

**BUTTE-GLENN
COMMUNITY COLLEGE DISTRICT**

OROVILLE, CALIFORNIA

AUDIT REPORT

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2015 AND 2014**



**COSSOLIAS | WILSON
DOMINGUEZ | LEAVITT**
CERTIFIED PUBLIC ACCOUNTANTS

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Butte-Glenn Community College District, as of and for the fiscal years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Butte-Glenn Community College District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Butte-Glenn Community College District, as of June 30, 2015 and 2014, 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

As discussed in Note 13 to the financial statements, beginning net position was restated due to the District's implementation of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date during the year ended June 30, 2015, which established accounting and financial reporting standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures for defined benefit pensions.

Restatement of the comparative financial data for the prior period presented is not practical due to the unavailability of information from the pension plan, therefore the provisions of GASB Statements No. 68 and 71 were not applied to prior period. The cumulative effects of applying the provisions of GASB Statements No. 68 and 71 have been reported as a restatement of beginning net position for the year ended June 30, 2015 in accordance with the Statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis on pages 4 through 12, and the schedule of funding progress for other post-employment benefits, schedule of proportionate share of the net pension liability, and the schedule of contributions on pages 67-69 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 the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015 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.


San Diego, California
November 30, 2015

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

The California Community College system is comprised of 72 districts, 113 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 11,000 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 fiscal years ended June 30, 2015 and 2014. Please read it in conjunction with the financial statements and notes thereto which follow this section. Responsibility for the completeness and accuracy of this information rests with the District's management.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

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, 2015 and 2014 and are prepared using the accrual basis of accounting, which is similar to the accounting basis used by most private sector organizations. The difference between total assets and total liabilities (net position) is one indicator of the current financial condition of the District, and a way to measure the financial health of the District.

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

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

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

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

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

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

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

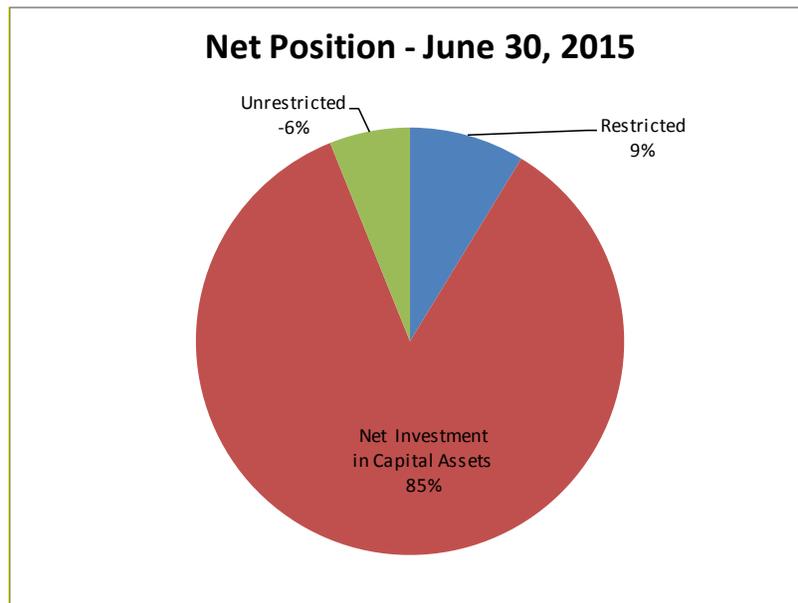
OVERVIEW OF THE FINANCIAL STATEMENTS, continued

The Statements of Net Position as of June 30, 2015 and 2014 are summarized below:

	2015	2014	Net Change
ASSETS AND DEFERRED OUTFLOWS			
Total assets	\$ 286,228,487	\$ 273,269,251	\$ 12,959,236
Deferred outflow of resources	4,580,116	419,469	4,160,647
Total Assets and Deferred Outflows of Resources	290,808,603	273,688,720	17,119,883
LIABILITIES AND DEFERRED INFLOWS			
Current liabilities	40,012,003	27,332,134	12,679,869
Non-current liabilities	134,855,490	92,768,059	42,087,431
Deferred inflows	12,734,950	-	12,734,950
Total Liabilities and Deferred Inflows of Resources	187,602,443	120,100,193	67,502,250
NET POSITION			
Net investment in capital assets	100,800,339	105,043,576	(4,243,237)
Restricted	10,016,399	9,436,857	579,542
Unrestricted	(7,610,578)	39,108,094	(46,718,672)
Total Net Position	\$ 103,206,160	\$ 153,588,527	\$ (50,382,367)

The District's total assets and deferred outflows of resources increased \$17.1 million or 6.3 percent from the previous year. The majority of the increase was due to the receipt of grant funds and the recognition of deferred outflows from the implementation of GASB 71.

Total liabilities and deferred inflows of resources increased \$23.1 million or 19.3 percent. This is related mainly to the deferred revenue increase from grant funds, recognition of the net pension liability, offset by a reduction in other long-term debt. Net Position is reflected by major category below:



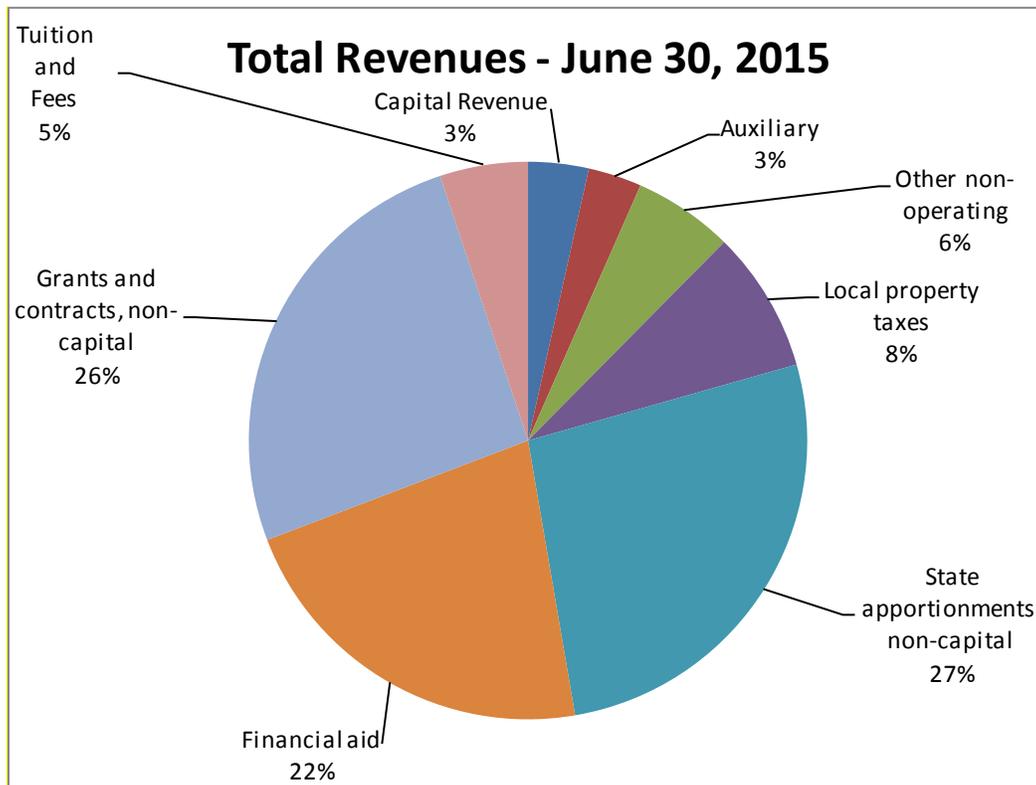
**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

The Statements of Revenues, Expenses, and Changes in Net Position for the fiscal years ended June 30, 2015 and 2014 are summarized below:

	2015	2014	Net Change
Revenues			
Net tuition and fees	\$ 7,981,930	\$ 7,915,206	\$ 66,724
Grants and contracts, noncapital	40,273,520	31,416,387	8,857,133
General revenues - property taxes	18,268,202	16,901,545	1,366,657
General revenues - unrestricted state aid	41,763,973	40,984,798	779,175
General revenues - other	5,557,098	5,169,804	387,294
Total Revenue	113,844,723	102,387,740	11,456,983
Expenses			
Operating expenses	107,339,883	95,154,535	12,185,348
Interest	3,457,524	4,085,268	(627,744)
Total Expenses	110,797,407	99,239,803	11,557,604
Change in net position	\$ 3,047,316	\$ 3,147,937	\$ (100,621)

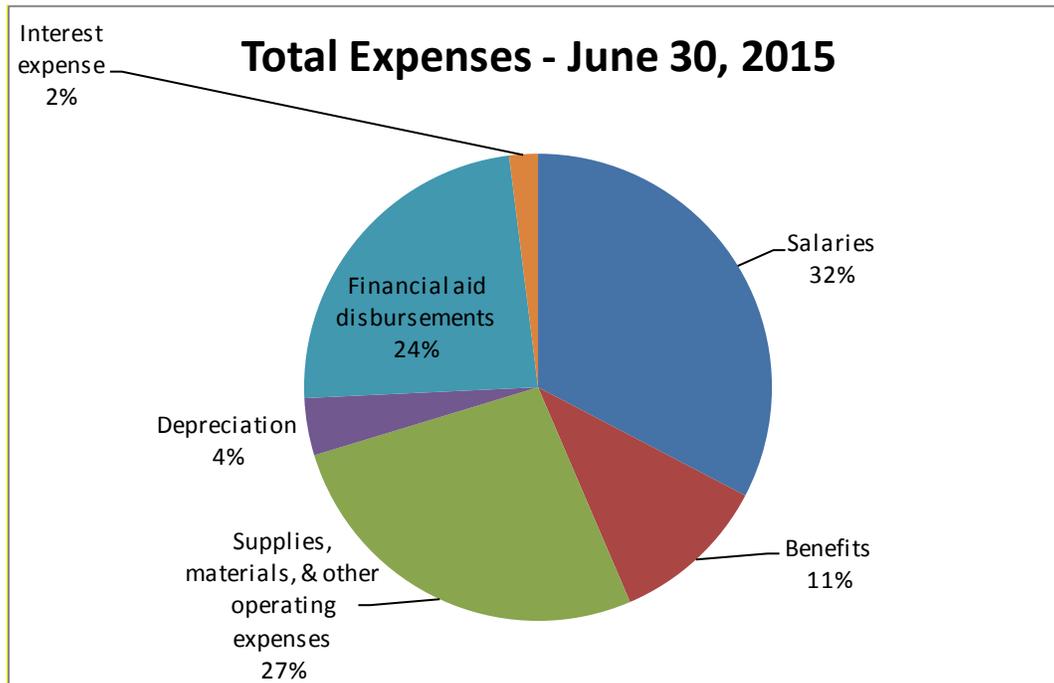
Operating and nonoperating revenues are reflected below:



**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

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, 2015, the District had approximately \$250.0 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 \$59.6 million, leaving a net capital asset amount of \$190.4 million.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

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:

	2015	2014	Net Change
Capital Assets not being depreciated	\$ 6,275,982	\$ 6,131,085	\$ 144,897
Capital Assets being depreciated	243,737,425	241,411,853	2,325,572
Accumulated depreciation	(59,576,350)	(54,791,739)	(4,784,611)
Total Capital Assets	\$ 190,437,057	\$ 192,751,199	\$ (2,314,142)

Long-Term liabilities

As of June 30, 2015, the District had approximately \$69.8 million in bonded debt, \$11.9 million in capital leases, and total long-term liabilities of \$94.9 million. This was a decrease of \$2.2 million from the prior year.

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

	2015	2014	Net Change
General obligation and revenue bonds	\$ 69,799,757	\$ 76,758,225	\$ (6,958,468)
Capital leases	11,868,659	12,701,723	(833,064)
Other long-term liabilities	13,233,539	7,675,192	5,558,347
Total Long-term Liabilities	\$ 94,901,955	\$ 97,135,140	\$ (2,233,185)

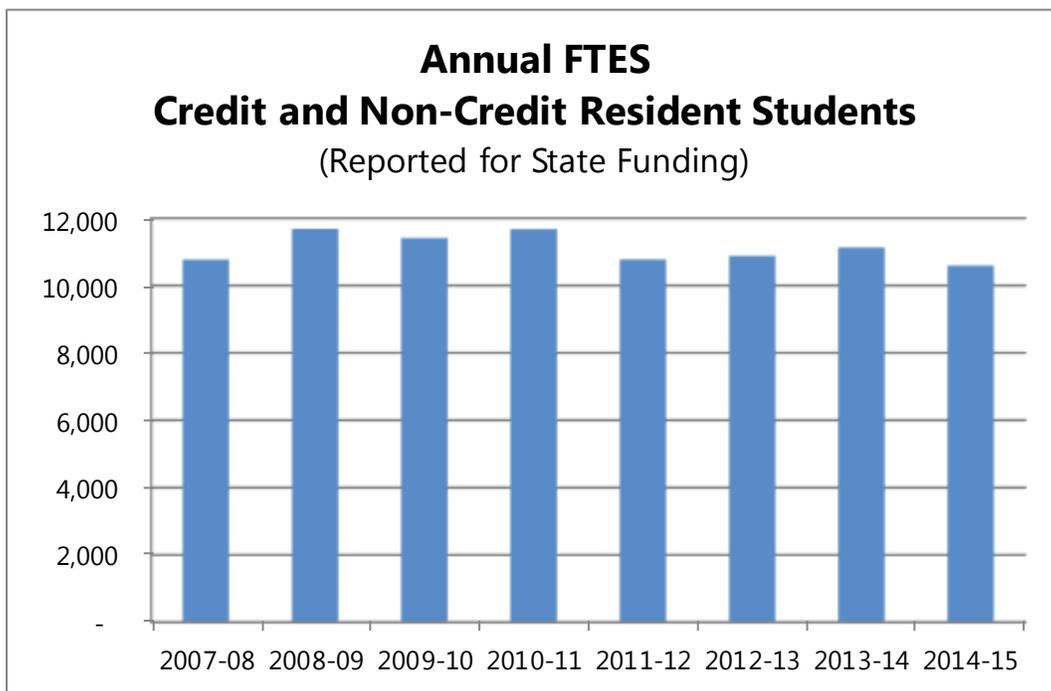
**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

FINANCIAL HIGHLIGHTS

Total net position was \$103.2 million at June 30, 2015. This was a decrease of \$50.4 million or 32.8 percent over the prior year.

HISTORICAL FULL TIME EQUIVALENT STUDENTS (FTES) TRENDS

In the 2015 and 2014 fiscal years, the District reported 10,441 and 11,130 credit and non-credit resident FTES, respectively. See the below chart for a historical perspective on the changes in FTES over the past 8 fiscal years.



**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

The 2015-16 California Budget is a balanced budget that creates a brighter outlook for public education. The budget approved by the legislature continues the state's reinvestment in public education, with greater funding augmentations for the Community Colleges system. Specifically, the 2015-16 budget provides new funding for access, a cost of living adjustment (COLA), student success and equity, full-time faculty hiring, base allocation increases to support district general operating expenses, and other system priorities. Major components of the 2015-16 statewide budget include:

- \$61 million to fund the statutory COLA of 1.02 percent
- \$156.5 million to increase access of 3 percent restoration/growth
- \$62.3 million to support an increase in full-time faculty hiring
- \$266.7 million to increase the base allocation to support district general operating expenses
- \$148 million for Scheduled Maintenance and Instructional Equipment
- \$100 million for the Student Success and Support Program
- \$85 million for the Student Equity Program
- \$33.7 million for Extended Opportunity Programs and Services
- \$49 million for equalizing the Career Development and College Preparation funding rate
- \$38.7 million for Proposition 39 energy efficiency projects and workforce development
- \$632 million for backlog of mandated cost reimbursements
- \$94.5 million to eliminate remaining cash deferrals

Although a significant amount of funding has been restored to the system after the dramatic reductions of the economic downturn, it is important to note that the Proposition 30 revenues are temporary. The sales tax increase ends on December 31, 2016, and the income tax increase ends two years later. Without an extension of these taxes, the system may see very slow growth in the not too distant future. Expected rate increases in the employer portion of CalPERS and CalSTRS pension benefits over the next several years will significantly impact district budgets.

The District joined the California Employers' Retiree Benefit Trust (CERBT) on March 17, 2010, to establish an irrevocable trust for its other postemployment benefits (OPEB). The account balance in the trust as of June 30, 2015, was \$15,992,938. The District is reporting an OPEB asset of \$10,480,132 relating to contributions made exceeding the annual required contributions. In addition, to the CERBT, the District has set aside \$11,799,344 in a retiree benefits fund. These funds are not in an irrevocable trust but have been earmarked for OPEB. The board of trustees has authorized \$2 million in annual payments from the retiree benefits fund to the CERBT until the retiree benefits fund is depleted of funds. It is anticipated that the OPEB obligation will be fully funded in June 2021.

The District feels confident that it has the fiscal strength and reserves to be able to absorb future adjustments to state apportionment funding 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.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

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, 2015 AND 2014**

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 68,396,959	\$ 57,758,098
Accounts receivable - net	16,433,113	13,705,121
Inventories	472,522	463,968
Prepaid expenses	8,704	33,893
Total Current Assets	85,311,298	71,961,080
NONCURRENT ASSETS		
Net OPEB asset	10,480,132	8,556,972
Capital assets - net of accumulated depreciation	190,437,057	192,751,199
Total Noncurrent Assets	200,917,189	201,308,171
Total Assets	286,228,487	273,269,251
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	767,194	419,469
Deferred pension contributions	3,812,922	-
Total Deferred Outflows of Resources	4,580,116	419,469
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	290,808,603	273,688,720
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	8,619,295	5,368,068
Deferred revenue	26,981,507	17,596,985
Compensated absences - current portion	1,139,665	1,185,637
Long-term debt - current portion	3,271,536	3,181,444
Total Current Liabilities	40,012,003	27,332,134
NONCURRENT LIABILITIES		
Net pension liability	44,364,736	-
Compensated absences - noncurrent portion	1,139,665	1,847,355
Long-term debt - noncurrent portion	89,351,089	90,920,704
Total Noncurrent Liabilities	134,855,490	92,768,059
TOTAL LIABILITIES	174,867,493	120,100,193
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on pension investments	12,734,950	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	187,602,443	120,100,193
NET POSITION		
Net investment in capital assets	100,800,339	105,043,576
Restricted for:		
Debt service	10,016,399	9,436,857
Unrestricted	(7,610,578)	39,108,094
TOTAL NET POSITION	\$ 103,206,160	\$ 153,588,527

See accompanying notes to the financial statements.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
OPERATING REVENUES		
Student tuition and fees	\$ 16,413,532	\$ 16,145,466
Less: Scholarship discount & allowance	8,431,602	8,230,260
Net tuition & fees	<u>7,981,930</u>	<u>7,915,206</u>
Grants and contracts, noncapital:		
Federal	997,439	2,368,478
State	36,926,224	23,750,471
Local	2,349,857	5,297,438
Auxiliary enterprise sales and charges	4,898,559	4,725,954
Subtotal	<u>45,172,079</u>	<u>36,142,341</u>
TOTAL OPERATING REVENUES	<u>53,154,009</u>	<u>44,057,547</u>
OPERATING EXPENSES		
Salaries	47,177,782	45,097,571
Benefits	15,611,028	16,827,995
Supplies, materials, & other operating expenses	39,057,508	27,827,891
Depreciation	5,493,565	5,401,078
TOTAL OPERATING EXPENSES	<u>107,339,883</u>	<u>95,154,535</u>
OPERATING LOSS	<u>(54,185,874)</u>	<u>(51,096,988)</u>
NONOPERATING REVENUES/(EXPENSES)		
State apportionments - non-capital	30,475,314	31,519,146
Local property taxes	12,789,605	11,924,047
State taxes & other revenues	11,288,659	9,465,652
Federal student aid revenue	34,373,839	37,752,235
Financial aid disbursements to students	(34,384,478)	(37,750,032)
Investment income - non-capital	643,753	422,242
Interest	(3,457,524)	(4,085,268)
TOTAL NONOPERATING REVENUES	<u>51,729,168</u>	<u>49,248,022</u>
LOSS BEFORE OTHER REVENUES AND GAINS	(2,456,706)	(1,848,966)
OTHER REVENUES AND GAINS/(LOSSES)		
Investment income - capital	25,425	19,405
Local property taxes and revenues - capital	5,478,597	4,977,498
TOTAL OTHER REVENUES AND GAINS	<u>5,504,022</u>	<u>4,996,903</u>
CHANGE IN NET POSITION	3,047,316	3,147,937
NET POSITION, BEGINNING OF YEAR	<u>153,588,527</u>	<u>150,440,590</u>
ADJUSTMENT FOR RESTATEMENT (see Note 13)	(53,429,683)	-
NET POSITION, BEGINNING OF YEAR, AS RESTATED	<u>100,158,844</u>	<u>150,440,590</u>
NET POSITION, END OF YEAR	<u>\$ 103,206,160</u>	<u>\$ 153,588,527</u>

See accompanying notes to the financial statements.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 8,474,302	\$ 8,407,578
Grants, contracts and other income	44,488,130	41,097,506
Payments to or on behalf of employees	(66,277,483)	(64,737,417)
Payments to vendors and operating expenses	(39,534,108)	(28,739,408)
Auxiliary enterprise sales and charges	4,861,709	4,689,104
Net Cash Used by Operating Activities	<u>(47,987,450)</u>	<u>(39,282,637)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State apportionments	36,845,580	37,889,412
Property taxes	12,797,547	11,931,989
State taxes and other revenues	11,694,921	9,871,914
Other nonoperating	593,805	(116,119)
Net Cash Provided by Non-capital Financing Activities	<u>61,931,853</u>	<u>59,577,196</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(3,136,422)	(3,290,607)
State apportionments - capital projects	(312,752)	(37,850)
Local property taxes - capital	5,627,343	4,977,498
Principal paid on capital debt	(2,859,851)	(3,824,297)
Interest paid on capital debt	(3,293,038)	(3,336,300)
Net Cash Used by Capital Financing Activities	<u>(3,974,720)</u>	<u>(5,511,556)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	669,178	441,647
Net Cash Provided by Investing Activities	<u>669,178</u>	<u>441,647</u>
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	10,638,861	15,224,650
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	<u>57,758,098</u>	<u>42,533,448</u>
CASH & CASH EQUIVALENTS, END OF YEAR	<u>\$ 68,396,959</u>	<u>\$ 57,758,098</u>

See accompanying notes to the financial statements.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (54,185,874)	\$ (51,096,988)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation expense	5,493,565	5,401,078
Loss on sale of assets	1,870	4,159
Changes in Assets and Liabilities:		
Receivables - net	(5,618,559)	(248,214)
Inventory	(8,554)	9,534
Prepaid items	25,189	(33,893)
Accounts payable and accrued liabilities	(402,787)	(842,163)
Deferred revenue	9,384,522	10,384,855
Compensated absences	(753,662)	(373,762)
Net OPEB asset	(1,923,160)	(2,438,089)
Other liabilities	-	(49,154)
Total Adjustments	<u>6,198,424</u>	<u>11,814,351</u>
Net Cash Flows From Operating Activities	<u>\$ (47,987,450)</u>	<u>\$ (39,282,637)</u>

See accompanying notes to the financial statements.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF NET POSITION – COMPONENT UNIT
JUNE 30, 2015 AND 2014**

	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 92,280	\$ 259,125
Investments	971,702	969,595
Other Assets		
Investments - noncurrent	2,652,406	2,364,656
Contributions receivable	75,000	75,000
Assets held by others	48,683	55,527
Total Assets	<u>3,840,071</u>	<u>3,723,903</u>
 LIABILITIES		
Current Liabilities		
Accounts payable	12,384	67,070
Accounts payable - related party	-	3,470
Amounts held for pass-through donors	96,161	99,732
Depository liability	488,823	474,628
Total Liabilities	<u>597,368</u>	<u>644,900</u>
 NET ASSETS		
Unrestricted	471,171	308,273
Temporarily restricted	435,493	584,919
Permanently restricted	2,336,039	2,185,811
Total Net Assets	<u>3,242,703</u>	<u>3,079,003</u>
 Total Liabilities and Net Assets	<u>\$ 3,840,071</u>	<u>\$ 3,723,903</u>

See accompanying notes to the financial statements.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF ACTIVITIES – COMPONENT UNIT
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

	Unrestricted	Temporarily Restricted	Permanently Restricted	FY1415 Total	FY1314 Total
SUPPORT AND REVENUES					
Contributions:					
Public support	\$ 5,199	\$ 179,169	\$ -	\$ 184,368	\$ 203,694
Value of services provided by Butte-Glenn Community College District	229,694	-	-	229,694	238,822
Endowment fund contributions	-	-	150,228	150,228	73,748
Special events revenue	-	86,975	-	86,975	97,260
Other revenues, gains, and support:					
Investment return - net of investment fees	37,194	83,246	-	120,440	373,116
Other revenues	165,525	76,508	-	242,033	204,080
Net assets released from restrictions	343,000	(343,000)	-	-	-
Total Support and Revenues after net assets released from restriction	780,612	82,898	150,228	1,013,738	1,190,720
OPERATING EXPENSES					
Program services:					
Scholarships	183,155	-	-	183,155	199,236
Programs and grants	129,167	-	-	129,167	120,142
Supporting services:					
Management and general	157,598	126,105	-	283,703	230,089
Management and general in-kind	229,694	-	-	229,694	238,822
Special Events Expenses	-	24,319	-	24,319	22,129
Total Operating Expenses	699,614	150,424	-	850,038	810,418
CHANGE IN NET ASSETS	80,998	(67,526)	73,748	163,700	380,302
NET ASSETS, BEGINNING OF YEAR	308,273	584,919	2,185,811	3,079,003	2,698,701
NET ASSETS, END OF YEAR	\$ 389,271	\$ 517,393	\$ 2,259,559	\$ 3,242,703	\$ 3,079,003

See accompanying notes to the financial statements.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS – COMPONENT UNIT
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 163,700	\$ 380,302
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized gains on investments	(57,995)	(324,265)
Reinvested investment return - net of investment fees	(62,445)	(48,851)
Changes in:		
Accounts receivable	-	7,500
Assets held by others	6,844	(831)
Accounts payable	(58,156)	(13,879)
Amounts held for pass-through donors	(3,571)	8,213
Depository liability	14,195	(287,172)
Net Cash Provided/(Used) by Operating Activities	<u>2,572</u>	<u>(278,983)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(2,264,989)	(2,255,194)
Proceeds from the sale of investments	2,095,572	2,373,068
Net Cash Provided by Investing Activities	<u>(169,417)</u>	<u>117,874</u>
Net increase/(decrease) in cash and cash equivalents	(166,845)	(161,109)
Cash and Cash Equivalents - Beginning of Year	259,125	420,234
Cash and Cash Equivalents - End of Year	<u>\$ 92,280</u>	<u>\$ 259,125</u>

See accompanying notes to the financial statements.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2015**

	Associated Students	Student Representation Fee Trust	Financial Aid Trust Fund	Scholarship and Loan Fund	Other Trust and Agency	Total
ASSETS						
Cash and Cash Equivalents	\$ 277,675	\$ 39,844	\$ 160,966	\$ 40,099	\$ 55,401	\$ 573,985
Accounts Receivable - net	-	-	108,619	-	600	109,219
Due from other funds	-	-	3,880	-	-	3,880
Total Assets	277,675	39,844	273,465	40,099	56,001	687,084
LIABILITIES						
Accounts payable	705	-	164,174	-	-	164,879
Deferred revenue	-	-	672	-	-	672
Due to other funds	-	-	108,619	-	-	108,619
Total Liabilities	705	-	273,465	-	-	274,170
NET POSITION						
Held in Trust for Student Groups	276,970	39,844	-	-	-	316,814
Unrestricted (deficit)	-	-	-	40,099	56,001	96,100
Total Net Position	\$ 276,970	\$ 39,844	\$ -	\$ 40,099	\$ 56,001	\$ 412,914

See accompanying notes to the financial statements.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CHANGES IN NET POSITION – FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Associated Students	Student Representation Fee Trust	Financial Aid Trust Fund	Scholarship and Loan Fund	Other Trust and Agency	Total
OPERATING REVENUES:						
Local revenue	\$ 380,293	\$ 23,034	\$ 10,639	\$ 500	\$ 491	\$ 414,957
Federal grants and contracts	-	-	32,237,613	-	-	32,237,613
State grants and contracts	-	-	2,136,226	-	-	2,136,226
Total Operating Revenues	380,293	23,034	34,384,478	500	491	34,788,796
OPERATING EXPENSES:						
Salaries	168,699	3,492	-	-	-	172,191
Employee benefits	54,180	76	-	-	-	54,256
Payments to students	-	-	34,384,478	-	-	34,384,478
Supplies, materials, and other outgo	146,279	27,200	-	3,321	440	177,240
Total Operating Expenses	369,158	30,768	34,384,478	3,321	440	34,788,165
Net Change in Net Position	11,135	(7,734)	-	(2,821)	51	631
NET POSITION:						
Beginning of Year	265,835	47,578	-	42,920	55,950	412,283
End of Year	\$ 276,970	\$ 39,844	\$ -	\$ 40,099	\$ 56,001	\$ 412,914

See accompanying notes to the financial statements.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 1 – ORGANIZATION

The Butte-Glenn Community College District (The District) is a political subdivision of the State of California and is governed by an elected seven-member Board of Trustees. The District provides educational services to the local residents of the surrounding area. The District consists of one community college located in Oroville, California, a state approved center located in Chico, California, and satellite campuses throughout the bi-county area.

Financial Reporting Entity

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

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

For financial reporting purposes, the District includes all funds, agencies, and authorities that are controlled by or are dependent on the District's executive and legislative branches. Control by or dependence on the District was determined on the basis of budget adoption, taxing, authority, outstanding debt secured by revenues or general obligations of the District, obligations of the District to finance any deficits that may occur, or receipt of significant subsidies from the District.

As a result, the financial statements of the District include the financial activities of the District and the combined totals of the trust and agency funds, which represent the various scholarships and student organizations within the District.

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

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

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.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

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.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

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 \$3,194,076 and \$2,448,369 at June 30, 2015 and 2014, respectively.

Prepaid Expenditures

Prepaid expenditures or expenses represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

Inventory

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

Capital Assets and Depreciation

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

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

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

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 \$34,715 for each of the fiscal years ended June 30, 2015 and 2014, 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.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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 contribution will be recognized in subsequent periods as a pension expense.

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. Deferred inflows of resources represent 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. At June 30, 2015 the District had deferred gains on pension investments that will be amortized over five years.

Net Position

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

Net investment in Capital Assets – Represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

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

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

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

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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

Student tuition and fee revenues are reported net of scholarship discounts and allowances in the statement 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 (financial aid expenses) in the District’s financial statements.

Risk Management

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

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

Estimates Used in Financial Reporting

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

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

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 \$1,238,760 for STRS for the year ended June 30, 2015. 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.

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.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

Scholarship Discounts and Allowance

Student tuition and fee revenue is reported net of scholarship discounts and allowances in the Statements of Revenues, Expenditures, and Changes in Net Position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payment on the students' behalf. To the extent that fee waivers and discounts have been used to satisfy tuition and fee charges, the District has recorded a scholarship discount and allowance.

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.

Change in Accounting Principles

In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Change in Accounting Principles , continued

This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should 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 pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).
- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes, but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Change in Accounting Principles , continued

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a non-employer entity has a legal requirement to make contributions directly to a pension plan.

This Statement is effective for fiscal years beginning after June 15, 2014. Early implementation is encouraged.

In November 2013, the GASB issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a State or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement No. 68 requires a State or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a State or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a State or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement No. 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement No. 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncements

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—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, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are *not* administered through trusts that meet the specified criteria.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncements, continued

The requirements of this Statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet the specified criteria. The new information will enhance the decision-usefulness of the financial reports of those OPEB plans, their value for assessing accountability, and their transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year. The net OPEB liability information, including ratios, will offer an up-to-date indication of the extent to which the total OPEB liability is covered by the fiduciary net position of the OPEB plan. The comparability of the reported information for similar types of OPEB plans will be improved by the changes related to the attribution method used to determine the total OPEB liability. The contribution schedule will provide measures to evaluate decisions related to the assessment of contribution rates in comparison with actuarially determined rates, if such rates are determined. In addition, new information about rates of return on OPEB plan investments will inform financial report users about the effects of market conditions on the OPEB plan's assets over time and provide information for users to assess the relative success of the OPEB plan's investment strategy and the relative contribution that investment earnings provide to the OPEB plan's ability to pay benefits to plan members when they come due.

This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. Earlier application is encouraged.

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.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncements, continued

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.

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.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION, continued

Basis of Presentation and Accounting, continued

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.

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, 2015, 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.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION, continued

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.

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, 2015 and 2014, respectively. Bad debt expense was \$-0- at June 30, 2015 and 2014.

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, 2015 and 2014, the amount contributed to the FCCC and its investment earnings net of scholarship distributions totaled \$39,483 and \$39,391, respectively.

Depository Liabilities

The Foundation administers funds for the District and District sanctioned clubs as well as individuals and entities that desire to benefit the District. Depository liabilities represent the amount of these funds held.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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, 2015 and 2014.

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

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

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

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

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.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

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 \$229,694 and \$238,822 for the fiscal years ended June 30, 2015 and 2014, 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. Approximately 89% of all donations at June 30, 2015 were received from 4 donors, and 48% of all donations at June 30, 2014 were received from three donors.

Donated Assets

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

Donated Services

Donated services are recognized as contributions in accordance with FASB ASC Subtopic 958-605, Not-for-Profit Entities–Revenue Recognition, if the services: (a) create or enhance nonfinancial assets; or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

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

Scholarships

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

Reclassifications

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

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION, continued

Date of Management Evaluation

Management has evaluated subsequent events through November 30, 2015, 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, 2015.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 3 – CASH AND CASH EQUIVALENTS, continued

General Authorizations, continued

Component Unit – Credit Risk, continued

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

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

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 AND 2014**

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, 2015, consist of the following:

Governmental Funds:	
Cash on hand and in banks	\$ 925,269
Cash in County Treasury	67,310,724
Total cash and cash equivalents	<u>\$ 68,235,993</u>
Fiduciary Funds:	
Cash on hand and in banks	\$ 210,371
Cash in County Treasury	363,614
Total cash and cash equivalents	<u>\$ 573,985</u>

Interest Rate Risk

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

Specific Identification

Information about the sensitivity of the fair market values of the District’s investments to market interest rate fluctuations is indicated by the 955 days weighted average maturity for the District’s deposits of \$67,310,724 book value and \$67,293,257 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, 2015.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

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, 2015, 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, 2015 accounts receivable totaled \$16,433,113. All receivables are considered collectible in full. As of November 30, 2015, approximately \$9,660,350 has been received.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2015 was as follows:

	Beginning Balance				Beginning Balance
	July 1, 2014	Additions	Deductions	Transfers	June 30, 2015
Capital Assets not being Depreciated					
Land	\$ 4,477,420	\$ -	\$ -	\$ -	\$ 4,477,420
Construction in progress	1,653,665	1,586,326	-	(1,441,429)	1,798,562
Total Capital Assets not being Depreciated	6,131,085	1,586,326	-	(1,441,429)	6,275,982
Capital Assets being Depreciated					
Site improvements	1,560,195	-	-	-	1,560,195
Buildings & improvements	217,507,737	538,233	-	1,441,429	219,487,399
Equipment	18,476,884	727,952	170,824	-	19,034,012
Vehicles	3,867,037	328,782	540,000	-	3,655,819
Total Capital Assets being Depreciated	241,411,853	1,594,967	710,824	1,441,429	243,737,425
Total Capital Assets	247,542,938	3,181,293	710,824	-	250,013,407
Less Accumulated Depreciation	54,791,739	5,493,565	708,954	-	59,576,350
Net Capital Assets	\$ 192,751,199	\$(2,312,272)	\$ 1,870	\$ -	\$ 190,437,057

Depreciation expense for the year was \$5,493,565

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 5 – CAPITAL ASSETS, continued

Capital asset activity for the District for the fiscal year ended June 30, 2014 was as follows:

	Beginning Balance				Beginning Balance
	July 1, 2013	Additions	Deductions	Adjustments	
Capital Assets not being Depreciated					
Land	\$ 4,477,420	\$ -	\$ -	\$ -	\$ 4,477,420
Construction in progress	411,714	1,499,252	-	(257,301)	1,653,665
Total Capital Assets not being Depreciated	4,889,134	1,499,252	-	(257,301)	6,131,085
Capital Assets being Depreciated					
Site improvements	1,560,195	-	-	-	1,560,195
Buildings & improvements	216,799,915	450,521	-	257,301	217,507,737
Equipment	17,818,540	737,426	79,082	-	18,476,884
Vehicles	3,349,413	523,124	5,500	-	3,867,037
Total Capital Assets being Depreciated	239,528,063	1,711,071	84,582	257,301	241,411,853
Total Capital Assets	244,417,197	3,210,323	84,582	-	247,542,938
Less Accumulated Depreciation	49,471,084	5,401,078	80,423	-	54,791,739
Net Capital Assets	\$ 194,946,113	\$ (2,190,755)	\$ 4,159	\$ -	\$ 192,751,199

Depreciation expense for the year was \$5,401,078

NOTE 6 – LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations for the 2015 fiscal year consisted of the following:

Long-Term Obligations	Balance			Balance	Due Within
	July 1, 2014	Additions	Deductions		
Revenue bonds	\$ 2,255,000	\$ -	\$ 235,000	\$ 2,020,000	\$ 245,000
General obligation bonds	74,503,225	25,741,532	32,465,000	67,779,757	1,975,000
Premium on bonds	4,100,355	6,181,111	514,718	9,766,748	195,612
Capital lease obligations	12,701,723	-	833,064	11,868,659	803,631
California Energy Conservation loan	541,845	-	51,787	490,058	52,293
Compensated absences	3,032,992	-	56,259	2,976,733	1,139,665
Totals	\$ 97,135,140	\$ 31,922,643	\$ 34,155,828	\$ 94,901,955	\$ 4,411,201

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 6 – LONG-TERM OBLIGATIONS, continued

Summary, continued

The changes in the District's long-term obligations for the 2014 fiscal year consisted of the following:

	Balance			Balance		Due Within
	July 1, 2013	Additions	Deductions	June 30, 2014	One Year	
Long-Term Obligations						
Revenue bonds	\$ 2,480,000	\$ -	\$ 225,000	\$ 2,255,000	\$ 235,000	
General obligation bonds	75,753,597	274,628	1,525,000	74,503,225	1,740,000	
Premium on bonds	4,408,507	-	308,152	4,100,355	321,593	
Capital lease obligations	13,790,022	-	1,088,299	12,701,723	833,064	
California Energy Conservation loan	593,118	-	51,273	541,845	51,787	
Compensated absences	3,406,754	-	373,762	3,032,992	1,185,637	
Totals	\$ 100,431,998	\$ 274,628	\$ 3,571,486	\$ 97,135,140	\$ 4,367,081	

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, 2015 is as follows:

Series	Issue Date	Yield	Maturity Date	Bonds			Bonds		Due Within One Year
				Outstanding July 1, 2013	Additions	Redeemed	Outstanding June 30, 2014		
2002 Series A	5/23/2002	1.60-5.80%	8/1/2027	\$ 1,136,247	\$ 94,109	\$ -	\$ 1,230,356	\$ -	
2002 Series B	6/22/2005	2.52-4.99%	8/1/2029	34,601,978	107,423	31,505,000	3,204,401	940,000	
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	20,865,000	-	960,000	19,905,000	1,035,000	
2015 Refunding	1/21/2015	1.49-2.16%	8/1/2027	25,540,000	-	-	25,540,000	120,000	
Total General Obligation Bonds				\$ 100,043,225	\$ 201,532	\$ 32,465,000	\$ 67,779,757	\$ 2,095,000	
2004 LRB	10/14/2004	1.60-4.37%	11/1/2021	\$ 2,255,000	\$ -	\$ 235,000	\$ 2,020,000	\$ 245,000	
Total Revenue Bonds				\$ 2,255,000	\$ -	\$ 235,000	\$ 2,020,000	\$ 245,000	

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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, 2015, the principal balance outstanding (including accreted interest to date) was \$1,230,356.

Fiscal Year	Principal	Interest	Accreted Interest	Total
2016	\$ -	\$ -	\$ -	\$ -
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021-2025	-	-	-	-
2026-2027	434,445	-	2,660,555	3,095,000
Accretion	795,911	-	(795,911)	-
	<u>\$ 1,230,356</u>	<u>\$ -</u>	<u>\$ 1,864,644</u>	<u>\$ 3,095,000</u>

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, 2015, the principal balance outstanding (including accreted interest to date) was \$33,929,401.

Fiscal Year	Principal	Interest	Accreted Interest	Total
2016	\$ 940,000	\$ 18,800	\$ -	\$ 958,800
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021-2025	-	-	-	-
2026-2030	1,368,634	-	3,106,366	4,475,000
Accretion	895,767	-	(895,767)	-
	<u>\$ 3,204,401</u>	<u>\$ 18,800</u>	<u>\$ 2,210,599</u>	<u>\$ 5,433,800</u>

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 AND 2014**

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, 2015, the principal balance outstanding was \$17,900,000.

Fiscal Year	Principal	Interest	Total
2016	\$ -	\$ 937,625	\$ 937,625
2017	-	937,625	937,625
2018	-	937,625	937,625
2019	-	937,625	937,625
2020	-	937,625	937,625
2021-2025	-	4,688,125	4,688,125
2026-2030	9,375,000	4,112,000	13,487,000
2031	8,525,000	234,437	8,759,437
	<u>\$ 17,900,000</u>	<u>\$ 13,722,687</u>	<u>\$ 31,622,687</u>

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, 2015, the principal balance outstanding was \$19,905,000.

Fiscal Year	Principal	Interest	Total
2015	\$ 1,035,000	\$ 771,801	\$ 1,806,801
2016	1,115,000	739,550	1,854,550
2017	1,205,000	698,725	1,903,725
2018	1,315,000	641,751	1,956,751
2019	1,440,000	572,874	2,012,874
2020-2024	9,115,000	1,907,061	11,022,061
2025-2027	4,680,000	190,400	4,870,400
	<u>\$ 19,905,000</u>	<u>\$ 5,522,162</u>	<u>25,427,162</u>

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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, 2015, the principal balance outstanding was \$25,540,000.

Fiscal Year	Principal	Interest	Total
2016	\$ 120,000	\$ 1,259,811	\$ 1,379,811
2017	760,000	1,252,000	2,012,000
2018	945,000	1,209,375	2,154,375
2019	1,145,000	1,157,125	2,302,125
2020	1,360,000	1,094,500	2,454,500
2021-2025	10,775,000	4,101,125	14,876,125
2026-2028	10,435,000	818,625	11,253,625
	<u>\$ 25,540,000</u>	<u>\$ 10,892,561</u>	<u>36,432,561</u>

Lease Revenue Bonds, Series 2004A

During October 2004, the District issued the Lease Revenue Bonds, Series 2004A in the amount of \$3,940,000. The bonds issued consisted entirely of current interest serial bonds. The bonds mature beginning on November 1, 2005 through November 1, 2021, with interest yields ranging from 1.60 percent to 4.37 percent. At June 30, 2015, the principal balance outstanding was \$2,020,000.

Fiscal Year	Principal	Interest	Total
2015	\$ 245,000	\$ 78,338	\$ 323,338
2016	260,000	68,238	328,238
2017	275,000	57,538	332,538
2018	285,000	46,337	331,337
2019	300,000	34,638	334,638
2020-2022	655,000	28,554	683,554
	<u>\$ 2,020,000</u>	<u>\$ 313,643</u>	<u>\$ 2,333,643</u>

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 AND 2014**

NOTE 6 – LONG-TERM OBLIGATIONS, continued

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, 2015, the balance outstanding was \$2,976,733.

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.

Membership of the plan consisted of the following at July 1, 2013, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	227
Active plan members	<u>449</u>
Total	<u>676</u>
 Number of participating employers	 1

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.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Funded Status and Funding Progress – OPEB Plans

The funded status of the plan as of the most recent actuarial valuation date is as follows:

Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2013	\$ 9,004,386	\$ 48,655,201	\$ 39,650,815	18.51%	\$ 32,993,887	120.18%
12/16/2011	\$ 2,392,736	\$ 41,198,006	\$ 38,805,270	5.81%	\$ 33,092,425	117.26%
9/1/2009	\$ -	\$ 34,412,790	\$ 34,412,790	0.00%	\$ 34,680,436	99.23%

Actuarial valuations of an ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedules of employer contributions present trend information about the amounts contributed to the plan by the employer in comparison to the annual required contribution (ARC), an amount that is actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designated to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Funded Status and Funding Progress – OPEB Plans, continued

Additional information as of the latest actuarial valuation follows:

Valuation Date	7/1/2013
Actuarial Cost Method	Entry-age normal
Amortization Method	Level Dollar Basis
Amortization Period	30 years
Asset Valuation	Market Value Basis
Actuarial Assumptions:	
Inflation rate	2.75%
Discount rate	7.25%
Healthcare cost trend rates:	
Long-term	4.00%

Annual OPEB Cost and Net OPEB Asset

For the year ended June 30, 2015, the District’s annual OPEB cost is calculated based on the ARC for the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the District’s net OPEB asset:

Annual required contribution	\$ 3,428,410
Interest on net OPEB contribution	(443,619)
Adjustment to annual ARC	370,343
Annual OPEB cost (expense)	<u>3,355,134</u>
Contributions made	<u>5,278,294</u>
Increase in net OPEB asset	1,923,160
Net OPEB asset - July 1, 2014	8,556,972
Net OPEB asset - June 30, 2015	<u>\$ 10,480,132</u>

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 8 – PENSION PLANS

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

General Information about the Pension Plan

Plan Description – The schools cost-sharing multiple-employer defined benefit pension plan (the Plan) is administered by the California Public Employees’ Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California. The Plan was established to provide retirement, death and disability benefits to non-teaching and noncertified employees in schools. The benefit provisions for Plan employees are established by statute.

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 credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2015 are established by statute.

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. Funding contributions are determined annually on an actuarial basis as of June 30 by CalPERS. 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 Local Government is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the average active employee contribution rate is 6.974 percent of annual pay, and the employer’s contribution rate is 11.442 percent of annual payroll. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 AND 2014**

NOTE 8 – PENSION PLANS, 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

At June 30, 2015, the District reported a liability of \$17,456,784 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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. At June 30, 2014, the District’s proportion was 0.156%. For the year ended June 30, 2015, the District recognized pension expense of \$1,570,897. At June 30, 2015, 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
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 6,073,485
District contributions subsequent to the measurement date	1,817,802	-
Total	\$ 1,817,802	\$ 6,073,485

The \$1,817,802 reported as deferred outflows of resources related to pensions resulted from District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The \$6,073,485 reported as deferred inflows of resources related to pensions will be recognized in pension expense over the next four years.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 AND 2014**

NOTE 8 – PENSION PLANS, continued

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

Actuarial assumptions. For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table*	Derived using CalPERS’ Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.00% until Purchasing Power Protection allowance Floor on Purchasing Power applies, 2.75% thereafter

* The mortality table used was developed based on CalPERS specific data.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS’ website.

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.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 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.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 AND 2014**

NOTE 8 – PENSION PLANS, 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	New Strategic Allocation	Real Return Years 1 - 10¹	Real Return Years 11+²
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)
	100%		

¹An expected inflation of 2.5% used for this period

²An expected inflation of 3.0% used for this period

Discount Rate - The discount rate used to measure the total pension liability was 7.50 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 7.50 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:

	Discount Rates		
	-1% (6.5%)	(7.5%)	1% (8.5%)
Plan's net pension liability	\$ 31,006,785	\$ 17,456,784	\$ 6,535,787

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/docs/forms-publications/cafr-2014.pdf>.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 8 – PENSION PLANS, continued

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

General Information about the Pension Plan

Plan Description – CalSTRS provides pension benefits to California full-time and part-time public school teachers from pre-kindergarten through community college and certain other employees of the public school system. The Teachers’ Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established these plans and CalSTRS as the administrator. The benefit terms of the plans may be amended through legislation.

Benefits Provided - The State Teachers’ Retirement Plan (STRP) is a multiple-employer, cost-sharing defined benefit plan 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 Plans’ provisions and benefits in effect at June 30, 2015 are established by statute.

The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

Under California law, the DB Program receives contributions from members and employers set as a percentage of members’ earnings, in addition to contributions from the state’s General Fund and other sources. CalSTRS investment earnings finance the cost of administering the plan and offset the amount of contributions required to fund benefits. Unlike most other pension plans in California, the board does not have broad authority to raise contribution rates. Because contribution rates are set in statute, the authority to adjust them rests with the Legislature and the Governor.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 AND 2014**

NOTE 8 – PENSION PLANS, continued

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

Plan Contributions

		FY 2014-15 Rate	Ultimate Rate	Equivalent Rate ¹
EC § 22901 & § 22901.7	Members	8.15% / 8.15%	10.25% / 9.205%	9.654%
EC §22950 & § 22951	Employers Employers –	8.25%	8.25%	8.250%
EC § 22950.5(a)	Supplemental ²	0.63%	10.85%	8.662%
EC §22950(c)	Employers for THBF ³	0.00%	<i>as needed</i>	0.000%
EC § 22955.1(a)	State ⁴	2.017%	2.017%	1.868%
EC § 22955.1(b)	State – Supplemental	1.437%	4.311%	3.794%
Equivalent Level Contribution Rate through June 30, 2046				32.228%

¹ Equivalent level contribution rate payable through June 30, 2046.

² Graded increases per schedule defined in the Education Code. The ultimate contribution will vary depending on the funded status. For purposes of this exhibit, it is assumed the ultimate rate specified in the graded schedule will not change in the future.

³ The Teachers’ Health Benefit Fund is financed by a redirection of employer contributions. The Teachers’ Retirement Board has set aside DB Program assets to finance these future costs. This is reflected in the valuation by adding the unfunded obligation for future THBF benefits to the Actuarial Obligation of the DB Program.

⁴ The State’s contribution of 2.017% is paid quarterly based on second prior fiscal year salaries.

At June 30, 2015, 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:

District's proportionate share of net pension liability	\$ 26,907,952
State's proportionate share of the net pension liability associated with the District	<u>\$ 18,688,671</u>
	<u>\$ 45,596,623</u>

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 8 – PENSION PLANS, continued

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

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s proportionate share of total CalSTRS calculated employer contributions, including the State. At June 30, 2014, the District’s proportion was 0.046%.

The components of the net pension liability of the STRP as of June 30, 2014 and 2013, are as follows:

(dollars in millions)	2014	2013
Total pension liability	\$ 248,911	\$ 237,786
Less: STRP fiduciary net position	190,474	166,348
Net pension liability of employers of the State	<u>\$ 58,437</u>	<u>\$ 71,438</u>

For the year ended June 30, 2015, the District recognized pension expense of \$1,175,161 and revenue of the same amount for support provided by the State. At June 30, 2015, 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
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 6,661,465
District contributions subsequent to the measurement date	1,995,120	-
Total	<u>\$ 1,995,120</u>	<u>\$ 6,661,465</u>

The \$1,995,120 reported as 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 year ended June 30, 2016. The \$6,661,465 reported as deferred inflows of resources related to pensions will be amortized over the next four years as a pension expense.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 AND 2014**

NOTE 8 – PENSION PLANS, 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, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Discount rate	7.60%
Investment rate of return	7.60 %, net of investment expenses, but gross of administrative expenses. CalSTRS uses a 7.50 % assumed investment rate of return for funding purposes, which is net of administrative expenses.
Consumer price inflation	3.00%
Wage growth	3.75%
Post-retirement benefit increases	2.00% simple for DB Not applicable for DBS/CBB

Actuarial Assumptions

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 (Pension Consulting Alliance - PCA) as an input to the process. Based on the model from CalSTRS consulting actuary’s (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that 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 by PCA is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board.

Time-Weighted Performance Returns

Asset Class	Actual Allocation as of				
	June 30, 2014	1 Yr	3 Yr	5 Yr	10 Yr
Global Equity	57.30%	24.73%	13.00%	16.80%	8.30%
Fixed Income	15.50%	5.80%	4.60%	6.30%	5.50%
Real Estate	11.70%	14.50%	12.60%	8.00%	7.40%
Private Equity	11.50%	19.60%	13.00%	16.60%	13.80%
Cash/Liquidity	2.50%	0.60%	2.40%	5.60%	2.00%
Inflation Sensitive	0.70%	10.50%	5.80%	-	-
Absolute Return	0.80%	0.10%	0.30%	-	-
Total	100.00%	18.70%	11.20%	13.70%	7.70%

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 AND 2014**

NOTE 8 – PENSION PLANS, continued

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

Discount rate - The discount rate used to measure the total pension liability was 7.60 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 (7.60 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 7.60% 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 (6.60%) or 1-percentage-point higher (8.60%) than the current rate:

	Discount Rates		
	-1% (6.6%)	(7.6%)	1% (8.6%)
Plan's net pension liability	\$ 42,166,747	\$ 26,907,952	\$ 14,448,758

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>.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

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 – EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

California State Teachers' Retirement System (CalSTRS)

Plan Description

All certificated employees and those employees meeting minimum standards adopted by the Board of Governors of California Community Colleges and employed 50 percent or more of a full-time equivalent position participate in the Defined Benefit Plan (DB Plan). Part-time educators hired under a contract of less than 50 percent or on an hourly or daily basis without contract may elect membership in the Cash Balance Benefit Program (CB Benefit Program). Since January 1, 1999, both of these plans have been part of the California State Teachers' Retirement Plan (CalSTRS), a cost-sharing, multiple-employer contributory public employee retirement system. The state Teachers' Retirement Law (Part 13 of the California Education Code, Section 22000 et seq.) established benefit provisions for CalSTRS. Copies of the CalSTRS annual financial report may be obtained from the CalSTRS Executive Office, 7667 Folsom Boulevard; Sacramento, California 95851.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

The CalSTRS, a defined benefit pension plan, provides retirement, disability, and death benefits, and depending on which component of the CalSTRS the employee is in, post-retirement cost-of-living adjustment may also be offered. Employees in the DB Plan attaining the age of 60 with five years of credited California service (service) are eligible for "normal" retirement and are entitled to a monthly benefit of two percent of their final compensation for each year of service. Final compensation is generally defined as the average salary earnable for the highest for three consecutive years of service. The plan permits early retirement options at age 55 or as early as age 50 with at least 30 years of service. While early retirement can reduce the two percentage factor used at age 60, service of 30 or more years will increase the percentage age factor to be applied. Disability benefits are generally the maximum of 50 percent of final compensation for most applicants. Eligible dependent children can increase this benefit up to a maximum of 90 percent of final compensation. After five years of credited service, members become 100 percent vested in retirement benefits earned to date. If a member's employment is terminated, the accumulated member contributions are refundable. The features of the CB Benefit Program include immediate vesting, variable contribution rates that can be bargained, guaranteed interest rates, and flexible retirement options. Participation in the CB Benefit Program is optional; however, if the employee selects the CB Benefit Program and their basis of employment changes to half time or more, the member will automatically become a member of the DB Plan.

Funding Policy

Active members of the DB Plan are required to contribute eight percent of their salary while the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2014-2015 was 8.88 percent of covered payroll. The contribution requirements of the plan members are established by state statute. The CB Benefit Program is an alternative CalSTRS contribution plan for instructors. Instructors who choose not to sign up for the DB Plan or FICA may participate in the CB Benefit Program. The District contribution rate for the CB Benefit Program is always a minimum of four percent with the sum of the District and employee contribution always being equal or greater than eight percent.

Annual Pension Cost

The District's total contributions to CalSTRS for the fiscal years ended June 30, 2015, 2014, and 2013, were \$1,995,120, \$1,835,705, and \$1,799,621, respectively, and equal 100 percent of the required contributions for each year.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees’ Retirement System (CalPERS)

Plan Description

All full-time classified employees participate in the CalPERS System, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. The Butte-Glenn Community College District is part of a “cost-sharing” pool with CalPERS. Employees are eligible for retirement as early as age 50 with five years of service. At age 55, the employee is entitled to a monthly benefit of 2.0 percent of final compensation for each year of service credit. Retirement compensation is reduced if the plan is coordinated with Social Security. Retirement after age 55 will increase the percentage rate to a maximum of 2.5 percent at age 63 with an increased rate. The plan also provides death and disability benefits. Retirement benefits fully vest after five years of credited service. Upon separation from the Fund, member’s accumulated contributions are refundable with interest credited through the date of separation.

The California Public Employees’ Retirement Law (Part 3 of the California Government Code, Section 20000 et seq.) establishes benefit provisions for CalPERS. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street; Sacramento, California 95814.

Funding Policy

Active plan members are required to contribute seven percent of their salary (seven percent of monthly salary over \$133.33 if the member participates in Social Security), and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The District’s contribution rate to CalPERS for fiscal year 2014-2015 was 11.771 percent of annual payroll.

Annual Pension Cost

The District’s contributions to CalPERS for fiscal years ending June 30, 2015, 2014, and 2013, were \$2,054,055, \$1,871,538, and \$1,831,356, respectively, and equal 100 percent of the required contributions for each year.

On-Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District equaling approximately 5.679%, 5.204%, and 5.291% as of June 30, 2015, 2014 and 2013. The State General Fund’s contributions to CalSTRS for the years ended June 30, 2015, 2014 and 2013, are estimated to have been \$1,175,161, \$1,157,940, and \$1,237,844, respectively. The payment amounts have been reflected in the basic financial statements as a component of non-operating revenue and employee benefit expense.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS, continued

Accumulation Program for Part-Time and Limited-Service Employees

The District has also adopted the Accumulation Program for Part-Time and Limited-Service Employees (APPLE). The Plan is covered under *Internal Revenue Code*, Section 401A. Plan participants include all individuals who have worked for the District on or after January 1, 1992, provided that they are not covered by any other retirement program (e.g., CalPERS or CalSTRS) through District employment. Participant account balances are fully vested and cannot be forfeited. Participant account balances will be paid in a single distribution upon retirement or other termination.

Funding Policy

Each participant makes tax deferred contributions to APPLE equal to 6.2% of total compensation, and the District makes a 1.3% employer match. Accounts are established in the name of each participant. Employee contributions are allocated directly to employee accounts. The minimum allocation participants will receive is 7.50% of compensation.

Annual Pension Cost

The District's contributions to APPLE for the fiscal years ended June 30, 2015, 2014 and 2013, were \$9,476, \$6,921, and \$7,379, respectively, and equaled 100% of the required contributions for each year.

NOTE 11 – 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, 2015.

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, 2015.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 12 – 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, 2015, 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 13 – RESTATEMENT OF PRIOR YEAR NET POSITION

The beginning net position decreased by \$53,429,683. This was due to adjustments made to bring on net pension liabilities related to CalPERS and CalSTRS following the District's implementation of GASB Statements No. 68 and No. 71 during the year ended June 30, 2015. See Note 2, Summary of Significant Accounting Policies, Change in Accounting Principles (page 30) for further details on the implementation of GASB Statements No. 68 and No. 71.

NOTE 14 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2015 through November 30, 2015, the date the financial statements were issued. It was noted that the District prepaid the remaining obligations for Solar Phase I and Solar Phase II. Principal and prepayment fees total \$2,061,388 and \$1,862,791 for Solar Phase I and Solar Phase II, respectively.

**REQUIRED SUPPLEMENTARY
INFORMATION**

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2013	\$ 9,004,386	\$ 48,655,201	\$ 39,650,815	18.51%	\$ 32,993,887	120.18%
12/16/2011	\$ 2,392,736	\$ 41,198,006	\$ 38,805,270	5.81%	\$ 33,092,425	117.26%
9/1/2009	\$ -	\$ 34,412,790	\$ 34,412,790	0.00%	\$ 34,680,436	99.23%

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

CalSTRS	2015
Proportion of the net pension liability	0.046%
Proportionate share of the net pension liability	\$ 26,907,952
Covered - employee payroll	\$ 12,723,907
Proportionate Share of the net pension liability as percentage of covered-employee payroll	211.48%
Plan's fiduciary net position	\$ 88,174,830
Plan fiduciary net position as a percentage of the total pension liability	95.74%

CalPERS	2015
Proportion of the net pension liability	0.156%
Proportionate share of the net pension liability	\$ 17,456,784
Covered - employee payroll	\$ 15,756,972
Proportionate Share of the net pension liability as percentage of covered-employee payroll	110.79%
Plan's fiduciary net position	\$ 88,765,780
Plan fiduciary net position as a percentage of the total pension liability	83.46%

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF CONTRIBUTIONS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

CalSTRS	Reporting Fiscal Year	
	2015	
Statutorily required contribution	\$	1,995,120
District's contributions in relation to the statutorily required contribution		1,995,120
District's contribution deficiency (excess)		-
District's covered-employee payroll	\$	12,723,907
District's contributions as a percentage of covered-employee payroll		15.68%

CalPERS	Reporting Fiscal Year	
	2015	
Statutorily required contribution	\$	2,054,055
District's contributions in relation to the statutorily required contribution		2,054,055
District's contribution deficiency (excess)		-
District's covered-employee payroll		15,756,972
District's contributions as a percentage of covered-employee payroll		13.04%

Notes to schedule:

Valuation date	June 30, 2013
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Amortization Periods	30 years
Asset Valuation Method	Smoothing of Market Value
Inflation	2.75%
Salary Increases	Varies, based on entry age and service
Investment Rate of Return	7.50%

**SUPPLEMENTARY
INFORMATION**

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 LOCAL EDUCATIONAL AGENCY ORGANIZATIONAL STRUCTURE
 JUNE 30, 2015**

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. Fred R. Perez	President	2018
Mr. Rick Krepelka	Vice President	2016
Mr. Eugene Massa	Clerk	2016
Mr. Louis Cecchi	Member	2016
Mr. William G. McGinnis	Member	2016
Mr. Michael Boeger	Member	2018
Mr. Thomas McLaughlin	Member	2018
Ms. Lisa Husar	Student Member (Non-voting)	2016

DISTRICT ADMINISTRATION

Dr. Kimberly Perry
Superintendent/President

Mr. Andrew Suleski
Vice President, Administration/CBO

Dr. Samia Yaqub
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. Trevor Stewart
Director, Business Services

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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	\$ 400,727
Federal Work Study Program	84.033	N/A	324,543
Federal Direct Student Loans	84.268	N/A	8,074,347
Federal Pell Grant Program	84.063	N/A	23,700,073
Subtotal			<u>32,499,690</u>
Passed Through California Department of Education			
Adult Education	84.002	N/A	79,096
Vocational Education - Basic Grants to States	84.048	14-150-001	370,000
Vocational Education - Basic Grants to States - Title I-C	84.048	14-C01-004	505,321
Career and Technical Education - Basic Grants to States	84.048	14-112-110	43,269
Workforce and Economic Development	84.048	14-181-001	971,718
TRIO - Student Support Services	84.042	P042A100544	236,969
Total U.S. Department of Education			<u>34,706,063</u>
U.S. Department of Agriculture			
Passed Through Butte County Office of Education			
Child and Adult Care Food Program	10.558	N/A	3,198
Forest Reserve	10.665	N/A	18,136
Total U.S. Department of Agriculture			<u>21,334</u>
Corporation for National and Community Service			
Passed Through California Community Colleges Chancellor's Office			
AmeriCorps	94.006	N/A	78,668
Total Corporation for National and Community Service			<u>78,668</u>
U.S. Department of the Interior			
Passed Through Bureau of Indian Affairs			
Indian Loans - Economic Development	15.124	N/A	37,980
Total U.S. Department of the Interior			<u>37,980</u>
U.S. Department of Labor			
Passed Through California Community Colleges Chancellor's Office			
PIC Contract	17.261	N/A	21,262
Contracts with AFWD	17.258/17.278	14-101-141-61-B01/12-B-307-40-10	17,617
Total U.S. Department of Labor			<u>38,879</u>
U.S. Environmental Protection Agency			
People, Prosperity, and the Planet (P3) - Phase II	66.516	SU-83529401-0	19,100
Total Environmental Protection Agency			<u>19,100</u>
Small-Business Administration			
Passed Through CSU, Chico Research Foundation			
Small Business Development - 2014	59.037	14-006	77,539
Small Business Development - 2015	59.037	15-003	77,644
Small Business Development Supplemental	59.037	N/A	30,892
Total Small-Business Administration			<u>186,075</u>
U.S. Department of Veterans Affairs			
Veterans Education	64.117	N/A	96
Total U.S. Department of Veterans Affairs			<u>96</u>
U.S. Department of Health and Human Services			
Passed Through California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families	93.558	N/A	46,316
Foster Care Title IV-E	93.658	N/A	118,079
ILP-YESS	93.674	N/A	1,000
Medi-Cal Administrative Activities	93.778	N/A	82,688
Total U.S. Department of Health and Human Services			<u>248,083</u>
U.S. Department of Justice			
Passed Through California Board of State and Community Corrections			
Justice Assistance Grant	16.738	684-14	35,000
Total U.S. Department of Justice			<u>35,000</u>
Total Federal Programs			<u>\$ 35,371,278</u>

See accompanying note to the supplementary information.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Program Title	Program Revenues					
	Total Entitlement	Cash Received	Accounts Receivable	Grantor Advances	Total Revenue	Program Expenditures
AB86 Adult Ed Consortium	\$ 219,040	\$ 194,206	\$ -	\$ 12,999	\$ 181,207	\$ 181,207
Basic Skills	271,978	271,978	-	63,827	208,151	208,151
BFAP	501,289	501,339	-	32,430	468,910	468,910
CA Career Pathways Trust	2,933,831	2,933,831	-	1,591,039	1,342,792	1,342,792
CalWorks	398,264	389,107	9,157	-	398,264	398,264
CARE	229,058	229,058	-	-	229,058	229,058
CCC SMHP	22,982	10,859	-	-	10,859	10,859
Child Dev Training Consort	7,000	5,750	1,250	-	7,000	7,000
DSPS	616,210	616,210	-	-	616,210	616,210
Economic Development	3,831,109	1,346,855	1,352,231	-	2,699,086	2,699,086
EOPS	1,081,042	1,081,042	-	4,421	1,076,621	1,076,621
F.S.S.- MESA	50,500	29,841	20,659	-	50,500	50,500
Foster Care	158,347	78,378	71,930	-	150,308	150,308
Innovation Award- DOF	2,500,000	2,500,000	-	2,500,000	-	-
Inst Equip/Schdl Maint	1,465,020	1,465,020	-	-	1,465,020	1,465,020
L.A. Community College BSI	15,000	22,500	-	-	22,500	22,500
Mentor Director	1,834	1,833	-	440	1,393	1,393
NFN- Prop 39	46,333	46,333	-	853	45,480	45,480
Restricted Lottery	403,896	403,896	-	-	403,896	403,896
SB1070	17,757	-	12,743	-	12,743	12,743
Shasta College- CTE-EF 60%	304,799	121,920	-	104,400	17,520	17,520
Small Business Dev Ctr	70,000	-	42,334	-	42,334	42,334
SSSP	1,420,841	1,753,446	-	520,962	1,232,485	1,232,485
Staff Diversity	6,064	5,789	-	-	5,789	5,789
Student Equity	787,674	787,674	-	650,946	136,728	136,728
TANF	46,315	46,315	-	-	46,315	46,315
Telecommunications and Tech	31,449,060	11,289,623	619,274	-	11,908,898	11,908,898
Transition Ages Foster Youth	-	-	-	-	-	-
TTIP/CENIC	15,338,971	15,338,971	-	6,390,160	8,948,811	8,948,811
UC Davis eHealth Broadband	32,617	32,617	-	32,617	-	-
Total State Program Funding	\$ 64,226,831	\$ 41,504,392	\$ 2,129,578	\$ 11,905,094	\$ 31,728,876	\$ 31,728,876

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 FISCAL YEAR ENDED JUNE 30, 2015**

CATEGORIES	Reported Data	Audit Adjustments*	Audited Data
A. Summer Intersession (Summer 2013 only)			
1. Noncredit	8.61	-	8.61
2. Credit	183.76	-	183.76
B. Summer Intersession (Summer 2014 - Prior to July 1, 2014)			
1. Noncredit	6.43	-	6.43
2. Credit	74.95	-	74.95
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	7,385.32	-	7,385.32
(b) Daily Census Contact Hours	617.26	-	617.26
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	1010.57	-	1,010.57
(b) Credit	591.76	-	591.76
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	517.28	-	517.28
(b) Daily Census Contact Hours	44.91	-	44.91
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	10,440.85	-	10,440.85
Supplemental Information (subset of above information)			
E. In-service Training Courses	315.55	-	315.55
F. Basic Skills Courses and Immigrant Education			
1. Credit	229.80	-	229.80
2. Noncredit	472.34	-	472.34
Total Basic Skills FTES	702.14	-	702.14
CCFS 320 Addendum			
CDCP Noncredit FTES	23.35	-	23.35
Centers FTES			
1. Credit	1,925.74	-	1,925.74
2. Noncredit	72.23	-	72.23
Total Centers FTES	1,997.97	-	1,997.97

See accompanying note to the supplementary information.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH FUND
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2015.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF THE ECS 84362 (50 PERCENT LAW) CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Object/ TOP Codes	Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	11,527,271	-	11,527,271	11,527,271	-	11,527,271
Other	1300	8,069,914	-	8,069,914	8,069,914	-	8,069,914
Total Instructional Salaries		19,597,185	-	19,597,185	19,597,185	-	19,597,185
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	4,315,717	-	4,315,717
Other	1400	-	-	-	543,304	-	543,304
Total Non-Instructional Salaries		-	-	-	4,859,021	-	4,859,021
Total Academic Salaries		19,597,185	-	19,597,185	24,456,206	-	24,456,206
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	9,887,795	-	9,887,795
Other	2300	-	-	-	623,849	-	623,849
Total Non-Instructional Salaries		-	-	-	10,511,644	-	10,511,644
Instructional Aides							
Regular Status	2200	939,783	-	939,783	939,784	-	939,784
Other	2400	370,938	-	370,938	370,938	-	370,938
Total Instructional Aides		1,310,721	-	1,310,721	1,310,722	-	1,310,722
Total Classified Salaries		1,310,721	-	1,310,721	11,822,366	-	11,822,366
Employee Benefits	3000	5,982,175	-	5,982,175	13,125,943	-	13,125,943
Supplies and Materials	4000	-	-	-	885,321	-	885,321
Other Operating Expenses	5000	698,154	-	698,154	4,426,343	-	4,426,343
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		27,588,235	-	27,588,235	54,716,179	-	54,716,179
<u>Exclusions</u>							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	1,301,656	-	1,301,656	1,301,656	-	1,301,656
Std. Health Svcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	1,290,175	-	1,290,175
Object to Exclude							
Rents and Leases	5060	-	-	-	503,377	-	503,377
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	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	1,427,047	-	1,427,047
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ 1,301,656	\$ -	\$ 1,301,656	\$ 4,522,255	\$ -	\$ 4,522,255
Total for ECS 84362, 50% Law		\$ 26,286,579	\$ -	\$ 26,286,579	\$ 50,193,924	\$ -	\$ 50,193,924
Percent of CEE (Instructional Salary Cost/Total CEE)		52.37%	0.00%	52.37%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 25,096,962	\$ -	\$ 25,096,962

See accompanying note to the supplementary information.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 DETAILS OF THE EDUCATION PROTECTION ACCOUNT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EPA Revenue	10,113,498
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	7,736,498	-	-	7,736,498
Learning Center	6110	338,000	-	-	338,000
Library	6120	354,000	-	-	354,000
Media	6130	202,000	-	-	202,000
Admissions and Records	6200	495,000	-	-	495,000
Counseling and Guidance	6310	714,000	-	-	714,000
Miscellaneous Student Services	6490	274,000	-	-	274,000
Total		10,113,498	-	-	10,113,498

See accompanying note to the supplementary information.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 COMBINING BALANCE SHEET
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

June 30, 2015	General Fund	Bond Interest and Redemption Fund	Child Development Fund	Other Special Revenue Fund	Capital Outlay Projects Fund	Balance Forward
ASSETS						
Cash and cash equivalents	\$ 38,841,499	\$ 9,988,060	\$ 20,019	\$ 360,311	\$ 2,349,835	\$ 51,559,724
Accounts receivable	15,750,907	28,339	918	-	-	15,780,164
Prepaid expenses	8,704	-	-	-	-	8,704
Inventory	-	-	-	-	-	-
Due from other funds	108,619	-	-	-	-	108,619
Total Assets	\$ 54,709,729	\$ 10,016,399	\$ 20,937	\$ 360,311	\$ 2,349,835	\$ 67,457,211
LIABILITIES						
Accounts payable	\$ 6,503,606	\$ -	\$ 48	\$ -	\$ 61,331	\$ 6,564,985
Deficit cash	-	-	-	-	-	-
Compensated absences - current	-	-	-	-	-	-
Due to other funds	28,123	-	-	1,760,066	-	1,788,189
Current portion long-term debt	2,976,733	-	-	-	-	2,976,733
Deferred revenues	26,849,544	-	-	-	-	26,849,544
Total Liabilities	36,358,006	-	48	1,760,066	61,331	38,179,451
FUND EQUITY						
Retained earnings	-	-	-	-	-	-
Fund balance:						
Nonspendable	-	-	-	-	-	-
Restricted	-	10,016,399	-	-	-	10,016,399
Committed	-	-	-	-	2,288,504	2,288,504
Assigned	-	-	-	(1,399,755)	-	(1,399,755)
Uncommitted	18,351,723	-	20,889	-	-	18,372,612
Total Fund Equity	18,351,723	10,016,399	20,889	(1,399,755)	2,288,504	29,277,760
Total Liabilities and Fund Equity	\$ 54,709,729	\$ 10,016,399	\$ 20,937	\$ 360,311	\$ 2,349,835	\$ 67,457,211

See accompanying note to the supplementary information.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 COMBINING BALANCE SHEET
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

June 30, 2015	Balance Brought Forward	Bookstore Fund	Cafeteria Fund	Farm Operations Fund	Self Insurance Fund	Retiree Benefit Fund	Total
ASSETS							
Cash and cash equivalents	\$ 51,559,724	\$ 76,946	\$ 32,557	\$ 50,204	\$ 4,717,217	\$ 11,799,345	\$ 68,235,993
Accounts receivable	15,780,164	539,983	3,734	613	-	-	16,324,494
Prepaid expenses	8,704	-	-	-	-	-	8,704
Inventory	-	449,393	23,129	-	-	-	472,522
Due from other funds	108,619	22,949	1,294	-	1,760,066	-	1,892,928
Total Assets	\$ 67,457,211	\$ 1,089,271	\$ 60,714	\$ 50,817	\$ 6,477,283	\$ 11,799,345	\$ 86,934,641
LIABILITIES							
Accounts payable	\$ 6,564,985	\$ 21,803	\$ 18,030	\$ -	\$ 310	\$ -	\$ 6,605,128
Deficit cash	-	-	-	-	-	-	-
Compensated absences - current	-	-	-	-	-	-	-
Due to other funds	1,788,189	-	-	-	-	-	1,788,189
Compensated absences - noncurrent	2,976,733	-	-	-	-	-	2,976,733
Deferred revenues	26,849,544	88,156	43,135	-	-	-	26,980,835
Total Liabilities	38,179,451	109,959	61,165	-	310	-	38,350,885
FUND EQUITY							
Retained earnings	-	529,919	-	50,817	6,476,973	11,799,345	18,857,054
Fund balance:							
Nonspendable	-	449,393	-	-	-	-	449,393
Restricted	10,016,399	-	-	-	-	-	10,016,399
Committed	2,288,504	-	-	-	-	-	2,288,504
Assigned	(1,399,755)	-	-	-	-	-	(1,399,755)
Uncommitted	18,372,612	-	(451)	-	-	-	18,372,161
Total Fund Equity	29,277,760	979,312	(451)	50,817	6,476,973	11,799,345	48,583,756
Total Liabilities and Fund Equity	\$ 67,457,211	\$ 1,089,271	\$ 60,714	\$ 50,817	\$ 6,477,283	\$ 11,799,345	\$ 86,934,641

See accompanying note to the supplementary information.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

June 30, 2015	General Fund	Bond Interest and Redemption Fund	Child Development Fund	Other Special Revenue Fund	Capital Outlay Projects Fund	Balance Forward
REVENUES						
Federal	\$ 3,074,613	\$ -	\$ 3,198	\$ -	\$ 55,854	\$ 3,133,665
State	75,000,504	65,375	179	-	312,752	75,378,810
Local	22,424,747	5,547,205	128,518	757,122	25,425	28,883,017
Cost of sales	-	-	-	-	-	-
Total Revenues	100,499,864	5,612,580	131,895	757,122	394,031	107,395,492
EXPENDITURES						
Academic salaries	27,470,305	-	-	-	-	27,470,305
Classified salaries	18,302,709	-	122,860	-	56,555	18,482,124
Employee benefits	16,052,039	-	35,650	-	5,023	16,092,712
Supplies and materials	1,958,600	-	5,585	-	2,120	1,966,305
Other operating expenses	29,438,721	-	2,497	-	39,317	29,480,535
Capital outlay	2,292,343	-	1,165	-	1,806,312	4,099,820
Total Expenditures	95,514,717	-	167,757	-	1,909,327	97,591,801
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,985,147	5,612,580	(35,862)	757,122	(1,515,296)	9,803,691
OTHER FINANCING SOURCES	375,000	-	48,435	-	1,779,630	2,203,065
OTHER OUTGO	(3,299,649)	(5,033,038)	-	-	(270,000)	(8,602,687)
NET CHANGE IN FUND BALANCE	2,060,498	579,542	12,573	757,122	(5,666)	3,404,069
BEGINNING FUND BALANCE	16,291,225	9,436,857	8,316	(2,156,877)	2,294,170	25,873,691
ENDING FUND BALANCE	\$ 18,351,723	\$ 10,016,399	\$ 20,889	\$ (1,399,755)	\$ 2,288,504	\$ 29,277,760

See accompanying note to the supplementary information.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

June 30, 2015	Balance Brought Forward	Bookstore Fund	Cafeteria Fund	Farm Operations Fund	Self Insurance Fund	Retiree Benefit Fund	Total
REVENUES							
Federal	\$ 3,133,665	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,133,665
State	75,378,810	-	-	-	-	-	75,378,810
Local	28,883,017	824,595	852,824	29,134	245,232	130,276	30,965,078
Cost of sales	-	2,336,582	855,424	-	-	-	3,192,006
Total Revenues	107,395,492	3,161,177	1,708,248	29,134	245,232	130,276	112,669,559
EXPENDITURES							
Academic salaries	27,470,305	-	-	-	-	-	27,470,305
Classified salaries	18,482,124	626,315	584,599	14,439	-	-	19,707,477
Employee benefits	16,092,712	218,027	190,723	474	-	-	16,501,936
Supplies and materials	1,966,305	15,075	8,363	12,816	-	-	2,002,559
Other operating expenses	29,480,535	2,553,471	971,823	1,868	15,523	-	33,023,220
Capital outlay	4,099,820	193	15,791	1,404	-	-	4,117,208
Total Expenditures	97,591,801	3,413,081	1,771,299	31,001	15,523	-	102,822,705
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,803,691	(251,904)	(63,051)	(1,867)	229,709	130,276	9,846,854
OTHER FINANCING SOURCES	2,203,065	-	69,600	-	-	-	2,272,665
OTHER OUTGO	(8,602,687)	(69,600)	(7,000)	(1,540)	(705,000)	(2,000,000)	(11,385,827)
NET CHANGE IN FUND BALANCE	3,404,069	(321,504)	(451)	(3,407)	(475,291)	(1,869,724)	733,692
BEGINNING FUND BALANCE	25,873,691	1,300,816	-	54,224	6,952,264	13,669,069	47,850,064
ENDING FUND BALANCE	\$ 29,277,760	\$ 979,312	\$ (451)	\$ 50,817	\$ 6,476,973	\$ 11,799,345	\$ 48,583,756

See accompanying note to the supplementary information.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF FUND EQUITY TO NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Total Fund Equity - District Funds Included in the Reporting Entity		\$ 48,583,756
Assets recorded within the statements of net position not included in the District fund financial statements:		
Nondepreciable capital assets	\$ 6,275,982	
Depreciable capital assets	243,737,425	
Accumulated depreciation	<u>(59,576,350)</u>	
		190,437,057
Deferred outflows of resources recorded within the statements of net position not included in the District fund financial statements:		
Deferred loss on refunding		767,194
Deferred pension contributions		3,812,922
Liabilities recorded within the statements of net position not recorded in the District fund financial statements:		
Interest payable		(1,849,993)
Long-term debt		(91,925,222)
Net pension liability		(44,364,736)
Deferred inflows of resources		(12,734,950)
Net OPEB Asset		<u>10,480,132</u>
Net Position Reported Within the Statements of Net Position		<u>\$ 103,206,160</u>

See accompanying note to the supplementary information.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF CHANGE IN FUND EQUITY TO CHANGE IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Change in fund equity - District funds included in the reporting entity	\$ 733,692
Depreciation expense	(5,493,565)
Capital outlay expense	3,181,293
Loss on disposal of assets	(1,870)
Principal payments on debt	2,859,851
Other long-term debt	(590,282)
Interest expense from deferred loss on refunding	(34,715)
Accretion of net bond premiums	151,170
Accreted interest expense	(201,532)
Change in unmatured interest expense	37,046
Pension related activity	483,068
Other postemployment benefits	<u>1,923,160</u>
Net Change in Net Position Reported Within the Statements of Revenues, Expenses, and Changes in Net Position	<u>\$ 3,047,316</u>

See accompanying note to the supplementary information.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTE TO THE SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

NOTE 1 – PURPOSE OF SCHEDULES

A. Local Educational Agency 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 the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 Fund 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 84632 (50 Percent Law) Calculation

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

G. Details of the Education Protection Account

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

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTE TO THE SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

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 Schedule 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 the 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, 2015, 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 November 30, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Butte-Glenn Community College District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Butte-Glenn Community College District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Butte-Glenn Community College District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Butte-Glenn Community College District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


San Diego, California
November 30, 2015



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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 Circular A-133 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, 2015. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Butte-Glenn Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Butte-Glenn Community College District's compliance.

Opinion on Each Major Federal Program

In our opinion, Butte-Glenn Community College District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

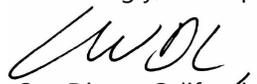
Report on Internal Control Over Compliance

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

 *WDL, Certified Public Accountant*
San Diego, California
November 30, 2015



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) 2014-15*, issued by the California Community Colleges Chancellor's Office for the year ended June 30, 2015.

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) 2014-15*, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below. An audit includes examining, on a test basis, evidence about Butte-Glenn Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the requirements referred to above. However, our audit does not provide a legal determination of Butte-Glenn Community College District's compliance with those requirements.

Opinion on State Compliance

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2015.

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 - Concurrent Enrollment of K-12 Students in Community College Credit Courses
- Section 430 – Scheduled Maintenance Program
- Section 431 - Gann Limit Calculation
- Section 435 - Open Enrollment
- Section 438 - Student Fees – Health Fees and Use of Health Fee Funds
- Section 439 – Proposition 39 Clean Energy
- Section 440 – Intersession Extension Program
- Section 474 - Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE)
- 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 30 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) 2014-15*. Accordingly, this report is not suitable for any other purpose.


San Diego, California
November 30, 2015

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>No</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program of Cluster</u>
84.007, 84.032, 84.033 84.063, 84.375	Student Financial Aid Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

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

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2015**

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 2014-15.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2015**

Section III – Federal Award Findings and Questioned Costs

This section identifies the audit findings required to be reported by Circular A-133, Section .510(a) (e.g., deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs identified during 2014-15.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2015**

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 2014-15.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

There were no findings or questioned costs identified during 2013-14.