Financial Statements
June 30, 2020

Barstow Community College District

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Schedule of Findings and Questioned Costs

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

Board of Trustees
Barstow Community College District
Barstow, 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 Barstow 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 misstatements, 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 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 15, and other required supplementary information on pages 61 through 65 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 25, 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.

Eide Bailly LLP

Rancho Cucamonga, California
February 25, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of this annual report is to provide readers with information about the activities, programs, and financial condition of Barstow Community College District (the "District") as of June 30, 2020. The report consists of three basic financial statements: the Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows and provides information about the District as a whole. This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

Barstow Community College District's financial statements are presented in accordance with Governmental Accounting Standards Board Statements (GASB) No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities.* These statements allow for the presentation of financial activity and results of operations which focuses on the District as a whole. The government-wide financial statements present the overall results of operations whereby all of the District's activities are consolidated into one total versus the traditional presentation by fund type. The focus of the Statement of Net Position is designed to be similar to the bottom line results of the District. This statement combines and consolidates current financial resources with capital assets and long-term liabilities. The Statement of Revenues, Expenses, and Changes in Net Position focuses on the costs of the District's operational activities with revenue and expenses categorized as operating and nonoperating, and expenses are reported by natural classification. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

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

Financial Highlights Of The Past Year

- The District's primary funding source is from apportionment received from the State of California. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). During the 2019-2020 fiscal year, total reported resident FTES were 2,362.75 as compared to 2,551.24 in the 2018-2019 fiscal year.

- The Statement of Revenues, Expenses, and Changes in Net Position reflects a decrease in net position of $391,710. Operating revenues decreased by $1,650,508, while operating expenses increased by $3,572,431. Net nonoperating revenues increased by $5,216,385.

- During the 2019-2020 fiscal year, the District provided approximately $10.9 million in Federal and State financial aid to students attending the college.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The Statement of Net Position presents the assets, deferred outflows, liabilities, deferred inflows, and net position of the District as of the end of the fiscal year and is prepared using the accrual basis of accounting, which is similar to the accounting basis used by most private sector organizations.

The difference between total assets, deferred outflows, total liabilities, and deferred inflows is one indicator of the current financial condition of the District; the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less accumulated depreciation.

The Net Position is divided into three major categories. The first category, net investment in capital assets, provides the equity amount in property, plant and equipment owned by the District. The second category is expendable restricted net assets. These net assets are available for expenditure by the District, but must be spent for purposes as determined by external entities, legislation and/or donors that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted and is available to the District for any lawful purpose of the District. As illustrated in the following tables, the June 30, 2020 fiscal year ended with a decrease in total net position of $391,710 to a grand total of $52,500,906.

The Statement of Net Position as of June 30, 2020 and 2019, is summarized below:

Net Position
as of June 30,

	2020	2019
Current		
Cash and investments	$ 21,004,445	$ 17,953,241
Other current assets	3,228,379	2,375,064
Total current assets	24,232,824	20,328,305
Noncurrent Assets		
Capital assets, net of depreciation	47,936,257	49,105,733
Net other postemployment benefits (OPEB) asset	1,490,938	2,258,055
Total noncurrent assets	49,427,195	51,363,788
Total assets	73,660,019	71,692,093
Deferred Outflows of Resources		
Deferred outflows of resources related to OPEB	799,488	208,988
Deferred outflows of resources related to pensions	6,989,979	5,647,459
Total deferred outflows of resources	7,789,467	5,856,447
Current Liabilities		
Accounts payable and accrued liabilities	2,467,673	2,678,909
Unearned revenue	2,308,934	766,809
Total current liabilities	4,776,607	3,445,718
Long-Term Liabilities	22,591,660	19,666,751
Total liabilities	27,368,267	23,112,469
Deferred Inflows of Resources		
Deferred inflows of resources related to OPEB	23,321	31,095
Deferred inflows of resources related to pensions	1,556,992	1,512,360
Total deferred inflows of resources	1,580,313	1,543,455
Net Position		
Net investment in capital assets	47,936,257	49,105,733
Restricted	12,008,873	12,180,643
Unrestricted deficit	(7,444,224)	(8,393,760)
Total net position	$ 52,500,906	$ 52,892,616

This schedule has been prepared from the District's Statement of Net Position, which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

Change in Net Position

The change in total net position presented on the Statement of Net Position is based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of this statement is to present the operating and nonoperating revenues earned (whether received or not) by the District, the operating and nonoperating expenses incurred (whether paid or not) by the District, and any other revenues, expenses, gains and/or losses earned or incurred by the District.

Operating activities are those in which a direct payment or exchange is made for the receipt of specified goods or services. As an example, tuition fees paid by the student are considered an exchange for instructional services. This activity is considered an operating activity. The receipt of State apportionments and property taxes do not include this exchange relationship between payment and receipt of goods or services. These revenues and related expenses are classified as nonoperating activities.

A summary of the Statement of Revenues, Expenses, and Changes in Net Position, for the years ended June 30, 2020 and June 30, 2019, is shown below.

Operating Results
for the Years Ended June 30,

	2020	2019
Operating Revenues		
Tuition and fees (net)	$ 858,359	$ 863,117
Grants and contracts, noncapital	7,254,249	8,899,999
Total operating revenues	8,112,608	9,763,116
Operating Expenses		
Salaries and benefits	24,152,967	21,161,908
Supplies, materials, and other operating expenses and services	5,287,996	6,321,148
Student financial aid	11,985,775	10,418,024
Depreciation	1,814,442	1,767,669
Total operating expenses	43,241,180	39,668,749
Operating loss	(35,128,572)	(29,905,633)
Nonoperating Revenues		
State apportionments, noncapital	18,512,147	14,113,623
Financial aid grants, noncapital	10,855,541	9,319,727
Property taxes	3,462,430	3,377,822
Other state revenues	691,284	602,754
Investment income	334,647	328,776
Other nonoperating revenues	880,813	1,777,775
Total nonoperating revenues	34,736,862	29,520,477
Change in net position	$ (391,710)	$ (385,156)

Grant and contract revenues relate to student financial aid, as well as specific Federal and State grants received for programs serving the students of the District. These grant and program revenues are restricted as to the allowable expenses related to the programs.

The District's primary revenue sources are local property taxes, student enrollment fees, and State apportionments, noncapital, which, as a whole, increased in fiscal year 2019-2020.

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

Statement of Functional Expenses
for the Year Ended June 30, 2020

	Salaries and Benefits	Supplies, Materials, and Other Operating Expenses and Services	Student Financial Aid	Depreciation	Total
Instructional activities	$ 9,933,257	$ 495,582	$ -	$ -	$ 10,428,839
Academic support	1,889,972	494,396	-	-	2,384,368
Student services	5,580,776	809,115	-	-	6,389,891
Plant operations and maintenance	645,566	728,746	-	-	1,374,312
Instructional support services	2,971,043	2,196,006	-	-	5,167,049
Community services and economic development	1,223,094	133,823	-	-	1,356,917
Ancillary services and auxiliary operations	1,210,860	239,211	-	-	1,450,071
Student financial aid	-	-	11,985,775	-	11,985,775
Physical property and related acquisitions	698,399	191,117	-	-	889,516
Unallocated depreciation	-	-	-	1,814,442	1,814,442
Total	$ 24,152,967	$ 5,287,996	$ 11,985,775	$ 1,814,442	$ 43,241,180

Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the fiscal year. The statement also helps user assess the District's ability to generate positive cash flows, meet obligations as they come due, and the need for external financing.

The Statement of Cash Flows is divided into five parts. The first part reflects operating cash flows and shows the net cash used by the operating activities of the District. The second part details cash received for nonoperating, noninvesting, and noncapital financing purposes. The third part shows cash flows from capital and related financing activities. This part deals with the cash used for the acquisition and construction of capital and related items. The fourth part provides information from investing activities and the amount of interest received. The last section reconciles the net cash used by operating activities to the operating loss reflected on the Statement of Revenues, Expenses and Changes in Net Position. The net cash used by the District for operating activities, for the year ending June 30, 2020, was $29,807,185.

Statement of Cash Flows
for the Years Ended June 30,

	2020	2019
Cash From		
Operating activities	$ (29,807,185)	$ (26,828,503)
Noncapital financing activities	33,523,746	28,589,967
Capital financing activities	(1,018,461)	(1,048,469)
Investing activities	353,104	229,213
Net Change in Cash	3,051,204	942,208
Cash and Cash Equivalents, Beginning of Year	17,953,241	17,011,033
Cash and Cash Equivalents, End of Year	$ 21,004,445	$ 17,953,241

The District's Fiduciary Responsibility

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

Capital Assets

A comparison of capital assets, net of depreciation, is summarized below:

	2020	2019	Net Change
Land	$ 119,462	$ 119,462	$ -
Buildings and improvements	46,437,248	47,812,261	(1,375,013)
Furniture and equipment	1,379,547	1,174,010	205,537
Total	$ 47,936,257	$ 49,105,733	$ (1,169,476)

The decrease in fixed assets is attributable accumulated depreciation growing faster than asset purchases.

Note 6 in the financial statements provides additional information on capital assets.

Long-Term Liabilities

At June 30, 2020, the District had $22,591,660 in long-term liabilities. A comparison of long-term liabilities is summarized below:

	2020	2019	Net Change
Compensated absences	$ 680,824	$ 627,948	$ 52,876
Aggregate net pension liability	21,910,836	19,038,803	2,872,033
Total	$ 22,591,660	$ 19,666,751	$ 2,924,909

Note 10 and Note 13 in the financial statements provides additional information on long-term liabilities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revises its budget to provide for unanticipated changes in revenues and expenditures.

Due to projected revenue decline from reduced FTES and COVID-19, the District has estimated roughly a $2 million decrease in the 2020-2021 state funding.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

Unrestricted General Fund Budgetary Highlights

Over the course of the year, the District revises its budget to provide for unanticipated changes in revenues and expenditures. The Board of Trustees adopted the fiscal year 2020-2021 budget on October 28, 2020.

The State of California approved its 2020-2021 budget on June 30, 2020. Below is the California Community College budget[1] and changes through the legislative process.

[1] *Association of California Community College Administrators, the Association of Chief Business Officials, and the Community College League of California Update on July 2, 2020, 2020-2021 Enacted Budget, July 2, 2020

2020-2021 Adopted Budget for Community Colleges (In Millions)[1]

Program	2019-20 Revised	2020-21 Enacted	Change from 2019-20	Percent Change	Explanation of Change
Student Centered Funding Formula	$7,430	$7,435	$5	0.10%	Minor technical adjustments
Deferrals--Student Centered Funding Formula	-330	-1,123	-793	240%	Shift payments to next fiscal year; 2020-21 amount reflects new deferral of $1,453 less repayment of 2019-20 deferral
Student Equity and Achievement Program	475	475	0	-	
CCC Strong Workforce Program	248	248	0	-	
Student Success Completion Grant	150	159	9	6%	Adjust for revised estimates of recipients
Disabled Students Programs and Services (DSPS)	124	124	0	-	
COVID-19 Response Block Grant (one-time)	-	120	120	N/A	Includes $66 million in Proposition 98 funds and $54 million in federal funds
Extended Opportunity Programs and Services (EOPS)	116	116	0	-	
California College Promise (AB 19)	85	81	-4	-1%	Adjust for revised estimates of first-time, full-time students
Financial aid administration	76	76	-0.4	-1%	Adjust for revised estimates of fee waivers
Adult Education Program - CCC Districts[b]	62	62	0	-	
Full-time faculty hiring	50	50	0	-	
CalWORKs student services	47	47	0	-	
Apprenticeship (CCC districts)	44	44	0	-0.10%	Adjust for revised estimate of related supplemental instruction hours
Integrated technology	42	42	0	-	
Mandates Block Grant and reimbursements	34	33	-0.5	-1%	Revised enrollment estimates; funded at $30.16 per 2019-20 P2 FTEs

Program	2019-20 Revised	2020-21 Enacted	Change from 2019-20	Percent Change	Explanation of Change
Institutional effectiveness initiative	28	28	0	-	
Part-time faculty compensation	25	25	0	-	
Online education initiative	23	23	0	-	
Economic and Workforce Development	23	23	0	-	
NextUp (foster youth program)	20	20	0	-	
Cooperative Agencies Resources for Education (CARE)	17	17	0	-	
California Online Community College (Calbright College)	20	15	-5	-25%	Reduce program funding, ongoing
Lease revenue bond payments	16	13	-4	-22%	Adjust for actual obligations
Nursing grants	13	13	0	-	
Part-time faculty office hours	12	12	0	-	
Immigrant legal services through CDSS	0	10	10	N/A	Make funding ongoing
Veterans Resource Centers	10	10	0	-	
Student Housing Program	9	9	0	-	
Dreamer Resource Liaisons	0	6	6	N/A	Funding for new program
Foster Parent Education Program	6	6	0	-	
Equal Employment Opportunity Program	3	4	1	52%	Adds available EEO fund resources
Childcare tax bailout	4	4	0	-	
Other[c]	4	4	0	-	
Umoja	3	3	0	-	
Mathematics, Engineering, Science Achievement (MESA)	3	3	0	-	
Puente Project	2	2	0	-	
Middle College High School Program	2	2	0	-	
One-time program funding[d]	9	0	-9	-100%	Remove one-time funding
Deferred maint. and instructional equip. (one-time)	13	0	-13	-100%	Remove one-time funding
College-specific allocations	11	0	-11	-100%	Remove one-time funding

Program	2019-20 Revised	2020-21 Enacted	Change from 2019-20	Percent Change	Explanation of Change
K-12 passthroughs (adult ed, K-12 apprenticeship, workforce)	680	680	-0.1	-0.01%	Remove one-time funding
Total	$9,609	$8,920	($689)	-7.20%	

[a] Table reflects total programmatic funding for CCC, including amounts from prior years available for use in the years displayed.

[b] Amounts represent share ultimately received by CCC districts. For the overall adult education program in 2020-21 (excluding $5 million to develop a unified data set), $422 million (77%) is distributed through school district fiscal agents or funded directly to school districts and K-12 agencies, and $121 million (23%) is distributed by community college district fiscal agents or funded directly to community college districts.

[c] Other programs include Academic Senate, transfer, FCMAT, and part-time faculty health insurance.

[d] 2019-20 includes one-time allocations for hunger-free campus, mental health services and training, re-entry grant program, and open educational resources.

COVID-19 Block Grant

One-time funding in the amount of $120 million is being issued to districts to assist with the impact of COVID-19 Coronavirus. $66.3 million is through Proposition 98 with half being allocated to 2019-2020 and the remaining half being allocated to 2020-2021. Additionally, there is federal Coronavirus Relief Funds in the amount of $53.4 million that will be issued based upon enrollment. The federal funding must be expensed by December 31, 2020 with a report due March 2021. The Prop 98 funds have until June 30, 2022 to be encumbered or expended with a report due December 2023. These funds are geared towards underrepresented students and the effectiveness on the use of funds in this area.

"Allowable activities include re-engaging students who left college in spring 2020; developing online, accelerated learning modules to reduce the need for these students to repeat spring 2020 courses; funding professional development for faculty and student service professionals; and providing resources to close the digital divide. Funds can also be used to mitigate other barriers to learning related to the pandemic, such as addressing mental health needs and food and housing insecurity. Additionally, districts can use funds for cleaning supplies and personal protective equipment."

Pension

Funding is allocated to buy down the employer obligation of CalPERS and CalSTRS. CalPERS is reduced from 22.67% to 20.7% in 2020-21 and then from 24.6% to 22.84% in 2021-2022. CalSTRS is reduced from 18.41% to 16.15% in 2020-21 and from 17.9% to 16.02% in 2021-22.

Deferrals

At budget adoption, the State proposed deferring $1.5 billion in community college payments to include apportionment and the Student Equity and Achievement program. Over $1.043 million is in apportionment payments. As of December 2020, projections show that there may be enough funding in 2021 to backfill the deferrals.

District Budget
Barstow College's budget includes an estimated state revenue decrease of nearly $2 million. There are likely property valuations reductions in anticipation of home foreclosures and a high probability for a property tax shortfall. Unlike the K-12 districts, there are no automatic backfills for property tax shortfalls for community colleges.

Reserves
The estimated actual unrestricted reserve levels for 2019-2020 were 25.33% or $5,892,650. The projected unrestricted reserve level for 2020-2021 are 31.93% or $7,299,544.

Grants and Categorical Programs
The restricted portion of the general fund includes grants and categorical programs. These programs are for an intended and specific purpose and cannot be used to supplant the general unrestricted fund.

Changes that can affect the Budget

CalSTRS & CalPERS

The Governor has proposed, and the CA legislature has adopted a significant buy down of the pension liabilities for CalSTRS and CalPERS that will reduce the project employer contribution rates as follows:

STRS Contribution Rates				
	New Employer Rate	Prior Employer Rate	Employee (pre-2013 hire date)	Employee (post-2013 hire date)
2013-14		8.25%	8%	8%
2014-2015		8.88	8.15	8.15
2015-2016		10.73	9.2	8.56
2016-2017		12.58	10.25	9.205
2017-2018		14.43	10.25	9.205
2018-2019		16.28	10.25	10.205
2019-2020	17.1	18.13	10.25	10.205
2020-2021	16.15	18.41	10.25	10.205
2021-2022	16.02	17.9	10.25	10.205

PERS Contribution Rates				
	New Employer Rate	Prior Employer Rate	Employee (pre-2013 hire date)	Employee (post-2013 hire date)
2013-14		11.44%	7%	6%
2014-2015		11.77	7.00	6.00
2015-2016		11.85	7.00	6.00
2016-2017		13.89	7.00	6.00
2017-2018		15.53	7.00	6.50
2018-2019		18.1	7.00	6.50
2019-2020	19.72	20.8	7.00	6.50
2020-2021	20.7	22.67	7.00	6.50
2021-2022	22.84	24.6	7.00	6.50

Minimum Wage

The Fair Wage Act of 2016 was passed that will increase the minimum wage per hour over the next four years starting at $10.50 effective January 1, 2017 and then increasing $11 starting January 1, 2018. It will then increase $1 per year up to $15 per hour on January 1, 2022.

CONTACTING THE DISTRICT

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 show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the District at: Barstow Community College District, 2700 Barstow Road, Barstow, California 92311.

Assets	
Cash and cash equivalents	$ 69,356
Investments	20,935,089
Accounts receivable	2,889,565
Student receivables	332,853
Prepaid expenses	5,961
Net other postemployment benefits (OPEB) Asset	1,490,938
Capital assets	
Nondepreciable capital assets	119,462
Depreciable capital assets, net of depreciation	47,816,795
Total capital assets	47,936,257
Total assets	73,660,019
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	799,488
Deferred outflows of resources related to pensions	6,989,979
Total deferred outflows of resources	7,789,467
Liabilities	
Accounts payable	2,456,870
Due to fiduciary funds	10,803
Unearned revenue	2,308,934
Long-term liabilities	
Long-term liabilities other than pensions, due in more than one year	680,824
Aggregate net pension liability	21,910,836
Total liabilities	27,368,267
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	23,321
Deferred inflows of resources related to pensions	1,556,992
Total deferred inflows of resources	1,580,313
Net Position	
Net investment in capital assets	47,936,257
Restricted for	
Capital projects	11,118,626
Educational programs	890,247
Unrestricted deficit	(7,444,224)
Total net position	$ 52,500,906

Operating Revenues	
Student tuition and fees	$ 3,414,300
Less: scholarships discount and allowances	(2,555,941)
Net tuition and fees	858,359
Grants and contracts, noncapital	
Federal	315,939
State	6,642,319
Local	295,991
Total grants and contracts, noncapital	7,254,249
Total operating revenues	8,112,608
Operating Expenses	
Salaries	15,476,382
Employee benefits	8,676,585
Supplies, materials, and other operating expenses and services	5,287,996
Student financial aid	11,985,775
Depreciation	1,814,442
Total operating expenses	43,241,180
Operating loss	(35,128,572)
Nonoperating Revenues	
State apportionments, noncapital	18,512,147
Federal financial aid grants, noncapital	9,026,269
State financial aid grants, noncapital	1,829,272
Local property taxes, levied for general purposes	3,462,430
State taxes and other revenues	691,284
Investment income	334,647
Other nonoperating revenues	880,813
Total nonoperating revenues	34,736,862
Change in Net Position	(391,710)
Net Position, Beginning of Year	52,892,616
Net Position, End of Year	$ 52,500,906

Operating Activities	
Tuition and fees	$ 724,948
Grants and contracts	8,656,820
Payments to or on behalf of employees	(22,364,987)
Payments to vendors for supplies and services	(4,838,191)
Payments to students for scholarships and grants	(11,985,775)
Net Cash Flows from Operating Activities	(29,807,185)
Noncapital Financing Activities	
State apportionments	17,442,937
Financial aid grants	10,855,541
Property taxes - nondebt related	3,462,430
State taxes and other revenues	655,179
Other nonoperating revenues	1,107,659
Net Cash Flows from Noncapital Financing Activities	33,523,746
Capital Financing Activities	
Purchase of capital assets	(1,018,461)
Capital Financing Activities	(1,018,461)
Investing Activities	
Interest received from investments	353,104
Net Cash Flows from Investing Activities	353,104
Net Change in Cash and Cash Equivalents	3,051,204
Cash and Cash Equivalents, Beginning of Year	17,953,241
Cash and Cash Equivalents, End of Year	$ 21,004,445

Reconciliation of operating loss to net cash flows from operating activities	
Operating loss	$ (35,128,572)
Adjustments to reconcile operating loss to net cash flows From operating activities:	
Depreciation expense	1,814,442
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable	(272,965)
Prepaid expenses	5,962
Accounts payable	435,959
Unearned revenue	1,542,125
Compensated absences	52,876
Aggregate net pension liability	2,872,033
Net OPEB asset	767,117
Deferred outflows of resources related to pensions	(1,342,520)
Deferred outflows of resources related to OPEB	(590,500)
Deferred inflows of resources related to pensions	44,632
Deferred inflows of resources related to OPEB	(7,774)
Total adjustments	5,321,387
Net Cash Flows from Operating Activities	$ (29,807,185)
Cash and Cash Equivalents Consist of the Following:	
Cash in banks	$ 69,356
Cash with county treasury	20,935,089
Total cash and cash equivalents	$ 21,004,445

	Retiree OPEB Trust	Other Trust Funds
Assets		
Cash and cash equivalents	$ -	$ 311,945
Investments	4,563,163	-
Accounts receivable	-	39,831
Due from primary government	-	10,803
Total assets	4,563,163	362,579
Liabilities		
Accounts payable	-	177,857
Net Position		
Restricted for postemployment benefits other than pensions	4,563,163	-
Restricted	-	14,741
Unrestricted	-	169,981
Total net position	$ 4,563,163	$ 184,722

	Retiree OPEB Trust	Other Trust Funds
Additions		
Interest and investment income	$ 157,539	$ -
Local revenues	-	155,510
Total additions	157,539	155,510
Deductions		
Books and supplies	-	36,712
Administrative expenses	3,811	-
Services and operating expenditures	-	110,528
Total deductions	3,811	147,240
Change in Net Position	153,728	8,270
Net Position - Beginning of Year	4,409,435	176,452
Net Position - End of Year	$ 4,563,163	$ 184,722

Note 1 - Organization

The Barstow Community College District (the District) was established in 1959 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of San Bernardino County. The District operates under a locally elected five-member Governing Board 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, Capital Project funds, and Proprietary funds, but these budgets are managed at the department level. Currently, the District operates one community college located in Barstow, California. While the District is a political subdivision of the State of California, 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.

Financial Reporting Entity

The District has considered all potential component units in determining how to define the reporting entity using criteria set forth in accounting principles generally accepted in the United States of America. The basic criteria for including a component unit are (1) the economic resources held or received by the other entity are entirely or almost entirely for the direct benefit of the District, (2) the District is entitled to, or has the ability to otherwise access, a majority of the economic resources held or received by the other entity, and (3) the other entity's resources to which the District is entitled or has the ability to otherwise access are significant to the District. If any of these criteria are not met, the final criterion for including a component unit is whether the other entity is closely related to, or financially integrated with, the District. The District identified no component units.

Note 2 - Summary of Significant Accounting Policies

Measurement Focus 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.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain Federal and State 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 grants and entitlements 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 Discussions and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussions 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:
  - Statement of Net Position - Primary Government
  - Statement of Revenues, Expenses, and Changes in Net Position - Primary Government
  - Statement of Cash Flows - Primary Government
  - Financial Statements for the Fiduciary Funds including:
    - Statement of Fiduciary Net Position
    - Statement 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. Management has analyzed these accounts and believes all amounts are fully collectable.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as an expense when consumed rather than when purchased.

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 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 by utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 20 years; equipment, 5 to 20 years; and 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

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-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 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.

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 pension and OPEB 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 pension and OPEB related items.

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.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB asset, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District OPEB Plan additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the District OPEB Plan. For this purpose, the District OPEB Plan and 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.

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 compensated absences 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. The District has no related debt outstanding as of June 30, 2020. 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 $12,008,873 of restricted net position, and the fiduciary fund financial statements report $4,577,904 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.
>
> *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 San Bernardino bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

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 Educational 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 consolidated 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 this standard 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 due to the implementation of GASB Statements No. 95 previously discussed. 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 Statement 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.

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 investment 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.

Other Investments

The District maintains investments outside the San Bernardino County Treasurer as allowed by the District's investment policy. The investments are stated at fair value as determined by quoted market prices.

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

Summary of Deposits and Investments

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

Primary government	$ 21,004,445
Fiduciary funds	4,875,108
Total deposits and investments	$ 25,879,553

Cash on hand and in banks	$ 366,301
Cash in revolving	15,000
Investments	25,498,252
Total deposits and investments	$ 25,879,553

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 primarily investing in the San Bernardino County Investment Pool and mutual funds. The San Bernardino County Investment Pool purchases shorter term investments and attempts to time cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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
San Bernardino County Investment Pool	$ 20,935,089	553
Mutual Funds	4,563,163	N/A
Total	$ 25,498,252	

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 mutual funds are not required to be rated, nor have they been rated. The District's investments in the San Bernardino County Investment Pool was rated AAAf/S1 by Fitch Ratings as of June 30, 2020.

Custodial Credit Risk

Deposits
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 $791 thousand 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 $4.6 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
Mutual Funds	$ 4,563,163	$ 4,563,163

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	$ 725,511
State Government	
Apportionment	1,415,707
Categorical aid	215,272
Lottery	153,132
Local Sources	
Property taxes	75,126
Interest	81,106
Other local sources	223,711
Total	$ 2,889,565
Student receivables	$ 332,853

	Fiduciary Funds
Other local	$ 39,831

Note 6 - Capital Assets

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

	Balance July 01, 2019	Additions	Deletions	Balance June 30, 2020
Capital Assets Not Being Depreciated				
Land	$ 119,462	$ -	$ -	$ 119,462
Capital Assets Being Depreciated				
Buildings and improvements	63,879,321	159,532	-	64,038,853
Furniture and equipment	2,812,023	485,434	-	3,297,457
Total capital assets being depreciated	66,691,344	644,966	-	67,336,310
Total capital assets	66,810,806	644,966	-	67,455,772
Less Accumulated Depreciation				
Buildings and improvements	16,067,060	1,534,545	-	17,601,605
Furniture and equipment	1,638,013	279,897	-	1,917,910
Total accumulated depreciation	17,705,073	1,814,442	-	19,519,515
Net capital assets	$ 49,105,733	$ (1,169,476)	$ -	$ 47,936,257

Depreciation expense for the year was $1,814,442.

Note 7 - Interfund Transactions

Interfund Receivables/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 primary government and fiduciary funds has been eliminated respectively 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 to the fiduciary funds from the primary government was $10,803.

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 8 - Accounts Payable

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

	Primary Government
Accrued payroll and benefits	$ 599,111
State apportionment	555,710
Other State categorical	128,784
Vendor payables	1,173,265
Total	$ 2,456,870

	Fiduciary Funds
Other liabilities	$ 177,857

Note 9 - Unearned Revenue

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

	Primary Government
State categorical aid	$ 2,255,276
Enrollment fees	53,658
Total	$ 2,308,934

Note 10 - Long-Term Liabilities Other than 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
Compensated absences	$ 627,948	$ 52,876	$ -	$ 680,824

Description of Long Term Liabilities

The compensated absences will be paid by the fund for which the employee worked.

Note 11 - Net Other Postemployment Benefits (OPEB) Asset

For the fiscal year ended June 30, 2020, the District reported a net OPEB asset, deferred outflows of resources, deferred inflows of resources, and OPEB expense as follows:

OPEB Plan	Net OPEB Asset	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 1,490,938	$ 799,488	$ 23,321	$ 168,843

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 Fund.

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefit payments	10
Active employees	123
	133

Retiree Health Benefit OPEB Trust

The Barstow Community College District's Retiree Health Benefit 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 District's Governing Board 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.

Benefits Provided

The Plan provides medical, dental, vision, and life 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 measurement date of June 30, 2019, there were no contributions to the Plan.

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, expect 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:

Asset Class	Target Allocation
Global equity	66%
Global debt securities	18%
Inflation assets	5%
Real estate investment trusts	8%
Commodities	3%
Total	100%

Rate of Return

For the year ended June 30, 2019, the annual money-weighed rate of return on investments, net of investment expense, was 6.13 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Asset of the District

The District's net OPEB asset of $1,490,938 was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The components of the net OPEB asset of the District at June 30, 2019, were as follows:

Total OPEB liability	$ 2,918,496
Plan fiduciary net position	4,409,434
District's net OPEB asset	$ (1,490,938)
Plan fiduciary net position as a percentage of the total OPEB liability	151%

Actuarial Assumptions

The total OPEB liability 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	7.00 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 2014 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 July 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:

Asset Class	Long-Term Expected Real Rate of Return
Global equity	7.795%
Global debt securities	4.50-5.295%
Inflation assets	7.795%
Real estate investment trusts	7.795%
Commodities	7.795%

Discount Rate

The discount rate used to measure the total OPEB liability was 7.0 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 Asset

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (a) - (b)
Balance at June 30, 2018	$ 2,093,566	$ 4,351,621	$ (2,258,055)
Service cost	168,637	-	168,637
Interest	146,263	-	146,263
Expected investment income	-	297,197	(297,197)
Differences between projected and actual earnings on OPEB plan investments	-	(26,688)	26,688
Differences between expected and actual experience	69,738	-	69,738
Changes of assumptions	649,280	-	649,280
Benefit payments	(208,988)	(208,988)	-
Administrative expense	-	(3,708)	3,708
Net change in total OPEB liability/asset	824,930	57,813	767,117
Balance at June 30, 2019	$ 2,918,496	$ 4,409,434	$ (1,490,938)

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

There were no changes of economic assumptions since the previous valuation.

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

The following presents the net OPEB asset of the District, as well as what the District's net OPEB asset 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 Asset
1% decrease (6.00%)	$ (1,282,768)
Current discount rate (7.00%)	(1,490,938)
1% increase (8.00%)	(1,678,941)

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

The following presents the net OPEB asset of the District, as well as what the District's net OPEB asset 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 Asset
1% decrease (3.00%)	$ (1,675,042)
Current healthcare cost trend rate (4.00%)	(1,490,938)
1% increase (5.00%)	(1,298,545)

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	$ 103,849	$ -
Differences between expected and actual experience	65,238	-
Changes of assumptions	607,390	-
Net difference between projected and actual earnings on OPEB plan investments	23,011	23,321
Total	$ 799,488	$ 23,321

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ (2,021)
2022	(2,021)
2023	(2,020)
2024	5,752
	$ (310)

Amounts reported as deferred outflows of resources related to the 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 15.5 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outlfows of Resources
2021	$ 46,390
2022	46,390
2023	46,390
2024	46,390
2025	46,390
Thereafter	440,678
	$ 672,628

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. During fiscal year ending June 30, 2020, the District contracted with the Southern California Schools Risk Management (SCSRM) 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 Southern California Schools Risk Management (SCSRM) 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 insures 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 California State Teachers' Retirement System (CalSTRS) and classified employees are members of 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:

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 11,157,227	$ 3,746,586	$ 1,457,250	$ 1,343,956
CalPERS	10,753,609	3,243,393	99,742	2,016,162
Total	$ 21,910,836	$ 6,989,979	$ 1,556,992	$ 3,360,118

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	
Hire date	On or before December 31,	On or after 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 $1,263,716.

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	$ 11,157,227
State's proportionate share of net pension liability associated with the District	6,087,012
Total	$ 17,244,239

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 2018, was 0.0124 percent and 0.0111 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 $1,343,956. In addition, the District recognized pension expense and revenue of $906,487 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,263,716	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,043,559	713,072
Differences between projected and actual earnings on pension plan investments	-	429,780
Differences between expected and actual experience in the measurement of the total pension liability	28,166	314,398
Changes of assumptions	1,411,145	-
Total	$ 3,746,586	$ 1,457,250

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	$ (43,351)
2022	(341,194)
2023	(70,837)
2024	25,602
Total	$ (429,780)

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	$ 329,405
2022	329,406
2023	352,691
2024	373,978
2025	(37,187)
Thereafter	107,107
Total	$ 1,455,400

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 throught 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%)	$ 16,614,035
Current discount rate (7.10%)	11,157,227
1% increase (8.10%)	6,632,494

California Public Employees' Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) 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 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, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

	School Employer Pool (CalPERS)	
Hire date	On or before December 31,	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
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 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 were $1,159,936.

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 CalPERS net pension liability totaling $10,753,609. 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 0.0369 percent and 0.0330 percent, respectively, resulting in a net increase in the proportionate share of 0.0039 percent.

For the year ended June 30, 2020, the District recognized pension expense of $2,016,162. 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	$ 1,159,936	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	790,408	-
Differences between projected and actual earnings on pension plan investments	-	99,742
Differences between expected and actual experience in the measurement of the total pension liability	781,144	-
Changes of assumptions	511,905	-
Total	$ 3,243,393	$ 99,742

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	$ 98,456
2022	(196,663)
2023	(29,802)
2024	28,267
Total	$ (99,742)

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and the 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 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 1,140,053
2022	584,110
2023	326,634
2024	32,660
Total	$ 2,083,457

Actuarial Methods and Assumptions

Total pension liability for the SEP 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 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 is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 15,500,621
Current discount rate (7.15%)	10,753,609
1% increase (8.15%)	6,815,635

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS 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 $635,808 (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.

Alternative Retirement Plan

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 the Accumulation Program for Part-Time and Limited-Services Employees (APPLE) as its plan. Contributions are made by the District and an employee vest immediately. The minimum total contribution is 7.5 percent of employees' salaries, of which the employee contributes 6.2 percent and the District contributes the remaining 1.3 percent. For the year ended, June 30, 2020, the District made total contributions of $12,394 into the plan.

Note 14 - 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.

Note 15 - Participation in Public Entity Risk Pools and Joint Powers Authorities

The District is a member of the Southern California Schools Risk Management (SCSRM) joint powers authority (JPA) public entity risk sharing pools for property/liability and workers' compensation. The District pays annual premiums to the entity for its workers' compensation and property/liability coverage. The relationship between the District and the pool is such that it is not a component unit of the District for financial reporting purposes.

The JPA has budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the JPA and the District are included in these statements. Audited financial statements are available from the respective entity.

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.

Required Supplementary Information
June 30, 2020

Barstow Community College District

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 168,637	$ 264,592	$ 155,572
Interest	146,263	136,943	130,706
Differences between expected and actual experience	69,738	-	-
Changes of assumptions	649,280	-	-
Benefit payments	(208,988)	(259,846)	(247,934)
Net changes in total OPEB liability	824,930	141,689	38,344
Total OPEB Liability - beginning	2,093,566	1,951,877	1,913,533
Total OPEB Liability - ending	$ 2,918,496	$ 2,093,566	$ 1,951,877
Plan fiduciary net position			
Contributions - employer	$ -	$ 259,846	$ 247,934
Expected investment income	297,197	283,609	385,725
Differences between projected and actual earnings on OPEB plan investments	(26,688)	38,869	-
Benefit payments	(208,988)	(259,846)	(247,934)
Administrative expense	(3,708)	(3,632)	(6,117)
Net change in plan fiduciary net position	57,813	318,846	379,608
Plan fiduciary net position - beginning	4,351,621	4,032,775	3,653,167
Plan fiduciary net position - ending	$ 4,409,434	$ 4,351,621	$ 4,032,775
District's net OPEB asset - ending	$ (1,490,938)	$ (2,258,055)	$ (2,080,898)
Plan fiduciary net position as a percentage of the total OPEB liability	151.09%	207.86%	206.61%
Covered-employee payroll	$ 13,271,882	$ 11,434,251	$ 10,712,226
District's net OPEB asset as a percentage of covered-employee payroll	11.23%	19.75%	19.43%
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.

	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	6.13%	7.91%	10.52%

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

	2020	2019	2018	2017	2016	2015
CalSTRS						
District's proportion of the net pension liability	0.0124%	0.0111%	0.0117%	0.0118%	0.0117%	0.0116%
District's proportionate share of the net pension liability	$ 11,157,227	$ 10,234,814	$ 10,775,779	$ 9,531,686	$ 7,900,285	$ 6,796,535
State's proportionate share of the net pension liability associated with the District	6,087,012	5,859,910	6,374,860	5,913,734	4,169,973	3,604,088
Total	$ 17,244,239	$ 16,094,724	$ 17,150,639	$ 15,445,420	$ 12,070,258	$ 10,400,623
District's covered payroll	$ 6,498,170	$ 6,357,020	$ 6,352,846	$ 5,855,107	$ 5,422,838	$ 5,145,047
District's proportionate share of the net pension liability as a percentage of its covered payroll	171.70%	161.00%	169.62%	162.79%	145.69%	132.10%
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						
District's proportion of the net pension liability	0.0369%	0.0330%	0.0317%	0.0299%	0.0331%	0.0330%
District's proportionate share of the net pension liability	$ 10,753,609	$ 8,803,989	$ 7,558,056	$ 5,913,734	$ 4,875,369	$ 3,750,895
District's covered payroll	$ 4,936,081	$ 4,355,206	$ 4,047,213	$ 3,625,981	$ 3,678,218	$ 3,474,038
District's proportionate share of the net pension liability as a percentage of its covered payroll	217.86%	202.15%	186.75%	163.09%	132.55%	107.97%
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 becomes available, ten years of information will be presented.

	2020	2019	2018	2017	2016	2015
CalSTRS						
Contractually required contribution	$ 1,263,716	$ 1,057,902	$ 917,318	$ 799,188	$ 628,253	$ 481,548
Contributions in relation to the contractually required contribution	1,263,716	1,057,902	917,318	799,188	628,253	481,548
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 7,390,152	$ 6,498,170	$ 6,357,020	$ 6,352,846	$ 5,855,107	$ 5,422,838
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS						
Contractually required contribution	$ 1,159,936	$ 891,555	$ 676,407	$ 562,077	$ 429,570	$ 432,963
Contributions in relation to the contractually required contribution	1,159,936	891,555	676,407	562,077	429,570	432,963
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 5,881,730	$ 4,936,081	$ 4,355,206	$ 4,047,213	$ 3,625,981	$ 3,678,218
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.

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/total OPEB liability/(asset), including beginning and ending balances, the Plan's fiduciary net position, and the net OPEB asset. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms - There were no changes in the 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 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 for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of District Contributions for Pensions

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

Supplementary Information
June 30, 2020

Barstow Community College District

Barstow Community College was established in 1959. The curriculum offered includes lower division courses for students planning to transfer to a four-year college or university. Also offered are general education courses designed to provide continuing educational opportunities to students. The District serves the communities of Barstow, Lenwood, Newberry Springs, Daggett, Yermo, Hinkley, Ludlow, and Baker. College is accredited through the Western Association of Schools and Colleges.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Timothy T. Heiden	President	2022
Paul Wilkey	Vice President	2024
Fernando (Fred) Baca	Secretary	2024
Philip M. Harris	Member	2022
Dr. Ted Baca	Member	2024
Alysha Paulino	Student Trustee	June 2021

ADMINISTRATION

Eva Bagg, Ph.D.	Superintendent/President
Karen Kane	Executive Vice President, Academic Affairs and Student Services
Dave Clausen	Vice President, Administrative Services
Laura Benson	Interim Vice President, Human Resources

AUXILIARY ORGANIZATION IN GOOD STANDING

Barstow College Foundation, established 1981

Master Agreement entered into 1981

Melanie Burnau, Executive Director

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster:			
Federal Pell Grant Program	84.063		$ 8,307,985
Federal Pell Grant Program Administrative Allowance	84.063		19,717
Federal Supplemental Educational Opportunity Grants	84.007		205,025
Federal Work-Study Program	84.033		88,505
Subtotal Student Financial Assistance Cluster			8,621,232
COVID-19: CARES Act Higher Education Emergency Relief Funds, Student Aid Portion	84.425E		431,600
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education Act, Perkins Title I, Part C	84.048A	19-C01-003	109,506
CTE Transitions	84.048A	19-C01-003	36,775
Subtotal			146,281
Total U.S. Department of Education			9,199,113
U.S. Department of Health and Human Services			
Passed through California Community Colleges Chancellor's Office			
Foster Kinship Care Education	93.658	[1]	77,578
Temporary Assistance for Needy Families (TANF)	93.558	[1]	40,818
Total U.S. Department of Health and Human Services			118,396
National Science Foundation			
Research and Development Cluster			
Passed through from University Enterprises Corporation at California State University San Bernardino			
Promoting Pre and Post-transfer Success in STEM at Hispanic Serving Institutions	47.076	GT17157	36,633
Subtotal Research and Development Cluster			36,633
Total Expenditures of Federal Awards			$ 9,354,142

Program	Program Entitlements			Program Revenues				
	Current Year	Prior Year Carryover	Total Entitlement	Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
California College Promise	$ 87,964	$ -	$ 87,964	$ 87,964	$ -	$ 87,964	$ -	$ 30,177
Child Dev Training Consotirum (CDTC)	9,157	-	9,157	9,157	-	-	9,157	9,157
CEC-Mentor Program	500	-	500	500	-	-	500	500
CalWorks	239,653	-	239,653	248,788	-	7,904	240,884	240,884
Foster Kinship Care Educ Program	118,664	-	118,664	118,644	-	52,521	66,123	66,123
Foster Kinship CSEC 17/18	3,988	-	3,988	3,988	-	-	3,988	3,988
Strong Workforce Local	233,491	486,426	719,917	354,544	-	233,491	121,053	329,797
Adult Education Block Grant	973,798	140,302	1,114,100	973,798	-	137,194	836,604	976,906
Adult Education Consortium	30,000	12,342	42,342	30,000	-	22,429	7,571	19,913
Strong Workforce P01 18/19	-	153,409	153,409	-	24,625	-	24,625	24,625
Strong Workforce P02 17/18	-	35,948	35,948	94,690	-	-	94,690	94,690
Strong Workforce P05 17/18	-	37,415	37,415	29,009	-	-	29,009	29,009
Strong Workforce P07 18/19	-	60,771	60,771	-	24,587	-	24,587	24,587
Strong Workforce P07 17/18	-	69,361	69,361	39,581	-	-	39,581	39,581
Strong Workforce P11 18/19	-	61,640	61,640	-	24,360	-	24,360	24,360
Strong Workforce P11 17/18	-	85,125	85,125	141,875	-	-	141,875	141,875
Strong Workforce P12 18/19	-	14,242	14,242	27,328	13,430	-	40,758	40,758
Strong Workforce P12 17/18	-	33,672	33,672	21,595	-	-	21,595	21,595
Strong Workforce P15 18/19	-	39,704	39,704	-	8,712	-	8,712	8,712
Strong Workforce P15 17/18	-	34,491	34,491	11,451	-	-	11,451	11,451
Strong Workforce P16 18/19	80,617	-	80,617	22,166	47,217	-	69,383	69,383
Strong Workforce P18 18/19	-	104,489	104,489	-	4,181	-	4,181	4,181

See Note to Supplementary Information.

	Program Entitlements			Program Revenues				
Program	Current Year	Prior Year Carryover	Total Entitlement	Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
Student Equity	$1,444,227	$ 527,806	$1,972,033	$1,473,181	$ -	$ 357,405	$1,115,776	$1,619,393
Hunger Free Campus Support	8,451	14,971	23,422	22,922	-	12,353	10,569	14,971
College Rapid Rehousing	500,000	-	500,000	500,000	-	466,329	33,671	33,671
SFAA-BFAP	172,871	-	172,871	172,871	-	16,724	156,147	156,147
Financial Aid Technology	41,227	146,150	187,377	187,377	-	154,287	33,090	33,090
Student Success Completion Grant	670,118	-	670,118	670,118	-	-	670,118	670,118
Veteran's Resource Center	56,014	38,161	94,175	56,014	60,000	37,181	78,833	85,366
Mental Health Grant	-	138,201	138,201	138,201	8,160	-	146,361	146,361
Guided Pathways	151,178	181,415	332,593	266,313	-	151,179	115,134	162,289
EOPS	648,340	-	648,340	648,340	-	122,425	525,915	525,915
CARE	165,955	-	165,955	165,953	-	54,670	111,283	111,283
DSPS	342,077	-	342,077	342,077	-	13,192	328,885	328,885
DSPS Electronic Info	10,198	7,198	17,396	17,396	-	7,252	10,144	10,144
Prop 39 CA Clean Energy	-	16,852	16,852	-	-	-	-	16,852
Staff Development	-	13,262	13,262	13,262	-	13,262	-	-
EEO	50,000	50,000	100,000	78,099	-	78,099	-	-
Rural Technology Grant	197,997	-	197,997	197,997	-	197,997	-	-
Physical Plan/Instrl Support	34,418	133,604	168,022	37,809	-	31,418	6,391	120,467
Total State Programs	$6,270,903	$2,636,957	$8,907,860	$7,203,008	$ 215,272	$2,255,276	$5,163,004	$6,247,204

See Note to Supplementary Information.

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2019 only)			
1. Noncredit	7.66	-	7.66
2. Credit	201.61	-	201.61
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	463.98	-	463.98
(b) Daily Census Contact Hours	148.32	-	148.32
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	33.18	-	33.18
(b) Credit	18.70	-	18.70
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	103.65	-	103.65
(b) Daily Census Procedure Courses	1,385.65	-	1,385.65
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	2,362.75	-	2,362.75
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Noncredit	43.65	-	43.65
2. Credit	4.69	-	4.69

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP	Reported	Audit	Audited	Reported	Audit	Audited
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 3,415,709	$ -	$ 3,415,709	$ 3,415,709	$ -	$ 3,415,709
Other	1300	2,231,701	-	2,231,701	2,231,701	-	2,231,701
Total Instructional Salaries		5,647,410	-	5,647,410	5,647,410	-	5,647,410
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	1,162,879	-	1,162,879
Other	1400	-	-	-	328,618	-	328,618
Total Noninstructional Salaries		-	-	-	1,491,497	-	1,491,497
Total Academic Salaries		5,647,410	-	5,647,410	7,138,907	-	7,138,907
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	2,819,078	-	2,819,078
Other	2300	-	-	-	230,345	-	230,345
Total Noninstructional Salaries		-	-	-	3,049,423	-	3,049,423
Instructional Aides							
Regular Status	2200	433,859	-	433,859	433,859	-	433,859
Other	2400	133,074	-	133,074	133,074	-	133,074
Total Instructional Aides		566,933	-	566,933	566,933	-	566,933
Total Classified Salaries		566,933	-	566,933	3,616,356	-	3,616,356
Employee Benefits	3000	2,601,005	-	2,601,005	4,916,829	-	4,916,829
Supplies and Material	4000	-	-	-	177,423	-	177,423
Other Operating Expenses	5000	-	-	-	2,294,059	-	2,294,059
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		8,815,348	-	8,815,348	18,143,574	-	18,143,574

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP	Reported	Audit	Audited	Reported	Audit	Audited
Exclusions							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ -	$ -	$ -	$ -	$ -	$ -
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	74,125	-	74,125
Objects to Exclude							
Rents and Leases	5060	-	-	-	168,767	-	168,767
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		-	-	-	-	-	-

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Audited Data	Reported Data	Audit Adjustments	Audited Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ 454,330	$ -	$ 454,330
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		-	-	-	697,222	-	697,222
Total for ECS 84362, 50 Percent Law		$ 8,815,348	$ -	$ 8,815,348	$ 17,446,352	$ -	$ 17,446,352
Percent of CEE (Instructional Salary Cost/Total CEE)		50.53%		50.53%	100.00%		100.00%
50% of Current Expense of Education					$ 8,723,176		$ 8,723,176

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

	Unrestricted General Fund	Restricted General Fund
June 30, 2020, Annual Financial and Budget Report (CCFS-311)		
Reported Fund Balance	$ 5,892,650	$ 1,044,668
Adjustments to Fund Balance		
Increase in accounts receivable	1,415,707	-
Increase in unearned revenue	-	(154,421)
June 30, 2020, Audited Fund Balance	$ 7,308,357	$ 890,247

Activity Classification	Object Code			Unrestricted	
EPA Revenue:	8630				$ 1,234,210
Activity Classification	**Activity Code**	**Salaries and Benefits (Obj 1000-3000)**	**Operating Expenses (Obj 4000-5000)**	**Capital Outlay (Obj 6000)**	**Total**
Instructional Activities	1000-5900	$ 1,234,210	$ -	$ -	$ 1,234,210
Total Expenditures for EPA		$ 1,234,210	$ -	$ -	$ 1,234,210
Revenues Less Expenditures					$ -

Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balance		
General Fund	$ 8,198,604	
Special Revenue Funds	(39,424)	
Capital Projects Funds	11,118,626	
Proprietary Funds	178,411	
Fiduciary Funds	4,747,885	
Total fund balance - all district funds		$ 24,204,102
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:	67,455,772	
Accumulated depreciation is:	(19,519,515)	
Total capital assets		47,936,257
Amounts held in trust on behalf of others (Trust Funds)		(4,747,885)
Recognizing the OPEB asset resulting from the difference between annual OPEB cost on the accrual basis and the OPEB contributions in the governmental funds.		1,490,938
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:		
Net other postemployment benefits (OPEB) asset	799,488	
Aggregate net pension liability	6,989,979	
Total deferred outflows of resources		7,789,467
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:		
Net other postemployment benefits (OPEB) asset	(23,321)	
Aggregate net pension liability	(1,556,992)	
Total deferred inflows of resources		(1,580,313)

Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.	$ (21,910,836)
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:	
Compensated absences	(680,824)
Total net position	$ 52,500,906

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 related expenditures reported on the Schedule of Expenditures
of Federal Awards.

Description	CFDA Number	Amount
Total Federal Revenues from Statement of Revenues, Expenses, and Changes in Net Position:		$ 9,342,208
Federal Work-Study Program	84.033	13,419
Veterans Education	64.027	(1,485)
Total expenditures of federal awards		$ 9,354,142

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 Community Colleges Chancellor's Office.

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

FTES is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to community college districts. This schedule provides information regarding the attendance of students 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

Barstow Community College District

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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
Barstow Community College District
Barstow, 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 Barstow 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 25, 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-002 to be a significant deficiency.

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*.

We noted certain matters that we reported to management of the District in a separate letter dated February 25, 2021.

Barstow Community College District's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.

Eide Bailly LLP

Rancho Cucamonga, California
February 25, 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
Barstow Community College District
Barstow, California

Report on Compliance for Each Major Federal Program
We have audited Barstow 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.

Other Matters
The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2020-003. Our opinion on each major federal program is not modified with respect to this matter.

The District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 and, therefore, material weaknesses and significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-003, that we consider to be a significant deficiency.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Eide Bailly LLP

Rancho Cucamonga, California
February 25, 2021

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

Board of Trustees
Barstow Community College District
Barstow, California

Report on State Compliance
We have audited Barstow 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 reports no attendance for classes with To Be Arranged Hours (TBA); therefore, the compliance tests within this section were not applicable.

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

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

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the 2019-2020 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
February 25, 2021

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified but not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted:	No

FEDERAL AWARDS

Internal control over major federal programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
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:	Yes

Identification of major Federal programs:

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

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee:	No

STATE AWARDS

Type of auditor's report issued on compliance for state programs:	Unmodified

The following findings represent significant deficiencies and material weaknesses related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

2020-001 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 - Several 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 apportionment and categorical programs required adjustments in order to be in accordance with the BAM and GAAP.

Effect

Material adjustments to the general ledger, as noted in the Reconciliation of Annual Financial and Budget Report (CCFS-311) With Audited Financial Statements on page 74, 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 detecting errors.

Recommendation

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

Repeat Finding: Yes, see 2019-001.

View of Responsible Officials and Corrective Action Plan

Serial administrative turnover that the District has experienced during the past two auditing cycles has resulted in inadequate review and training of all closing entries to ensure the correct posting of all programs, categorial and general apportionment as well as interfund transfers. Year-end policies and procedures will be developed, and training will be provided to fiscal staff to ensure that all programs are closed out correctly. Administrative review and signoff of all programs will be ensured, utilizing expert consultation even in the possible event of further administrative turnover or delay in hiring a permanent chief business officer. The District agrees with entries submitted for proper closeout.

2020-002 **Federal Policies and Procedures**

Criteria or Specific Requirement

Non-Federal entities must establish written procedures to implement the requirements of 2 CFR section 200.305 (2 CFR section 200.302(b)(6)). Non-Federal entities must establish written procedures for determining the allowability of costs in accordance with Subpart E – Cost Principles of this part and the terms and conditions of the Federal award (2 CFR section 200.302(b)(7). The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part (2 CFR section 200.318(a)). The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts (2 CFR section 200.318(c)(1)).

Condition

Significant Deficiency - The District has not adopted written procedures applicable to allowable costs, cash management, and procurement.

Questioned Costs

There is no questioned costs associated with this finding.

Context

Written procedures are required for allowable costs, cash management, and procurement in accordance with the Uniform Guidance.

Effect

The District did not comply with requirements noted in 2 CFR section 200.

Cause

The District has not developed written procedures over allowable costs, cash management, and procurement as required by 2 CFR section 200.

Recommendation

The District should establish and follow written procedures related to allowable costs, cash management, and procurement standards.

Repeat Finding: Yes, see 2019-003.

View of Responsible Officials and Corrective Action Plan

The District has reviewed federal regulations that pertain to allowability of costs, management of cash, and procurement standards. The District will develop written policies and procedures to comply with federal guidelines, rules and regulations. To expedite the development of policy, expert consultation has been secured and draft policy on federal programs is currently under review.

The following finding represents a significant deficiency, and/or instance of noncompliance including questioned costs that are required to be reported by the Uniform Guidance.

2020-003 Special Tests and Provisions – Return to Title IV

Program Name: Student Financial Assistance Cluster
CFDA Number: 84.063, 84.033, 84.007
Federal Agency: U.S. Department of Education (ED)
Direct funded by the U.S. Department of Education (ED)

Criteria or Specific Requirement

34 CFR 668.173(b): Return of Title IV funds are required to be deposited or transferred into the Student Financial Assistance (SFA) account or electronic funds transfer initiated to ED as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew, or the date on the cancelled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew.

Condition

Significant Deficiency - The District's portion of the Return to Title IV funds were not returned within the 45 day requirement.

Questioned Costs

There are no questioned costs associated with this finding. The District did return the funds; however, they were not returned within the 45 day requirement.

Context

The District performed approximately 164 Return to Title IV calculations during the 2019-2020 year. There were fifteen instances out of twenty-five tested where the District's portion of the Return to Title IV funds were not returned within the 45 day requirement.

Effect

Without proper monitoring of Title IV returns, the District is at risk of noncompliance with the above referenced criteria.

Cause

The District's internal controls associated with the Return to Title IV procedures failed to ensure that all required funds were returned in a timely manner.

Repeat Finding: No

Recommendation

The District should strengthen procedures to ensure that the Return to Title IV funds occurs within 45 days from the date the District determines the student withdrew from all classes.

View of Responsible Officials and Corrective Action Plan

The District's Financial Aid Department will be assisted to strengthen procedures and develop clear timelines regarding Return to Title IV funds to comply with returns that are no more than 45 days after determination of student withdrawal. In order to ensure that funds are returned within the 45-day timeframe, protocols have been put in place to calculate Return to Title IV every two weeks rather than past practice of every four weeks. This gives the Financial Aid Director time to verify that the funds are returned for each student a week after the process is run. The District's Business Office is creating an account in the 2020-2021 fiscal year that will hold the necessary funds available for each disbursement. This will ensure any funds to be returned will occur immediately, and there will be no delay in waiting for the Business Office to request the funds from the County to proceed with the return.

None reported.

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 - Several 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 apportionment, categorical programs, and interfund transactions required adjustments in order to be in accordance with the BAM and GAAP.

Effect

Material adjustments to the general ledger, as noted in the Reconciliation of Annual Financial and Budget Report (CCFS-311) With Audited Financial Statements on page 69, 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 detecting 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

Not implemented. See current year finding 2020-001.

2019-002 Prior Period Restatement – Fiduciary Net Position

Criteria or Specific Requirements

The District should maintain a system for recording, processing and identifying entries material to the preparation of the financial statement. A good review process will help identify, detect and prevent misstatement to the financial statement.

Condition

Material Weakness - We identified the OPEB trust was not being accounted for within the statement of fiduciary net position in accordance with GASB Statement No 74*, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This misstatement resulted in a prior period restatement of the beginning fiduciary net position.

Questioned Costs

There were no questioned costs associated with this finding. However, the District's beginning fiduciary net position was understated by $4,351,621.

Context

The condition was identified during our review of the prior period ending balances for the other postemployment benefit plan and trust.

Effect

The District's beginning fiduciary net position was understated by a material amount. This resulted in a misstatement that was not detected or prevented by the District's internal accounting control and review process.

Cause

The District's internal control and review system was not able to detect the misstatement to the financial statement.

Recommendation

A thorough review of the District's financial statement, including all adjusting entries, reclassifying entries, and conversion entries should take place before the financial statements are finalized by the District's accounting department.

Current Status

Implemented.

2019-003 Federal Policies and Procedures

Criteria or Specific Requirement

Non-Federal entities must establish written procedures to implement the requirements of 2 CFR section 200.305 (2 CFR section 200.302(b)(6)). Non-Federal entities must establish written procedures for determining the allowability of costs in accordance with Subpart E – Cost Principles of this part and the terms and conditions of the Federal award (2 CFR section 200.302(b)(7). The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part (2 CFR section 200.318(a)). The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts (2 CFR section 200.318(c)(1)).

Condition

Significant Deficiency - The District did not have any written procedures applicable to allowable costs, cash management, and procurement.

Questioned Costs

There is no questioned costs associated with this finding.

Context

Requirements for allowable costs, cash management, and procurement have changed with the implementation of the Uniform Guidance.

Effect

The District did not comply with requirements noted in 2 CFR section 200.

Cause

The District has not developed written procedures over allowable costs, cash management, and procurement as required by 2 CFR section 200.

Recommendation

The District should establish and follow written procedures related to allowable costs, cash management, and procurement standards.

Current Status

Not implemented. See current year finding 2020-002.

Federal Awards Findings

2019-004 Special Tests and Provisions - Verification

Program Name: Student Financial Assistance Cluster
CFDA Number: 84.063, 84.033, 84.007
Direct funded by the U.S. Department of Education (ED)

Criteria or Specific Requirement

34 CFR section 668.53: (a) An institution must establish and use written policies and procedures for verifying an applicant's Free Application for Federal Student Aid (FAFSA) information in accordance with the provisions of this subpart. These policies and procedures must include—(1) The time period within which an applicant must provide any documentation requested by the institution in accordance with §668.57;(2) The consequences of an applicant's failure to provide the requested documentation within the specified time period;(3) The method by which the institution notifies an applicant of the results of its verification if, as a result of verification, the applicant's Estimated Family Contribution (EFC) changes and results in a change in the amount of the applicant's assistance under the title IV, Higher Education Act (HEA) programs;(4) The procedures the institution will follow itself or the procedures the institution will require an applicant to follow to correct FAFSA information determined to be in error; and(5) The procedures for making referrals under §668.16(g).(b) An institution's procedures must provide that it will furnish, in a timely manner, to each applicant whose FAFSA information is selected for verification a clear explanation of—(1) The documentation needed to satisfy the verification requirements; and(2) The applicant's responsibilities with respect to the verification of FAFSA information, including the deadlines for completing any actions required under this subpart and the consequences of failing to complete any required action.(c) An institution's procedures must provide that an applicant whose FAFSA information is selected for verification is required to complete verification before the institution exercises any authority under section 479A(a) of the HEA to make changes to the applicant's cost of attendance or to the values of the data items required to calculate the EFC.

Condition

Significant Deficiency – The District's written policy does not have all of the requirements as listed in 34 CFR section 668.53.

Questioned Costs

There is no questioned costs associated with this finding.

Context

The District did not comply with the requirements noted in 34 CFR section 668.53.

Effect

The verification process supports eligibility determination; without proper written policies, the District is at risk of awarding ineligible students.

Cause

The District's written policy over verification has not been reviewed to ensure it complies with applicable Federal requirements.

Recommendation

The District should review the existing verification policy and update it as necessary to ensure it complies with 34 CFR section 668.53.

Current Status

Implemented.

State Compliance Findings

2019-005 Section 424 – State General Apportionment Funding System

Criteria or Specific Requirement

California Code of Regulations, Title 5, Section 58023 and the Student Attendance Accounting Manual published by the California Community Colleges Chancellor's Office states that the "class hour" is the basic unit of attendance for computing full-time equivalent student (FTES). It is a period of not less than 50 minutes of scheduled instruction and/or examination. A class scheduled for less than a single 50-minute period is not eligible for apportionment. For purposes of computing full-time equivalent student (FTES), a class hour is commonly referred to as a "contact hour" or Student Contact Hour" (SCH).

Condition

Of our sample, the District incorrectly calculated four out of twenty-five daily census based courses selected for audit re-calculation obtained from the P-2 CCFS-320 report.

Questioned Costs

The District performed a 100 percent re-calculation and was reviewed by the auditor and noted the District's P2 and Annual CCFS-320 reports were over-stated by 31.59 credit Resident FTES.

Context

The condition identified was determined through the re-calculation of contact hours of twenty-five daily census based courses.

Effect

The District has over-reported FTES for contact hours based on the re-calculation of the contact hours. The District performed a 100 percent audit of the specific course types identified below and arrived at a total over-statement of 31.59 credit FTES.

Cause

Contact hours were not properly calculated based on the California Community College Chancellor's Office Contact Hour Computation Table.

Recommendation

It is recommended that the District review the calculation of hours claimed for State apportionment purposes and program. In addition, the District should monitor how a course is input into the system to ensure an accurate calculation of contact hours.

Current Status

Implemented.