



Financial Statements
June 30, 2020

Glendale Community College District

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Independent Auditor's Report

Board of Trustees
Glendale Community College District
Glendale, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, and the aggregate remaining fund information of Glendale Community College District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the 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 District'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 District'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 the business-type activities and the aggregate remaining fund information of the District as of June 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the management's discussion and analysis on pages 4 through 11 and other required supplementary schedules on pages 81 through 88 be presented to supplement the basic financial statements. Such information, although not a 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 an 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The accompanying supplementary information listed in the table of contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements.

The Schedule of Expenditures of Federal Awards and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate 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 schedule of expenditures of federal awards, and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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 District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California
February 26, 2021



SUPERINTENDENT / PRESIDENT
DR. DAVID VIAR

BOARD OF TRUSTEES

Sevan Benlian • Yvette Vartanian Davis • Dr. Armine Hacopian • Desireé Portillo Rabinov • Ann H. Ransford

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, which established a new reporting format for annual financial statements of governmental entities. In November 1999, GASB released Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, which applies the new reporting standards to public colleges and universities.

The California Community Colleges Chancellor's Office has recommended that all State community colleges follow the Business-Type Activity (BTA) model for financial statement reporting purposes.

The following discussion and analysis complies with the GASB standard and provides an overview of Glendale Community College District's (the District) financial position and activities for the year ended June 30, 2020, with selected comparative information for the year ended June 30, 2019. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes which follow this section.

As required by generally accepted accounting principles, the annual report consists of three basic financial statements that provide information on the District as a whole:

- The Statement of Net Position
- The Statement of Revenue, Expenses, and Changes in Net Position
- The Statement of Cash Flows

Each of these statements will be discussed.

FINANCIAL AND ENROLLMENT HIGHLIGHTS

- Reported enrollment at the District decreased in 2019-2020. Credit enrollment increased about two percent. Noncredit enrollment decreased about 13 percent from 2018-2019. However, the hold harmless stability funding is used to sustain the District through 2023-2024 as it implements its Guided Pathways and other enrollment strategies.
- Nonresident enrollment decreased three percent in 2019-2020. The effect of nationwide dialog is causing a depressed attendance in this area.
- The District ended the year with an unrestricted General Fund balance of \$6.1 million.
- The District ending fund balance decreased by approximately \$2.5 million.

STATEMENT OF NET POSITION

The Statement of Net Position includes all assets, deferred outflows or resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. The biggest change in this statement is that our fixed assets (land, building, and equipment) are capitalized and depreciated, and long-term liabilities are now included. As a result, they are now reflected as an asset on this statement. Net Position, the difference between assets, deferred outflows or resources, liabilities, and deferred inflows of resources, is one way to measure the financial health of the District.

STATEMENT OF NET POSITION - PRIMARY GOVERNMENT

	2020	2019
Assets		
Cash and investments	\$ 50,671,350	\$ 102,358,473
Receivables	17,762,488	11,595,769
Inventory	-	12,941
Capital assets, net	202,518,909	192,364,714
Total assets	270,952,747	306,331,897
Deferred Outflows of Resources		
Deferred outflows of resources related to OPEB	1,389,289	1,737,666
Deferred outflows of resources related to pensions	28,902,233	30,987,715
Total assets and deferred outflows of resources	\$ 301,244,269	\$ 339,057,278
Liabilities		
Accounts payable and accrued liabilities	\$ 18,731,867	\$ 18,587,548
Due to fiduciary funds	93,577	39,810
Unearned revenue	16,912,999	13,875,507
Long-term liabilities		
Long-term liabilities other than OPEB and pensions, due within one year	3,785,000	10,140,000
Long-term liabilities other than OPEB and pensions, due in more than one year	177,880,181	181,147,220
Aggregate net OPEB liability	8,994,540	18,211,718
Aggregate net pension liability	116,716,385	112,968,786
Total liabilities	343,114,549	354,970,589
Deferred Inflows of Resources		
Deferred inflows resources related to OPEB	8,065,445	34,686
Deferred inflows of resources related to pensions	8,348,578	7,986,378
Total deferred inflows of resources	16,414,023	8,021,064
Net Position		
Net investment in capital assets	51,507,278	68,769,793
Restricted	9,665,128	17,690,048
Unrestricted deficit	(119,456,709)	(110,394,216)
Total net position (deficit)	(58,284,303)	(23,934,375)
Total liabilities, deferred inflows of resources and net position	\$ 301,244,269	\$ 339,057,278

- Cash and investments consist of cash in the Los Angeles County Treasurer and associate students investments. Cash and investments were decreased by approximately \$51.7 million over last year due to the various construction projects funded by Measure GC Bond, Series A.
- Receivables consist mainly of receivables from State and Federal grants and the apportionment funds due from the State. Receivables were increased by approximately \$6.2 million over the last year due to the increase in students' receivables and general apportionment receivable from the State.
- Capital assets are the net historical value (original cost) of land, buildings, construction in progress, and equipment less accumulated depreciation. Capital Assets increased approximately \$10.2 million due to the addition of land purchased, additions to construction in progress and completion of projects.
- Accounts payable and accrued liabilities consist of payables to vendors and the June payroll. Payables remained consistent over the prior year.
- Long-term liabilities consist primarily of the general obligation bond issues. The total long-term liabilities decreased approximately \$15.1 million from 2018-2019 due to debt service payments and accreted interest accruals were made reducing the principal on existing bond issues and changes in the aggregate net OPEB liability.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position present the operating results of the District, as well as the nonoperating revenue and expenses. The State general apportionment and property taxes, while budgeted for operations, are considered nonoperating revenues according to the GASB standards. As a result, this statement will show a significant operating loss.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PRIMARY GOVERNMENT**

	2020	2019
Operating Revenues		
Net tuition and fees	\$ 10,654,155	\$ 10,026,184
Grants and contracts - noncapital	29,791,847	27,995,514
Internal service sales and charges	139,429	253,027
Total operating revenues	40,585,431	38,274,725
Total operating expenses	211,873,533	202,839,402
Operating loss	(171,288,102)	(164,564,677)
Nonoperating Revenues (Expenses)		
State apportionment	67,121,215	66,113,498
Federal and State financial aid grants	38,277,415	29,897,115
Local property taxes	31,636,181	33,961,239
State taxes and other revenues	2,959,712	1,051,925
Investment expense - net	(5,571,217)	(5,140,559)
Other nonoperating revenues	2,414,146	404,427
Total nonoperating revenues (expenses)	136,837,452	126,287,645
Loss before other revenues	(34,450,650)	(38,277,032)
Other Revenues		
State and local revenues - capital	100,722	293,686
Change in net position	\$ (34,349,928)	\$ (37,983,346)

- Net tuition and fees are primarily enrollment fees, nonresident tuition, community service fees, and health fees.
- Internal service sales and charges consists mainly of miscellaneous revenues in the Self Insurance fund. This category decreased by approximately \$.1 million due to the decrease in internal service charges.
- State apportionment increased by approximately \$1.0 million over last year.
- State taxes and other revenues are our state lottery funds and mandated cost block grant. State taxes and other Revenues increased by approximately \$1.9 million over last year.
- Net investment expense is our interest earnings at the County Treasurer less interest on our bond issues. This category increased due to reduction of interest payment and General Obligation Bond payments.

FUNCTIONAL EXPENSES

In accordance with requirements set forth by the California State Chancellor's Office, the District reports operating expenses by object code. Operating expenses by functional classification are as follows:

Year ended June 30, 2020:

	Salaries	Employee Benefits	Supplies, Materials, and Other Expenses and Services	Equipment, Maintenance, and Repairs	Student Financial Aid	Depreciation	Total
Instructional activities	\$ 45,387,267	\$ 19,746,086	\$ 2,457,264	\$ 1,187,261	\$ -	\$ -	\$ 68,777,878
Academic support	4,912,242	293,217	70,544	20,195	-	-	5,296,198
Student services	17,473,911	7,321,682	1,534,941	274,159	16,690	-	26,621,383
Plant operations and maintenance	3,143,464	1,646,883	7,556,652	21,085	-	-	12,368,084
Institutional support services	9,092,385	11,768,744	5,353,338	175,790	-	-	26,390,257
Community services and economic development	220,500	125,862	460,134	1,118	-	-	807,614
Ancillary services and auxiliary operations	2,338,703	927,217	1,841,978	30,649	-	-	5,138,547
Student aid	-	-	-	-	38,335,721	-	38,335,721
Physical property and related acquisitions	95,955	64,886	10,418,383	7,556,971	-	-	18,136,195
Depreciation expense	-	-	-	-	-	10,001,656	10,001,656
Total	\$ 82,664,427	\$ 41,894,577	\$ 29,693,234	\$ 9,267,228	\$ 38,352,411	\$ 10,001,656	\$ 211,873,533

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information about cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and the District's need for external funding.

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT

	2020	2019
Cash Provided by (Used in)		
Operating activities	\$ (158,871,816)	\$ (150,008,091)
Noncapital financing activities	132,029,225	117,529,995
Capital financing activities	(26,160,994)	(34,542,743)
Investing activities	1,316,462	2,361,535
Net Change in Cash and Cash Equivalents	(51,687,123)	(64,659,304)
Cash and Cash Equivalents, Beginning of Year	102,358,473	167,017,777
Cash and Cash Equivalents, End of Year	\$ 50,671,350	\$ 102,358,473

- Cash Provided by Operating Activities are student fees less our operating expenses (salaries, benefits, supplies, and services).
- Noncapital Financing Activities are our State apportionment and property taxes. Although these revenues are earned from student enrollment, they are non-operating since it comes from the State and not from the primary users (students) of college programs.
- Capital and Related Financing Activities are the proceeds received from the general obligation bond (increase) less the purchase of capital assets (land, buildings, and equipment).
- Investing Activities are earning off investments and the general obligation bond proceeds.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had \$202.5 million in a broad range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2019, our net capital assets were \$192.4 million. The District is currently in the middle of a major capital improvement program with construction ongoing throughout the college campus. These projects are primarily funded through our general obligation bonds. These projects are accounted for within our Construction in Progress account until the project is completed at which time the cost of the buildings and/or improvements will be brought in to the depreciable Buildings and Improvements category.

Capital projects are continuing through the 2020-2021 fiscal year and beyond with primary funding through our general obligation bond.

Note 6 in the financial statements provides additional information on capital assets. A summary of capital assets is presented below.

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Land and construction in progress	\$ 41,564,567	\$ 18,969,452	\$ (2,842,941)	\$ 57,691,078
Building and improvements	201,812,878	2,842,941	-	204,655,819
Furniture and equipment	28,633,446	1,186,399	-	29,819,845
Subtotal	272,010,891	22,998,792	(2,842,941)	292,166,742
Accumulated depreciation	(79,646,177)	(10,001,656)	-	(89,647,833)
	<u>\$ 192,364,714</u>	<u>\$ 12,997,136</u>	<u>\$ (2,842,941)</u>	<u>\$ 202,518,909</u>

Long-Term Liabilities

At the end of the 2019-2020 fiscal year, the District had \$175.2 million in general obligation bonds outstanding. These bonds are repaid annually in accordance with the obligation requirements through an increase in the assessed property taxes on property within the District boundaries.

In addition to the above liabilities, the District is obligated to employees of the District for compensated absences, load banking, other postemployment benefits, and pension obligations.

Note 10, Note 11 and Note 13 in the financial statements provides additional information on long-term liabilities. A summary of long-term liabilities is presented below.

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Long-Term Liabilities				
General obligation bonds	\$ 185,440,025	\$ 736,474	\$ (10,934,373)	\$ 175,242,126
Compensated absences	3,197,292	476,055	-	3,673,347
Load banking	2,649,903	99,805	-	2,749,708
Aggregate net OPEB liability	18,211,718	-	(9,217,178)	8,994,540
Aggregate net pension liability	112,968,786	3,747,599	-	116,716,385
Total long-term liabilities	<u>\$ 322,467,724</u>	<u>\$ 5,059,933</u>	<u>\$ (20,151,551)</u>	<u>\$ 307,376,106</u>
Amount due within one year				<u>\$ 3,785,000</u>

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

The District's enrollment has been relatively flat for the last several years. However, the language within the new Student Centered Funding Formula (SCFF) regulations allows the District to be held harmless at 2017-2018 revenue plus annual compounded cost of living adjustments (COLA) until 2023-2024. This strategic financial decision implemented by the California Chancellor's Office allows the College to continue its current operations through the hold harmless funding cycle for next four years. The College continues to focus on enrollment growth as it develops its plans for 2020-2021 and beyond.

The District's new fiscal planning structure includes a focus on maximizing its apportionment by striving to ensure students are aware of the financial resources available to them and the awards they have achieved. The SCFF has three components: 70 percent for base FTES funding, 20 percent for supplemental funding, and 10 percent for student success. Various constituency groups support the continuance of the same allocation rates for at least another academic year, specifically 2020-2021. These groups are aggressively lobbying the Chancellor's Office as they question the viability of these components. This affects GCC, as well as approximately 52 of the 72 districts, significantly because of the FTES enrollment trend. However, GCC's research data over the past academic semester indicates significant opportunities to generate new apportionment through Guided Pathway enrollment, financial aid distributions to underserved students, and awarding of achieved degrees and certificates. This effort will be maintained throughout the hold harmless period. The District's growth projections include all three new funding formula metrics to maintain its base funding level and to increase it. In preparing the development of the 2020-2021 budget, the College anticipates accepting hold harmless stability funding distributed by the California Community Colleges Chancellor's Office. The College is planning to use COLA funds and base augmentation funds as new discretionary ongoing revenues. The fiscal planning process continues to focus on long-term sustainability using a five-year projection model as the District will restructure its apportionment projections to include enrollment, student financial resources, and student success metrics over the next four years to help ensure a stable fiscal position.

The District is faced with the rising costs of benefits and salaries. In order to secure quality personnel the District is engaged in operational efficiency and sustainability as it optimistically focuses on its future. The District is developing Guided Pathway plans to support the retention and success of its students and continues its outreach to expand the number of students served by the District. The District will continually use the Measure GC Bond to enhance the facilities at all of the campuses to ensure the learning environment accommodates the needs of its students, faculty, staff, and administration. These efforts are an investment in the commitment to the long-term and sustainable success of the District as shown by the reaffirmation and seven year accreditation by the Accrediting Commission for Community and Junior Colleges (ACCJC).

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and 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, contact the District at: Glendale Community College District, 1500 North Verdugo Road, Glendale, CA 91208.

Glendale Community College District
Statement of Net Position
June 30, 2020

Assets	
Cash and cash equivalents	\$ 144,323
Investments	50,527,027
Accounts receivable	9,687,715
Student receivables, net	8,074,773
Capital assets	
Nondepreciable capital assets	57,691,078
Depreciable capital assets, net of depreciation	<u>144,827,831</u>
Total capital assets	<u>202,518,909</u>
Total assets	<u>270,952,747</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to other postemployment benefits liability (OPEB)	1,389,289
Deferred outflows of resources related to pensions	<u>28,902,233</u>
Total deferred outflows of resources	<u>30,291,522</u>
Liabilities	
Accounts payable	16,204,108
Accrued interest payable	2,527,759
Due to fiduciary funds	93,577
Unearned revenue	16,912,999
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	3,785,000
Long-term liabilities other than OPEB and pensions, due in more than one year	177,880,181
Aggregate net OPEB liability	8,994,540
Aggregate net pension liability	<u>116,716,385</u>
Total liabilities	<u>343,114,549</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	8,065,445
Deferred inflows of resources related to pensions	<u>8,348,578</u>
Total deferred inflows of resources	<u>16,414,023</u>
Net Position	
Net investment in capital assets	51,507,278
Restricted for	
Debt service	5,237,746
Capital projects	243,866
Educational programs	4,183,516
Unrestricted deficit	<u>(119,456,709)</u>
Total net position (deficit)	<u>\$ (58,284,303)</u>

Glendale Community College District
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2020

Operating Revenues	
Student tuition and fees	\$ 18,728,559
Less: scholarship discount and allowance	(8,074,404)
	<u>10,654,155</u>
Net student tuition and fees	
	<u>10,654,155</u>
Grants and Contracts, noncapital	
Federal	5,557,236
State	21,143,352
Local	3,091,259
	<u>29,791,847</u>
Total grants and contracts, noncapital	
	<u>29,791,847</u>
Internal service sales and charges	
	<u>139,429</u>
Total operating revenues	
	<u>40,585,431</u>
Operating Expenses	
Salaries	82,664,427
Employee benefits	41,894,577
Supplies, materials, and other operating expenses and services	29,693,234
Student financial aid	38,352,411
Equipment, maintenance, and repairs	9,267,228
Depreciation	10,001,656
	<u>211,873,533</u>
Total operating expenses	
	<u>211,873,533</u>
Operating loss	
	<u>(171,288,102)</u>
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	67,121,215
Local property taxes levied for general purposes	21,333,120
Local property taxes levied for capital debt	10,303,061
Federal financial aid grants, noncapital	30,298,630
State financial aid grants, noncapital	7,978,785
State taxes and other revenues	2,959,712
Investment income	1,016,423
Interest expense on capital related debt	(6,710,151)
Interest income on capital asset-related debt	122,511
Other nonoperating revenues	2,414,146
	<u>136,837,452</u>
Total nonoperating revenues (expenses)	
	<u>136,837,452</u>
Loss before other revenues	
	<u>(34,450,650)</u>
Other Revenues	
State revenues, capital	<u>100,722</u>
Change in Net Position	
	(34,349,928)
Net Position (deficit), Beginning of Year	
	<u>(23,934,375)</u>
Net Position (deficit), End of Year	
	<u>\$ (58,284,303)</u>

Glendale Community College District
Statement of Cash Flows
Year Ended June 30, 2020

Operating Activities	
Tuition and fees	\$ 8,012,520
Federal and state grants and contracts	28,541,111
Payments to vendors for supplies and services	(38,333,901)
Payments to or on behalf of employees	(118,878,564)
Payments to students for scholarships and grants	(38,352,411)
Internal service sales and charges	139,429
	(158,871,816)
Net Cash Flows from Operating Activities	
Noncapital Financing Activities	
State apportionments	67,121,215
Federal and state financial aid grants	38,277,415
Property taxes	21,333,120
State taxes and other apportionments	3,036,086
Other nonoperating revenues	2,261,389
	132,029,225
Net Cash Flows from Noncapital Financing Activities	
Capital Financing Activities	
State revenue for capital projects	100,722
Property taxes - related to capital debt	10,303,061
Purchase of capital assets	(19,645,738)
Principal paid on capital debt	(10,140,000)
Interest paid on capital debt	(6,901,550)
Interest received on capital investments	122,511
	(26,160,994)
Net Cash Flows from Capital Financing Activities	
Investing Activities	
Interest received from investments	1,316,462
	(51,687,123)
Net Change in Cash and Cash Equivalents	
Cash and Cash Equivalents, Beginning of Year	102,358,473
Cash and Cash Equivalents, End of Year	\$ 50,671,350

Glendale Community College District
Statement of Cash Flows
Year Ended June 30, 2020

Reconciliation of net operating loss to net cash flows from operating activities	
Operating loss	\$ (171,288,102)
Adjustments to reconcile net operating loss to net cash flows from operating activities	
Depreciation expense	10,001,656
Changes in assets, deferred outflows, liabilities, and deferred inflows	
Accounts receivable	(4,870,086)
Student receivables, net	(2,059,777)
Inventories	12,941
Deferred outflows of resources related to OPEB	348,377
Deferred outflows of resources related to pensions	2,085,482
Accounts payable	360,961
Unearned revenue	3,037,492
Deferred inflows of resources related to OPEB	8,030,759
Deferred inflows of resources related to pensions	362,200
Compensated absences	476,055
Load banking	99,805
Aggregate net OPEB liability	(9,217,178)
Aggregate net pension liability	3,747,599
Total adjustments	<u>12,416,286</u>
Net Cash Flows from Operating Activities	<u><u>\$ (158,871,816)</u></u>
Cash and Cash Equivalents Consist of the Following:	
Cash in Banks	\$ 144,323
Cash in County Treasury	50,527,027
Total cash and cash equivalents	<u><u>\$ 50,671,350</u></u>
Noncash Transactions	
Accretion of interest on capital appreciation bonds	\$ 736,474
Amortization of debt premium	\$ 794,373

Glendale Community College District

Fiduciary Funds

Statement of Net Position

June 30, 2020

	Retiree OPEB Trust	Other Trust Funds
Assets		
Cash and cash equivalents	\$ -	\$ 5,126,630
Investments	10,175,652	490,632
Accounts receivable	-	98,727
Due from primary government	-	93,577
Total assets	<u>10,175,652</u>	<u>5,809,566</u>
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	-	<u>218,119</u>
Liabilities		
Due to student groups	-	934,566
Long-term liabilities		
Net pension liability	-	<u>695,510</u>
Total liabilities	<u>-</u>	<u>1,630,076</u>
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	-	<u>77,237</u>
Net Position		
Restricted for postemployment benefits other than pensions	10,175,652	-
Unrestricted	-	<u>4,320,372</u>
Total net position	<u>\$ 10,175,652</u>	<u>\$ 4,320,372</u>

Glendale Community College District

Fiduciary Funds

Statement of Changes in Net Position

Year Ended June 30, 2020

	Retiree OPEB Trust	Other Trust Funds
Additions		
Interest and investment income	\$ 523,916	\$ -
District contributions	1,389,289	-
Local revenues	-	530,319
Total additions	1,913,205	530,319
Deductions		
Classified salaries	-	165,707
Employee benefits	701,269	328,142
Services and operating expenditures	-	289,515
Administrative expenses	8,303	-
Total deductions	709,572	783,364
Change in Net Position	1,203,633	(253,045)
Net Position, Beginning of Year	8,972,019	4,573,417
Net Position, End of Year	\$ 10,175,652	\$ 4,320,372

Note 1 - Organization

The Glendale Community College District (the District) was established in 1983 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected five-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates one community college and one center located in Glendale, California. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

Note 2 - Summary of Significant Accounting Policies**Financial Reporting Entity**

The District has adopted accounting policies 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. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion. The District identified no component units that met this requirement.

The District has analyzed the financial and accountability relationship with the Glendale College Foundation (the Foundation) in conjunction with the GASB Statement No. 61 criteria. The Foundation is a separate, not for profit organization, and the District does provide and receive direct benefits to and from the Foundation. However, it has been determined that all criteria under GASB Statement No. 61 have not been met to require inclusion of the Foundation's financial statements in the District's annual report. Information on the Foundation may be requested through the Glendale College Foundation.

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, No. 38, No. 39 and No. 61. This presentation provides a comprehensive government-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Fiduciary activities, with the exception of the Student Financial Aid Fund, are excluded from the basic financial statements. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material 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. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become 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. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. For the District, operating revenues consist primarily of student fees and noncapital grants and contracts.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, Federal and State financial aid grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent students (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State financial aid grants are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

Operating expenses are costs incurred to provide instructional services including support costs, auxiliary services, and depreciation of capital assets. All other expenses not meeting this definition are reported as nonoperating. Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

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, No. 38, No. 39, and No. 61. 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 - Primary Government
 - Statements of Revenues, Expenses, and Changes in Net Position - Primary Government
 - Statements of Cash Flows - Primary Government
 - Financial Statements for the Fiduciary Funds including:
 - Statements of Fiduciary Net Position
 - Statements of Changes in Fiduciary Net Position
- Notes to the Financial Statements

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the Statement of Cash Flows.

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

Accounts Receivable

Accounts receivable include amounts due from the Federal, State, and/or local governments or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist 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. The District provides for an allowance for uncollectable accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at \$2,826,449 for the year ended June 30, 2020.

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, leasehold improvements, and equipment. The District maintains an initial unit cost capitalization threshold of \$5,000 and an estimated useful life greater than one year. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure. Donated capital assets are recorded at acquisition value at the date of donation. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction in progress as the projects are constructed.

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 25 to 50 years; improvements, 20 years; equipment, 5 to 15 years; vehicles, 5 to 10 years.

Accrued Liabilities and Long-Term Liabilities

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

Compensated Absences and Load Banking

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year-end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid. The District also participates in "load banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. The liability for this benefit is reported on the government-wide financial statements.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

Debt Premiums

Debt premiums are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The District reports deferred outflows of resources for OPEB and pension related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for OPEB and pension related items.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District OPEB Plan and CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the District OPEB Plan and MPP. For this purpose, the District OPEB Plan and MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The aggregate net OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The aggregate net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

Unearned Revenue

Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized. Unearned revenue includes (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met.

Noncurrent Liabilities

Noncurrent liabilities include general obligation bonds, compensated absences, load banking, the aggregate net OPEB liability, and the aggregate net pension liability with maturities greater than one year.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$9,665,128 of restricted net position and the fiduciary funds financial statements report \$10,175,652 of restricted net position.

Operating Revenues and Expenses

Classification of Revenues - The District has classified its revenues as either operating or nonoperating. Certain significant revenue streams relied upon for operation are classified as nonoperating as defined by GASB Statements No. 34 and No. 35. Classifications are as follows:

- **Operating revenues** - Operating revenues include activities that have the characteristics of exchange transactions such as student tuition and fees, net of scholarship discounts and allowances, Federal, State, and local grants and contracts, and internal service sales and charges.
- **Nonoperating revenues** - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, gifts and contributions, and other revenue sources defined in GASB Statements No. 34 and No. 35.

Classification of Expenses - Nearly all of the District's expenses are from exchange transactions and are classified as either operating or nonoperating according to the following criteria:

- **Operating expenses** - Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, supplies, operating expenses, and student financial aid.
- **Nonoperating expenses** - Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

State Apportionments

Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year. When known and measurable, these recalculations and corrections are accrued in the year in which the FTES are generated.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. The County Assessor is responsible for assessment of all taxable real property. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Los Angeles bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

The voters of the District passed a General Obligation Bond in March 2002 and November 2016 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected as noted above and remitted to the District when collected.

Scholarships, Discounts, and Allowances

Student tuition and fee revenue is reported net of scholarships, discounts, and allowances. Fee waivers approved by the Board of Governors are included within the scholarships, discounts, and allowances in the Statement of Revenues, Expenses, 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 payments on the students' behalf.

Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, Supplemental Education Opportunity Grants (SEOG) Grants, and Federal Work-Study programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. These programs are audited in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

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.

Interfund Activity

Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the Primary Government and Fiduciary Funds' financial statements, respectively.

Change in Accounting Principles

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, Fiduciary Activities

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

The provisions of this Statement have been implemented as of June 30, 2020, with the exception of Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, and Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The District has already implemented these standards as of June 30, 2020.

New Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

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

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reporting.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.

- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment.
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate.
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable.
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap.
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap.
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended.
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

As a result of the implementation of GASB Statement No. 95, the removal of LIBOR as an appropriate benchmark interest rate (paragraph 11b) is effective for reporting periods ending after December 31, 2021. Paragraph 13 and 14 related to lease modifications is effective for reporting periods beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The effects of this change on the District's financial statements have not yet been determined.

Note 3 - Deposits and Investments**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, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury

In accordance with the *Budget and Accounting Manual*, the District maintains substantially all of its cash in the County Treasury as part of the common investment pool. The District is considered to be an involuntary participant in the external pool. The fair 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 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

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules 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	25%	10%
Negotiable Certificates of Deposit	5 years	30%	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

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 Deposits and Investments

Deposits and investments as of June 30, 2020, consisted of the following:

Primary government		\$ 50,671,350
Fiduciary funds		<u>15,792,914</u>
Total deposits and investments		<u><u>\$ 66,464,264</u></u>
Cash on hand and in banks		\$ 5,239,953
Cash in revolving		31,000
Investments		<u>61,193,311</u>
Total deposits and investments		<u><u>\$ 66,464,264</u></u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in Certificates of Deposits, Mutual Funds, and the Los Angeles County Investment Pool.

Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Reported Amount	Weighted Average Days to Maturity
Certificates of Deposits	\$ 490,632	303
Mutual Funds	10,175,652	N/A
Los Angeles County Investment Pool	<u>50,527,027</u>	590
Total	<u><u>\$ 61,193,311</u></u>	

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 Los Angeles County Investment Pool, Certificates of Deposits, and Mutual Funds are not required to be rated, nor have been rated as of June 30, 2020.

Custodial Credit RiskDeposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, 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 agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, the District's bank balance of approximately \$4.0 million was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2020, the District's investment balance of approximately \$10.2 million was exposed to custodial credit risk because it was uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

Note 4 - Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
- Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.
- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

The District's fair value measurements are as follows at June 30, 2020:

Investment Type	Fair Value	Level 1 Inputs
Certificates of Deposits	\$ 490,632	\$ 490,632
Mutual Funds	10,175,652	10,175,652
Total	\$ 10,666,284	\$ 10,666,284

All assets have been valued using a market approach, with quoted market prices.

Note 5 - Accounts Receivable

Accounts receivable at June 30, 2020, consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

The accounts receivable are as follows:

	Primary Government
Federal government	
Categorical aid	\$ 1,649,391
State government	
Apportionment	5,766,289
Categorical aid	164,433
Lottery	728,860
Other local sources	1,378,742
Total	\$ 9,687,715
Student receivables	\$ 10,901,222
Allowance for doubtful accounts	(2,826,449)
Student receivables, net	\$ 8,074,773
	Fiduciary Funds
Other local sources	\$ 98,727

Note 6 - Capital Assets

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

	Balance July 01, 2019	Additions	Deductions	Balance June 30, 2020
Capital Assets Not Being Depreciated				
Land	\$ 38,248,278	\$ 5,027,972	\$ -	\$ 43,276,250
Construction in progress	3,316,289	13,941,480	(2,842,941)	14,414,828
Total capital assets not being depreciated	<u>41,564,567</u>	<u>18,969,452</u>	<u>(2,842,941)</u>	<u>57,691,078</u>
Capital Assets Being Depreciated				
Buildings and improvements	164,150,189	2,842,941	-	166,993,130
Site improvements	37,662,689	-	-	37,662,689
Vehicles, machinery, and equipment	28,633,446	1,186,399	-	29,819,845
Total capital assets being depreciated	<u>230,446,324</u>	<u>4,029,340</u>	<u>-</u>	<u>234,475,664</u>
Total capital assets	<u>272,010,891</u>	<u>22,998,792</u>	<u>(2,842,941)</u>	<u>292,166,742</u>
Less Accumulated Depreciation				
Buildings and improvements	(37,179,581)	(5,327,315)	-	(42,506,896)
Site improvement	(23,336,151)	(1,846,770)	-	(25,182,921)
Vehicles, machinery, and equipment	(19,130,445)	(2,827,571)	-	(21,958,016)
Total accumulated depreciation	<u>(79,646,177)</u>	<u>(10,001,656)</u>	<u>-</u>	<u>(89,647,833)</u>
	<u>\$ 192,364,714</u>	<u>\$ 12,997,136</u>	<u>\$ (2,842,941)</u>	<u>\$ 202,518,909</u>

Depreciation expense for the year was \$10,001,656.

Note 7 - Accounts Payable

Accounts payable at June 30, 2020, consisted of the following:

	Primary Government
Accrued payroll and benefits	\$ 9,140,491
JPA parking fees	215,577
Construction	2,655,409
Student aid disbursements	1,058,616
Other	3,134,015
Total	\$ 16,204,108

Note 8 - Unearned Revenue

Unearned revenue at June 30, 2020, consisted of the following:

	Primary Government
Federal financial assistance	\$ 4,958,985
State categorical aid	7,956,888
Student fees	3,993,294
Other local	3,832
Total	\$ 16,912,999

Note 9 - Interfund Transactions**Interfund Receivables and Payables (Due To/Due From)**

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the governmental funds and fiduciary funds, respectively, has been eliminated in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2020, the amount owed from the primary government to the fiduciary funds was \$93,577.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2019-2020 fiscal year, there were no transfers between the primary government and the fiduciary funds.

Note 10 - Long-Term Liabilities other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year consisted of the following:

	Balance July 01, 2019	Additions	Deductions	Balance June 30, 2020	Due in One Year
Bonds Payable					
General obligation bonds, 2002 Series B and C	\$ 13,812,489	\$ 736,474	\$ (1,380,000)	\$ 13,168,963	\$ 1,450,000
General obligation bonds, 2002 Series E	3,535,000	-	(210,000)	3,325,000	220,000
Unamortized premium	82,285	-	(21,465)	60,820	-
General obligation bonds, 2002 Series F	13,225,000	-	(800,000)	12,425,000	830,000
Unamortized premium	854,416	-	(73,763)	780,653	-
2014 General obligation refunding bonds	23,515,000	-	(1,250,000)	22,265,000	1,285,000
Unamortized premium	3,070,845	-	(275,001)	2,795,844	-
General obligation bonds, 2016 Series A	115,575,000	-	(6,500,000)	109,075,000	-
Unamortized premium	11,769,990	-	(424,144)	11,345,846	-
Total bonds payable	<u>185,440,025</u>	<u>736,474</u>	<u>(10,934,373)</u>	<u>175,242,126</u>	<u>3,785,000</u>
Other Liabilities					
Compensated absences	3,197,292	476,055	-	3,673,347	-
Load banking	2,649,903	99,805	-	2,749,708	-
Total other liabilities	<u>5,847,195</u>	<u>575,860</u>	<u>-</u>	<u>6,423,055</u>	<u>-</u>
Total long-term liabilities	<u>\$ 191,287,220</u>	<u>\$ 1,312,334</u>	<u>\$ (10,934,373)</u>	<u>\$ 181,665,181</u>	<u>\$ 3,785,000</u>

Description of Long-term liabilities

Payments on the general obligation bonds are to be made by the bond interest and redemption fund with local property tax revenues. The compensated absences will be paid by the fund for which the employee worked. The District's general fund makes payments for load banking liability.

Bonded DebtBonds Payable**2003 General Obligation Bonds, Series B and C**

During July 2003, the District issued the 2002 General Obligation Bonds in the amount of \$17,499,930. The bonds included \$5,000,000 of current interest bonds and \$12,499,930 of capital appreciation bonds. The capital appreciation bonds have a maturing principal balance of \$15,670,000. The bonds mature beginning on August 1, 2006 through August 1, 2028, with an interest rate at 4.00 percent. At June 30, 2020, the principal balance outstanding (including accreted interest to date) was \$13,168,963.

2011 General Obligation Bonds, Series E

During April 2011, the District issued the 2002 General Obligation Bonds, Series E in the amount of \$5,001,453. The bonds mature beginning on August 1, 2013 through August 1, 2030, with interest yields ranging from 2.12 percent to 4.20 percent. The bonds issued included \$3,735,000 of current interest bonds and \$1,266,453 of capital appreciation bonds with the value of the capital appreciation bonds maturing to a principal balance of \$1,705,000. At June 30, 2020, the principal balance outstanding was \$3,325,000 and unamortized premium of \$60,820.

2013 General Obligation Bonds, Series F

During January 2013, the District issued the 2002 General Obligation Bonds, Series F in the amount of \$13,995,000. The bonds mature beginning on August 1, 2018 through August 1, 2031, with interest yields ranging from 3.00 percent to 5.00 percent. The bonds issued included \$8,140,000 of current interest serial bonds and \$5,855,000 of current interest term bonds. At June 30, 2020, the principal balance outstanding was \$12,425,000 and unamortized premium of \$780,653.

2014 General Obligation Refunding Bonds

During June 2014, the District issued the 2014 General Obligation Refunding Bonds in the amount of \$26,660,000. The bonds were issued as current interest serial bonds and mature beginning on August 1, 2014 through August 1, 2031, with interest yields ranging from 1.00 percent to 5.00 percent. At June 30, 2020, the principal balance outstanding was \$22,265,000 and unamortized premium of \$2,795,844.

2016 General Obligation Bonds, Series A

During March 2017, the District issued the 2016 General Obligation Bonds, Series A in the amount of \$122,000,000. The bonds mature beginning on August 1, 2018 through August 1, 2046, with interest yields ranging from 4.0 percent to 5.25 percent. The bonds issued included \$45,000,000 of current interest serial bonds and \$77,000,000 of current interest term bonds. At June 30, 2020, the principal outstanding was \$109,075,000 and unamortized premium on issuance of \$11,345,846.

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2019	Accreted Interest Addition	Redeemed	Bonds Outstanding June 30, 2020
2003	8/1/28	4.00%	\$ 17,499,930	\$ 13,812,489	\$ 736,474	\$ (1,380,000)	\$ 13,168,963
2011	8/1/30	2.12% - 4.20%	5,001,453	3,535,000	-	(210,000)	3,325,000
2013	8/1/31	3.00% - 5.00%	13,995,000	13,225,000	-	(800,000)	12,425,000
2014	8/1/31	1.00% - 5.00%	26,660,000	23,515,000	-	(1,250,000)	22,265,000
2017	8/1/46	4.00% - 5.25%	122,000,000	115,575,000	-	(6,500,000)	109,075,000
				<u>\$ 169,662,489</u>	<u>\$ 736,474</u>	<u>\$ (10,140,000)</u>	<u>\$ 160,258,963</u>

The general obligation bonds 2003 Series B and C mature through 2029 as follows:

Fiscal Year	Principal (Including Accreted Interest to Date)	Accreted Interest	Total
2021	\$ 1,412,428	\$ 37,572	\$ 1,450,000
2022	1,403,241	116,489	1,519,730
2023	1,478,571	129,594	1,608,165
2024	1,465,370	218,939	1,684,309
2025	1,452,168	311,747	1,763,915
2026-2029	5,957,185	2,401,842	8,359,027
Total	<u>\$ 13,168,963</u>	<u>\$ 3,216,183</u>	<u>\$ 16,385,146</u>

Glendale Community College District

Notes to Financial Statements

June 30, 2020

The general obligation bonds 2011 Series E mature through 2031 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2021	\$ 220,000	\$ 154,800	\$ 374,800
2022	235,000	145,700	380,700
2023	250,000	136,000	386,000
2024	260,000	124,500	384,500
2025	280,000	111,000	391,000
2026-2030	1,675,000	320,625	1,995,625
2031	405,000	10,125	415,125
Total	<u>\$ 3,325,000</u>	<u>\$ 1,002,750</u>	<u>\$ 4,327,750</u>

The general obligation bonds 2013 Series F mature through 2032 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2021	\$ 830,000	\$ 436,375	\$ 1,266,375
2022	865,000	402,475	1,267,475
2023	900,000	367,175	1,267,175
2024	935,000	330,475	1,265,475
2025	970,000	287,525	1,257,525
2026-2030	5,475,000	843,069	6,318,069
2031-2032	2,450,000	77,188	2,527,188
Total	<u>\$ 12,425,000</u>	<u>\$ 2,744,282</u>	<u>\$ 15,169,282</u>

Glendale Community College District

Notes to Financial Statements

June 30, 2020

The general obligation bonds 2014 refunding bond mature through 2032 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2021	\$ 1,285,000	\$ 1,067,425	\$ 2,352,425
2022	1,370,000	1,001,050	2,371,050
2023	1,465,000	930,175	2,395,175
2024	1,560,000	854,550	2,414,550
2025	1,660,000	774,050	2,434,050
2026-2030	10,010,000	2,518,700	12,528,700
2031-2032	4,915,000	249,375	5,164,375
Total	<u>\$ 22,265,000</u>	<u>\$ 7,395,325</u>	<u>\$ 29,660,325</u>

The general obligation bonds 2016 Series A mature through 2047 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2021	\$ -	\$ 5,014,625	\$ 5,014,625
2022	-	5,014,625	5,014,625
2023	-	5,014,625	5,014,625
2024	-	5,014,625	5,014,625
2025	250,000	5,008,375	5,258,375
2026-2030	5,275,000	24,467,000	29,742,000
2031-2035	13,165,000	22,245,500	35,410,500
2036-2040	25,225,000	17,506,963	42,731,963
2041-2045	42,435,000	9,287,863	51,722,863
2046-2047	22,725,000	927,100	23,652,100
Total	<u>\$ 109,075,000</u>	<u>\$ 99,501,301</u>	<u>\$ 208,576,301</u>

Compensated Absences

At June 30, 2020, the liability for compensated absences was \$3,673,347.

Load Banking

At June 30, 2020, the liability for load banking was \$2,749,708.

Note 11 - Aggregate Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2020, the District reported an aggregate net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 8,526,347	\$ 1,389,289	\$ 8,065,445	\$ (865,605)
Medicare Premium Payment (MPP) Program	468,193	-	-	27,563
Total	<u>\$ 8,994,540</u>	<u>\$ 1,389,289</u>	<u>\$ 8,065,445</u>	<u>\$ (838,042)</u>

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses.

Management of the plan is vested in the District management. Management of the trustee assets is vested with the California Employers' Retiree Benefit Trust.

Plan Membership

At June 30, 2019 valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	222
Active employees	531
	<hr/>
	753
	<hr/> <hr/>

California Employers' Retiree Benefit Trust (CERBT)

The CERBT OPEB Trust (the Trust) is an irrevocable governmental trust pursuant to Section 115 of the IRC for the purpose of funding certain postemployment benefits other than pensions. The Trust is administered by the California Public Employees' Retirement System (CalPERS) as directed by the investment alternative choice selected by the District. The District retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the California Government Code Section 53600.5 which specifies that the trustee's primary role is to preserve capital, to maintain investment liquidity, and to protect investment yield. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been discretely presented. Separate financial statements are not prepared for the Trust.

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by management and the District's governing board. For the measurement date of June 30, 2019, the District contributed \$1,737,666 to the Plan, of which \$652,765 was used for current premiums and \$1,084,901 was used to fund the OPEB Trust.

Investment

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board's adopted asset allocation policy as of June 30, 2019:

<u>Asset Class</u>	<u>Target Allocation</u>
Global equity	40%
Fixed income	43%
Real estate investment trusts	8%
Commodities	4%
Inflation assets	5%

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 6.91 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the District

The District's net OPEB liability of \$8,526,347 was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability of the District at June 30, 2019, were as follows:

Total OPEB liability	\$ 17,497,182
Plan fiduciary net position	<u>8,970,835</u>
District's net OPEB liability	<u><u>\$ 8,526,347</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u><u>51%</u></u>

Actuarial Assumptions

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

Inflation	2.75 percent
Salary increases	2.75 percent
Investment rate of return	6.50 percent
Healthcare cost trend rates	4.00 percent

The discount rate was based on the long-term expected return on plan assets assuming 100 percent funding through the Trust, using the building block method.

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2009 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actual experience study as of June 2019.

The long-term expected rate of return on OPEB 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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2019, (see the discussion of the Plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	7.795%
Fixed income	4.500%
Real estate investment trusts	7.500%
Commodities	7.795%
Inflation assets	3.250%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2018	\$ 25,088,425	\$ 7,317,337	\$ 17,771,088
Service cost	732,677	-	732,677
Interest	1,633,345	-	1,633,345
Differences between expected and actual experience	(9,304,500)	-	(9,304,500)
Contributions - employer	-	1,737,666	(1,737,666)
Expected investment income	-	510,665	(510,665)
Differences between projected and actual earnings on OPEB plan investments	-	62,213	(62,213)
Benefit payments	(652,765)	(652,765)	-
Administrative expense	-	(4,281)	4,281
Other	-	-	-
Net change in total OPEB liability	(7,591,243)	1,653,498	(9,244,741)
Balance at June 30, 2019	\$ 17,497,182	\$ 8,970,835	\$ 8,526,347

There were no changes in benefit terms since the previous valuation. There were no changes in economic assumptions since the previous valuation.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net OPEB Liability
1% decrease (5.50%)	\$ 9,918,816
Current discount rate (6.50%)	8,526,347
1% increase (7.50%)	7,284,297

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rates	Net OPEB Liability
1% decrease (3.00%)	\$ 7,641,330
Current healthcare cost trend rate (4.00%)	8,526,347
1% increase (5.00%)	9,457,252

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

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 1,389,289	\$ -
Differences between expected and actual experience	-	7,989,661
Net difference between projected and actual earnings on OPEB plan investments	-	75,784
Total	\$ 1,389,289	\$ 8,065,445

Amounts reported as deferred outflows of resources for OPEB contributions subsequent to measurement date will be recognized as a reduction of the net OPEB liability in the subsequent year.

Amounts reported as deferred inflows of resources for the differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five-year period and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Inflows of Resources
2021	\$ (21,115)
2022	(21,115)
2023	(21,113)
2024	(12,441)
	\$ (75,784)

Amounts reported as deferred inflows of resources related to differences between expected and actual experience and changes of assumptions will be amortized over the expected average remaining service life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 6.5 years and amounts will be recognized as OPEB expense as follows:

Year Ended June 30,	Deferred Inflows of Resources
2021	\$ (1,452,666)
2022	(1,452,666)
2023	(1,452,666)
2024	(1,452,666)
2025	(1,452,666)
Thereafter	(726,331)
	<u>\$ (7,989,661)</u>

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District contributions. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2020, the District reported a liability of \$468,193 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.1257 percent and 0.1151, respectively, resulting in a net increase in the proportionate share of .0106 percent.

For the year ended June 30, 2020, the District recognized OPEB expense of \$27,563.

Actuarial Methods and Assumptions

The June 30, 2019 total OPEB liability was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total OPEB liability to June 30, 2019, using the assumptions listed in the following table:

Measurement Date	June 30, 2019	June 30, 2018
Valuation Date	June 30, 2018	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.50%	3.87%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2018, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 380 or an average of 0.23 percent of the potentially eligible population (165,422).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2019, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2019, is 3.50 percent. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.50 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2019, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.37 percent from 3.87 percent as of June 30, 2018.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (2.50%)	\$ 510,906
Current discount rate (3.50%)	468,193
1% increase (4.50%)	428,921

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District's proportionate share of the net OPEB liability calculated using the Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using the Medicare costs trend rates that are one percent lower or higher than the current rate:

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	\$ 438,837
Current Medicare costs trend rates (3.7% Part A and 4.1% Part B)	468,193
1% increase (4.7% Part A and 5.1% Part B)	526,831

Note 12 - Risk Management

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District contracted with the Alliance for Schools for Cooperative Insurance Program (ASCIP) Joint Powers Authority for property and liability insurance with coverages of \$1 million combined single limit per occurrence for general and automobile liability and replacement costs subject to policy limits, terms, and conditions for property liability.

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2020, the District contracted with the ASCIP Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2020, the District participated in the Schools Linked for Insurance Management (SLIM) Joint Powers Authority (JPA), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

Note 13 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2020, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Primary Government

<u>Pension Plan</u>	<u>Aggregate Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 64,187,821	\$ 17,193,371	\$ 6,992,314	\$ 7,303,424
CalPERS - Schools Pool Plan	50,389,087	11,087,402	1,284,459	7,866,640
CalPERS - Safety Pool Plan	<u>2,139,477</u>	<u>621,460</u>	<u>71,805</u>	<u>102,157</u>
Total	<u>\$ 116,716,385</u>	<u>\$ 28,902,233</u>	<u>\$ 8,348,578</u>	<u>\$ 15,272,221</u>

Fiduciary Funds

<u>Pension Plan</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalPERS - Misc. Risk Plan (Associated Students)	<u>\$ 695,510</u>	<u>\$ 218,119</u>	<u>\$ 77,237</u>	<u>\$ 328,142</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The STRP provides retirement, disability, and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	17.10%	17.10%
Required State contribution rate	10.328%	10.328%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the District's total contributions were \$6,749,810.

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

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:	
District's proportionate share of net pension liability	\$ 64,187,821
State's proportionate share of net pension liability associated with the District	<u>35,018,742</u>
Total	<u><u>\$ 99,206,563</u></u>

The net pension liability was measured as of June 30, 2019. 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 college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.0711 percent and 0.0698 percent, respectively, resulting in a net increase in the proportionate share of 0.0013 percent.

For the year ended June 30, 2020, the District recognized pension expense of \$7,303,424. In addition, the District recognized pension expense and revenue of \$5,215,046 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 6,749,810	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,163,165	2,711,041
Differences between projected and actual earnings on the pension plan investments	-	2,472,535
Differences between expected and actual experience in the measurement of the total pension liability	162,040	1,808,738
Change of assumptions	<u>8,118,356</u>	<u>-</u>
Total	<u>\$ 17,193,371</u>	<u>\$ 6,992,314</u>

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

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2021	\$ (249,398)
2022	(1,962,902)
2023	(407,529)
2024	<u>147,294</u>
Total	<u>\$ (2,472,535)</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 1,241,216
2022	1,241,218
2023	1,303,932
2024	1,985,816
2025	173,923
Thereafter	<u>(22,323)</u>
Total	<u>\$ 5,923,782</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

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. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2019, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.80%
Fixed income	12%	1.30%
Real estate	13%	3.60%
Private equity	13%	6.30%
Risk Mitigating Strategies	9%	1.80%
Inflation sensitive	4%	3.30%
Cash/liquidity	2%	-0.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these 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 total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 95,580,979
Current discount rate (7.10%)	64,187,821
1% increase (8.10%)	38,156,915

California Public Employees' Retirement System (CalPERS) – Schools Pool Plan

Plan Description

Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plans regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation reports, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety. These reports and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <http://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

	CalPERS - Schools Pool Plan	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	7.000%
Required employer contribution rate	19.721%	19.721%

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 July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the total District contributions were \$5,028,455.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$50,389,087. The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.1729 percent and 0.1755 percent, respectively, resulting in a net decrease in the proportionate share of 0.0026 percent.

For the year ended June 30, 2020, the District recognized pension expense of \$7,866,640. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 5,028,455	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	817,091
Differences between projected and actual earnings on the pension plan investments	-	467,368
Differences between expected and actual experience in the measurement of the total pension liability	3,660,270	-
Changes of assumptions	2,398,677	-
Total	\$ 11,087,402	\$ 1,284,459

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

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 461,344
2022	(921,520)
2023	(139,646)
2024	132,454
Total	\$ (467,368)

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 3,301,071
2022	1,444,664
2023	451,020
2024	45,101
Total	<u>\$ 5,241,856</u>

Actuarial Methods and Assumptions

Total pension liability for the School Employer Pool was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of Scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class for CalPERS are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool 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 total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that one percent lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.15%)	\$ 72,632,556
Current discount rate (7.15%)	50,389,087
1% increase (8.15%)	31,936,593

California Public Employees' Retirement System (CalPERS) – Safety Pool Plan

Plan Description

Qualified employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Plan under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The Public Agency Cost-Sharing Multiple-Employer Plan is comprised of a Miscellaneous Risk Pool and a Safety Risk Pool. The District sponsors one Safety Pool Plan (the Plan) for employees of the District Police Department. The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

Benefits Provided

The Plan provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be sworn police officers and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for employment-related disability benefits regardless of length of service and non-duty disability benefits after five years of service. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The Post-Retirement Death Benefit is a one-time payment made to a retiree's designated survivor or estate upon the retiree's death. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The Special Death Benefit is provided to an employee's eligible survivors if the member dies while actively employed and the death is job-related. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

	<u>CalPERS - Safety Risk Pool</u>
Benefit formula	3.0% at 55
Benefit vesting schedule	5 years of service
Benefit payments	Monthly for life
Retirement age	55
Monthly benefits as a percentage of eligible compensation	2.4% - 3.0%
Required employee contribution rate	9.000%
Required employer contribution rate	23.654%
Required unfunded liability payment to CalPERS	\$202,160

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are determined annually through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the total District contributions were \$385,654.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the Safety Risk Pool net pension liability totaling \$2,139,477. The net pension liability was measured as of June 30, 2019. 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 employers, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.0343 percent and 0.0347 percent, respectively, resulting in a net decrease in the proportionate share of 0.0004 percent.

For the year ended June 30, 2020, the District recognized pension expense of \$102,157. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 385,654	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	8,424	25,259
Differences between projected and actual earnings on the pension plan investments	-	29,433
Differences between expected and actual experience in the measurement of the total pension liability	139,689	-
Changes of assumptions	87,693	17,113
	<u>87,693</u>	<u>17,113</u>
Total	<u>\$ 621,460</u>	<u>\$ 71,805</u>

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

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 20,404
2022	(47,360)
2023	(8,202)
2024	5,725
Total	<u>\$ (29,433)</u>

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 133,492
2022	32,373
2023	27,569
Total	<u>\$ 193,434</u>

Actuarial Methods and Assumptions

Total pension liability for the Plan was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age services

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of Scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Plan'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 total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.15%)	\$ 3,240,519
Current discount rate (7.15%)	2,139,477
1% increase (8.15%)	1,236,795

California Public Employees' Retirement System (CalPERS) - Miscellaneous Risk Plan (Associated Students)

Plan Description

Qualified employees are eligible to participate in the Associated Students Miscellaneous Plan under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plans regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, the Miscellaneous Risk Pool Actuarial Valuation. The report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

The Miscellaneous Risk Pool plan provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for employment-related disability benefits regardless of length of service and non-duty disability benefits after 5 years of service. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The Post-Retirement Death Benefit is a one-time payment made to a retiree's designated survivor or estate upon the retiree's death. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

	School Employer Pool (CalPERS) - Miscellaneous Risk Pool
Benefit formula	2% at 60
Benefit vesting schedule	5 years of service
Benefit payments	Monthly for life
Retirement age	60
Required employee contribution rate	7.00%
Required employer contribution rate	8.081%

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 July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the total District contributions for CalPERS was \$48,676.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS Miscellaneous Risk Pool net pension liability \$695,510. The net pension liability was measured as of June 30, 2019. 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 college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.0174 percent and 0.0167 percent, respectively, resulting in a net increase in the proportionate share of 0.0007 percent.

For the year ended June 30, 2020, the District recognized pension expense of \$328,142 for CalPERS Miscellaneous Risk Pool. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Pension contributions subsequent to measurement date	\$ 48,676	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	87,972	49,579
Differences between projected and actual earnings on the pension plan investments	-	12,158
Differences between expected and actual experience in the measurement of the total pension liability	48,306	3,743
Changes of assumptions	33,165	11,757
	<u> </u>	<u> </u>
Total	<u>\$ 218,119</u>	<u>\$ 77,237</u>

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

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 7,830
2022	(19,016)
2023	(3,430)
2024	2,458
Total	<u>\$ (12,158)</u>

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 93,140
2022	(2,690)
2023	13,914
Total	<u>\$ 104,364</u>

Actuarial Methods and Assumptions

Total pension liability for the Miscellaneous Risk Pool plan was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and services

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of Scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Miscellaneous Risk Pool plan 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 total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.15%)	\$ 1,115,634
Current discount rate (7.15%)	695,510
1% increase (8.15%)	348,727

Plan Fiduciary Net Position

Detailed information about CalPERS School Employer plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2020, which amounted to \$3,657,819 (10.328 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the year ended June 30, 2020. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated an additional 2019–2020 contribution on-behalf of school employers of \$1.1 billion for CalSTRS. A proportionate share of these contributions has been recorded in these financial statements.

Deferred Compensation

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or an unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the District until paid or made available to the employee or other beneficiary, subject only to the claims of the District's general creditors. Participants' rights under the plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred account for each participant.

The funds are currently on deposit in the Glendale Federal Credit Union and CalPERS with separate accounts established for each participating employee.

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use Social Security as its plan for its classified staff. Contributions for employees and employer are 6.2 percent.

Note 14 - Participation in Public Entity Risk Pools and Joint Powers Authorities

The District is a member of the Schools Linked for Insurance Management (SLIM) and the Alliance for Schools for Cooperative Insurance Programs (ASCIP) public entity risk pools. The District pays an annual premium to each entity for its health, workers' compensation, and property liability coverage. The relationships between the District and the pools, are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements; however, transactions between the entities and the District are included in these statements. Audited financial statements are available from the respective entities.

The District's share of year-end assets, liabilities, or fund equity has not been calculated.

During the year ended June 30, 2020, the District made payments of \$1,288,934 and \$649,672 to SLIM and ASCIP, respectively.

Note 15 - 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 at June 30, 2020.

Litigation

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

Construction Commitments

The District had several commitments with respect to the unfinished capital projects, these projects are funded through a combination of general obligation bonds and capital project apportionments from the California State Chancellor's Office. As of June 30, 2020, the total amount committed was approximately \$122 million.

Note 16 - Subsequent Events

Subsequent to year end, the District has been negatively impacted by the effects of the world-wide coronavirus pandemic. The District is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the District's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

On July 1, 2020, the District issued \$202,999,763 Election of 2016 General Obligation Bonds, Series B. The bonds are being issued to finance the acquisition, construction, modernization and equipping of District sites and facilities and pay the costs of issuance of the bonds. The District issued \$136,990,000 in current interest bonds. The bonds interest payments are due semiannually on February 1 and August 1 of each year, commencing February 1, 2021 with interest rates ranges from 2.650 percent to 4.00 percent. The District issued \$66,009,763 is capital appreciation bonds. The capital appreciation bonds are payable only at maturity (unless earlier redeemed) on August 1 of the years indicated on the inside cover pages hereof, and interest on such capital appreciation bonds is compounded semiannually on February 1 and August 1, commencing August 1, 2020.

On July 1, 2020, the District issued \$31,625,000 2020 General Obligation Refunding Bonds. Proceeds from the bonds will be used to advance refund certain portions of prior bond issuances and to pay for the cost of issuing the bonds. The bonds interest payments are due semiannually on February 1 and August 1 of each year, commencing August 1, 2020. The bonds are federally taxable, with interest rates ranges from 0.547 percent to 2.113 percent.

On December 31, 2020, the District offered a retirement incentive to qualified employees to be administered through Public Agency Retirement Services (PARS). The District purchased qualified 403(b) annuity contracts from PARS payable in five annual installments. Annual payments of \$635,378.31 commence January 10, 2021 and end January 10, 2025. Eligibility requirements are that the individual must be employed by the District in paid status as of July 21, 2020, as a full-time permanent employee; and be eligible to retire under CalSTRS (at least fifty-five (55) years of age with five (5) or more years of CalSTRS service or at least fifty (50) years of age with thirty (30) or more years of CalSTRS service) or CalPERS (at least fifty (50) years of age with five (5) or more years of CalPERS service) as of December 31, 2020.

On February 17, 2021, the District issued \$13,695,000 of Tax and Revenue Anticipation Notes under the Los Angeles County Schools Pooled Financing Program 2020-21 Pooled TRAN Participation Certificates, Series B-2. The notes bear interest at 2.00 percent. The notes mature on December 30, 2021. The notes were issued to supplement cash flows. The District is required to have placed 100 percent of the principal and interest in an irrevocable trust for the sole purpose of satisfying the notes by December 2021.



Required Supplementary Information
June 30, 2020

Glendale Community College District

Glendale Community College District
Schedule of Changes in the District's Net OPEB Liability and Related Ratios
Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 732,677	\$ 839,352	\$ 909,636
Interest	1,633,345	1,526,024	1,421,594
Differences between expected and actual experience	(9,304,500)	-	-
Benefit payments	<u>(652,765)</u>	<u>(669,131)</u>	<u>(734,969)</u>
Net changes in total OPEB liability	(7,591,243)	1,696,245	1,596,261
Total OPEB Liability - beginning	<u>25,088,425</u>	<u>23,392,180</u>	<u>21,795,919</u>
Total OPEB Liability - ending (a)	<u><u>\$ 17,497,182</u></u>	<u><u>\$ 25,088,425</u></u>	<u><u>\$ 23,392,180</u></u>
Plan fiduciary net position			
Contributions - employer	\$ 1,737,666	\$ 5,419,738	\$ 1,283,351
Expected investment income	510,665	300,957	135,980
Differences between projected and actual earnings on OPEB plan investments	62,213	43,358	
Benefit payments	(652,765)	(669,131)	(734,969)
Administrative expense	<u>(4,281)</u>	<u>(5,511)</u>	<u>(1,742)</u>
Net change in plan fiduciary net position	1,653,498	5,089,411	682,620
Plan fiduciary net position - beginning	<u>7,317,337</u>	<u>2,227,926</u>	<u>1,545,306</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 8,970,835</u></u>	<u><u>\$ 7,317,337</u></u>	<u><u>\$ 2,227,926</u></u>
District's net OPEB liability - ending (a) - (b)	<u><u>\$ 8,526,347</u></u>	<u><u>\$ 17,771,088</u></u>	<u><u>\$ 21,164,254</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>51.27%</u>	<u>29.17%</u>	<u>9.52%</u>
Covered-employee payroll	<u>\$ 65,824,910</u>	<u>\$ 63,530,301</u>	<u>\$ 59,959,806</u>
District's net OPEB liability as a percentage of covered-employee payroll	<u>12.95%</u>	<u>27.97%</u>	<u>35.30%</u>
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

Glendale Community College District
Schedule of OPEB Investment Returns
Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	<u>6.91%</u>	<u>5.39%</u>	<u>12.36%</u>

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

Glendale Community College District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2020

Year ended June 30,	2020	2019	2018
District's proportion of the net OPEB liability	0.1257%	0.1151%	0.1134%
District's proportionate share of the net OPEB liability	\$ 468,193	\$ 440,630	\$ 476,946
District's covered payroll	N/A ¹	N/A ¹	N/A ¹
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

¹As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

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

Glendale Community College District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2020

	2020	2019	2018	2017	2016	2015
CalSTRS						
District's proportion of the net pension liability	0.0711%	0.0698%	0.0680%	0.0703%	0.0756%	0.0749%
District's proportionate share of the net pension liability	\$ 64,187,821	\$ 64,129,414	\$ 62,843,656	\$ 56,874,602	\$ 50,907,097	\$ 43,786,963
State's proportionate share of the net pension liability associated with the District	35,018,742	36,717,089	37,177,776	32,377,696	26,924,243	26,440,459
Total	\$ 99,206,563	\$ 100,846,503	\$ 100,021,432	\$ 89,252,298	\$ 77,831,340	\$ 70,227,422
District's covered payroll	\$ 38,769,079	\$ 35,996,577	\$ 34,462,981	\$ 32,732,293	\$ 31,331,194	\$ 33,374,121
District's proportionate share of the net pension liability as a percentage of its covered payroll	165.56%	178.15%	182.35%	173.76%	162.48%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS - Schools Pool Plan						
District's proportion of the net pension liability	0.1729%	0.1755%	0.1756%	0.1850%	0.1915%	0.2191%
District's proportionate share of the net pension liability	\$ 50,389,087	\$ 46,800,641	\$ 41,911,562	\$ 36,531,807	\$ 28,230,684	\$ 24,878,835
District's covered payroll	\$ 24,004,534	\$ 23,217,616	\$ 22,433,093	\$ 22,221,871	\$ 22,419,217	\$ 23,005,261
District's proportionate share of the net pension liability as a percentage of its covered payroll	209.91%	201.57%	186.83%	164.40%	125.92%	108.14%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

Glendale Community College District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2020

	2020	2019	2018	2017	2016	2015
CalPERS - Safety Pool Plan						
District's proportion of the net pension liability	0.0343%	0.0347%	0.0348%	0.0361%	0.0381%	0.0232%
District's proportionate share of the net pension liability	\$ 2,139,477	\$ 2,038,731	\$ 2,081,400	\$ 1,868,917	\$ 1,568,619	\$ 1,445,953
District's covered payroll	\$ 680,003	\$ 671,522	\$ 666,763	\$ 550,865	\$ 555,209	\$ 576,913
District's proportionate share of the net pension liability as a percentage of its covered payroll	314.63%	303.60%	312.16%	339.27%	282.53%	250.64%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	72%	70%	77%	81%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS - Miscellaneous Risk Pool (Associated Students)						
District's proportion of the net pension liability	0.0174%	0.0167%	0.0163%	0.0157%	0.0140%	0.0074%
District's proportionate share of the net pension liability	\$ 695,510	\$ 629,915	\$ 641,930	\$ 546,540	\$ 380,645	\$ 462,861
District's covered payroll	\$ 76,685	\$ 74,091	\$ 71,950	\$ 68,275	\$ 68,275	\$ 70,323
District's proportionate share of the net pension liability as a percentage of its covered payroll	906.97%	850.19%	892.19%	800.50%	557.52%	658.19%
Plan fiduciary net position as a percentage of the total pension liability	78%	78%	75%	76%	80%	81%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

Glendale Community College District
Schedule of the District Contributions for Pensions
Year Ended June 30, 2020

	2020	2019	2018	2017	2016	2015
CalSTRS						
Contractually required contribution	\$ 6,749,810	\$ 6,311,606	\$ 5,194,306	\$ 4,335,443	\$ 3,512,175	\$ 2,782,210
Contributions in relation to the contractually required contribution	6,749,810	6,311,606	5,194,306	4,335,443	3,512,175	2,782,210
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 39,472,573	\$ 38,769,079	\$ 35,996,577	\$ 34,462,981	\$ 32,732,293	\$ 31,331,194
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS - Schools Pool Plan						
Contractually required contribution	\$ 5,028,455	\$ 4,335,699	\$ 3,605,928	\$ 3,115,508	\$ 2,632,625	\$ 2,638,966
Contributions in relation to the contractually required contribution	5,028,455	4,335,699	3,605,928	3,115,508	2,632,625	2,638,966
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 25,497,972	\$ 24,004,534	\$ 23,217,616	\$ 22,433,093	\$ 22,221,871	\$ 22,419,217
Contributions as a percentage of covered payroll	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

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

Glendale Community College District
Schedule of the District Contributions
Year Ended June 30, 2020

	2020	2019	2018	2017	2016	2015
CalPERS - Safety Pool Plan						
Contractually required contribution	\$ 385,654	\$ 328,276	\$ 290,835	\$ 289,027	\$ 234,704	\$ 225,565
Contributions in relation to the contractually required contribution	385,654	328,276	290,835	289,027	234,704	225,565
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 775,763	\$ 680,003	\$ 671,522	\$ 666,763	\$ 550,865	\$ 555,209
Contributions as a percentage of covered payroll	23.654%	22.346%	21.418%	43.348%	20.230%	18.260%
CalPERS - Miscellaneous Risk Pool (Associated Students)						
Contractually required contribution	\$ 48,676	\$ 38,904	\$ 29,578	\$ 23,405	\$ 18,777	\$ 5,465
Contributions in relation to the contractually required contribution	48,676	38,904	29,578	23,405	18,777	5,465
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 78,602	\$ 76,685	\$ 74,091	\$ 71,950	\$ 68,275	\$ 68,275
Contributions as a percentage of covered payroll	8.081%	7.634%	7.200%	7.159%	7.200%	7.200%

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

Note 1 - Purpose of Schedules**Schedule of Changes in the District's Net OPEB Liability and Related Ratios**

This schedule presents information on the District's changes in the net OPEB liability, including beginning and ending balances, the Plan's fiduciary net position, and the net OPEB liability. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* - There were no changes in benefit terms since the previous valuation.
- *Changes of Assumptions* - There were no changes in economic assumptions since the previous valuation.

Schedule of OPEB Investment Returns

This schedule presents information on the annual money-weighted rate of return on OPEB plan investments. In future years, as data becomes available, ten years of information will be presented.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB liability - MPP program and the Plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The plan rate of investment return assumption was changed from 3.87 percent to 3.50 percent since the previous valuation.

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the Plans' fiduciary net positions and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* - There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* - There were no changes in economic assumptions since the previous valuations for both CalSTRS and CalPERS.

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.



Supplementary Information
June 30, 2020

Glendale Community College District

The Glendale Community College District was formed in 1983, by an act of law, which required the college to separate from the Glendale Unified School District. The District boundaries include the city of Glendale and the unincorporated area of Los Angeles known as La Crescenta. The College serves approximately 15,000 students at the main campus, as well as the Garfield Campus and the Professional Development Center. There were no changes in the District's boundaries during the 2019-2020 fiscal year. The District's College is accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges.

BOARD OF TRUSTEES

MEMBER	OFFICE	TERM EXPIRES
Ms. Yvette Vartanian Davis	President	2022
Dr. Armine Hacopian	Vice President	2022
Ms. Ann H. Ransford	Clerk	2022
Mr. Sevan Benlian	Member	2024
Ms. Desireé Portillo Rabinov	Member	2024

ADMINISTRATION

Dr. David Viar	Superintendent/President
Dr. Anthony Culpepper	Executive Vice President, Administrative Services
Dr. Michael Ritterbrown	Vice President, Instructional Services
Dr. Paul Schlossman	Vice President, Student Services
Dr. Victoria Simmons	Vice President, Human Resources

Auxiliary Organizations in Good Standing
 Glendale College Foundation, established 1983
 Master Agreement established March 15, 1983
 Lisa Brooks, Executive Director

Glendale Community College District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
National Science Foundation			
Research and Development Cluster			
Passed through Pacific University			
Promoting Adoption of Team-Based Learning Pedagogy in College Economics Classes	47.076	PU-GCC-01-2017	\$ 1,396
Subtotal Research and Development Cluster			<u>1,396</u>
Total National Science Foundation			<u>1,396</u>
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		456,500
Federal Work-Study Program (FWS)	84.033		395,751
Federal Pell Grant Program	84.063		24,820,493
Federal Pell Grant Program Administration Allowance	84.063		56,345
Federal Direct Student Loans	84.268		<u>1,791,637</u>
Subtotal Student Financial Assistance Cluster			<u>27,520,726</u>
COVID-19: CARES Act Higher Education Emergency Relief Funds, Student Aid Portion	84.425E		3,230,000
COVID-19: CARES Act Higher Education Emergency Relief Funds, Institutional Portion	84.425F		<u>2,869,591</u>
Subtotal			<u>6,099,591</u>
Building a Completion Pathway for Hispanic and Other High Need Students	84.031S		535,753
Passed through California State University - Northridge Title III - Bridging the Gap: Enhancing AIMS2 for Student Success	84.031C	A-17-0013-S002	<u>50,020</u>
Subtotal			<u>585,773</u>
Passed through California Department of Education			
Adult Basic Education, English as a Second Language	84.002A	14508	508,120
English Literacy and Civics Education	84.002A	14109	<u>141,110</u>
Subtotal			<u>649,230</u>

Glendale Community College District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education Act (CTEA), Perkins Title I, Part C	84.048A	19-C01-019	\$ 496,011
Title I, CTEA Transitions	84.048A	19-C01-019	<u>46,195</u>
Subtotal			<u>542,206</u>
Total U.S. Department of Education			<u>35,397,526</u>
U.S. Department of Health and Human Services			
Passed through California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	*	<u>235,504</u>
Head Start Cluster			
Passed through Pacific Clinics			
Head Start/Early Head Start	93.600	*	<u>97,088</u>
Subtotal Head Start Cluster			<u>97,088</u>
Total U.S. Department of Health and Human Services			<u>332,592</u>
U.S. DEPARTMENT OF COMMERCE			
Passed through California Manufacturing Technology			
Consulting (CMTC)			
Manufacturing Extension Partnership (MEP) Program	11.611	70NANB16H208	<u>122,637</u>
Total U.S. Department of Commerce			<u>122,637</u>
Total Expenditures of Federal Awards			<u>\$ 35,854,151</u>

* Pass-Through Entity Identifying Number Not Available

Glendale Community College District
 Schedule of Expenditures of State Awards
 Year Ended June 30, 2020

Program	Program Revenues			Total Revenue	Program Expenditures
	Cash Received	Accounts Receivable	Unearned Revenue		
Board Financial Assistance Program	\$ 753,909	\$ -	\$ 59,180	\$ 694,729	\$ 694,729
Calworks	1,877,730	-	224,162	1,653,568	1,653,568
CARE	35,921	-	-	35,921	35,921
CARE-Financial Aid	46,420	-	-	46,420	46,420
Scheduled Maintenance	100,721	-	-	100,721	-
Disabled Students Program and Services	1,514,141	-	-	1,514,141	1,514,141
Adult Education Block Grant	2,993,871	-	1,795,501	1,198,370	1,198,370
Re-Entry Pathway Program	-	7,873	-	7,873	7,873
Energy Conservation	387,343	-	-	387,343	387,343
Employment Training Panel	659,578	-	-	659,578	504,176
Extended Opportunity Program and Services - Financial Aid	1,023,652	-	-	1,023,652	1,023,652
Extended Opportunity Program and Services	1,270,705	-	-	1,270,705	1,270,705
Mental Health Support	137,614	-	61,505	76,109	76,109
Instructional Equipment	67,148	-	-	67,148	67,148
Student Equity	6,410,586	-	1,621,256	4,789,330	4,789,330
Staff Development	230	-	-	230	230
Veteran Resource Center	56,664	-	-	56,664	56,664
Staff Diversity	211,765	-	150,161	61,604	61,604
Classified Professional Development	59,273	-	59,273	-	-
Child Care Resource Center	12,506	-	-	12,506	12,506

Glendale Community College District
 Schedule of Expenditures of State Awards
 Year Ended June 30, 2020

Program	Program Revenues			Total Revenue	Program Expenditures
	Cash Received	Accounts Receivable	Unearned Revenue		
California State Preschool Program	\$ 59,991	\$ -	\$ -	\$ 59,991	\$ 59,991
Nursing Program Enrollment	204,557	-	-	204,557	204,557
Nursing Tutor/Mentor	90,000	-	-	90,000	90,000
Cal Grants - Financial Aid	3,054,630	38,136	-	3,092,766	3,092,766
Full-time Student Success Grant	2,467,087	-	-	2,467,087	2,467,087
California College Promise Grant	1,348,860	-	-	1,348,860	1,348,860
Guided Pathways	1,193,126	-	1,124,692	68,434	68,434
Food Pantry	182,414	-	90,826	91,588	91,588
Incarcerated Students Reentry	45,454	-	45,454	-	-
Data On demand Training	2,053	-	2,053	-	-
Trade Act	29,307	-	28,798	509	509
Strong Workforce Regional	2,412,483	-	1,261,208	1,151,275	1,151,275
Strong Workforce Program	321,295	55,886	-	377,181	377,181
Regional-Career Pathway	40,997	51,937	-	92,934	92,934
Regional ICAP	46,216	10,601	-	56,817	56,817
Deputy Sector Navigator	135,306	-	-	135,306	135,306
DSN-Rio Hondo	43,000	-	-	43,000	43,000
DSN-Rancho Santiago-Year 2	160,000	-	45,551	114,449	114,449
Higher Education Innovation	1,718,080	-	1,387,268	330,812	330,812
Basic Skills Grants	111,514	-	-	111,514	111,514
Basic Skills-Partnership	5,000	-	-	5,000	5,000
Total state programs	\$ 31,291,147	\$ 164,433	\$ 7,956,888	\$ 23,498,692	\$ 23,242,569

Glendale Community College District
 Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance
 Year Ended June 30, 2020

	Reported Data	Audit Adjustments	Audited Data
CATEGORIES			
A. Summer Intersession (Summer 2019 only)			
1. Noncredit*	256.97	-	256.97
2. Credit	989.92	-	989.92
B. Summer Intersession (Summer 2020 - Prior to July 1, 2020)			
1. Noncredit*	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	7,417.12	-	7,417.12
(b) Daily Census Contact Hours	838.04	-	838.04
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	2,149.86	-	2,149.86
(b) Credit	78.75	-	78.75
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	1,100.57	-	1,100.57
(b) Daily Census Procedure Courses	621.76	-	621.76
(c) Noncredit Independent Study/ Distance Education Courses	-	-	-
D. Total FTES	13,452.99	-	13,452.99
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Noncredit*	1,319.62	-	1,319.62
2. Credit	359.56	-	359.56
CCFS-320 Addendum			
CDCP Noncredit FTES	1,967.79	-	1,967.79
Centers FTES			
1. Noncredit*	2,405.82	-	2,405.82
2. Credit	-	-	-

*Including Career Development and College Preparation (CDCP) FTES.

See Note to Supplementary Information

Glendale Community College District
 Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation
 Year Ended June 30, 2020

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	\$ 18,139,172	\$ -	\$ 18,139,172	\$ 19,166,278	\$ -	\$ 19,166,278
Other	1300	18,826,365	-	18,826,365	18,921,971	-	18,921,971
Total Instructional Salaries		36,965,537	-	36,965,537	38,088,249	-	38,088,249
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	7,652,415	-	7,652,415
Other	1400	-	-	-	786,065	-	786,065
Total Noninstructional Salaries		-	-	-	8,438,480	-	8,438,480
Total Academic Salaries		36,965,537	-	36,965,537	46,526,729	-	46,526,729
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	18,035,578	-	18,035,578
Other	2300	-	-	-	1,724,997	-	1,724,997
Total Noninstructional Salaries		-	-	-	19,760,575	-	19,760,575
Instructional Aides							
Regular Status	2200	1,907,745	-	1,907,745	2,407,297	-	2,407,297
Other	2400	247,757	-	247,757	287,316	-	287,316
Total Instructional Aides		2,155,502	-	2,155,502	2,694,613	-	2,694,613
Total Classified Salaries		2,155,502	-	2,155,502	22,455,188	-	22,455,188
Employee Benefits	3000	16,100,476	-	16,100,476	28,818,625	-	28,818,625
Supplies and Material	4000	-	-	-	620,175	-	620,175
Other Operating Expenses	5000	-	-	-	10,274,090	-	10,274,090
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		55,221,515	-	55,221,515	108,694,807	-	108,694,807

Glendale Community College District
 Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation
 Year Ended June 30, 2020

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Exclusions							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	65,760	-	65,760
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	2,264,308	-	2,264,308
Objects to Exclude							
Rents and Leases	5060	-	-	-	23,642	-	23,642
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

Glendale Community College District
 Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation
 Year Ended June 30, 2020

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ -	\$ -	\$ -	\$ 2,353,710	\$ -	\$ 2,353,710
Total for ECS 84362, 50 Percent Law		\$ 55,221,515	\$ -	\$ 55,221,515	\$ 106,341,097	\$ -	\$ 106,341,097
Percent of CEE (Instructional Salary Cost/Total CEE)		51.93%		51.93%	100.00%		100.00%
50% of Current Expense of Education					\$ 53,170,549		\$ 53,170,549

Glendale Community College District
 Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Financial Statements
 Year Ended June 30, 2020

Summarized below is the fund balance reconciliation between the Annual Financial and Budget Report (CCFS-311) and the audited financial statements for the year ended June 30, 2020:

	General Obligation Bond Construction Fund (Measure GC)
June 30, 2020, Annual Financial and Budget Report (CCFS-311)	
Reported Fund Balance	\$ 16,562,929
Increase in	
Accounts payable	(165,289)
	\$ 16,397,640
June 30, 2020, Audited Fund Balance	

Glendale Community College District
 Proposition 30 Education Protection Account (EPA) Expenditure Report
 Year Ended June 30, 2020

Activity Classification	Object Code				Unrestricted
EPA Revenue:	8630				\$ 6,892,967
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	\$ 6,892,967	\$ -	\$ -	\$ 6,892,967
Total Expenditures for EPA		\$ 6,892,967	\$ -	\$ -	\$ 6,892,967
Revenues Less Expenditures					\$ -

Glendale Community College District
 Reconciliation of Government Funds to the Statement of Net Position
 Year Ended June 30, 2020

Total Fund Balance:		
General funds	\$ 10,260,223	
Special revenue funds	429,770	
Capital project funds	16,641,506	
Debt service funds	7,765,505	
Internal service funds	<u>126,150</u>	
Total fund balance - all district funds		\$ 35,223,154
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	292,166,742	
Accumulated depreciation is	<u>(89,647,833)</u>	
Net capital assets		202,518,909
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term liabilities is recognized when it is incurred.		
		(2,527,759)
Deferred outflows of resources represent a consumption of net position in a future period and are not reported in the District's funds. Deferred outflows of resources at year-end consist of:		
Deferred outflows of resources related to OPEB	1,389,289	
Deferred outflows of resources related to pensions	<u>28,902,233</u>	
Total deferred outflows of resources		30,291,522
Deferred inflows of resources represent an acquisition of net position that applies to a future period and are not reported in the District's funds. Deferred inflows of resources at year-end consist of:		
Deferred inflows of resources related to OPEB	(8,065,445)	
Deferred inflows of resources related to pensions	<u>(8,348,578)</u>	
Total deferred inflows of resources		(16,414,023)

Glendale Community College District
Reconciliation of Government Funds to the Statement of Net Position
Year Ended June 30, 2020

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bonds payable (including unamortized premium)	\$ (167,409,271)
Compensated absences and load banking	(6,423,055)
Aggregate net OPEB liability	(8,994,540)
Aggregate net pension liability	(116,716,385)

In addition, the District issued 'capital appreciation' general obligation bonds. The accretion of interest on those bonds to date is:

(7,832,855)

Total long-term liabilities (307,376,106)

Total net position \$ (58,284,303)

Note 1 - Purpose of Schedules

District Organization

This schedule provides information about the District's governing board members, administration members and auxiliary organizations as of June 30, 2020.

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2020. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. No federal financial assistance has been provided to a subrecipient. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

The District has not elected to use the ten percent de minimis cost rate.

SEFA Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenses, and Changes in Net Position - Primary Government and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

Description	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenses, and Changes in Net Position - Primary Government		\$ 35,855,866
Veteran's Education	64.117	(675)
Supporting Two-Year College Economic Faculty at the Conference on Teaching and Research in Economic Education	47.076	<u>(1,040)</u>
Total Expenditures of Federal Awards		<u>\$ 35,854,151</u>

Schedule of 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. The information in this schedule is presented to comply with reporting requirements of the California State Chancellor's Office.

Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance

FTES is a measurement of the number of students attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis for making apportionments of State funds to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data.

Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation

ECS 84362 requires the District to expend a minimum of 50 percent of the unrestricted General Fund monies on salaries of classroom instructors. This is reported annually to the State Chancellor's Office. This schedule provides a reconciliation of the amount reported to the State Chancellor's Office and the impact of any audit adjustments and/or corrections noted during the audit.

Reconciliation of Annual Financial and Budget Report (CCFS-311) With Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the District's audited financial statements.

Proposition 30 Education Protection Account (EPA) Expenditure Report

This schedule provides information about the District's EPA proceeds and summarizes the expenditures of EPA proceeds.

Reconciliation of Government Funds to the Statement of 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 government-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.



Independent Auditor's Reports
June 30, 2020

Glendale Community College District



Independent Auditor’s 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*

Board of Trustees
Glendale Community College District
Glendale, California

We have audited, 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, the financial statements of the business-type activities and the aggregate remaining fund information of Glendale Community College District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 26, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 District'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 District's financial statements are free from 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 financial statements. 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Rancho Cucamonga, California
February 26, 2021



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance

Board of Trustees
Glendale Community College District
Glendale, California

Report on Compliance for Each Major Federal Program

We have audited Glendale Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the 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 the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

The image shows a handwritten signature in black ink that reads "Eric Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
February 26, 2021



Independent Auditor's Report on State Compliance

Board of Trustees
Glendale Community College District
Glendale, California

Report on State Compliance

We have audited Glendale Community College District's (the District) compliance with the types of compliance requirements described in the 2019-2020 California Community Colleges Chancellor's Office *Contracted District Audit Manual* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified in the table below.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred in the table below. We conducted our audit 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 standards and procedures identified in the 2019-2020 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed in the table below has occurred. An audit includes examining, on a test basis, evidence about the 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 state compliance. However, our audit does not provide a legal determination of the District's compliance.

Compliance Requirements Tested

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

Section 411	SCFF Data Management Control Environment
Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Activities Funded From Other Sources
Section 424	Student Centered Funding Formula Base Allocation: FTES
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Dual Enrollment (CCAP and Non-CCAP)
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 439	Proposition 39 Clean Energy Fund
Section 444	Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged Hours (TBA)
Section 490	Proposition 1D and 51 State Bond Funded Projects
Section 491	Education Protection Account Funds

The District reports no Apportionment for Activities Funded from Other Sources; therefore, the compliance tests within this section were not applicable.

The District reports no Apprenticeship Related and Supplemental Instruction (RSI) Funds; therefore, the compliance tests within this section were not applicable.

The District does not have any Proposition 1D and 51 State Bond Funded Projects; therefore, the compliance tests within this section were not applicable.

Basis for Qualified Opinion on Section 427 - Dual Enrollment (CCAP and Non-CCAP)

As described in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding Section 427 – Dual Enrollment (CCAP and Non-CCAP) as identified in finding 2020-001. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to this program.

Qualified Opinion on Section 427 - Dual Enrollment (CCAP and Non-CCAP)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to in the table above for the year ended June 30, 2020.

Unmodified Opinion for Each of the Other Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to in the table above that are applicable to the State programs noted in the table above that were audited for the year ended June 30, 2020, except as described in the State Awards Findings and Questioned Costs section of the accompanying Schedule of Findings and Questioned Costs.

The District's response to the finding identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the District's response and, accordingly, we express no opinion on the response.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2019-20 California Community Colleges Chancellor's Office Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
February 26, 2021

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number
Student Financial Assistance Cluster	84.063, 84.007, 84.033, and 84.268
COVID-19: CARES Act Higher Education Emergency Relief Funds, Student Aid Portion	84.425E
COVID-19: CARES Act Higher Education Emergency Relief Funds, Institutional Portion	84.425F

Dollar threshold used to distinguish between type A and type B programs:	\$1,075,625
Auditee qualified as low-risk auditee	No

STATE AWARDS

Type of auditor's report issued on compliance for state programs:	Qualified
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Unmodified for all state programs except for the following program which was qualified:

Name of State Program
Section 427 - Dual Enrollment (CCAP and Non-CCAP)

None reported.

None reported.

The following finding represents an instance of noncompliance and questioned costs relating to State program laws and regulations.

2020-001 Section 427 – Dual Enrollment (CCAP and Non-CCAP)

Criteria or Specific Requirements

For physical education classes, no more than ten percent of its enrollment may be comprised of special part-time or full-time students. In the view of the Chancellor's Office, this ten percent limit serves as a limit on how many students may be claimed for apportionment in each course section, not how many may actually be enrolled in a class section. In addition, a community college district may not receive state apportionment for special part-time and full-time students enrolled in physical education courses in excess of five percent of the district's total reported Full-Time Equivalent Students (FTES) of special part-time and full-time students. PE courses under CCAP are also subject to the 5-percent FTES cap under Education Code section 76002(a)(4) if the district wishes to receive state apportionment for special admit students.

Condition

During our review of dual enrollment reporting for physical education courses, we identified that the District claimed more than the allowable ten percent limit for special admit students for apportionment reporting purposes.

Cause

The District does not have internal controls to ensure that the District is properly claiming special-admit students correctly for apportionment reporting purposes.

Effect

The District improperly claimed 2.0422 FTES of special admit students for physical education courses.

Questioned costs

2.0422 FTES.

Context/Sampling

We identified one physical education course of the five selected for testing that the District overclaimed special admit students for apportionment reporting purposes. The total number of physical education courses with special-admit students, based on P-1 data, is 26, for a total FTES of 14.3838. The District then performed a 100 percent review of physical education courses with special-admit students, noting two additional courses claimed above the ten percent threshold.

Repeat Finding

No

Recommendation

The District should implement procedures to ensure that physical education courses with special admit students do not claim for apportionment reporting in excess of the thresholds prescribed by the Chancellor's Office.

View of Responsible Officials and Corrective Action Plan

In order to comply with the limitation of claiming apportionment for special admit students enrolling in excess of 10% of each PE class section, the college will follow the guidelines established in the Chancellor's Office Legal Opinion 16-02 dated March 11, 2016, stating "in the view of the Chancellor's Office, this provision was intended to serve as a limit on how many students may be claimed for apportionment, not how many may actually be enrolled in a class section. Thus, if a district wished, it could allow the enrollment of special full-time or part-time students to exceed 10 percent in a particular section of a physical education course, but it would have to ensure that the 10 percent limitation is observed when preparing the apportionment claim for that class" (p. 24). Before submitting the CCFS 320 report each period, the college will review enrollments in each PE class section to identify sections where over 10% of enrolled students are special admit high school students. For those class sections, the college will subtract the FTES associated with all special admit students in excess of the 10% limit from all categories of attendance hours before submitting the report. Documentation of each PE class section identified as meeting this criterion will be kept for audit purposes.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statement Findings

2019-001 YEAR-END CLOSING

Criteria or Specific Requirement

The accounting system used to record the financial affairs of any community college district shall be in accordance with the definitions, instructions, and procedures published in the California Community Colleges *Budget and Accounting Manual* (BAM). Community Colleges are also required to present their financial statements in accordance with generally accepted accounting principles (GAAP).

Condition

Material Weakness - Year-end adjustments were identified during the audit that resulted in changes in certain accounts from the client prepared trial balance.

Questioned Costs

Material adjustments to the financial statements were reviewed, accepted, and recorded by management. No questioned costs were associated with this finding.

Context

Account balances associated with lottery revenue and bond construction expenditures required adjustments in order to be in accordance with the BAM and GAAP.

Effect

Material adjustments to the general ledger in the amount of \$2,157,710, were proposed as a result of audit procedures. These adjustments were accepted by management to ensure the financial statements were presented in accordance with generally accepted accounting principles.

Cause

The oversight and monitoring controls over the closing process were not effective in preventing or detection errors.

Recommendation

The District should establish policies and procedures to ensure account balances are fairly stated and reported in accordance with BAM and GAAP.

Current Status

Implemented.

Federal Awards Findings

None reported.

State Awards Findings

None reported.