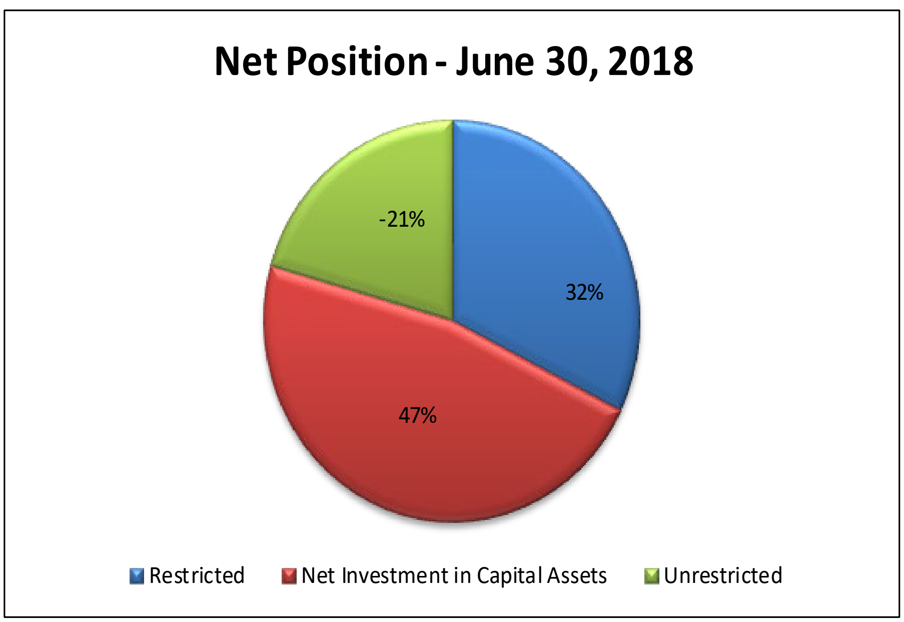
OVERVIEW OF THE FINANCIAL STATEMENTS, continued

The Statements of Net Position as of June 30, 2018 and 2017 are summarized below:

	2018	2017	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Total assets	$ 354,572,980	$ 346,670,786	$ 7,902,194
Deferred outflow of resources	26,485,451	14,265,384	12,220,067
Total Assets and Deferred Outflows of Resources	381,058,431	360,936,170	20,122,261
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	69,108,064	46,983,718	22,124,346
Non-current liabilities	196,792,491	190,545,032	6,247,459
Deferred inflows of resources	8,050,193	6,195,134	1,855,059
Total Liabilities and Deferred Inflows of Resources	273,950,748	243,723,884	30,226,864
NET POSITION			
Invested in capital assets, net of related debt	85,347,234	76,991,232	8,356,002
Restricted	59,410,908	58,242,082	1,168,826
Unrestricted	(37,650,459)	(18,021,028)	(19,629,431)
Total Net Position	$ 107,107,683	$ 117,212,286	$ (10,104,603)

The District's total assets and deferred outflows of resources increased $17.35 million or 5 percent from the previous year. The majority of the increase was due the recognition of deferred outflows from the GASB pension standards.

Total liabilities and deferred inflows of resources increased $30.23 million or 12 percent. This is related mainly to increases in the net pension liability and deferred inflows of resources related to pensions. Net Position is reflected by major category below:

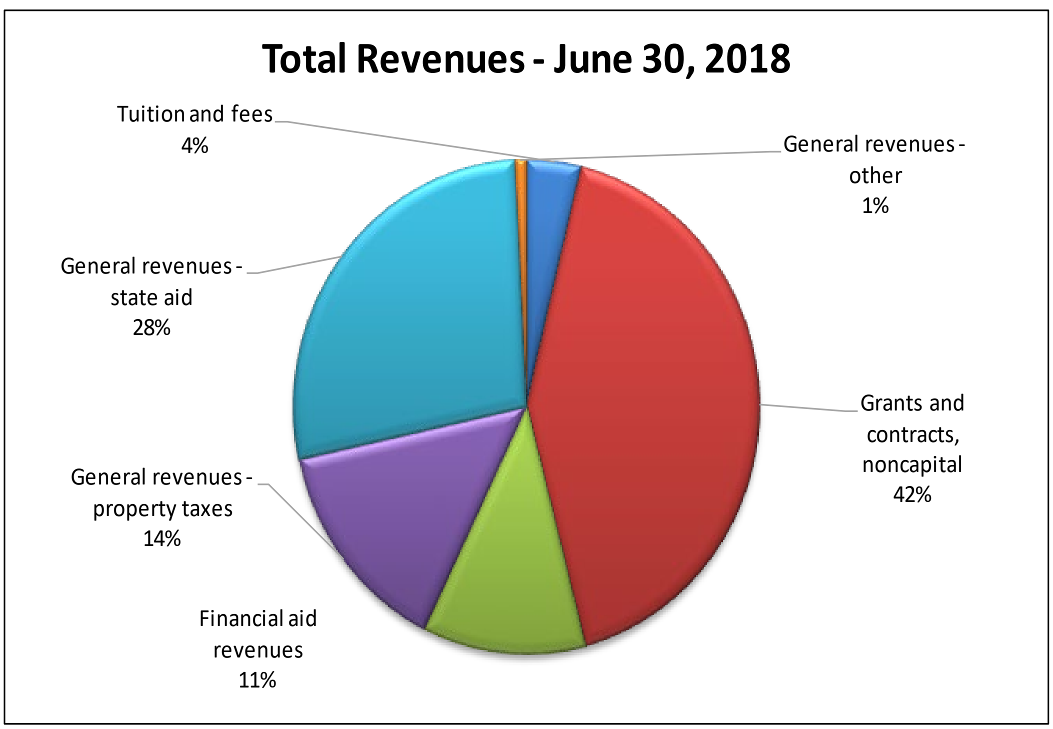


OVERVIEW OF THE FINANCIAL STATEMENTS, continued

The Statements of Revenues, Expenses, and Changes in Net Position for the fiscal years ended June 30, 2018 and 2017 are summarized below:

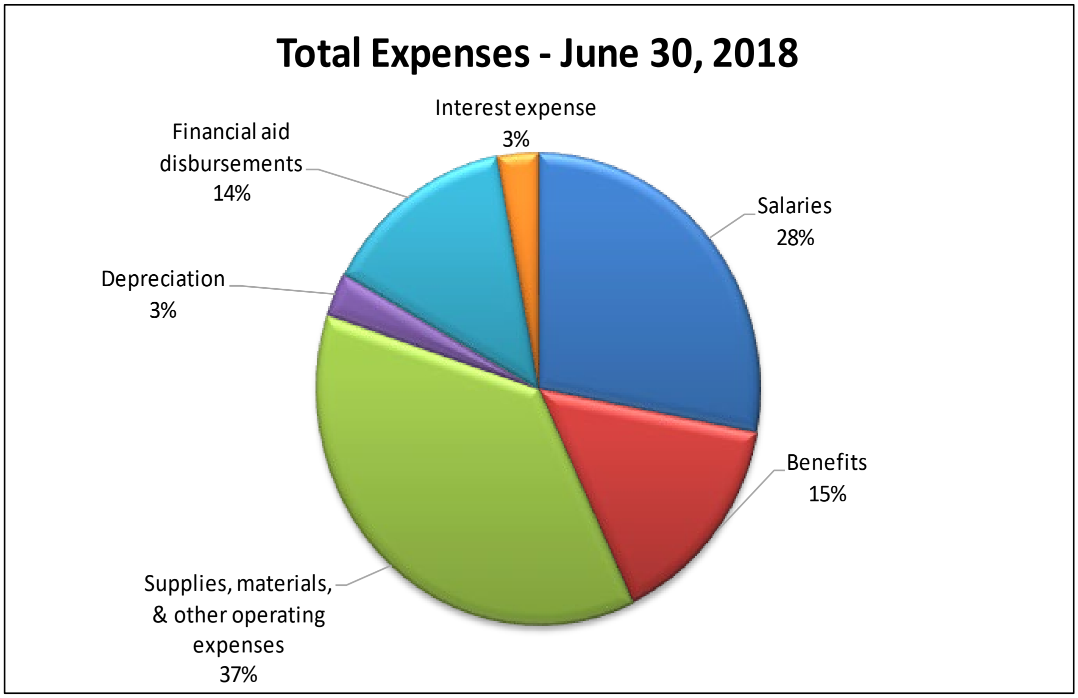
	2018	2017	Change
REVENUES			
Tuition and fees	$ 7,718,097	$ 7,861,876	$ (143,779)
Grants and contracts, noncapital	84,593,392	85,409,309	(815,917)
Financial aid revenues	22,716,253	24,535,868	(1,819,615)
General revenues - property taxes	28,729,854	21,218,056	7,511,798
General revenues - state aid	55,519,087	54,488,481	1,030,606
General revenues - other	1,688,990	730,537	958,453
Total Revenues	200,965,673	194,244,127	6,721,546
EXPENSES			
Operating expenses	161,638,687	159,824,502	1,814,185
Financial aid disbursement to students	26,418,248	27,417,420	(999,172)
Interest	6,198,719	3,559,464	2,639,255
Other expenses	137,276	-	137,276
Total Expenses	194,392,930	190,801,386	3,591,544
Change in Net Position	$ 6,572,743	$ 3,442,741	$ 3,130,002

Operating and nonoperating revenues are reflected below:



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, 2018, the District had approximately $273.5 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 $75.7 million, leaving a net capital asset amount of $197.7 million.

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

Capital Assets, continued

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:

	2018	2017	Change
Capital Assets not being depreciated	$ 18,488,635	$ 9,817,695	$ 8,670,940
Capital Assets being depreciated	254,962,494	251,733,134	3,229,360
Accumulated depreciation	(75,707,788)	(70,566,334)	(5,141,454)
Total Capital Assets	$ 197,743,341	$ 190,984,495	$ 6,758,846

Long-Term liabilities

As of June 30, 2018, the District had approximately $116 million in bonded debt, $7.6 million in capital leases, $3.1 million net OPEB liability, $76.1 million net pension liability, and total other long-term liabilities of $3.8 million. This was an increase of $25.8 million from the prior year.

During the fiscal year, the District adopted GASB Statement No. 75. This standard requires District's to report the total OPEB liability reduced by the value of plan assets held in an irrevocable trust. The District restated its beginning net position by $(16.68) million due to the implementation of GASB Statement No. 75. The District went from a $14.1 million net OPEB asset to a $3.1 million net OPEB liability as a result.

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:

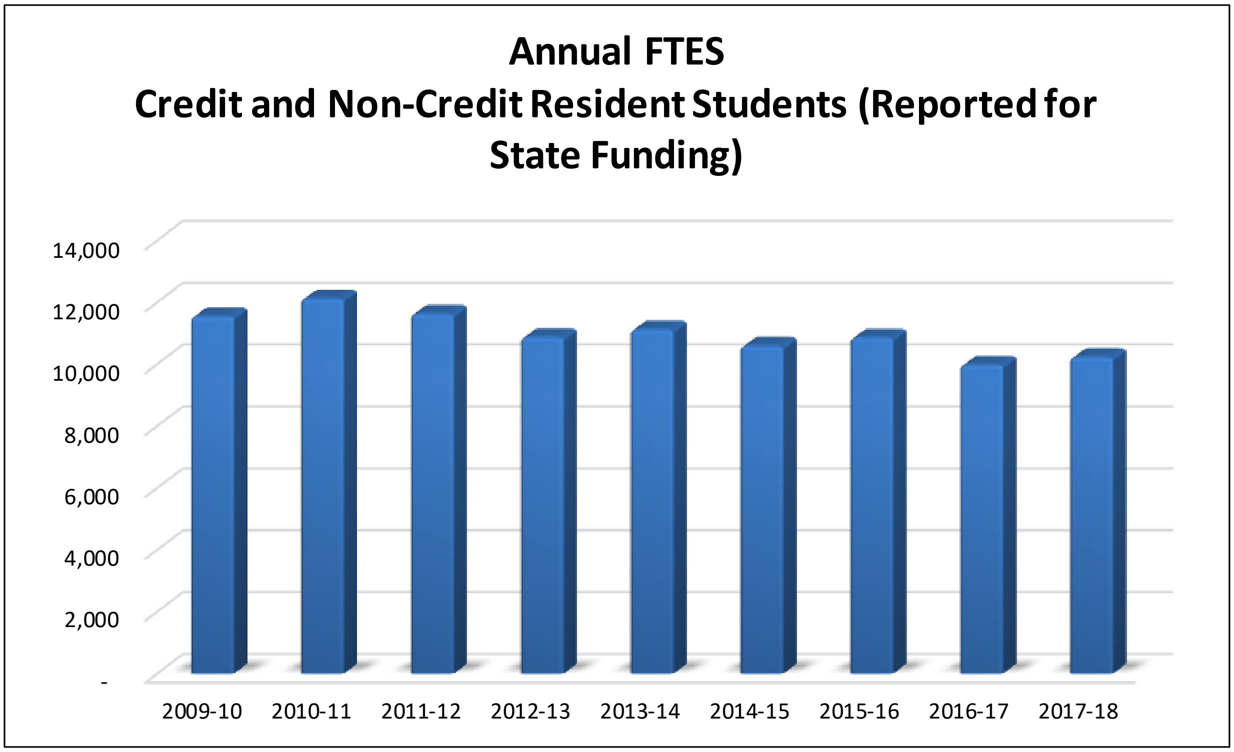
	2018	2017	Change
General obligation and revenue bonds	$ 116,034,595	$ 117,876,580	$ (1,841,985)
Capital leases	7,642,418	8,493,089	(850,671)
Net OPEB liability (asset)	3,127,773	(14,090,887)	17,218,660
Net pension liability	76,086,615	64,999,162	11,087,453
Other long-term liabilities	3,774,138	3,553,981	220,157
Total Long-Term Liabilities	$ 206,665,539	$ 180,831,925	$ 25,833,614

FINANCIAL HIGHLIGHTS

Total net position was $104.3 million at June 30, 2018. This was a decrease of $12.9 million or 11 percent over the prior year.

HISTORICAL FULL TIME EQUIVALENT STUDENTS (FTES) TRENDS

In 2018 and 2017, the District reported 10,383 and 9,987, credit and non-credit resident FTES, respectively. See the below chart for a historical perspective on the changes in FTES over the past 9 fiscal years.



ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

On June 27, 2018, Governor Brown signed the 2018-19 Budget Act, which includes $201.4 billion in spending. General Fund revenues are estimated at $137.7 billion for 2018-19, which is $5.2 billion (or 3.9%) more than the revised 2017-18 revenues. General Fund appropriations total $138.7 billion, an $11.6 billion (9.2%) increase over the revised 2017-18 budget expenditures. The 2018-19 Budget sets the Proposition 98 minimum funding guarantee for K-14 at $78.4 billion, reflecting an increase of $2.6 billion from the prior-year level.

The economic forecast underlying the budget assumes the tax changes passed by the federal government in late 2017 will provide a temporary boost to the national economy and provide fiscal gains to many Americans, especially the wealthiest. However, this boost is likely to come at a long-term cost as it will take economic growth from future years and increase income inequality. The full implications to the state's taxpayers and federal-state programs will not be known for many years.

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE, continued

As the state's economy has recovered from the Great Recession, the past six state budgets have significantly increased spending—through historic growth in education funding, the creation and expansion of the state's first Earned Income Tax Credit, a minimum wage that will increase to $15 per hour over time, and the expansion of health care coverage to millions of Californians.

The state must continue to plan and save for the next recession. By the end of 2018-19, the current economic expansion will have matched the longest in post-war history. To protect against future cuts, the State Budget takes a prudent approach - fully filling the Rainy Day Fund and emphasizing one-time spending. While the state still faces large long-term risks, California is in better shape to weather a recession than at any other time in recent history.

Since 2011, the state has made significant investments in the funding guarantee for California's community colleges with overall growth of $2.6 billion in the Proposition 98 General Fund. The state has also made targeted investments to improve student success. This has included $285 million for the Student Success and Support Program, which has provided education planning services for matriculated students, and $155 million to mitigate disproportionate impacts on access and achievement in underrepresented groups. The Budget integrates these programs and the Student Success for Basic Skills Program to give districts enhanced flexibility to support students, eliminate equity gaps, and support implementation of guided pathways programs. Supported by $150 million one-time funding in the 2017 State Budget, colleges are currently developing and implementing guided pathways programs focused on creating clear pathways for students to complete their degrees.

The Budget builds on the reforms and investments of the past several years to further accelerate improvements in student success. A decades-old community college apportionment formula - which has based funding on the number of students enrolled a particular point in time - is not the most effective way for community colleges to reach their student success goals and close the achievement gap. Instead, the Budget adopts a new student-centered funding formula that provides funding to districts based upon additional factors, including the number of low-income students enrolled and the number of students who meet specified student success metrics, including completion of a degree or certificate. The formula will be implemented over the next three years. Core features of the funding formula include the following:

- Formula Structure and Transition - In 2018-19, 70 percent of funding will be distributed based on enrollment, 20 percent based on enrollment of low-income students, and 10 percent based on student success metrics. In 2019-20, 65 percent of funding will be distributed based on enrollment, 20 percent based on enrollment of low-income students, and 15 percent based on student success metrics. In 2020-21, 60 percent of funding will be distributed based on enrollment, 20 percent based on enrollment of low-income students, and 20 percent based on student success metrics.
- Hold Harmless Provision - In 2018-19, 2019-20, and 2020-21 no district will receive less funding than they received in 2017-18, and each will receive an increase to reflect a cost-of-living adjustment. In 2021-22 and future years, districts will receive no less in apportionment funding than is currently provided. Additionally, the funding formula includes stability provisions that provide districts with additional revenue protection by allowing them to receive the greater of their past-year or current-year total revenue.
- Advisory Committee - Corresponding with the implementation of the Student-Focused Funding Formula, an advisory committee will be established to monitor the implementation of the funding formula and report back to the Legislature and Administration on potential improvements.

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE, continued

Currently, there are 2.5 million Californians between the ages of 25 and 34 who are in the workforce but lack a postsecondary degree or credential necessary to increase their earning potential. To serve these workers—who lack the time and ability to enroll in traditional classes—the Budget creates the California Online College. This college provides an opportunity for prospective students to improve their economic success. Specifically, the California Online College will:

- Develop flexible course scheduling not tied to the academic calendar and specialized support services.
- Recognize students' skills and learning acquired from work experience or prior learning through the delivery of competency-based education.
- Develop at least three program pathways by July 1, 2019, and enroll students by the last quarter of 2019. The Chancellor's Office has announced that the first two pathways will be an information technology credential and a medical coding credential.
- Report to the Legislature on student outcomes, including employment and earning gains after completion of programs, and share promising practices in online teaching and learning with all community colleges.

The state has also made significant investments to advance workforce training and adult education. The Strong Workforce Program, created in 2016-17, provides $248 million to expand the availability of career technical education and workforce development courses aligned with regional labor market demand. The Budget builds upon the proven successes of the Strong Workforce Program by providing $164 million for grants to K-12 local educational agencies to develop and expand career technical education programs, aligned with vocational programs offered by higher education institutions and with local workforce needs. The Adult Education Program, formerly named the Adult Education Block Grant Program, established in 2015-16, provides $527 million to support a coordinated approach between K-12 schools, community colleges, and community-based partners to provide educational opportunities to adult learners, including programs that lead to high school diplomas, English as a Second Language courses, and additional career opportunities.

Most significant features with respect to community college education funding for 2018-19 include the following:

- Student-Focused Funding Formula—An increase of $522.8 million Proposition 98 General Fund to implement a new student-focused funding formula, which includes the following:
    - An increase of $151.3 million to support a base augmentation for apportionments.
    - An increase of $173.1 million for a 2.71-percent cost-of-living adjustment for total apportionment growth.
    - An increase of $58.7 million, of which $35 million is one-time, to support hold harmless provisions and ensure all districts grow by at least the 2018-19 cost-of-living adjustment.
    - An increase of $138.7 million to reflect the amounts earned back by community colleges declining in enrollment during the previous three years.
    - An increase of $59.7 million for enrollment growth of 1 percent.
    - A decrease of $58.7 million to reflect unused growth provided in 2016-17.

- California Online Community College - An increase of $100 million one-time and $20 million ongoing Proposition 98 General Fund to establish an online community college.
- Student Success Completion Grant - An increase of $40.7 million Proposition 98 General Fund that consolidates two existing financial aid programs and establishes the Student Success Completion Grant to provide grants of $649 per semester to qualifying students who enroll in 12 to 14 units and $2,000 per semester to qualifying students who enroll in 15 or more units per semester.

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE, continued

- Full-Time Faculty Hiring - An increase of $50 million Proposition 98 General Fund to hire new full-time faculty for community college districts to move toward meeting the 75-percent full-time faculty target.
- Part-Time Faculty Office Hours - An increase of $50 million one-time Proposition 98 General Fund to compensate part-time faculty for providing and holding office hours.
- K-12 Strong Workforce Program - An increase of $164 million Proposition 98 General Fund in grants to K-12 local educational agencies to expand and align their career technical education programs with programs offered by higher education institutions, and with regional labor market demand, as referenced in the K-12 Education Chapter.
- California College Promise - An increase of $46 million Proposition 98 General Fund to support the implementation of the California College Promise, pursuant to Chapter 735, Statutes of 2017 (AB 19).
- Apprenticeship Programs - An increase of $36.5 million one-time and $22.7 million ongoing Proposition 98 General Fund to support apprenticeship programs.
- Online Education Initiative Competitive Grants - An increase of $35 million one-time Proposition 98 General Fund for community college districts to develop online programs and courses that lead to short-term, industry-valued credentials, or enable a student enrolled in a pathway developed by the California Online Community College to seek continued education through pathways offered by an existing community college.
- Adult Education Program - An increase of $26.6 million Proposition 98 General Fund, which includes a cost-of-living adjustment and $5 million for investments in a data collection and accountability system to ensure comprehensive and shared data reporting by regional consortia members. The formerly named Adult Education Block Grant program was renamed the Adult Education Program.
- Financial Aid Technology Improvements - An increase of $13.5 million one-time and $5 million ongoing Proposition 98 General Fund to upgrade colleges' financial aid management systems for more efficient processing.

On November 8, 2016, electors of the District approved issuing $190 million of General Obligation Bonds for the purpose of constructing and upgrading buildings, infrastructure and classrooms for instructional and student service programs. The debt service for these bonds will not come from the District' general fund, but will 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 is the construction of a 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. By 2020, the District plans to issue a second series of bonds in the range of $40 million to continue constructing and upgrading buildings, infrastructure and classrooms for instructional and student service programs. On November 8, 2018 at approximately 6:33 a.m., a wildfire started at Camp Creek Road in Butte County that would eventually destroy 13,972 residences, 528 commercial and 4,293 other buildings. The potential decrease in assessed value will not be known until next year, however, there is enough room in the 2019-20 tax rate for the next issuance to absorb a tax rate increase.

The District provides other postemployment benefits (OPEB) to its retirees, and according to the 2018 actuary study, $28.6 million is required to be accumulated to fund this liability. In March 2010, the District joined the California Employers' Retiree Benefit Trust (CERBT) to establish an irrevocable trust for its other postemployment benefits. The account balance in the trust as of June 30, 2017, was $30.2 million, fully funding the actuarial liability for retiree medical benefits. In addition to the CERBT, the District has set aside another $2.5 million in a retiree benefits fund with the county treasurer. These funds are not in an irrevocable trust but have been earmarked for OPEB.

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE, continued

Future Budgets and Actions. The District cannot predict what actions will be taken in the future by the State Legislature and the new incoming 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 District feels confident that it has the fiscal strength and reserves to be able to absorb future adjustments to state apportionment funding due to fluctuations in enrollment and fixed cost increases. Prudent fiscal management practices will remain in place to ensure the District has adequate reserves to sustain operations and benefit 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, 2018 AND 2017

	2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 138,635,393	$ 104,966,699
Accounts receivable, net	16,904,842	36,062,567
Inventory	325,396	299,418
Due from fiduciary funds, net	17,175	16,121
Prepaid expenditures and other assets	946,833	172,081
Total Current Assets	156,829,639	141,516,886
Noncurrent Assets:		
Net OPEB asset	-	14,090,887
Capital assets, net	197,743,341	191,063,013
Total Noncurrent Assets	197,743,341	205,153,900
TOTAL ASSETS	354,572,980	346,670,786
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	1,933,323	664,902
Deferred outflows - OPEB	2,777,203	-
Deferred outflows - pensions	21,774,925	13,600,482
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 381,058,431	$ 360,936,170
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	$ 11,388,327	$ 12,665,152
Unearned revenue	47,846,689	29,940,786
Compensated absences, current portion	1,414,039	1,323,749
Long-term debt, current portion	8,459,009	3,054,031
Total Current Liabilities	69,108,064	46,983,718
Noncurrent Liabilities:		
Compensated absences	2,028,524	1,845,297
Net OPEB liability	3,127,773	-
Net pension liability	76,086,615	64,999,162
Long-term debt, non-current portion	115,549,579	123,700,573
Total Noncurrent Liabilities	196,792,491	190,545,032
TOTAL LIABILITIES	265,900,555	237,528,750
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pensions	8,050,193	6,195,134
NET POSITION		
Net investment in capital assets	85,347,234	76,991,232
Restricted for:		
Debt service	21,562,217	15,447,844
Capital projects	35,654,706	41,371,064
Other special purposes	2,193,985	1,423,174
Unrestricted	(37,650,459)	(18,021,028)
TOTAL NET POSITION	107,107,683	117,212,286
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 381,058,431	$ 360,936,170

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, 2018 AND 2017

	2018	2017
OPERATING REVENUES		
Tuition and fees	$ 14,374,569	$ 14,855,972
Less: Scholarship discounts and allowances	(6,656,472)	(6,994,096)
Net tuition and fees	7,718,097	7,861,876
Grants and contracts, noncapital:		
Federal	1,878,243	1,889,839
State	78,058,085	76,909,230
Local	736,234	2,453,651
Auxiliary enterprise sales and charges	3,920,830	4,156,589
TOTAL OPERATING REVENUES	92,311,489	93,271,185
OPERATING EXPENSES		
Salaries	54,738,030	51,834,740
Employee benefits	28,593,993	27,099,093
Supplies, materials, and other operating expenses and services	72,564,110	75,238,439
Student aid	26,418,248	27,417,420
Depreciation	5,742,554	5,652,230
TOTAL OPERATING EXPENSES	188,056,935	187,241,922
OPERATING INCOME (LOSS)	(95,745,446)	(93,970,737)
NON-OPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	40,372,031	41,365,305
Local property taxes	22,742,999	15,543,821
State taxes and other revenues	13,013,781	10,538,173
Federal student aid revenue	22,716,253	24,535,868
Investment income - noncapital	1,620,219	666,308
Interest expense on capital asset-related debt	(6,198,719)	(3,559,464)
Gain (loss) on disposal of asset	(137,276)	-
Other non-operating revenues	2,133,275	2,585,003
TOTAL NON-OPERATING REVENUES (EXPENSES)	96,262,563	91,675,014
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	517,117	(2,295,723)
State apportionments, capital	68,771	64,229
Local property taxes and revenues, capital	5,986,855	5,674,235
INCREASE (DECREASE) IN NET POSITION	6,572,743	3,442,741
NET POSITION -- BEGINNING OF YEAR	117,212,286	113,769,545
PRIOR YEAR ADJUSTMENT (SEE NOTE 12)	(16,677,346)	-
NET POSITION -- END OF YEAR	$ 107,107,683	$ 117,212,286

See accompanying notes to the financial statements.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 7,718,097	$ 7,861,876
Grants and contracts	117,736,190	82,127,305
Payments to or on behalf of employees	(77,749,123)	(77,680,368)
Payments to vendors for supplies and services	(76,785,686)	(72,695,057)
Payments to students	(26,419,302)	(27,294,575)
Auxiliary enterprise sales and charges	3,920,830	4,156,589
Net Cash Used by Operating Activities	(51,578,994)	(83,524,230)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State apportionments	40,372,031	41,365,305
Property taxes	22,742,999	15,543,821
State taxes and other revenues	13,013,781	10,538,173
Financial aid revenues	22,716,253	24,535,868
Other nonoperating	2,133,275	2,585,003
Net Cash Provided by Non-capital Financing Activities	100,978,339	94,568,170
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(12,422,882)	(6,788,327)
Local property tax, capital projects	6,055,626	5,738,464
Proceeds from issuance of capital debt	-	46,167,582
Loss on disposal of capital assets	(137,276)	-
Principal paid on capital debt	(1,624,500)	(3,460,692)
Interest paid on capital debt	(6,444,635)	(2,598,529)
Net Cash Provided (Used) by Capital Financing Activities	(14,573,667)	39,058,498
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	1,620,219	666,308
Net Cash Provided by Investing Activities	1,620,219	666,308
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	36,445,897	50,768,746
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	104,966,699	54,197,953
CASH & CASH EQUIVALENTS, END OF YEAR	$ 141,412,596	$ 104,966,699

See accompanying notes to the financial statements.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	$ (95,745,446)	$ (93,970,737)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation expense	5,742,554	5,652,230
Changes in Assets and Liabilities:		
Receivables, net	19,156,671	(10,034,537)
Inventory	(25,978)	50,074
Prepaid items	(774,752)	4,586,866
Net OPEB liability	541,314	(700,345)
Accounts payable and accrued liabilities	(3,420,846)	(2,093,558)
Deferred revenue	17,905,903	11,031,967
Pension related adjustments	4,768,069	1,887,575
Compensated absences	273,517	66,235
Total Adjustments	44,166,452	10,446,507
Net Cash Flows From Operating Activities	$ (51,578,994)	$ (83,524,230)

See accompanying notes to the financial statements.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF NET ASSETS – COMPONENT UNIT – FOUNDATION
JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents	$ 581,840	$ 141,162
Investments - current	870,584	835,271
Other Assets		
Investments - noncurrent	4,157,927	2,902,317
Contributions receivable	75,000	76,352
Assets held by others	45,508	50,183
Total Assets	5,730,859	4,005,285
LIABILITIES		
Current Liabilities		
Accounts payable	62,371	-
Amounts held for pass-through donors	112,579	112,579
Depository liability	502,559	462,605
Total Liabilities	677,509	575,184
NET ASSETS		
Unrestricted	524,704	491,886
Temporarily restricted	411,792	339,886
Permanently restricted	4,116,854	2,598,329
Total Net Assets	5,053,350	3,430,101
Total Liabilities and Net Assets	$ 5,730,859	$ 4,005,285

See accompanying notes to the financial statements.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF ACTIVITIES – COMPONENT UNIT - FOUNDATION
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	FY 1718 Total	FY 1617 Total
SUPPORT AND REVENUES					
Contributions:					
Public support	$ 9,314	$ 319,117	$ -	$ 328,431	$ 293,657
Value of services provided by Butte-Glenn Community College District	321,473	-	-	321,473	246,473
Endowment fund contributions	-	-	1,518,525	1,518,525	214,881
Special events revenue	-	-	-	-	-
Other revenues, gains, and support:					
Investment return - net of investment fees	88,015	-	-	88,015	266,851
Other revenues	281,028	390,764	-	671,792	168,411
Net assets released from restrictions	637,975	(637,975)	-	-	-
Total Support and Revenues after net assets released from restriction	1,337,805	71,906	1,518,525	2,928,237	1,190,273
OPERATING EXPENSES					
Program services:					
Scholarships	544,693	-	-	544,693	352,949
Programs and grants	252,213	-	-	252,213	125,499
Transfers to related party	-	-	-	-	31,116
Supporting services:					
Management and general	186,608	-	-	186,608	326,539
Management and general in-kind	321,473	-	-	321,473	271,859
Special Events Expenses	-	-	-	-	-
Total Operating Expenses	1,304,987	-	-	1,304,987	1,107,962
CHANGE IN NET ASSETS	32,818	71,906	1,518,525	1,623,250	82,311
NET ASSETS, BEGINNING OF YEAR	491,886	339,886	2,598,329	3,430,101	3,347,790
NET ASSETS, END OF YEAR	$ 524,704	$ 411,792	$ 4,116,854	$ 5,053,350	$ 3,430,101

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, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 71,906	$ 82,311
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Total investment return - net of investment fees	(88,015)	(266,851)
Changes in:		
Assets held by others	4,675	(3,043)
Accounts payable	62,371	(1,973)
Amounts held for pass-through donors	-	(4,825)
Depository liability	39,954	(7,196)
Net Cash Used by Operating Activities	15,891	(202,929)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(871,497)	(1,002,715)
Proceeds from the sale of investments	1,296,284	1,102,718
Net Cash Provided by Investing Activities	424,787	100,003
Net increase (decrease) in cash and cash equivalents	440,678	(102,926)
Cash and Cash Equivalents - Beginning of Year	141,162	244,088
Cash and Cash Equivalents - End of Year	$ 581,840	$ 141,162

See accompanying notes to the financial statements.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2018 AND 2017

	Associated Students	Student Representation Fee Trust	Scholarship and Loan Fund	Other Trust and Agency	Total
ASSETS					
Cash and cash equivalents	$ 363,574	$ 69,865	$ 48,616	$ 121,694	$ 603,749
Accounts receivable, net	1,513	363	-	1,002	2,878
Due from other funds	163	-	-	-	163
Total Assets	365,250	70,228	48,616	122,696	606,790
LIABILITIES					
Accounts payable	17,144	19,033	-	54,982	91,159
Due to other funds	15,683	1,580	-	74	17,337
Total Liabilities	32,827	20,613	-	55,056	108,496
NET POSITION					
Held in Trust for Student Groups	332,423	49,615	-	-	382,038
Unrestricted (deficit)	-	-	48,616	67,640	116,256
Total Net Position	$ 332,423	$ 49,615	$ 48,616	$ 67,640	$ 498,294

See accompanying notes to the financial statements.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CHANGES IN NET POSITION – FIDUCIARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	Associated Students	Student Representation Fee Trust	Scholarship and Loan Fund	Other Trust and Agency	Total
OPERATING REVENUES:					
Local revenue	$ 340,715	$ 40,597	$ -	$ 35,268	$ 416,580
Total Operating Revenues	340,715	40,597	-	35,268	416,580
OPERATING EXPENSES:					
Salaries	129,168	220	-	-	129,388
Employee benefits	45,341	19	-	-	45,360
Supplies, materials, and other outgo	111,937	52,967	-	25,585	190,489
Total Operating Expenses	286,446	53,206	-	25,585	365,237
Net Change in Net Position	54,269	(12,609)	-	9,683	51,343
NET POSITION:					
Beginning of Year	278,154	62,224	48,616	57,957	446,951
End of Year	$ 332,423	$ 49,615	$ 48,616	$ 67,640	$ 498,294

See accompanying notes to the financial statements.

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.

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.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

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

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 $3,819,349 and $3,598,955 at June 30, 2018 and 2017, respectively.

Prepaid Expenditures

Prepaid expenditures or expenses represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

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.

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 and $51,146 for the fiscal years ended June 30, 2018 and 2017, 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

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.

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.

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) on behalf of all Community Colleges in California. The amount of on-behalf payments made for the District is estimated at $1,903,144 for STRS for the year ended June 30, 2018. This amount has been reflected in the basic financial statements as a component of non-operating 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.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Change in Accounting Principal

In June 2015, the GASB issued Statement No. 75*, Accounting and Financial Reporting For Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

This Statement is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The District has implemented GASB Statement No. 75 for the year ended June 30, 2018.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncements

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

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

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged.

In January 2017, the GASB issued 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.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Early implementation is encouraged.

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.

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 three classes - unrestricted, temporarily restricted, or permanently restricted, as follows:

Unrestricted Net Assets - Net assets not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that will be met by actions of the Foundation and/or the passage of time. When the time restriction stipulation ends or when funds are expended for intended purposes, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations requiring that they be maintained permanently by the Foundation.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Expiration of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets as net assets released from restriction.

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, 2018, 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.

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, 2018 and 2017, respectively. There was no bad debt expense at June 30, 2018 and 2017.

Assets Held by Others

Assets held by others represent amounts held by Community College League of California (the League) and the Foundation for California Community Colleges (FCCC) for the Foundation. The League facilitated two $25,000 gift annuities for the Foundation. The $3,192 recorded approximates the net present value the Foundation will receive at the end of the annuities term.

The Foundation transfers funds to 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, 2018 and 2017, the amount contributed to the FCCC and its investment earnings net of scholarship distributions totaled $45,508 and $50,183, 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.

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, 2018 and 2017.

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.

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 90 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.

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 $321,473 and $246,473 for the fiscal years ended June 30, 2018 and 2017, 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION, continued

Date of Management Evaluation

Management has evaluated subsequent events through December 31, 2018, 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, 2018.

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

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, 2018, consist of the following:

Governmental Funds:		
Cash in County Treasury	$	137,327,893
Cash on hand and in banks		1,307,500
Total cash and cash equivalents	$	138,635,393
Fiduciary Funds:		
Cash in County Treasury	$	551,102
Cash on hand and in banks		52,647
Total cash and cash equivalents	$	603,749

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 708 day weighted average maturity for the District's deposits of $137,327,893 book value and $135,312,743 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, 2018.

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, 2018, 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, 2018 accounts receivable totaled $16,904,842. 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, 2018 was as follows:

	Balance July 1, 2017	Additions	Deductions	Transfers	Balance June 30, 2018
Capital Assets not being Depreciated					
Land	$ 4,477,420	$ -	$ -	$ -	$ 4,477,420
Construction in progress	5,340,275	8,740,204	69,264	-	14,011,215
Total Capital Assets not being Depreciated	9,817,695	8,740,204	69,264	-	18,488,635
Capital Assets being Depreciated					
Site improvements	1,664,281	-	-	(104,086)	1,560,195
Buildings & improvements	225,155,231	2,020,417	-	104,086	227,279,734
Equipment	21,142,309	1,764,913	659,675	(46,638)	22,200,909
Vehicles	3,771,313	113,142	9,437	46,638	3,921,656
Total Capital Assets being Depreciated	251,733,134	3,898,472	669,112	-	254,962,494
Total Capital Assets	261,550,829	12,638,676	738,376	-	273,451,129
Less Accumulated Depreciation	70,566,334	5,742,554	601,100	-	75,707,788
Net Capital Assets	$ 190,984,495	$ 6,896,122	$ 137,276	$ -	$ 197,743,341

Depreciation expense for the year was $5,742,554.

NOTE 5 – CAPITAL ASSETS, continued

Capital asset activity for the District for the fiscal year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Additions	Deductions	Transfers	Balance June 30, 2017
Capital Assets not being Depreciated					
Land	$ 4,477,420	$ -	$ -	$ -	$ 4,477,420
Construction in progress	3,817,036	4,217,914	-	(2,694,675)	5,340,275
Total Capital Assets not being Depreciated	8,294,456	4,217,914	-	(2,694,675)	9,817,695
Capital Assets being Depreciated					
Site improvements	1,560,195	-	-	104,086	1,664,281
Buildings & improvements	220,851,741	1,712,901	-	2,590,589	225,155,231
Equipment	20,502,722	765,314	125,727	-	21,142,309
Vehicles	3,752,465	39,929	21,081	-	3,771,313
Total Capital Assets being Depreciated	246,667,123	2,518,144	146,808	2,694,675	251,733,134
Total Capital Assets	254,961,579	6,736,058	146,808	-	261,550,829
Less Accumulated Depreciation	65,034,663	5,652,230	120,559	-	70,566,334
Net Capital Assets	$ 189,926,916	$ 1,083,828	$ 26,249	$ -	$ 190,984,495

Depreciation expense for the year was $5,652,230

NOTE 6 – LONG-TERM LIABILITIES

Summary

The changes in the District's long-term liabilities for the 2018 fiscal year consisted of the following:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Due Within One Year
Long-Term Liabilities					
General obligation bonds	$ 106,254,029	$ 16,044,050	$ 20,050,000	$ 102,248,079	$ 6,090,000
Premium on bonds	11,622,551	3,692,432	1,528,467	13,786,516	-
Capital lease obligations	8,493,089	-	850,671	7,642,418	901,075
California Energy Conservation loan	384,935	-	53,360	331,575	53,895
Compensated absences	3,169,046	273,517	-	3,442,563	1,414,039
Totals	$ 129,923,650	$ 20,009,999	$ 22,482,498	$ 127,451,151	$ 8,459,009

NOTE 6 – LONG-TERM OBLIGATIONS, continued

Summary, continued

The changes in the District's long-term liabilities for the 2017 fiscal year consisted of the following:

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017	Due Within One Year
Long-Term Liabilities					
General obligation bonds	$ 66,653,626	$ 42,229,021	$ 2,628,618	$ 106,254,029	$ 2,150,000
Premium on bonds	8,407,430	4,167,582	952,461	11,622,551	-
Capital lease obligations	9,272,333	-	779,244	8,493,089	850,671
California Energy Conservation loan	437,765	-	52,830	384,935	53,360
Compensated absences	3,102,811	66,235	-	3,169,046	1,323,749
Totals	$ 87,873,965	$ 46,462,838	$ 4,413,153	$ 129,923,650	$ 4,377,780

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, 2018 is as follows:

Series	Issue Date	Yield	Maturity Date	Bonds Outstanding July 1, 2017	Additions	Redeemed	Bonds Outstanding June 30, 2018	Due Within One Year
2002 Series A	5/23/2002	1.60-5.80%	8/1/2027	$ 1,442,910	$ 119,507	$ -	$ 1,562,417	$ -
2002 Series B	6/22/2005	2.52-4.99%	8/1/2029	2,496,119	124,543	-	2,620,662	-
2002 Series C	4/22/2009	4.99-5.10%	8/1/2030	17,900,000	-	17,900,000	-	-
2012 Refunding	1/18/2012	0.32-2.77%	8/1/2026	17,755,000	-	1,205,000	16,550,000	1,315,000
2015 Refunding	1/21/2015	1.49-2.16%	8/1/2027	24,660,000	-	945,000	23,715,000	1,145,000
2016 Series A	4/16/2017	0.92-3.90%	8/1/2046	42,000,000	-	-	42,000,000	3,630,000
2017 Refunding	12/20/2017	2.08-2.28%	8/1/2031	-	15,800,000	-	15,800,000	-
			Total	$ 106,254,029	$ 16,044,050	$ 20,050,000	$ 102,248,079	$ 6,090,000

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, 2018, the principal balance outstanding (including accreted interest to date) was $1,562,417.

Fiscal Year	Principal	Interest	Accreted Interest	Total
2019	$ -	$ -	$ -	$ -
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024-2027	434,445	-	2,660,555	3,095,000
Accretion	1,127,972	-	(1,127,972)	-
Total	$ 1,562,417	$ -	$ 1,532,583	$ 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, 2018, the principal balance outstanding (including accreted interest to date) was $2,620,662.

Fiscal Year	Principal	Interest	Accreted Interest	Total
2019	$ -	$ -	$ -	$ -
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024-2028	-	-	-	-
2029-2030	1,368,634	-	3,106,366	4,475,000
Accretion	1,252,028	-	(1,252,028)	-
Total	$ 2,620,662	$ -	$ 1,854,338	$ 4,475,000

NOTE 6 – LONG-TERM OBLIGATIONS, continued

Bonded Debt, continued

Election of 2002 General Obligation Bonds, Series C

During April 2009, the District issued the Election of 2002 General Obligation Bonds, Series C in the amount of $17,900,000. The bonds issued consisted entirely of current interest serial bonds. The bonds mature beginning on August 1, 2028 through August 1, 2030, with interest yields ranging from 4.99 percent to 5.10 percent. At June 30, 2018, the entire balance of $17,900,000 was refunded with the 2017 refunding bonds.

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, 2018, the principal balance outstanding was $16,550,000.

Fiscal Year	Principal	Interest	Total
2019	$ 1,315,000	$ 641,751	$ 1,956,751
2020	1,440,000	572,874	2,012,874
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
2024-2027	8,740,000	730,200	9,470,200
Total	$ 16,550,000	$ 3,312,086	$ 19,862,086

NOTE 6 – LONG-TERM OBLIGATIONS, continued

Bonded Debt, continued

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, 2018, the principal balance outstanding was $23,715,000.

Fiscal Year	Principal	Interest	Total
2019	$ 1,145,000	$ 1,157,125	$ 2,302,125
2020	1,360,000	1,094,500	2,454,500
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
2024-2028	15,630,000	2,130,000	17,760,000
Total	$ 23,715,000	$ 7,171,375	$ 30,886,375

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, 2018, the principal balance outstanding was $42,000,000.

Fiscal Year	Principal	Interest	Total
2019	$ 3,630,000	$ 1,850,025	$ 5,480,025
2020	4,980,000	1,777,425	6,757,425
2021	-	1,578,225	1,578,225
2022	-	1,578,225	1,578,225
2023	-	1,578,225	1,578,225
2024-2028	1,080,000	7,828,875	8,908,875
2029-2033	3,320,000	7,372,075	10,692,075
2034-2038	6,205,000	6,483,975	12,688,975
2039-2043	10,425,000	4,637,937	15,062,937
2044-2047	12,360,000	1,693,651	14,053,651
Total	$ 42,000,000	$ 36,378,638	$ 78,378,638

NOTE 6 – LONG-TERM OBLIGATIONS, continued

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, 2018. 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, 2018, the principal balance outstanding was $15,800,000.

Fiscal Year	Principal	Interest	Total
2019	$ -	$ 478,250	$ 478,250
2020	-	779,050	779,050
2021	-	779,050	779,050
2022	-	779,050	779,050
2023	-	779,050	779,050
2024-2028	-	3,895,250	3,895,250
2029-2031	15,800,000	1,790,650	17,590,650
	$ 15,800,000	$ 9,280,350	$ 25,080,350

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, 2018, the balance outstanding was $3,442,563.

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.

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

Employees Covered by Benefit Term

The following is a table of plan participants as of the June 30, 2017 valuation:

	Number of Participants
Inactive Employees/Dependents Receiving Benefits	216
Active Employees	504
	720

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

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 2017-2018, the District contributed $2,777,202 to the Plan, of which $2,777,202 was deposited in the District's irrevocable OPEB Trust. The District had a net OPEB liability of $3,127,773 as of June 30, 2018.

OPEB Plan Investments

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 Securities (TIPS)	5%	7.795%
U.S. Real Estate	8%	7.795%
All Commodities	3%	7.795%
Total	100%	

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

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Actuarial Assumptions

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

Valuation date	June 30, 2017
Measurement date	June 30, 2017
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.75%
Investment rate of return	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)	Fiduciary Net Position (b)	Total OPEB Liability (a) - (b)
Balance July 1, 2017	$ 28,749,667	$ 18,963,763	$ 9,785,904
Changes for the year:			
Service cost	804,135	-	804,135
Interest	1,937,161	-	1,937,161
Employer contributions	-	7,199,445	(7,199,445)
Net investment income	-	2,211,375	(2,211,375)
Administrative expense	-	(11,393)	11,393
Benefit payments	(2,933,900)	(2,933,900)	-
Net change	(192,604)	6,465,527	(6,658,131)
Balance June 30, 2018	$ 28,557,063	$ 25,429,290	$ 3,127,773

Fiduciary net position as a percentage of the total OPEB liability at June 30, 2018 was 89.05 percent.

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Sensitivity of the net pension liability to assumptions

The following presents the net OPEB liability calculated using the discount rate of 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	$ 5,372,303	$ 3,127,773	$ 1,161,352

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

	Trend Rate 1% Lower (3.00%)	Trend Rate Current Rate (4.00%)	Trend Rate 1% Higher (5.00%)
Net OPEB liability	$ 1,160,412	$ 3,127,773	$ 5,305,032

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	$ 39,558,965	$ 10,824,702	$ 7,325,595	$ 3,787,339
CalPERS	36,527,650	10,950,223	724,598	7,633,774
Total	$ 76,086,615	$ 21,774,925	$ 8,050,193	$ 11,421,113

NOTE 8 – NET PENSION LIABILITY, continued

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.

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.000%
Required employer contribution rate	15.53%	15.53%

NOTE 8 – NET PENSION LIABILITY, continued

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

General Information about the Pension Plan, continued

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, 2018, are presented above and the total District contributions were $3,303,212.

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $36,527,650. The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively was 0.153 percent and 0.147 percent, resulting in a net increase in the proportionate share of 0.006 percent.

For the year ended June 30, 2018, the District recognized a pension expense of $7,633,774. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	$ 381,178	$ -
Differences between expected and actual experience	1,293,250	-
Changes in assumptions	5,335,438	425,771
Net changes in proportionate share of net pension liability	637,145	298,827
District contributions subsequent to the measurement date	3,303,212	-
Total	$ 10,950,223	$ 724,598

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ 2,501,205
2020	2,395,538
2021	2,592,343
2022	(566,673)
	$ 6,922,413

Actuarial assumptions. For the measurement period ended June 30, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2017 and the June 30, 2016 total pension liabilities were based on the following actuarial methods and assumptions:

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

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. 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.

NOTE 8 – NET PENSION LIABILITY, continued

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

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	47%	4.90%	5.38%
Fixed Income	19%	0.80%	2.27%
Inflation Assets	6%	0.60%	1.39%
Private Equity	12%	6.60%	6.63%
Real Estate	11%	2.80%	5.21%
Infrastructure and Forestland	3%	3.90%	5.36%
Liquidity	2%	-0.40%	-0.90%
	100%		

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

Discount Rate - The discount rate used to measure the total pension liability was 7.15 percent. 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.

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	$ 53,743,879	$ 36,527,650	$ 22,245,347

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.

NOTE 8 – NET PENSION LIABILITY, continued

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.

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

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

NOTE 8 – NET PENSION LIABILITY, continued

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

General Information about the Pension Plan, continued

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, 2018, are presented above and the District's total contributions were $3,349,832.

On-Behalf Payments - The District was the recipient of on-behalf payments made by the State of California to CalSTRS for community college education. These payments consist of state general fund contributions of approximately $1,903,144 to CalSTRS.

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

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

Total net pension liability, including state share:

District's proportionate share of the net pension liability	$	39,558,965
State's proportionate share of the net pension liability associated with the District		23,402,940
Total	$	62,961,905

The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively, was 0.043 percent and 0.044 percent, resulting in a net decrease in the proportionate share of 0.001 percent.

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

For the year ended June 30, 2018, the District recognized pension expense of $3,787,339. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	$ -	$ 1,863,428
Differences between expected and actual experience	146,293	748,241
Changes in assumptions	7,328,577	-
Net changes in proportionate share of net pension liability	-	4,713,926
District contributions subsequent to the measurement date	3,349,832	-
Total	$ 10,824,702	$ 7,325,595

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ (523,034)
2020	(523,033)
2021	143,901
2022	(927,595)
2023	733,221
Thereafter	1,245,815
	$ 149,275

NOTE 8 – NET PENSION LIABILITY, continued

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

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, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

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

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%
Absolute Return/Risk Mitigation Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
	100%	

*20-year geometric average

NOTE 8 – NET PENSION LIABILITY, continued

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

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.

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	$ 58,085,120	$ 39,558,965	$ 24,523,735

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.

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.

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, 2018.

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, 2018.

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, 2018, 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 – PRIOR PERIOD ADJUSTMENT

The beginning net position decreased by $16,677,346. This was due to adjustments made to bring on the net OPEB liabilities following the District's implementation of GASB Statements No. 75 during the year ended June 30, 2018. See Note 2, Summary of Significant Accounting Policies, Change in Accounting Principles for further details on the implementation of GASB Statements No. 75.

NOTE 13 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2018 through December 31, 2018, the date the financial statements were issued. No items requiring disclosure were noted.

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, 2018

	2018
Total OPEB liability	
Service cost	$ 804,135
Interest on Total OPEB Liability	1,937,161
Benefit payments	(2,933,900)
Net change in total OPEB liability	(192,604)
Total OPEB liability, beginning of year	28,749,667
Total OPEB liability, end of year (a)	$ 28,557,063
Plan fiduciary net position	
Employer contributions	$ 7,199,445
Net investment income	2,211,375
Administrative expense	(11,393)
Benefit payments	(2,933,900)
Change in plan fiduciary net position	6,465,527
Fiduciary trust net position, beginning of year	18,963,763
Fiduciary trust net position, end of year (b)	$ 25,429,290
Net OPEB liability(asset), ending (a) - (b)	$ 3,127,773
Covered payroll	$ 33,875,409
Plan fiduciary net position as a percentage of the total OPEB liability(asset)	89.05%
Net OPEB liability(asset) as a percentage of covered payroll	9.23%

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

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS - OPEB
FOR THE YEAR ENDED JUNE 30, 2018

	2018
Actuarially determined contribution	$ 2,266,528
Contributions in relations to the actuarially determined contribution	7,199,445
Contribution deficiency (excess)	$ (4,932,917)
Covered-employee payroll	$ 33,875,409
Contribution as a percentage of covered-employee payroll	21.25%

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

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018

CalSTRS	**2018**	**2017**	**2016**	**2015**
District's proportion of the net pension liability	0.043%	0.044%	0.049%	0.046%
District's proportionate share of the net pension liability	$ 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	23,402,940	20,459,305	17,308,674	16,478,960
Total	$ 62,961,905	$ 56,392,793	$ 50,035,194	$ 43,386,912
District's covered - employee payroll	$ 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	170.41%	157.72%	121.28%	83.83%
Plan fiduciary net position as a percentage of the total pension liability	69.0%	70.0%	74.0%	76.5%

CalPERS	**2018**	**2017**	**2016**	**2015**
District's proportion of the net pension liability	0.153%	0.147%	0.151%	0.156%
District's proportionate share of the net pension liability	$ 36,527,650	$ 29,065,674	$ 22,328,567	$ 17,456,784
District's covered - employee payroll	$ 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	153.60%	146.64%	123.68%	137.20%
Plan fiduciary net position as a percentage of the total pension liability	71.9%	73.9%	79.4%	83.4%

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS - PENSIONS
FOR THE YEAR ENDED JUNE 30, 2018

	Reporting Fiscal Year			
CalSTRS	2018	2017	2016	2015
Statutorily required contribution	$ 3,349,832	$ 2,866,105	$ 2,417,462	$ 1,995,120
District's contributions in relation to the statutorily required contribution	3,349,832	2,866,105	2,417,462	1,995,120
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 23,214,359	$ 22,783,029	$ 22,529,935	$ 12,723,907
District's contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.73%	15.68%

	Reporting Fiscal Year			
CalPERS	2018	2017	2016	2015
Statutorily required contribution	$ 3,303,212	$ 2,753,142	$ 2,138,728	$ 1,817,802
District's contributions in relation to the statutorily required contribution	3,303,212	2,753,142	2,138,728	1,817,802
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 23,781,224	$ 19,821,037	$ 18,052,908	$ 15,756,972
District's contributions as a percentage of covered-employee payroll	13.89%	13.89%	11.85%	11.54%

SUPPLEMENTARY INFORMATION

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. Michael Boeger	President	2018
Mr. William G. McGinnis	Vice President	2020
Mr. John Blacklock	Clerk	2018
Mr. John Dahlmeier	Member	2018
Mr. Rick Krepelka	Member	2020
Mr. Eugene Massa	Member	2020
Mr. Fred R. Perez	Member	2018
Mr. Bennett Josiassen	Student Member - (Non voting)	2018

DISTRICT ADMINISTRATION

Dr. Samia Yaqub
Superintendent/President

Mr. Andrew Suleski
Vice President, Administration/CBO

Mrs. Virginia Guleff
Vice President, Student Learning and Economic Development

Mr. Allen Renville
Vice President, Student Services

Mr. Lester Jauron
Vice President, Planning, Research and Organizational Development

Mr. Jim Nicholas
Director, Business Services

See accompanying note to the supplementary information.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

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 Supplemental Education Opportunity Grants	84.007	N/A	$ 301,077
Federal Work Study Program	84.033	N/A	284,524
Federal Direct Student Loans	84.268	N/A	4,326,018
Federal Pell Grant Program	84.063	N/A	18,089,158
Adult Education	84.002	N/A	32,736
Childcare Access Means Parents in School	84.335A	N/A	53,438
Subtotal			23,086,951
Passed Through California Department of Education			
Vocational Education - Basic Grants to States	84.048	15-150-001	370,000
Vocational Education - Basic Grants to States - Title I-C	84.048	15-C01-004	508,826
Career and Technical Education - Basic Grants to States	84.048	15-112-004	41,592
Total U.S. Department of Education			24,007,369
U.S. Department of Agriculture			
Passed Through Butte County Office of Education			
Child and Adult Care Food Program	10.558	N/A	13,633
Forest Reserve	10.665	N/A	12,972
Total U.S. Department of Agriculture			26,605
Corporation for National and Community Service			
Passed Through California Community Colleges Chancellor's Office			
AmeriCorps	94.006	N/A	51,020
U.S. Department of the Interior			
Passed Through Bureau of Indian Affairs			
Indian Loans - Economic Development	15.124	N/A	32,976
Total U.S. Department of the Interior			32,976
U.S. Department of Commerce			
Passed Through California Manufacturing Technology Consulting			
National Institute of Standards and Technology	11.611	N/A	76,215
Total U.S. Department of the Commerce			76,215
Small-Business Administration			
Passed Through CSU, Chico Research Foundation			
Small Business Development - 2017	59.037	17-006	105,886
Small Business Development - 2018	59.037	F-0241	97,807
Total Small-Business Administration			203,693
U.S. Department of Veterans Affairs			
Veterans Education	64.117	N/A	6,494
Total U.S. Department of Veterans Affairs			6,494
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	16,494
Foster Care Title IV-E	93.658	N/A	136,934
Passed Through Foundation for California Community Colleges		N/A	22,500
Postsecondary Education Scholarships of Veteran's Dependents (IASG)	84.408	N/A	5,511
Total U.S. Department of Health and Human Services			181,439
U.S. Environmental Protection Agency			
Office of Research and Development			
National Student Design Competition for Sustainability	66.516	N/A	3,685
Total U.S. Environmental Protection Agency			3,685
U.S. Department of Transportation			
Dwight D. Eisenhower Transportation Fellowship Program	20.215	N/A	5,000
Total U.S. Department of Justice			5,000
Total Federal Programs			$ 24,594,496

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, 2018

		Program Revenues					
Program Title	Total Entitlement	Prior balance	Cash Received	Accounts Receivable	Grantor Advances	Total Revenue	Program Expenditures
Basic Skills	$ 1,162,776	$ (297,180)	$ 924,237	$ -	$ 802,136	$ 419,281	$ 419,281
CalWorks	377,963	9,157	377,963	9,157	-	377,963	377,963
Extended Opportunity Programs and Services	1,354,533	-	1,354,533	-	-	1,354,533	1,354,533
Cooperative Agencies Resources for Education	353,677	-	351,177	2,500	-	353,677	353,677
Disabled Students Programs and Services	627,950	-	627,950	-	-	627,950	627,950
SSSP	3,795,408	(1,367,669)	2,505,276	-	1,372,677	2,500,268	2,500,268
Student Equity	2,086,890	(573,252)	1,513,638	-	606,338	1,480,552	1,480,552
Board Financial Assistance Program	473,538	(25,907)	447,631	-	26,000	447,538	447,538
Online Ed Initiative	17,167,014	2,296,376	16,042,362	3,099,891	-	16,845,877	16,845,877
Ed Planning Initiative	8,665,000	6,695,507	13,112,371	777,165	-	7,194,029	7,194,029
Temporary Assistance for Needy Families	52,231	-	52,231	-	-	52,231	52,231
TTIP/CENIC	36,854,324	(9,032,353)	27,821,971	-	19,906,371	16,947,953	16,947,953
Common Assessment Initiative	6,000,000	3,600,000	8,400,000	296,000	-	5,096,000	5,096,000
Technology Center	8,771,641	4,168,321	11,670,256	-	855,140	6,646,795	6,646,795
C.A.I.	140,057	3,459,943	3,600,000	-	-	140,057	140,057
E.P.I	-	800,866	799,994	-	-	(872)	(872)
Restricted Lottery	305,037	-	305,037	-	-	305,037	305,037
All other state programs	36,660,165	(3,061,609)	27,375,650	8,218,361	17,681,023	20,974,597	20,974,597
Total State District Funding	$ 124,848,204	$ 6,672,200	$ 117,282,277	$ 12,403,074	$ 41,249,685	$ 81,763,466	$ 81,763,466

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, 2018

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2017 only)			
1. Noncredit	6.87	-	6.87
2. Credit	462.50	-	462.50
B. Summer Intersession (Summer 2018 - Prior to July 1, 2018)			
1. Noncredit	3.53	-	3.53
2. Credit	382.39	-	382.39
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	6,263.95	-	6,263.95
(b) Daily Census Contact Hours	469.98	-	469.98
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	1,138.79	-	1,138.79
(b) Credit	691.65	-	691.65
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	737.20	-	737.20
(b) Daily Census Contact Hours	76.84	-	76.84
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	10,233.70	-	10,233.70
Supplemental Information (subset of above information)			
E. In-service Training Courses	409.16	-	409.16
F. Basic Skills Courses and Immigrant Education			
1. Credit	86.59	-	86.59
2. Noncredit	325.01	-	325.01
Total Basic Skills FTES	411.60	-	411.60

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, 2018

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2018.

See accompanying note to the supplementary information.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF THE ECS 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2018

		Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/ TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	12,332,057	-	12,332,057	12,332,057	-	12,332,057
Other	1300	8,242,646	-	8,242,646	8,250,633	-	8,250,633
Total Instructional Salaries		20,574,703	-	20,574,703	20,582,690	-	20,582,690
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	4,658,189	-	4,658,189
Other	1400	-	-	-	652,812	-	652,812
Total Non-Instructional Salaries		-	-	-	5,311,001	-	5,311,001
Total Academic Salaries		20,574,703	-	20,574,703	25,893,691	-	25,893,691
Classified Salaries							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	11,023,455	-	11,023,455
Other	2300	-	-	-	785,175	-	785,175
Total Non-Instructional Salaries		-	-	-	11,808,630	-	11,808,630
Instructional Aides							
Regular Status	2200	1,054,912	-	1,054,912	1,054,912	-	1,054,912
Other	2400	452,682	-	452,682	452,914	-	452,914
Total Instructional Aides		1,507,594	-	1,507,594	1,507,826	-	1,507,826
Total Classsified Salaries		1,507,594	-	1,507,594	13,316,456	-	13,316,456
Employee Benefits	3000	9,432,199	-	9,432,199	16,982,701	-	16,982,701
Supplies and Materials	4000	-	-	-	976,855	-	976,855
Other Operating Expenses	5000	-	-	-	3,558,582	-	3,558,582
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		31,514,496	-	31,514,496	60,728,285	-	60,728,285
Exclusions							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	1,155,147	-	1,155,147	1,155,147	-	1,155,147
Std. Health Srvcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	1,175,932	-	1,175,932
Object to Exclude							
Rents and Leases	5060	-	-	-	654,413	-	654,413
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	-	-	-	192,383	-	192,383
Non-inst. Supplies & Materials	4400	-	-	-	2,635	-	2,635
Total Supplies and Materials		-	-	-	195,018	-	195,018
Other Operating Expenses and Services	5000	-	-	-	1,287,001	-	1,287,001
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400						
Equipment - Additional	6410	-	-	-	141,547	-	141,547
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	141,547	-	141,547
Total Capital Outlay		-	-	-	141,547	-	141,547
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		$ 1,155,147	$ -	$ 1,155,147	$ 4,609,058	$ -	$ 4,609,058
Total for ECS 84362, 50% Law		$ 30,359,349	$ -	$ 30,359,349	$ 56,119,227	$ -	$ 56,119,227
Percent of CEE (Instructional Salary Cost/Total CEE)		54.10%	0.00%	54.10%	100.00%	0.00%	100.00%
50% of Current Expense of Education		$ -	$ -	$ -	$ 28,059,614	$ -	$ 28,059,614

See accompanying note to the supplementary information.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
DETAILS OF THE EDUCATION PROTECTION ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2018

EPA Revenue	8,134,949

Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	0100-5900	8,134,949	-	-	8,134,949
Total		8,134,949	-	-	8,134,949

See accompanying note to the supplementary information.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2018

June 30, 2018	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	$ 67,833,285	$ 21,486,487	$ 230,731	$ 2,392,502	$ 1,705,165	$ 34,853,847	$ 128,502,017
Accounts receivable, net	16,211,082	75,730	2,297	8,657	7,975	176,597	16,482,338
Inventory	-	-	-	-	-	-	-
Prepaid assets	943,381	-	-	-	-	-	943,381
Due from other funds	259,370	-	-	-	657,674	-	917,044
Total Assets	$ 85,247,118	$ 21,562,217	$ 233,028	$ 2,401,159	$ 2,370,814	$ 35,030,444	$ 146,844,780
LIABILITIES							
Accounts payable	$ 8,960,547	$ -	$ -	$ -	$ 26,930	$ 14,457	$ 9,001,934
Deferred revenue	47,439,157	-	-	-	-	-	47,439,157
Compensated absences	3,442,563	-	-	-	-	-	3,442,563
Due to other funds	2,157,674	-	-	992,255	-	-	3,149,929
Total Liabilities	61,999,941	-	-	992,255	26,930	14,457	63,033,583
FUND EQUITY							
Retained earnings	-	-	-	-	-	-	-
Fund balance:							
Restricted	-	21,562,217	-	-	-	35,015,987	56,578,204
Committed	-	-	-	-	2,343,884	-	2,343,884
Assigned	-	-	-	-	-	-	-
Uncommitted	23,247,177	-	233,028	1,408,904	-	-	24,889,109
Total Fund Equity	23,247,177	21,562,217	233,028	1,408,904	2,343,884	35,015,987	83,811,197
Total Liabilities and Fund Equity	$ 85,247,118	$ 21,562,217	$ 233,028	$ 2,401,159	$ 2,370,814	$ 35,030,444	$ 146,844,780

See accompanying note to the supplementary information.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2018

June 30, 2018	Balance Brought Forward	Farm Operations Fund	Bookstore Fund	Cafeteria Fund	Self Insurance Fund	Retiree Benefit Fund	Financial Aid Fund	Total
ASSETS								
Cash and equivalents	$ 128,502,017	$ 13,829	$ 201,469	$ 165,683	$ 3,296,566	$ 6,095,956	$ 359,873	$ 138,635,393
Accounts receivable, net	16,482,338	4,224	255,082	25,996	22,123	25,931	89,148	16,904,842
Inventory	-	-	298,006	27,390	-	-	-	325,396
Prepaid assets	943,381	-	3,452	-	-	-	-	946,833
Due from other funds	917,044	-	3,021	2,100	992,255	1,500,000	-	3,414,420
Total Assets	$ 146,844,780	$ 18,053	$ 761,030	$ 221,169	$ 4,310,944	$ 7,621,887	$ 449,021	$ 160,226,884
LIABILITIES								
Accounts payable	$ 9,001,934	$ -	$ 128,570	$ 7,590	$ -	$ -	$ 106,212	$ 9,244,306
Deferred revenue	47,439,157	-	91,187	60,433	-	-	255,912	47,846,689
Long-term obligations	3,442,563	-	-	-	-	-	-	3,442,563
Due to other funds	3,149,929	-	160,338	81	-	-	86,897	3,397,245
Total Liabilities	63,033,583	-	380,095	68,104	-	-	449,021	63,930,803
FUND EQUITY								
Retained earnings	-	18,053	380,935	153,065	-	7,621,887	-	8,173,940
Fund balance:								
Restricted	56,578,204	-	-	-	-	-	-	56,578,204
Committed	2,343,884	-	-	-	-	-	-	2,343,884
Assigned	-	-	-	-	4,310,944	-	-	4,310,944
Uncommitted	24,889,109	-	-	-	-	-	-	24,889,109
Total Fund Equity	83,811,197	18,053	380,935	153,065	4,310,944	7,621,887	-	96,296,081
Total Liabilities and Fund Equity	$ 146,844,780	$ 18,053	$ 761,030	$ 221,169	$ 4,310,944	$ 7,621,887	$ 449,021	$ 160,226,884

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, 2018

June 30, 2018	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	$ 1,815,345	$ -	$ 13,633	$ -	$ -	$ -	$ 1,828,978
State	126,360,163	138,427	104,867	-	341,603	-	126,945,060
Local	25,117,487	12,074,701	198,152	1,040,794	35,246	559,703	39,026,083
Cost of sales	-	-	-	-	-	-	-
Total Revenues	153,292,995	12,213,128	316,652	1,040,794	376,849	559,703	167,800,121
EXPENDITURES							
Academic salaries	30,103,425	-	-	-	-	-	30,103,425
Classified salaries	23,310,820	-	140,589	-	33,336	1,286	23,486,031
Employee benefits	22,347,752	-	66,193	-	1,384	99	22,415,428
Supplies and materials	1,957,016	-	9,280	-	20,747	6,695	1,993,738
Other operating expenses	67,918,333	-	41,579	-	22,290	198,727	68,180,929
Capital outlay	3,610,365	-	-	-	1,830,258	6,721,096	12,161,719
Total Expenditures	149,247,711	-	257,641	-	1,908,015	6,927,903	158,341,270
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,045,284	12,213,128	59,011	1,040,794	(1,531,166)	(6,368,200)	9,458,851
OTHER FINANCING SOURCES	5,608	-	-	-	752,326	1,558	759,492
OTHER OUTGO	(3,001,219)	(6,098,755)	-	-	(5,608)	-	(9,105,582)
NET CHANGE IN FUND BALANCE	1,049,673	6,114,373	59,011	1,040,794	(784,448)	(6,366,642)	1,112,761
BEGINNING FUND BALANCE	22,197,504	15,447,844	174,017	368,110	3,128,332	41,382,629	82,698,436
ENDING FUND BALANCE	$ 23,247,177	$ 21,562,217	$ 233,028	$ 1,408,904	$ 2,343,884	$ 35,015,987	$ 83,811,197

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, 2018

June 30, 2018	Balance Brought Forward	Farm Operations Fund	Bookstore Fund	Cafeteria Fund	Self Insurance Fund	Retiree Benefit Fund	Financial Aid Fund	Total
REVENUES								
Federal	$ 1,828,978	$ -	$ -	$ -	$ -	$ -	$ 22,765,518	$ 24,594,496
State	126,945,060	-	-	-	-	-	3,335,887	130,280,947
Local	39,026,083	20,535	2,198,716	1,783,945	45,633	99,630	316,843	43,491,385
Cost of sales	-	-	(1,752,365)	(870,473)	-	-	-	(2,622,838)
Total Revenues	167,800,121	20,535	446,351	913,472	45,633	99,630	26,418,248	195,743,990
EXPENDITURES								
Academic salaries	30,103,425	-	-	-	-	-	-	30,103,425
Classified salaries	23,486,031	22,711	545,869	579,994	-	-	-	24,634,605
Employee benefits	22,415,428	535	222,363	191,766	-	2,000,000	-	24,830,092
Supplies and materials	1,993,738	6,550	(181,436)	42,352	-	-	-	1,861,204
Other operating expenses	68,180,929	1,506	142,091	132,413	5,905	-	-	68,462,844
Capital outlay	12,161,719	284	603	14,776	-	-	-	12,177,382
Total Expenditures	158,341,270	31,586	729,490	961,301	5,905	2,000,000	-	162,069,552
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,458,851	(11,051)	(283,139)	(47,829)	39,728	(1,900,370)	26,418,248	33,674,438
OTHER FINANCING SOURCES	759,492	-	525	12,500	-	-	-	772,517
OTHER OUTGO	(9,105,582)	-	-	-	(2,175)	-	(26,418,248)	(35,526,005)
NET CHANGE IN FUND BALANCE	1,112,761	(11,051)	(282,614)	(35,329)	37,553	(1,900,370)	-	(1,079,050)
BEGINNING FUND BALANCE	82,698,436	29,104	663,549	188,394	4,273,391	9,522,257	-	97,375,131
ENDING FUND BALANCE	$ 83,811,197	$ 18,053	$ 380,935	$ 153,065	$ 4,310,944	$ 7,621,887	$ -	$ 96,296,081

See accompanying note to the supplementary information.

Total Fund Equity - District Funds Included in the Reporting Entity		$ 96,296,081
Assets recorded within the statements of net position not included in the District fund financial statements:		
Nondepreciable capital assets	$ 18,488,635	
Depreciable capital assets	254,962,494	
Accumulated depreciation	(75,707,788)	197,743,341
Deferred outflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred loss on refunding		1,933,323
Deferred outflows from pensions		21,774,925
Liabilities recorded within the statements of net position not recorded in the District fund financial statements:		
Net pension liability		(76,086,615)
Net OPEB liability		(3,127,773)
Long-term debt		(124,008,588)
Unmatured Interest		(2,144,021)
Deferred inflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred inflows of resources		(8,050,193)
Net Position Reported Within the Statements of Net Position		$ 104,330,480

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, 2018

Change in Fund Equity - District Funds Included in the Reporting Entity	$	(1,079,050)
Depreciation expense		(5,742,554)
Accretion of general obligation bonds		(244,050)
Accrued interest reported		(510,792)
Amortization of bond premiums		1,365,566
Interest expense from deferred loss on refunding		(161,110)
Capital outlay expense		12,560,158
Pension related activity		(4,768,069)
Other postemployment benefits		(541,314)
Principal Payments on debt		3,054,031
Loss on disposal of fixed assets		(137,276)
Change in Net Position Reported Within the Statement of Revenues, Expenses, and Changes in Net Position	$	3,795,540

See accompanying note to the supplementary information.

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 Award*s. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

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.

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, 2018, 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 December 31, 2018.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 2 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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.

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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
December 31, 2018

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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, 2018. 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.

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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, 2018.

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
December 31, 2018

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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) 2017-18*, issued by the California Community Colleges Chancellor's Office for the year ended June 30, 2018.

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) 2017-18*, 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.

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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, 2018.

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 421 – Salaries of Classroom Instructors (50 Percent Law)
Section 423 – Apportionment for Instructional Service Agreements/Contracts
Section 424 – State General Apportionment Funding System
Section 425 – Residency Determination for Credit Courses
Section 426 – Students Actively Enrolled
Section 427 – Dual Enrollment of K-12 Students in Community College Credit Courses
Section 428 – Student Equity
Section 429 – Student Success and Support Program (SSSP)
Section 430 – Scheduled Maintenance Program
Section 431 – Gann Limit Calculation
Section 435 – Open Enrollment
Section 439 – Proposition 39 Clean Energy
Section 440 – Intersession Extension Program
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 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) 2017-18*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 31, 2018

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Section I – Summary of Auditors' Results

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards	No
Identification of major programs:	

CFDA Numbers	Name of Federal Program of Cluster
84.007, 84.268, 84.033 84.063, 84.002, 84.335A	Student Financial Aid Cluster
84.048	Career and Technical Education - Basic Grants to States

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

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

Section II – Financial Statement Findings

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

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

Section III – Federal Award Findings and Questioned Costs

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

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

Section IV – State Award Findings and Questioned Costs

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

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

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

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