Financial Statements
June 30, 2021

San Bernardino Community College District

Schedule of Findings and Questioned Costs

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

Board of Trustees
San Bernardino Community College District
San Bernardino, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the remaining fund information of San Bernardino Community College District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the remaining fund information of the District as of June 30, 2021, 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.

Emphasis of Matter – Change in Accounting Principle
As discussed in Note 2 and Note 14 to the financial statements, the District adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which resulted in a restatement of net position as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and other required supplementary schedules on pages 61 through 67 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 basic financial statements. The accompanying supplementary information, including the schedule of expenditures of federal awards, as required by the audit requirements of 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 other supplementary information listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and 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 January 11, 2022, 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
January 11, 2022

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OVERVIEW OF THE FINANCIAL STATEMENTS

San Bernardino Community College District's financial statements are presented in accordance with Governmental Accounting Standards Board Statements No. 34, *Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments* and No. 35, *Basic Financial Statements - and Management Discussion and Analysis - for Public College and Universities*. These statements allow for the presentation of financial activity and results of operations which focus 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 revenues 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 Colleges Chancellor's Office has recommended that all State community colleges follow the Business-Type Activity (BTA) model for financial statement reporting purposes.

FINANCIAL HIGHLIGHTS

- The District's primary funding source is apportionment received from the State of California. The District's apportionment amount is determined by the number and size of colleges in the District and the number of Full-Time Equivalent Students (FTES). The District FTES for the year ended June 30, 2021 reduced to 13,569 from 15,474 in the prior year, as noted below.

	Year Ended June 30,		
	2021	**2020**	**Change**
San Bernardino Valley College	9,114	10,795	-15.6%
Crafton Hills College	4,455	4,679	-4.8%
San Bernardino Community College District	13,569	15,474	-12.3%

- The District continues to monitor compliance with the 50 percent law, which requires that at least 50% of the current expense of education be spent on instructional salaries. During the year ended June 30, 2021, the District's rate declined slightly from 50.63% in the prior year to 50.49%.
- In November 2018, the District received tremendous voter support for the passage of bond measure CC. Work is well underway on many needed infrastructure projects.

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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 method used by most private-sector organizations. The Statement of Net Position is a point-of-time financial statement whose purpose is to present to the readers a fiscal snapshot of the District. The Statement of Net Position primarily presents end-of-year data concerning assets (current and noncurrent), liabilities (current and noncurrent), and net position (assets plus deferred outflows of resources minus liabilities and deferred inflows of resources).

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the District. Readers are also able to determine how much the District owes vendors and employees. Finally, the Statement of Net Position provides a picture of the assets and their availability for expenditure by the District.

The difference between the sum of total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources (net position) is one indicator of the current financial condition of the District. Another indicator is the change in net position which shows 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 an allocation for depreciation expense.

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 assets. These assets are available for expenditure by the District, but must be spent for purposes as determined by external entities and/or donors that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position that is available to the District for any lawful purpose of the District

The Statement of Net Position as of June 30, 2021 and June 30, 2020, is summarized below.

	2021	2020, as restated	Change
Assets			
Cash and investments	$ 597,313,558	$ 591,044,065	$ 6,269,493
Receivables, net	25,865,557	27,563,632	(1,698,075)
Other current assets	1,438,639	1,580,274	(141,635)
Capital assets, net	574,496,918	576,124,286	(1,627,368)
Total assets	1,199,114,672	1,196,312,257	2,802,415
Deferred Outflows of Resources	87,309,805	82,191,483	5,118,322
Liabilities			
Accounts payable and accrued liabilities	42,556,717	55,798,074	(13,241,357)
Current portion of long-term liabilities	30,905,000	28,475,000	2,430,000
Noncurrent portion of long-term liabilities	1,033,127,131	1,026,724,751	6,402,380
Total liabilities	1,106,588,848	1,110,997,825	(4,408,977)
Deferred Inflows of Resources	7,492,804	11,836,169	(4,343,365)
Net Position			
Net investment in capital assets	80,526,638	55,591,254	24,935,384
Restricted	216,229,402	194,598,176	21,631,226
Unrestricted deficit	(124,413,215)	(94,519,684)	(29,893,531)
Total net position	$ 172,342,825	$ 155,669,746	$ 16,673,079

Statement of Revenues, Expenses, and Changes in Net Position

Changes in total net position are 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 expense incurred, whether paid or not by the District; and any other revenues, expenses, gains and/or losses earned or incurred by the District. Thus, this statement presents the District's results of operations.

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

The Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2021 and June 30, 2020, is summarized below.

	2021	2020, as restated	Change
Operating Revenues			
Tuition and fees, net	$ 6,498,908	$ 7,778,289	$ (1,279,381)
Grants and contracts, noncapital	38,367,710	37,522,968	844,742
Auxiliary enterprise sales and charges	5,133,732	5,297,004	(163,272)
Total operating revenues	50,000,350	50,598,261	(597,911)
Operating Expenses			
Salaries and benefits	137,101,110	142,443,757	(5,342,647)
Supplies, services, equipment, and maintenance	47,748,256	38,938,383	8,809,873
Student financial aid	30,150,140	35,439,615	(5,289,475)
Depreciation	18,178,697	20,102,592	(1,923,895)
Total operating expenses	233,178,203	236,924,347	(3,746,144)
Operating loss	(183,177,853)	(186,326,086)	3,148,233
Nonoperating Revenues (Expenses)			
State apportionments	66,954,017	64,956,192	1,997,825
Property taxes	90,637,661	77,265,962	13,371,699
Student financial aid grants	27,046,379	31,266,396	(4,220,017)
State revenues	5,219,638	3,973,093	1,246,545
Net interest expense	(10,049,709)	(21,608,468)	11,558,759
Other nonoperating revenues	18,497,410	8,475,081	10,022,329
Total nonoperating revenue (expenses)	198,305,396	164,328,256	33,977,140
Other revenues and losses	1,545,536	3,162,504	(1,616,968)
Change in net position	$ 16,673,079	$ (18,835,326)	$ 35,508,405

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:

Year ended June 30, 2021:

	Salaries and Employee Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Equipment, Maintenance, and Repairs	Depreciation	Total
Instructional activities	$ 54,561,090	$ 4,749,659	$ -	$ 46,276	$ -	$ 59,357,025
Instructional administration	10,470,772	1,138,113	-	941	-	11,609,826
Instructional support services	8,180,037	4,121,396	-	132,833	-	12,434,266
Student services	24,512,334	1,912,519	-	18,733	-	26,443,586
Plant operations and maintenance	6,572,924	10,277,023	-	11,842	-	16,861,789
Planning, policymaking, and coordinations	3,864,224	588,396	-	34	-	4,452,654
Instructional support services	16,413,007	8,872,575	-	17,021	-	25,302,603
Community services	2,405,613	1,485,976	-	551	-	3,892,140
Ancillary services and auxiliary operations	8,528,611	7,657,422	-	21,241	-	16,207,274
Student aid	-	206,476	30,150,140	-	-	30,356,616
Physical property and related acquisitions	1,592,498	6,097,299	-	391,930	-	8,081,727
Unallocated depreciation	-	-	-	-	18,178,697	18,178,697
Total	$ 137,101,110	$ 47,106,854	$ 30,150,140	$ 641,402	$ 18,178,697	$ 233,178,203

Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the fiscal year. This statement also helps users 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 reports cash provided by or used in the following activities:

- Operating - consists of cash receipts from enrollment fees, grants and contracts, and cash payments for salaries, benefits, supplies, utilities, and other items related to the instructional program.
- Noncapital financing - primarily State apportionment and property taxes.
- Capital financing - purchase of capital assets (land, buildings, and equipment) and bond interest payments and receipts from Federal and State grants for capital purposes, as well as property tax revenue for bond repayments.
- Investing - consists of investment activities and earnings on those investments.

The Statement of Cash Flows for the years ended June 30, 2021 and June 30, 2020, is summarized below.

	2021	2020, as restated	Change
Net Cash Flows from			
Operating activities	$ (149,991,389)	$ (151,542,056)	$ 1,550,667
Noncapital financing activities	150,568,585	138,552,867	12,015,718
Capital financing activities	(15,686,884)	292,428,501	(308,115,385)
Investing activities	21,847,483	10,087,653	11,759,830
Net Increase (Decrease) in Cash	6,737,795	289,526,965	(282,789,170)
Cash, Beginning of Year	425,007,614	135,480,649	289,526,965
Cash, End of Year	$ 431,745,409	$ 425,007,614	$ 6,737,795

CAPITAL ASSET AND LONG-TERM LIABILITIES

Capital Assets

As of June 30, 2021, the District had $786.4 million in capital assets, less $211.9 million accumulated depreciation for net capital assets of $574.5 million. The District spent approximately $16.6 million on capital assets during the year, the majority of which relate to bond proceeds and commercial real estate investment. Depreciation charges during the year totaled $18.2 million. Note 6 in the financial statements provides additional information on capital assets. A summary of capital assets is presented below.

	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year
Land and construction in progress	$ 24,661,217	$ 16,557,793	$ (16,930,681)	$ 24,288,329
Buildings and improvements	709,163,350	15,077,009	-	724,240,359
Furniture and equipment	36,102,725	1,853,672	(69,782)	37,886,615
Subtotal	769,927,292	33,488,474	(17,000,463)	786,415,303
Accumulated depreciation	(193,803,006)	(18,178,697)	63,318	(211,918,385)
Total	$ 576,124,286	$ 15,309,777	$ (16,937,145)	$ 574,496,918

Long-Term Liabilities Including OPEB and Pensions

As of June 30, 2021, the District had $1.1 billion in long-term liabilities consisting of $900.3 million from general obligation bonds, $153.6 million from aggregate net pension liability, $1.8 million from aggregate net OPEB liability, and $8.3 million from other long term liabilities.

See Notes 7-10 of the financial statements for additional information regarding the long-term liabilities, including OPEB and pensions, of the District as of June 30, 2021. A summary of long-term liabilities is presented below.

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
General obligation bonds	$ 908,575,937	$ 139,688,211	$ (147,986,904)	$ 900,277,244
Aggregate net OPEB liability	1,315,493	496,583	-	1,812,076
Aggregate net pension liability	137,742,516	15,906,071	-	153,648,587
Other liabilities	7,565,805	835,089	(106,670)	8,294,224
Total long-term liabilities	$ 1,055,199,751	$ 156,925,954	$ (148,093,574)	$ 1,064,032,131
Amount due within one year				$ 30,905,000

ECONOMIC FACTORS AFFECTING THE FUTURE OF SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

The financial position of San Bernardino Community College District is closely tied to that of the State of California. The District receives approximately 75% of its combined general fund revenues through State apportionments and local property taxes. These two sources, along with allocations from the Education Protection Account, redevelopment allocations, and student paid enrollment fees, essentially make up the District's general apportionment, the main funding support for California community colleges.

Management continues to closely monitor the State budget information and operating costs of the District and maintains a close watch over resources to help ensure financial stability and retain reserve levels required by Board Policy and the State Chancellor's Office.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to 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 Vice Chancellor, Business and Fiscal Services, at San Bernardino Community College District, 550 East Hospitality Lane, San Bernardino, California 92408.

Assets	
Cash and cash equivalents	$ 15,845,199
Investments	581,468,359
Accounts receivable	23,626,896
Student receivables, net	2,238,661
Prepaid expenses	1,394,121
Inventories	10,984
Other assets	33,534
Capital assets	
Nondepreciable capital assets	24,288,329
Depreciable capital assets, net of depreciation	550,208,589
Total capital assets	574,496,918
Total assets	1,199,114,672
Deferred Outflows of Resources	
Deferred outflows of resources related to debt refunding	43,079,152
Deferred outflows of resources related to OPEB	1,852,243
Deferred outflows of resources related to pensions	42,378,410
Total deferred outflows of resources	87,309,805
Liabilities	
Accounts payable	14,171,601
Accrued interest payable	10,410,039
Unearned revenue	17,975,077
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	30,905,000
Long-term liabilities other than OPEB and pensions, due in more than one year	877,666,468
Aggregate net other postemployment benefits (OPEB) liability	1,812,076
Aggregate net pension liability	153,648,587
Total liabilities	1,106,588,848
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	2,651,157
Deferred inflows of resources related to pensions	4,841,647
Total deferred inflows of resources	7,492,804
Net Position	
Net investment in capital assets	80,526,638
Restricted for	
Debt service	94,662,126
Capital projects	6,697,079
Educational programs	9,706,067
Other activities	105,164,130
Unrestricted deficit	(124,413,215)
Total Net Position	$ 172,342,825

Operating Revenues	
Tuition and fees	$ 17,294,001
Less: Scholarship discounts and allowances	(10,795,093)
Net tuition and fees	6,498,908
Grants and contracts, noncapital	
Federal	9,778,636
State	27,855,265
Local	733,809
Total grants and contracts, noncapital	38,367,710
Auxiliary enterprise sales and charges	
Cafeteria	10,275
Other enterprise	5,123,457
Total operating revenues	50,000,350
Operating Expenses	
Salaries	89,221,498
Employee benefits	47,879,612
Supplies, materials, and other operating expenses and services	47,106,854
Student financial aid	30,150,140
Equipment, maintenance, and repairs	641,402
Depreciation	18,178,697
Total operating expenses	233,178,203
Operating Loss	(183,177,853)
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	66,954,017
Local property taxes, levied for general purposes	34,529,140
Taxes levied for other specific purposes	56,108,521
Federal and State financial aid grants	27,046,379
State taxes and other revenues	5,219,638
Investment income	20,745,478
Interest expense on capital related debt	(31,945,055)
Investment income on capital asset-related debt, net	1,149,868
Other nonoperating revenue	18,497,410
Total nonoperating revenues (expenses)	198,305,396
Income Before Other Revenues and (Losses)	15,127,543
Other Revenues and (Losses)	
State revenues, capital	1,552,000
Loss on disposal of capital assets	(6,464)
Total other revenues and (losses)	1,545,536
Change In Net Position	16,673,079
Net Position, Beginning of Year, as Restated	155,669,746
Net Position, End of Year	$ 172,342,825

Cash Flows from Operating Activities	
Tuition and fees	$ 5,581,675
Federal, state, and local grants and contracts, noncapital	36,569,962
Auxiliary sales	5,133,732
Payments to or on behalf of employees	(115,831,244)
Payments to vendors for supplies and services	(51,295,374)
Payments to students for scholarships and grants	(30,150,140)
Net cash flows from operating activities	(149,991,389)
Cash Flows from Noncapital Financing Activities	
State apportionments	63,057,658
Federal and state financial aid grants	27,046,379
Property taxes - nondebt related	34,529,140
State taxes and other apportionments	5,217,306
Other nonoperating	20,718,102
Net cash flows from noncapital financing activities	150,568,585
Cash Flows from Capital Financing Activities	
Purchase of capital assets	17,001,819
Proceeds from capital debt	129,400,000
State revenue, capital	1,552,000
Property taxes - related to capital debt	56,108,521
Principal paid on capital debt	(140,422,720)
Interest paid on capital debt	(80,476,372)
Interest received on capital asset-related debt	1,149,868
Net cash flows from capital financing activities	(15,686,884)
Cash Flows from Investing Activities	
Interest received from investments	21,847,483
Change In Cash and Cash Equivalents	6,737,795
Cash and Cash Equivalents, Beginning of Year, as Restated	425,007,614
Cash and Cash Equivalents, End of Year	$ 431,745,409

Reconciliation of net operating loss to net cash flows from operating activities	
Operating Loss	$ (183,177,853)
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation expense	18,178,697
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Receivables, net	(734,839)
Inventories	3,074
Prepaid expenses	138,561
Deferred outflows of resources related to OPEB	40,366
Deferred outflows of resources related to pensions	8,005,287
Accounts payable	(3,252,248)
Unearned revenue	(1,980,142)
Claims liability	(106,670)
Compensated absences	835,089
Aggregate net OPEB liability	496,583
Aggregate net pension liability	15,906,071
Deferred inflows of resources related to OPEB	(145,116)
Deferred inflows of resources related to pensions	(4,198,249)
Total adjustments	33,186,464
Net cash flows from operating activities	$ (149,991,389)
Cash and Cash Equivalents Consist of the Following:	
Cash on hand and in banks	$ 15,845,199
Cash in county treasury	415,900,210
Total cash and cash equivalents	$ 431,745,409
Noncash Transactions	
Amortization of deferred outflows of resources related to debt refunding	$ 5,831,122
Amortization of debt premiums	$ 7,564,184
Accretion of interest on capital appreciation bonds	$ 10,288,211

	Retiree OPEB Trust
Assets	
Investments	$ 11,141,711
Net Position	
Restricted for postemployment benefits other than pensions	$ 11,141,711

	Retiree OPEB Trust
Additions	
District contributions	$ 432,568
Interest and investment income	365,870
Net realized and unrealized gains	1,707,402
Total additions	2,505,840
Deductions	
Benefit payments	432,568
Administrative expenses	84,999
Total deductions	517,567
Change in Net Position	1,988,273
Net Position - Beginning of Year, as Restated	9,153,438
Net Position - End of Year	$ 11,141,711

Note 1 - Organization

San Bernardino Community College District (the District) was established in 1926 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected seven-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates two colleges, a Professional Development Center, and a television and radio station located within San Bernardino County. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

Note 2 - Summary of Significant Accounting Policies

Financial Reporting Entity

The District has adopted accounting policies to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District, as defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board (GASB). The financial reporting entity consists of the primary government (the District), and the following component unit:

- Inland Futures Foundation

The Inland Futures Foundation is a legally separate, tax-exempt component unit of the District. The Inland Futures Foundation's primary focus is to develop resources and philanthropic support for the advancement of the economic and workforce development and student success efforts of the San Bernardino Community College District. Because of the types of activities and the restricted resources held by the Inland Futures Foundation can only be used by, or for the benefit of, the District, the Inland Futures Foundation is considered a component unit of the District with the inclusion of the statements as a blended component unit.

The District has analyzed the financial and accountability relationships with the Crafton Hills College Foundation, and the San Bernardino Valley College Foundation (the College Foundations) in conjunction with GASB Statement No. 61 criteria. The Foundations are separate, not for profit organizations, and the District does provide and receive direct benefits to and from the College Foundations. However, it has been determined that all criteria under GASB Statement No. 61 have not been met to require inclusion of the Foundations' financial statements in the District's annual report. Information on the College Foundations may be requested through each respective Foundation.

Basis of Accounting

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB. This presentation provides a comprehensive government-wide perspective of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, activities, and cash flows and replaces the fund group perspective previously required. Fiduciary activities are excluded from the primary government financial statements. 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 promulgated 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.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, Federal and State financial aid grants, 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.

Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

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 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, including money market investments and participating interest-earning investment contracts with original maturities greater than one year, are stated at cost or amortized cost.

The District's investment in the County Treasury is measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in this investment pool is not required to be categorized within the fair value hierarchy.

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 District has recorded an allowance for uncollectible accounts as an estimation of amounts that may not be received related to student receivables. This allowance is based upon management's estimates and analysis. The allowance was estimated at $3,107,247 for the year ended June 30, 2021.

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.

Inventories

Inventories consist primarily of cafeteria food and supplies held for resale to the students and faculty of the colleges. Inventories are stated at cost, utilizing the lower of cost or market. The cost is recorded as an expense as the inventory is consumed rather than when purchased.

Capital Assets and Depreciation

Capital assets are stated at cost at the date of acquisition or fair value at the date of gift. The District's capitalization policy includes all items with a unit cost of $5,000 for furniture and equipment and an estimated useful life of greater than one year. Buildings, renovations to buildings, infrastructure, and building and land improvements that cost more than $25,000, significantly increase the value, or extend the useful life of the structure, are capitalized. Routine repair and maintenance costs are charged to operating expenses in the year in which the expense is incurred. Donated capital assets are recorded at acquisition value at the date of donation. Depreciation of equipment and vehicles, facilities, and other physical properties is provided using the straight-line method over the estimated useful lives of the respective assets, or in the case of assets acquired under capital leases, the shorter of the lease term or useful life. Costs for construction in progress are capitalized when incurred.

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 40 to 50 years; improvements, 25 to 50 years; equipment, 5 to 10 years.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2021.

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 school members who retire after January 1, 1999. At retirement, each member will receive 0.004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

Debt Premiums

Debt premiums are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. All other bond issuance costs are expensed when incurred.

Deferred Outflows of Resources and Deferred 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 related to debt refunding, for OPEB related items, and for pension related items. The deferred outflows of resources related to debt refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to OPEB and pension related items are associated with differences between expected and actual earnings on plan investments, changes of assumptions, and other OPEB and pension related changes.

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

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

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 is primarily composed of (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.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its 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 $216,229,402 of restricted net position, and the fiduciary fund financial statements report $11,141,711 of restricted net position.

Operating and Nonoperating 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. Classifications are as follows:

- **Operating revenues** - Operating revenues include activities that have the characteristics of exchange transactions such as tuition and fees, net of scholarship discounts and allowances, Federal, State, and local grants and contracts, and sales and services of auxiliary enterprises.

- **Nonoperating revenues** - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, and other revenue sources defined by GASB.

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.

The voters of the District passed General Obligation Bonds in November 2002, February 2008, and November 2018 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected as noted above and remitted to the District when collected.

Scholarships Discounts and Allowances

Tuition and fee revenue is reported net of scholarships, discounts, and allowances. Fee waivers approved by the California Community College 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.

Financial Assistance Programs

The District participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants (SEOG), and Federal Work-Study programs, as well as other programs funded by the Federal government and State of California. Financial aid provided to the student in the form of cash is reported as an operating expense in the Statement of Revenues, Expenses, and Changes in Net Position. Federal financial assistance 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, and those difference could be material.

Interfund Activity

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.

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 primary government and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances transferred between the primary government and the fiduciary funds are not eliminated in the consolidation process.

Change in Accounting Principles

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

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

The impact to the primary government and the fiduciary funds resulted in a restatement of their respective beginning net positions as of July 1, 2020 due to the reclassification of funds into the financials statements of the primary government. The effect of the implementation of this standard on the beginning net positions are disclosed in Note 14. The provisions of this Statement have been implemented as of June 30, 2021.

New Accounting Pronouncements

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.

The requirements for 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.

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 an 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.

General Authorizations

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

Summary of Deposits and Investments

Deposits and investments as of June 30, 2021, consist of the following:

	Primary Government	Fiduciary Funds
Cash on hand and in banks	$ 14,843,649	$ -
Cash in revolving	1,001,550	-
Investments	581,468,359	11,141,711
Total deposits and investments	$ 597,313,558	$ 11,141,711

Interest Rate Risk and Credit 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. 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.

Investment Type	Fair Value	Weighted Average Maturity in Days	Credit Rating
U.S. Treasury notes	$ 35,490,020	1092	Aaa
Mutual funds	141,219,840	N/A	N/A
San Bernardino County investment pool	415,900,210	461	AAAf/S1
Total	$ 592,610,070		

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. 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% 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% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2021, the District's bank balance of approximately $15.3 million was fully insured or collateralized with securities, held by the pledging financial institutions trust department in the District's name.

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, 2021, the District's investment balance of approximately $139.4 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, 2021:

Investment Type	Fair Value	Level 1 Inputs
U.S. Treasury notes	$ 35,490,020	$ 35,490,020
Mutual funds	141,219,840	$ 141,219,840
Total	$ 176,709,860	$ 176,709,860

All assets have been valued using a market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets or group of assets.

Note 5 - Accounts Receivable

Accounts receivable at June 30, 2021, consisted of the following:

	Primary Government
Federal Government	
Categorical aid	$ 6,245,024
State Government	
Apportionment	4,317,265
Categorical aid	7,503,468
Lottery	1,070,382
Local Sources	
Interest	800,656
Other local sources	3,690,101
Total	$ 23,626,896
Student receivables	$ 5,345,908
Less: allowance for bad debt	(3,107,247)
Student receivables, net	$ 2,238,661

Note 6 - Capital Assets

Capital asset activity for the District for the year ended June 30, 2021, was as follows:

	Balance, Beginning of Year	Additions	Deductions	Balance, End of Year
Capital Assets Not Being Depreciated				
Land	$ 7,362,045	$ -	$ -	$ 7,362,045
Construction in progress	17,299,172	16,557,793	(16,930,681)	16,926,284
Total capital assets not being depreciated	24,661,217	16,557,793	(16,930,681)	24,288,329
Capital Assets Being Depreciated				
Land improvements	81,083,349	3,031,952	-	84,115,301
Buildings and improvements	628,080,001	12,045,057	-	640,125,058
Furniture and equipment	36,102,725	1,853,672	(69,782)	37,886,615
Total capital assets being depreciated	745,266,075	16,930,681	(69,782)	762,126,974
Total capital assets	769,927,292	33,488,474	(17,000,463)	786,415,303
Less Accumulated Depreciation				
Land improvements	(65,026,227)	(3,718,735)	-	(68,744,962)
Buildings and improvements	(102,263,524)	(12,413,288)	-	(114,676,812)
Furniture and equipment	(26,513,255)	(2,046,674)	63,318	(28,496,611)
Total accumulated depreciation	(193,803,006)	(18,178,697)	63,318	(211,918,385)
Net capital assets	$ 576,124,286	$ 15,309,777	$ (16,937,145)	$ 574,496,918

Note 7 - Long-Term liabilities Other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year ended June 30, 2021, consisted of the following:

	Balance, Beginning of Year	Additions	Deductions	Balance, End of Year	Due in One Year
General obligation bonds	$ 858,319,978	$ 139,688,211	$ (140,422,720)	$ 857,585,469	$ 30,905,000
Bond premium	50,255,959	-	(7,564,184)	42,691,775	-
Compensated absences	4,391,022	835,089	-	5,226,111	-
Claims liability	3,174,783	-	(106,670)	3,068,113	-
Total	$ 916,141,742	$ 140,523,300	$ (148,093,574)	$ 908,571,468	$ 30,905,000

Description of Long-Term Liabilities

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues. The compensated absences will be paid by the fund for which the employee worked. The claims liability will be paid by the Internal Service Fund.

General Obligation Bonds

The San Bernardino Community College District Election of 2002

General obligation bonds were approved by a local election in November 2002. The total amount approved by the voters was $190,000,000. Interest rates on the bonds range from 6.02% to 6.79%. As of June 30, 2021, $189,999,797 had been issued, and $11,866,818 was outstanding.

The San Bernardino Community College District 2005 Refunding Bonds

In March 2005, the District issued $56,562,550 in general obligation bonds to advance refund a portion of 2002 Series A and B Bonds. Interest rates on the bonds range from 3.00% to 5.14%. The proceeds were deposited into an escrow account to pay future principal and interest amounts on the refunded bonds. The assets and liabilities for the defeased bonds are not included on the District's financial statements. As of June 30, 2021, the outstanding balance was $13,471,520.

The San Bernardino Community College District Election of 2008

General obligation bonds were approved by a local election in February 2008. The total amount approved by the voters was $500,000,000. Interest rates on the bonds range from 2.00% to 7.63%. As of June 30, 2021, $500,000,000 had been issued, and $195,927,131 was outstanding.

The San Bernardino Community College District 2013 Refunding Bonds

In April 2013, the District issued 2013 General Obligation Series A Refunding Bonds for $198,570,000, and the 2013 General Obligation Series B Refunding Bonds for $32,460,000, to advance refund portions of 2002 Series C, the 2005 General Obligation Refunding Bonds, and the 2008 Series A Bonds. Interest rates on the bonds range from 0.485% to 5.00%. The proceeds from the bonds were deposited into an escrow account to pay future principal and interest amounts on the refunded bonds. The assets and liabilities for the defeased bonds are not included on the District's financial statements. The outstanding balances for the 2013 General Obligation Series A Refunding Bonds and the 2013 General Obligation Series B Refunding Bonds are $20,030,000 and $5,250,000, respectively.

The San Bernardino Community College District 2015 Refunding Bonds

In September 2015, the District issued $55,975,000 in general obligation bonds to advance refund the 2002 Series C and a portion of 2005 Refunding Bonds. Interest rates on the bonds range from 2.00% to 5.00%. The proceeds were deposited into an escrow account to pay future principal and interest amounts on the refunded bonds. The assets and liabilities for the defeased bonds are not included on the District's financial statements. As of June 30, 2021, the outstanding balance was $11,305,000.

The San Bernardino Community College District 2017 Refunding (Crossover) Series A Bonds

In December 2017, the District issued the 2017 General Obligation Refunding (Crossover) Series A Bonds in the amount of $14,145,000. The bonds will be redeemed at the Crossover date of August 1, 2024; therefore, the refunding is not considered a current refunding. Interest rates on the bonds range from 4.00% to 5.00%. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. The refunding resulted in a cash flow savings of $3,404,250 and an economic gain of $2,564,502 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted 2.857%. The net proceeds from the issuance were used to advance refund, on a crossover basis at the crossover date, a portion of the District's outstanding general obligation bonds. As of June 30, 2021, the outstanding balance was $14,145,000.

The San Bernardino Community College District 2017 Refunding (Crossover) Series B Bonds Series

In December 2017, the District issued the 2017 General Obligation Refunding (Crossover) Series B Bonds in the amount of $32,070,000. The bonds will be redeemed at the Crossover date of August 1, 2024; therefore, the refunding is not considered a current refunding. Interest rates on the bonds range from 4.00% to 5.00%. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. The refunding resulted in a cash flow savings of $6,344,081 and an economic gain of $4,415,584 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted 2.857%. The net proceeds from the issuance were used to advance refund, on a crossover basis at the crossover date, a portion of the District's outstanding general obligation bonds. As of June 30, 2021, the outstanding balance was $32,070,000.

The San Bernardino Community College District Election of 2018

General obligation bonds were approved by a local election in November 2018. The total amount approved by the voters was $470,000,000. Interest rates on the bonds range from 1.75% to 4.00%. As of June 30, 2021, $300,000,000 had been issued, and $285,915,000 was outstanding.

The San Bernardino Community College District 2019 Refunding Bonds

In December 2019, the District issued the 2019 General Obligation Refunding Bonds in the amount of $143,520,000. Interest rates on the bonds range from 1.754% to 3.121%. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. The refunding resulted in a cash flow savings of $14,057,742 and an economic gain of $8,991,361 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted 2.529%. The net proceeds from the issuance were used to advance refund a portion of the District's outstanding 2008 Series D General Obligation bonds, a portion of the 2013 Refunding Series A bonds, and a portion of the 2015 Refunding bonds. As of June 30, 2021, the outstanding balance was $140,540,000.

The San Bernardino Community College District 2020 Refunding Bonds

In July 2020, the District issued the 2020 General Obligation Refunding Bonds in the amount of $129,400,000. Interest rates on the bonds range from 0.499% to 1.898%. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. The refunding resulted in a cash flow savings of $4,722,611 and an economic gain of $4,373,844 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted 1.6285%. The net proceeds from the issuance were used to advance refund a portion of the District's outstanding 2008 Series D General Obligation bonds, a portion of the 2013 Refunding Series A bonds, and a portion of the 2015 Refunding bonds. As of June 30, 2021, the outstanding balance was $127,065,000.

Debt Maturity

General Obligation Bonds

Issue Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding Beginning of Year	Issued	Accreted Interest	Redeemed	Bonds Outstanding End of Year
2002 D	6/9/2009	8/1/2033	6.02%-6.79%	$ 4,999,797	$ 11,003,531	$ -	$ 863,287	$ -	$ 11,866,818
Refunding 2005	3/22/2005	8/1/2023	3.00%-5.14%	56,562,550	11,989,605	-	1,481,915	-	13,471,520
2008 B	6/9/2009	8/1/2048	2.600%-7.190%	73,102,389	139,496,821		7,856,430	-	147,353,251
2008 C	6/9/2009	8/1/2044	7.430%-7.63%	45,210,000	45,210,000	-	-	-	45,210,000
2008 D	9/22/2015	8/1/2048	2.000%-5.000%	37,536,960	4,715,021	-	86,579	(1,437,720)	3,363,880
Refunding 2013 Series A	4/10/2013	8/1/2033	.500%-5.00%	198,570,000	107,135,000	-	-	(87,105,000)	20,030,000
Refunding 2013 Series B	4/10/2013	8/1/2021	.485%-3.055%	32,460,000	11,710,000		-	(6,460,000)	5,250,000
Refunding 2015	9/22/2015	8/1/2031	2.00%-5.00%	55,975,000	37,325,000		-	(26,020,000)	11,305,000
Refunding 2017 Series A	12/12/2017	8/1/2033	4.00%-5.00%	14,145,000	14,145,000	-	-	-	14,145,000
Refunding 2017 Series B	12/12/2017	8/1/2034	4.00%-5.00%	32,070,000	32,070,000	-	-	-	32,070,000
2018 A	12/12/2019	8/1/2049	2.400-4.000%	200,000,000	200,000,000	-	-	(8,335,000)	191,665,000
2018 A-1	12/12/2019	8/1/2039	1.754-4.000%	100,000,000	100,000,000		-	(5,750,000)	94,250,000
Refunding 2019	12/12/2019	8/1/2048	1.754-3.121%	143,520,000	143,520,000	-	-	(2,980,000)	140,540,000
Refunding 2020	7/7/2020	8/1/2030	0.499%-1.898%	129,400,000	-	129,400,000	-	(2,335,000)	127,065,000
					$ 858,319,978	$ 129,400,000	$ 10,288,211	$(140,422,720)	$857,585,469

Debt Service Requirement to Maturity

The Election 2002 General Obligation Bonds mature through August 1, 2033, as follows:

Fiscal Year	Principal (Including accreted interest to date)	Accreted Interest	Total
2022	$ -	$ -	$ -
2023	-	-	-
2024	-	-	-
2025	113,753	26,247	140,000
2026	190,433	59,567	250,000
2027-2031	1,829,973	1,195,027	3,025,000
2032-2034	9,732,659	15,742,341	25,475,000
Total	$ 11,866,818	$ 17,023,182	$ 28,890,000

The Election 2008 General Obligation Bonds mature through August 1, 2048, as follows:

Fiscal Year	Principal (Including accreted interest to date)	Accreted Interest	Current Interest to Maturity	Total
2022	$ 269,597	$ 10,403	$ 5,439,641	$ 5,719,641
2023	556,330	63,670	5,439,641	6,059,641
2024	717,372	152,628	5,439,641	6,309,641
2025	891,223	238,777	5,431,266	6,561,266
2026	1,065,164	359,836	5,410,016	6,835,016
2027-2031	5,206,835	4,803,165	26,985,703	36,995,703
2032-2036	31,530,000	-	23,474,353	55,004,353
2037-2041	73,826,195	94,263,805	13,457,161	181,547,161
2042-2046	53,268,493	158,551,507	3,738,700	215,558,700
2047-2049	28,595,922	170,924,078	-	199,520,000
Total	$ 195,927,131	$ 429,367,869	$ 94,816,118	$ 720,111,118

The Election 2018 General Obligation Bonds mature through August 1, 2049, as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2022	$ 14,070,000	$ 9,891,468	$ 23,961,468
2023	8,325,000	9,539,381	17,864,381
2024	3,705,000	9,374,975	13,079,975
2025	3,775,000	9,300,010	13,075,010
2026	3,855,000	9,217,329	13,072,329
2027-2031	20,845,000	44,436,692	65,281,692
2032-2036	26,395,000	44,094,467	70,489,467
2037-2041	45,860,000	35,242,941	81,102,941
2042-2046	73,155,000	24,964,600	98,119,600
2047-2050	85,930,000	7,224,400	93,154,400
Total	$ 285,915,000	$ 203,286,263	$ 489,201,263

The General Obligation Refunding Bonds mature through August 1, 2048, as follows:

Fiscal Year	Principal (Including accreted interest to date)	Accreted Interest	Current Interest to Maturity	Total
2022	$ 16,462,379	$ 92,621	$ 9,186,075	$ 25,741,075
2023	16,783,916	1,186,084	8,756,949	26,726,949
2024	17,360,225	1,934,775	8,356,970	27,651,970
2025	20,695,000	-	8,038,303	28,733,303
2026	22,450,000	-	7,793,021	30,243,021
2027-2031	133,700,000	-	30,770,085	164,470,085
2032-2036	110,235,000	-	11,731,966	121,966,966
2037-2041	7,015,000	-	3,564,409	10,579,409
2042-2046	10,615,000	-	2,215,520	12,830,520
2047-2049	8,560,000	-	413,534	8,973,534
Total	$ 363,876,520	$ 3,213,480	$ 90,826,832	$ 457,916,832

Note 8 - Aggregate Net Other Postemployment Benefits (OPEB) Liability

For the year ended June 30, 2021, the District reported an aggregate net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 1,232,020	$ 1,852,243	$ 2,651,157	$ 298,001
Medicare Premium Payment (MPP) Program	580,056	-	-	93,832
Total	$ 1,812,076	$ 1,852,243	$ 2,651,157	$ 391,833

The details of each plan are as follows:

District Plan

Plan Administration

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

Management of the Plan is vested in District management. Management of the trust assets is vested with the Benefits Trust Company.

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	39
Active employees	681
Total	720

San Bernardino Community College District Futuris Trust

The District's Futuris 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 San Bernardino Community College District Retirement Board as directed by the investment alternative choice selected by the Board. The District retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the California *Government Code* Section 53600.5 which specifies that the trustee's primary role is to preserve capital, to maintain investment liquidity, and to protect investment yield. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been discretely presented. Separate financial statements are not prepared for the Trust.

Benefits Provided

The Plan provides medical 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, the California Teacher's Association (CTA), the local California Service Employees Association (CSEA), and unrepresented groups. Voluntary contributions based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the District, CTA, CSEA, and the unrepresented groups. For the measurement period ended June 30, 2020, the District paid $592,667 in benefits.

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, 2020:

Asset Class	Target Allocation
Fixed Income	55%
Real Estate Investment Trusts	4%
Domestic Equities	22%
International Equities	19%

Rate of Return

For the year ended June 30, 2020, the annual money-weighed rate of return on investments, net of investment expense, was 4.58%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the District

The District's net OPEB liability of $1,232,020 was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The components of the net OPEB liability of the District at June 30, 2020, were as follows:

Total OPEB liability	$ 10,385,458
Plan fiduciary net position	(9,153,438)
Net OPEB liability	$ 1,232,020
Plan fiduciary net position as a percentage of the total OPEB liability	88.14%

Actuarial Assumptions

The total OPEB liability as of June 30, 2020 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total OPEB liability to June 30, 2020. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.75 percent, average, including inflation
Discount rate	5.85 percent
Investment rate of return	5.85 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate	4.00 percent

The discount rate was based on the assumed long-term expected rate of return on plan assets plus the long term inflation assumption.

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 October 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, 2020, (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed Income	4.50%
Real Estate Investment Trusts	7.50%
Domestic Equities	7.50%
International Equities	7.50%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.85%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2019	$ 9,636,350	$ 8,807,081	$ 829,269
Service cost	860,924	-	860,924
Interest	568,995	-	568,995
Difference between expected and actual experience	(88,144)	-	(88,144)
Contributions - employer	-	592,667	(592,667)
Expected investment income	-	512,969	(512,969)
Differences between projected and actual earnings on OPEB plan investments	-	(89,857)	89,857
Benefit payments	(592,667)	(592,667)	-
Administrative expense	-	(76,755)	76,755
Net change in total OPEB liability	749,108	346,357	402,751
Balance, June 30, 2020	$ 10,385,458	$ 9,153,438	$ 1,232,020

There were no changes of assumptions or other inputs since the previous valuation. There were no changed in benefit terms since the previous valuation.

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

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

Discount Rate	Net OPEB Liability
1% decrease (4.85%)	$ 1,940,525
Current discount rate (5.85%)	1,232,020
1% increase (6.85%)	582,831

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

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

Healthcare Cost Trend Rates	Net OPEB Liability
1% decrease (3.00%)	$ 493,154
Current healthcare cost trend rate (4.00%)	1,232,020
1% increase (5.00%)	2,012,648

Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2021, 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	$ 432,568	$ -
Differences between expected and actual experience	-	2,648,056
Changes of assumptions	1,303,279	-
Net difference between projected and actual earnings on OPEB plan investments	116,396	3,101
Total	$ 1,852,243	$ 2,651,157

The deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the subsequent fiscal year.

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ 31,258
2023	31,259
2024	32,809
2025	17,969
Total	$ 113,295

The deferred outflows/(inflows) of resources related to differences between expected and actual experience in the measurement of the total OPEB liability 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 13.4 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ (117,386)
2023	(117,386)
2024	(117,386)
2025	(117,386)
2026	(117,386)
Thereafter	(757,847)
Total	$ (1,344,777)

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2021, the District reported a liability of $580,056 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, was 0.1369% and 0.1306%, respectively, resulting in a net increase in the proportionate share of 0.0063%.

For the year ended June 30, 2021, the District recognized OPEB expense of $93,832.

Actuarial Methods and Assumptions

The June 30, 2020 total OPEB liability was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability to June 30, 2020, using the assumptions listed in the following table:

Measurement Date	June 30, 2020
Valuation Date	June 30, 2019
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	2.21%
Medicare Part A Premium Cost Trend Rate	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%

For the valuation as of June 30, 2019, 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% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 294 or an average of 0.18% of the potentially eligible population (159,339).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2020, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2020, is 2.21%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.21%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 1.29% from 3.50% as of June 30, 2019.

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

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

Discount Rate	Net OPEB Liability
1% decrease (1.21%)	$ 641,413
Current discount rate (2.21%)	580,056
1% increase (3.21%)	527,845

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.5% Part A and 4.4% Part B)	$ 525,956
Current Medicare costs trend rate (4.5% Part A and 5.4% Part B)	580,056
1% increase (5.5% Part A and 6.4% Part B)	642,334

Note 9 - Risk Management

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year ended June 30, 2021, the District contracted with the Statewide Association for Excess Risks (SAFER) 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 2020-2021, the District participated in the Schools Alliance for Workers' Compensation Excess (SAWCX II) Joint Powers Authority (JPA), an insurance purchasing pool. The District is self insured for the first $500,000 of each workers' compensation claim. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated, and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

Insurance Program / Company Name	Type of Coverage	Limits
Schools Alliance for Workers' Compensation Excess (SAWCX II)	Excess Workers' Compensation	$ 50,500,000
Schools Association for Excess Risk (SAFER)	Property	$ 250,000,000
Schools Association for Excess Risk (SAFER)	Liability	$ 25,000,000

Claims Liability

The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents the changes in approximate liabilities for the District from July 1, 2019 to June 30, 2021:

	Workers' Compensation
Liability Balance, July 1, 2019	$ 3,174,783
Claims and changes in estimates	1,736,299
Claims payments	(1,736,299)
Liability Balance, June 30, 2020	3,174,783
Claims and changes in estimates	553,413
Claims payments	(660,083)
Liability Balance, June 30, 2021	$ 3,068,113
Assets available to pay claims at June 30, 2021	$ 8,539,097

Note 10 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2021, the District reported its proportionate share of the aggregate 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	$ 76,124,802	$ 26,487,568	$ 4,841,647	$ 12,398,954
CalPERS	77,523,785	15,890,842	-	21,705,758
Total	$ 153,648,587	$ 42,378,410	$ 4,841,647	$ 34,104,712

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, 2019, 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% 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 non-employer 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 Defined Benefit Program provisions and benefits in effect at June 30, 2021, are summarized as follows:

	STRP	
Hire date	On or before December 31, 2012	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	16.15%	16.15%
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 are 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 California Assembly Bill 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above, and the District's total contributions were $6,998,501.

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

At June 30, 2021, 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	$ 76,124,802
State's proportionate share of net pension liability associated with the District	39,242,344
Total	$ 115,367,146

The net pension liability was measured as of June 30, 2020. 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, 2020 and June 30, 2019, was 0.0786% and 0.0738%, respectively, resulting in a net increase in the proportionate share of 0.0048%.

For the year ended June 30, 2021, the District recognized pension expense of $12,398,954. In addition, the District recognized pension expense and revenue of $5,497,467 for support provided by the State. At June 30, 2021, 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	$ 6,998,501	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	10,123,208	2,694,798
Differences between projected and actual earnings on pension plan investments	1,808,288	-
Differences between expected and actual experience in the measurement of the total pension liability	134,325	2,146,849
Changes of assumptions	7,423,246	-
Total	$ 26,487,568	$ 4,841,647

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
2022	$ (1,103,406)
2023	616,116
2024	1,229,222
2025	1,066,356
Total	$ 1,808,288

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
2022	$ 4,122,379
2023	2,208,419
2024	3,367,672
2025	1,294,933
2026	1,251,771
Thereafter	593,958
Total	$ 12,839,132

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, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 2015 through June 30, 2018
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% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) 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, 20210, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42.0%	4.8%
Private equity	13.0%	6.3%
Real estate	15.0%	3.6%
Inflation sensitive	6.0%	3.3%
Fixed income	12.0%	1.3%
Risk mitigating strategies	10.0%	1.8%
Cash/liquidity	2.0%	-0.4%

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. 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%) 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%)	$ 115,013,972
Current discount rate (7.10%)	76,124,802
1% increase (8.10%)	44,016,316

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, 2019, 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 School Employer Pool provisions and benefits in effect at June 30, 2021, are summarized as follows:

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	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	20.70%	20.70%

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, 2021, are presented above, and the total District contributions were $7,393,102.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $77,523,785. 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, 2020 and June 30, 2019, was 0.2527% and 0.2439%, respectively, resulting in a net increase in the proportionate share of 0.0088%.

For the year ended June 30, 2021, the District recognized pension expense of $21,705,758. At June 30, 2021, the District reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Pension contributions subsequent to measurement date	$ 7,393,102
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,754,718
Differences between projected and actual earnings on pension plan investments	1,613,798
Differences between expected and actual experience in the measurement of the total pension liability	3,844,941
Changes of assumptions	284,283
Total	$ 15,890,842

The deferred outflow 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
2022	$ (603,917)
2023	538,673
2024	936,301
2025	742,741
Total	$ 1,613,798

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

Year Ended June 30,	Deferred Outflows of Resources
2022	$ 4,209,200
2023	2,177,179
2024	469,578
2025	27,985
Total	$ 6,883,942

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, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% 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%. 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%)	$ 111,454,577
Current discount rate (7.15%)	77,523,785
1% increase (8.15%)	49,362,930

CalSTRS/CalPERS Irrevocable Trust

During the 2017-2018 fiscal year, the District established an IRS Section 115 irrevocable trust through Public Agency Retirement Services (PARS) for the purpose of funding future employer contributions associated with the CalSTRS and CalPERS pension plans. Funds deposited into this trust are not considered “plan assets” for GASB Statement No. 68 reporting; therefore, the balance of the irrevocable trust is not netted against the net pension liability shown on the Statement of Net Position. The balance and activity of the trust is recorded as a special revenue fund of the District. As of June 30, 2021, the balance of the trust was $99,288,977.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2021, which amounted to $4,441,069 (10.328%) 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, 2021. 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.

Note 11 - Participation in Public Entity Risk Pools and Joint Powers Authorities

The District is a member of several JPAs. The relationship between the District and the JPAs is such that they are not considered component units of the District for financial reporting purposes. The following is summary of these arrangements:

Schools Association for Excess Risk (SAFER)

SAFER’s excess property and liability insurance program was established in 2002 to meet the needs of California K-12 schools and community college districts. The program provides their members with comprehensive coverage and competitive rates. SAFER’s membership consists of one individual member district and three joint powers authority members, which represent 517 school and college districts. A board comprised of two representatives from each member with an average daily attendance (ADA) of over 100,000, or one representative for ADAs with less than 100,000, governs SAFER. Each member is allowed votes based on a weighted system based on ADA.

Statewide Association of Community Colleges (SWACC)

SWACC arranges for and provides the broadest possible property and liability protection available to school districts. SWACC’s membership consists of 46 community college districts and two joint powers authority members. A board comprised of one representative from each member governs SWACC. Each member is allowed votes based on a weighted system based on ADA. The board controls the operations of SWACC and elects officers from its members.

Schools Alliance for Workers' Compensation Excess II Self Joint Powers Authority (SAWCX II)

SAWCX II arranges for and provides services necessary for members to establish, operate, and maintain a joint program of workers' compensation protection. SAWCX II membership consists of various educational districts and JPAs statewide. A board comprised of one representative from each member governs SAWCX II.

California Community College Financing Authority (CCCFA)

CCCFA provides short-term financing for members. A board of 16 elected voting members, elected alternates, and two ex-officio members governs CCCFA. Membership consists of community college districts throughout California. A board comprised of one representative from each member governs CCCFA.

San Bernardino Regional Emergency Training Center (SBRETC)

SBRETC was formed to establish a live-fire aircraft, rescue, and fire-fighting training facility in Southern California.

Membership consists of the San Bernardino County Consolidated Fire District, the City of San Bernardino, and the San Bernardino Community College District. The governing board is comprised of representatives from each member agency.

Note 12 - Lease Revenue

The District has property held for lease. Lease agreements have been entered into with various lessors for terms that exceed one year. None of the agreements contain purchase options. All of the agreements contain a termination clause providing cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date. The future minimum lease payments expected to be received under these agreements are as follows:

Year Ending June 30,	Lease Revenue
2022	$ 3,235,640
2023	2,712,236
2024	2,585,835
2025	2,654,506
2026	2,689,115
Thereafter	5,512,651
Total	$ 19,389,983

Note 13 - 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 is 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, 2021.

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, 2021.

Operating Leases

The District leases building space for their District office and other uses. The District also leases equipment for general use. Payout amounts vary by lease agreement.

Year Ending June 30,	Lease Payment
2022	$ 1,091,249
2023	1,125,098
2024	1,149,823
2025	1,178,955
2026	1,138,941
2027-2031	3,745,926
Total	$ 9,429,992

Construction Commitments

As of June 30, 2021, the District had approximately $419.6 million in commitments with respect to unfinished capital projects. The projects are funded through a combination of general obligation bonds and capital project apportionments from the California State Chancellor's Office.

Note 14 - Restatement of Prior Year Net Position

The District adopted GASB Statement No. 84, *Fiduciary Activities*, in the current year. As a result, the effect on the current fiscal year is as follows:

Primary Government	
Net Position - Beginning	$ 58,792,912
Inclusion of assets and liabilities of funds previously identified as fiduciary in nature from the adoption of GASB Statement No. 84	96,876,834
Net Position - Beginning, as Restated	$ 155,669,746

Fiduciary Funds	
Net Position - Beginning	$ 105,758,178
Exclusion of assets and liabilities of funds previously identified as fiduciary in nature from the adoption of GASB Statement No. 84	(96,604,740)
Net Position - Beginning, as Restated	$ 9,153,438

Note 15 - Subsequent Events

On August 5, 2021, the District issued $214,680,000 of 2021 General Obligation Refunding Bonds. The Bonds are being issued to advance refund the District's outstanding Election 2018 General Obligation Bonds, Series A, and to pay the costs of issuing the Bonds. The Bonds were issued with interest rates between 0.225% and 2.856%, with a final maturity on August 1, 2049.

Required Supplementary Information
June 30, 2021

San Bernardino Community College District

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	$ 860,924	$ 693,805	$ 666,828	$ 624,455
Interest	568,995	611,659	424,414	519,126
Difference between expected and actual experience	(88,144)	(3,016,752)	-	-
Changes of assumptions	-	1,531,925	-	-
Benefit payments	(592,667)	(287,288)	(287,288)	(386,897)
Net change in total OPEB liability	749,108	(466,651)	803,954	756,684
Total OPEB Liability - Beginning	9,636,350	10,103,001	9,299,047	8,542,363
Total OPEB Liability - Ending (a)	$ 10,385,458	$ 9,636,350	$ 10,103,001	$ 9,299,047
Plan Fiduciary Net Position				
Contributions - employer	$ 592,667	$ 287,288	$ 436,390	$ 386,897
Expected investment income	512,969	504,803	479,953	749,118
Differences between projected and actual earnings on OPEB plan investments	(89,857)	(74,185)	7,754	-
Benefit payments	(592,667)	(287,288)	(436,390)	(386,897)
Administrative expense	(76,755)	(73,825)	(73,272)	(68,535)
Net change in plan fiduciary net position	346,357	356,793	414,435	680,583
Plan Fiduciary Net Position - Beginning	8,807,081	8,450,288	8,035,853	7,355,270
Plan Fiduciary Net Position - Ending (b)	$ 9,153,438	$ 8,807,081	$ 8,450,288	$ 8,035,853
Net OPEB Liability - Ending (a) - (b)	$ 1,232,020	$ 829,269	$ 1,652,713	$ 1,263,194
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	88.14%	91.39%	83.64%	86.42%
Covered Employee Payroll	$ 81,963,320	$ 76,221,687	$ 67,303,034	$ 62,292,241
Net OPEB Liability as a Percentage of Covered Employee Payroll	1.50%	1.09%	2.46%	2.03%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	4.58%	5.12%	4.22%	9.90%

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

Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.1369%	0.1306%	0.1198%	0.1200%
Proportionate share of the net OPEB liability	$ 580,056	$ 486,224	$ 458,578	$ 504,754
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2021	2020	2019	2018
CalSTRS				
Proportion of the net pension liability	0.0786%	0.0738%	0.0667%	0.0663%
Proportionate share of the net pension liability	$ 76,124,802	$ 66,659,738	$ 61,345,890	$ 61,286,649
State's proportionate share of the net pension liability associated with the District	39,242,344	36,367,337	35,123,391	36,256,664
Total	$ 115,367,146	$ 103,027,075	$ 96,469,281	$ 97,543,313
Covered payroll	$ 45,474,871	$ 41,214,318	$ 37,332,356	$ 35,577,170
Proportionate share of the net pension liability as a percentage of its covered payroll	167.40%	161.74%	164.32%	172.26%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
CalPERS				
Proportion of the net pension liability	0.2527%	0.2439%	0.2252%	0.2131%
Proportionate share of the net pension liability	$ 77,523,785	$ 71,082,778	$ 60,052,342	$ 50,863,523
Covered payroll	$ 36,488,449	$ 35,007,369	$ 29,970,678	$ 26,715,071
Proportionate share of the net pension liability as a percentage of its covered payroll	212.46%	203.05%	200.37%	190.39%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

	2017	2016	2015
CalSTRS			
Proportion of the net pension liability	0.0682%	0.0779%	0.0581%
Proportionate share of the net pension liability	$ 55,196,567	$ 52,472,482	$ 33,957,179
State's proportionate share of the net pension liability associated with the District	31,422,421	27,752,159	20,504,811
Total	$ 86,618,988	$ 80,224,641	$ 54,461,990
Covered payroll	$ 34,885,918	$ 33,717,601	$ 30,941,662
Proportionate share of the net pension liability as a percentage of its covered payroll	158.22%	155.62%	109.75%
Plan fiduciary net position as a percentage of the total pension liability	70%	74%	77%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS			
Proportion of the net pension liability	0.2204%	0.1032%	0.1033%
Proportionate share of the net pension liability	$ 21,155,192	$ 32,474,152	$ 23,974,911
Covered payroll	$ 27,478,113	$ 24,617,297	$ 21,652,411
Proportionate share of the net pension liability as a percentage of its covered payroll	76.99%	131.92%	110.73%
Plan fiduciary net position as a percentage of the total pension liability	74%	79%	83%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014

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

	2021	2020	2019	2018
CalSTRS				
Contractually required contribution	$ 6,998,501	$ 7,776,203	$ 6,709,691	$ 5,387,059
Contributions in relation to the contractually required contribution	(6,998,501)	(7,776,203)	(6,709,691)	(5,387,059)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 43,334,372	$ 45,474,871	$ 41,214,318	$ 37,332,356
Contributions as a percentage of covered payroll	16.15%	17.10%	16.28%	14.43%
CalPERS				
Contractually required contribution	$ 7,393,102	$ 7,195,887	$ 6,323,031	$ 4,654,746
Contributions in relation to the contractually required contribution	(7,393,102)	(7,195,887)	(6,323,031)	(4,654,746)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 35,715,469	$ 36,488,449	$ 35,007,369	$ 29,970,678
Contributions as a percentage of covered payroll	20.700%	19.721%	18.062%	15.531%

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

	2017	2016	2015
CalSTRS			
Contractually required contribution	$ 4,475,608	$ 3,743,259	$ 2,994,123
Contributions in relation to the contractually required contribution	(4,475,608)	(3,743,259)	(2,994,123)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 35,577,170	$ 34,885,918	$ 33,717,601
Contributions as a percentage of covered payroll	12.58%	10.73%	8.88%
CalPERS			
Contractually required contribution	$ 3,710,189	$ 3,255,332	$ 2,897,702
Contributions in relation to the contractually required contribution	(3,710,189)	(3,255,332)	(2,897,702)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 26,715,071	$ 27,478,113	$ 24,617,297
Contributions as a percentage of covered payroll	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 OPEB liability, including beginning and ending balances, the Plan's fiduciary net position, and the net OPEB liability. In the future, as data becomes available, ten years of information will be presented.

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

Schedule of OPEB Investment Returns

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

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

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

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The plan rate of investment return assumption was changed from 3.50% to 2.21% since the previous valuation.

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

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

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

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, 2021

San Bernardino Community College District

San Bernardino Community College District was established in 1926 and is located in San Bernardino County. There were no changes in the boundaries of the District during the current year. The District's colleges are accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

Board of Trustees as of June 30, 2021

Member	Office	Term Expires
Dr. Anne Viricel	Chair	2024
Dr. Stephanie Houston	Vice Chair	2022
Gloria Macia Harrison	Clerk	2024
John Longville	Trustee	2024
Frank Reyes	Trustee	2024
Dr. Donald L. Singer	Trustee	2022
Joseph Williams	Trustee	2022
Lauren Ashlock	Student Trustee, CHC	2022
Elena Danchez Paez	Student Trustee, SBVC	2022

Administration as of June 30, 2021

Jose F. Torres, MPA	Interim Chancellor
Diana Rodriguez, M.Ed.	President - San Bernardino Valley College
Dr. Kevin Horan, Ed.	President - Crafton Hills College

Auxiliary Organizations in Good Standing

Crafton Hills College Foundation, established 1987
Master Agreement signed 2019
Michelle Riggs, Director, Institutional Advancement

San Bernardino Valley College Foundation, established 1973
Master Agreement signed 2019
Michael Layne, Interim Director

Inland Futures Foundation, established 2013
Master Agreement signed 2019
Jose Torres, Chief Financial Officer

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063		$ 16,763,892
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		988,500
FSEOG Administrative Allowance	84.007		49,243
Federal Work-Study Program	84.033		10,760
Subtotal Student Financial Assistance Cluster			17,812,395
TRIO Cluster			
TRIO Student Support Services	84.042A		329,530
Subtotal TRIO Cluster			329,530
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E		2,979,111
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F		8,966,028
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L		71,750
Subtotal			12,016,889
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education Act (CTEA), Title I, Part C	84.048A	20-C01-009	547,240
Passed through State of California Department of Rehabilitation			
Workability III Program	84.126A	30985	126,956
Total U.S. Department of Education			30,833,010
U.S. Department of Commerce			
Passed through California Manufacturers and Technology Consulting (CMTC)			
Manufacturing Extension Partnership	11.611	70NANB16H208	246,658
Total U.S. Department of Commerce			246,658
U.S. Department of Agriculture			
Passed through California Department of Education			
Child and Adult Care Food Program	10.558	04375-CACFP-36-CC-CS	94,010
Total U.S. Department of Agriculture			94,010
U.S. Department of the Treasury			
Passed through California Community Colleges Chancellor's Office			
COVID-19: Coronavirus Relief Fund	21.019	[1]	747,396
Total U.S. Department of the Treasury			747,396

[1] Pass-Through Entity Identifying Number not available.

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Research and Development Cluster			
National Science Foundation			
Passed through University Enterprises Corporation at CSU San Bernardino			
Promoting Pre and Post transfer Success in STEM at Hispanic Serving Institutions	47.076	GT17154	$ 127,498
U.S. Department of Education			
Passed through University Enterprises Corporation at CSU San Bernardino			
Title V - Developing Hispanic Serving Institutions: Improving Student Success in Digital Media Disciplines	84.031S	[1]	45,553
Subtotal Research and Development Cluster			173,051
U.S. Department of Veterans Affairs			
Veterans Services	64.117		2,682
U.S. Department of Health and Human Services			
Passed through California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	67,149
Foster and Kinship Care Education	93.658	[1]	53,667
Child Care and Development Fund (CCDF) Cluster			
Passed through California Department of Education			
Child Care and Development Block Grant	93.575	15136	58,236
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609	126,686
Passed through Yosemite CCD Child Development Consortium			
Child Care and Development Block Grant	93.575	[1]	34,500
Subtotal CCDF Cluster			219,422
Total U.S. Department of Health and Human Services			340,238
Total Federal Financial Assistance			$ 32,437,045

[1] Pass-Through Entity Identifying Number not available.

Program	Cash Received	Accounts Receivable	Unearned Revenue	Accounts Payable	Total Revenue	Program Expenditures
	Program Revenues					
PROP 30 -EPA	$ 23,978,192	$ -	$ -	$ -	$ 23,978,192	$ 23,978,192
AB104 ADULT ED BLOCK GRANT	1,546,372	-	356,070	-	1,190,302	1,190,302
SFAA-BFAP ADM ALLOWANCE	781,567	-	115,627	-	665,940	665,940
HUNGER FREE CAMPUS SUPPORT	152,666	-	70,030	-	82,636	82,636
MESA GRANT	-	66,066	-	-	66,066	66,066
ENROLLMENT GROWTH/NURSING PGM	171,698	-	-	56,372	115,326	115,326
AB798 TEXTBOOK AFFORDABILITY	25,435	-	25,435	-	-	-
DREAMER STUDENTS	37,590	-	37,590	-	-	-
VETERANS RESOURCE CENTER	438,657	-	387,887	-	50,770	50,770
FINANCIAL AID TECHNOLOGY	269,060	-	95,575	-	173,485	173,485
IMPROVING ONLINE CTE PATHWAYS	128,859	-	-	-	128,859	128,859
CALIFORNIA SPACE GRANT	500	-	500	-	-	-
CERTIFIED NURSE ASSISTANT PROGRAM	117,500	-	117,500	-	-	-
ADVANCED TRANS LOGISTICS-SDCC	-	167,475	-	-	167,475	167,475
EOPS-CARE PROGRAM	265,292	-	34,260	-	231,032	231,032
EOPS	1,674,280	-	110,523	-	1,563,757	1,563,757
HANDICAPPED STUDENT PROGRAMS	1,293,737	-	119,366	-	1,174,371	1,174,371
CHILD DEVELOPMENT	567,723	43,091	-	70,924	539,890	490,450
STATE PRESCHOOL GRANT	1,641,185	-	-	21,385	1,619,800	1,518,901
CHILD CARE FOOD PROGRAM	4,106	1,178	-	-	5,284	30,164
FOSTER PARENTS	84,829	-	-	-	84,829	84,829
YOUTH EMPOWERMENT STR	9,925	12,369	-	-	22,294	22,294
STUDENT EQUITY GRANT	591,188	679,494	-	-	1,270,682	1,270,682
TELECOMMUNICATIONS TECHNOLOGY	5,641	-	5,641	-	-	-
BASIC SKILLS	893,274	-	280,360	-	612,914	612,914
INSTRUCTIONAL EQUIPMENT ALLOCATION	96,005	-	96,005	-	-	-
BLOCK GRANT FY-98	9,398	-	-	-	9,398	9,398
STUDENT SUCCESS AND SUPPORT PROGRAM	1,422,048	1,789,044	-	-	3,211,092	3,211,092
3C MEDIA SOLUTIONS	5,775	-	5,775	-	-	-

Program	Program Revenues					
	Cash Received	Accounts Receivable	Unearned Revenue	Accounts Payable	Total Revenue	Program Expenditures
PROP 39 CLEAN ENERGY FUNDING	$ 48,251	$ -	$ 48,251	$ -	$ -	$ -
ALTERNATE TEXT PRODUCTION CENTER	722,196	580,885	-	-	1,303,081	1,303,081
EDUCATIONAL PLANNING INITIATIVE	70,097	-	70,097	-	-	-
TRANSITIONAL ASSISTANCE	26,398	40,751	-	-	67,149	67,149
CALWORKS	932,508	-	236,505	-	696,003	696,003
PROP 39 REGION F COLLEGES/SBVC	428	-	428	-	-	-
CALIFORNIA COLLEGE PROMISE	2,338,996	-	1,739,534	-	599,462	599,462
ECONOMIC DEVT FOR DISTRESSED AREAS	1,855,837	-	1,750,000	-	105,837	105,837
STUDENT EQUITY AND ACHIEVEMENT	821,367	634,525	-	-	1,455,892	1,455,892
LEDRC 2016 ARROYO VALLEY CYBER	19,022	9,553	-	-	28,575	28,575
EQUAL EMPLOYMENT OPPORTUNITY	91,525	-	30,573	-	60,952	60,952
MENTAL HEALTH SUPPORT	7,835	-	-	-	7,835	7,835
SCHOOL COMM INTEROPERABILTY GT	-	95,067	-	-	95,067	95,067
DREAM RESOURCE LIAISON	91,071	-	91,071	-	-	-
SWP REGIONAL REALLOCATED FUNDS	-	60,610	-	-	60,610	60,610
SWP LE CYBERHUB CENTERS/RCC	46,105	93,936	-	-	140,041	140,041
GUIDED PATHWAYS	1,436,770	-	1,222,529	-	214,241	214,241
CAMPUS SAFETY AND SEXUAL ASSAULT	36,549	-	36,549	-	-	-
SWP-POSITIVE INCENTIVE FUNDING	266,473	-	34,853	-	231,620	231,620
SWP BIW CURRICULUM ALIGNMENT	7,790	-	-	-	7,790	7,790
SWP/DATA ANALYSIS AND ALIGNMENT	-	14,264	-	-	14,264	14,264
SWP/REGIONAL CAREER MANAGEMENT	-	11,625	-	-	11,625	11,625
SWP-IEDRC EQUITABLE LEARNING	52,360	23,236	-	-	75,596	75,596
SWP-AUTOMOTIVE/AVIATION REMOTE	-	23,348	-	-	23,348	23,348
DISTANCE ED CAPTIONING-CHC	-	95,192	-	-	95,192	95,192
IE PRE-APPRENTICESHIP PGM	-	79,196	-	-	79,196	79,196
RIVERSIDE COUNTY REGIONAL TRAINING	181	-	181	-	-	-
REGIONAL SHARES/STRONG WORKFORCE	26,883	-	-	-	26,883	26,883

Program	Program Revenues: Cash Received	Accounts Receivable	Unearned Revenue	Accounts Payable	Total Revenue	Program Expenditures
MIDDLE COLLEGE HIGH SCHOOL	$ -	$ 84,958	$ -	$ -	$ 84,958	$ 84,958
IEDRC P47R5 WORKED BASED LEARN	-	48,621	-	-	48,621	48,621
IEDRC P44R5/CYBER-CLOUD	-	152	-	-	152	152
ICT/DIGITAL MEDIA-1070AB	261,441	-	44,834	-	216,607	216,607
CALTRANS - PAROLEE WORKCREW 7/16	404,260	662,567	-	-	1,066,827	1,066,827
CTE DATA UNLOCKED INITIATIVE	45,541	-	27,809	-	17,732	17,732
BUTTE COLLEGE/CA DEPT OF HR	-	112,134	-	-	112,134	112,134
SWP/P17 CLOUD BASED NETLAB	87,209	-	-	-	87,209	87,209
SWP - EMP/SKILLS CREATE PATHWAYS	-	16,344	-	-	16,344	16,344
VETERANS RESOURCE CENTER	109,317	7,985	24,751	-	92,551	92,551
PRISON TO EMPLOYMENT INITIATIVE	-	87,971	-	-	87,971	87,971
ETP #8	405,958	-	256,460	-	149,498	149,498
STAFF DEVELOPMENT	248	-	248	-	-	-
CLASSIFIED PROFESSIONAL DEVELOPMENT	80,279	-	76,379	-	3,900	3,900
COVID19 RESPONSE BLK GRT-STATE	916,248	-	-	-	916,248	916,248
CALFRESH OUTREACH	47,209	-	47,209	-	-	-
STUDENT RETENTION & OUTREACH	197,327	-	197,327	-	-	-
LOCAL SHARES/SWP ROUND 3	1,058,762	-	514,292	-	544,470	544,470
LOCAL SHARES/SWP ROUND 4	1,128,635	-	474,747	-	653,888	653,888
LOCAL SHARES/SWP ROUND 5	2,152,581	-	1,740,193	-	412,388	412,388
REGIONAL SHARES/SWP ROUND 3	375,604	-	-	-	375,604	375,604
REGIONAL SHARES/SWP ROUND 4	57,428	276,624	-	-	334,052	334,052
REGIONAL SHARES/SWP ROUND 5	-	133,207	-	-	133,207	133,207
TECHNICAL BLDG REPLACEMENT	-	1,273,000	-	-	1,273,000	1,273,000
NEW PAC BUILDING	-	279,000	-	-	279,000	279,000
Total state programs	$ 52,439,191	$ 7,503,468	$ 10,522,964	$ 148,681	$ 49,271,014	$ 49,145,555

CATEGORIES	Revised Reported Data**	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2020 only)			
1. Noncredit*	1.84	-	1.84
2. Credit	1,800.65	-	1,800.65
B. Summer Intersession (Summer 2021 - Prior to July 1, 2021)			
1. Noncredit*	-	-	-
2. Credit	100.31	-	100.31
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	1,237.36	-	1,237.36
(b) Daily Census Contact Hours	326.30	-	326.30
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	43.04	-	43.04
(b) Credit	953.38	-	953.38
3. Alternative Attendance Accounting Procedures Courses			
(a) Weekly Census Procedure Courses	6,391.28	-	6,391.28
(b) Daily Census Procedure Courses	2,714.71	-	2,714.71
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	13,568.87	-	13,568.87
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Noncredit*	-	-	-
2. Credit	132.32	-	132.32
CCFS-320 Addendum			
CDCP Noncredit FTES	16.34	-	16.34

* Including Career Development and College Preparation (CDCP) FTES

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP	Reported	Audit	Revised	Reported	Audit	Revised
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 19,496,152	$ -	$ 19,496,152	$ 19,496,152	$ -	$ 19,496,152
Other	1300	16,170,318	-	16,170,318	16,170,318	-	16,170,318
Total Instructional Salaries		35,666,470	-	35,666,470	35,666,470	-	35,666,470
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	7,362,011	-	7,362,011
Other	1400	-	-	-	778,655	-	778,655
Total Noninstructional Salaries		-	-	-	8,140,666	-	8,140,666
Total Academic Salaries		35,666,470	-	35,666,470	43,807,136	-	43,807,136
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	21,610,311	-	21,610,311
Other	2300	-	-	-	1,191,332	-	1,191,332
Total Noninstructional Salaries		-	-	-	22,801,643	-	22,801,643
Instructional Aides							
Regular Status	2200	1,734,300	-	1,734,300	1,734,300	-	1,734,300
Other	2400	860,747	-	860,747	860,747	-	860,747
Total Instructional Aides		2,595,047	-	2,595,047	2,595,047	-	2,595,047
Total Classified Salaries		2,595,047	-	2,595,047	25,396,690	-	25,396,690
Employee Benefits	3000	8,805,098	-	8,805,098	19,768,066	-	19,768,066
Supplies and Material	4000	-	-	-	707,984	-	707,984
Other Operating Expenses	5000	1,127,708	-	1,127,708	8,550,981	-	8,550,981
Equipment Replacement	6420	-	-	-	231,504	-	231,504
Total Expenditures		48,194,323	-	48,194,323	98,462,361	-	98,462,361

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP	Reported	Audit	Revised	Reported	Audit	Revised
Exclusions							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ -	$ -	$ -	$ -	$ -	$ -
Student Health Services Above Amount Collected	6441	-	-	-	210,891	-	210,891
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	-	-	-
Objects to Exclude							
Rents and Leases	5060	-	-	-	1,069,402	-	1,069,402
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	Reported	Audit	Revised	Reported	Audit	Revised
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ 1,732,532	$ -	$ 1,732,532
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		-	-	-	3,012,825	-	3,012,825
Total for ECS 84362, 50 Percent Law		$ 48,194,323	$ -	$ 48,194,323	$ 95,449,536	$ -	$ 95,449,536
Percent of CEE (Instructional Salary Cost/Total CEE)		50.49%		50.49%	100.00%		100.00%
50% of Current Expense of Education					$ 47,724,768		$ 47,724,768

There were no adjustments to the Annual Financial and Budget Report (CCFS-311), which required reconciliation to the audited financial statements at June 30, 2021.

Activity Classification	Object Code			Unrestricted
EPA Revenue:	8630			$ 23,978,192
Activity Classification	**Activity Code**	**Salaries and Benefits (Obj 1000-3000)**	**Operating Expenses (Obj 4000-5000)**	**Capital Outlay (Obj 6000)**	**Total**
Instructional Activities	1000-5900	$ 23,978,192	$ -	$ -	$ 23,978,192
Total Expenditures for EPA		$ 23,978,192	$ -	$ -	$ 23,978,192
Revenues Less Expenditures					$ -

Amounts reported for governmental activities in the Statement of Net Position are different because		
Total fund balance		
General Funds	$ 34,599,378	
Special Revenue Funds	104,418,819	
Capital Project Funds	328,316,735	
Debt Service Funds	69,582,145	
Proprietary Funds	52,597,091	
Internal Service Funds	9,127,817	
Total fund balance - all District funds		$ 598,641,985
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	786,415,303	
Accumulated depreciation is	(211,918,385)	
Less: fixed assets already recorded in proprietary funds	(44,729,042)	
Total capital assets, net		529,767,876
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources at year-end consist of:		
Deferred outflows of resources related to debt refunding	43,079,152	
Deferred outflows of resources related to OPEB	1,852,243	
Deferred outflows of resources related to pensions	42,378,410	
Total deferred outflows of resources		87,309,805
The District has refunded debt liabilities with crossover bonds. These investments are held in an escrow account to pay liabilities remaining on the books at the crossover date.		35,490,020
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(10,410,039)

Long-term liabilities, including bonds payable, 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:		
General obligation bonds	$ (858,669,088)	
Compensated absences	(5,226,111)	
Aggregate net other postemployment benefits (OPEB) liability	(1,812,076)	
Aggregate net pension liability	(153,648,587)	
In addition, the District has issued 'capital appreciation' general obligation bonds. The accretion of interest unmatured on the general obligation bonds to date is	(41,608,156)	
Total long-term liabilities		$ (1,060,964,018)
Deferred inflows of resources represent an acquisition of net position in a future period and is not reported in the District's funds. Deferred inflows of resources amount to and related to		
Deferred inflows of resources related to OPEB	(2,651,157)	
Deferred inflows of resources related to pensions	(4,841,647)	
Total deferred inflows of resources		(7,492,804)
Total net position		$ 172,342,825

Note 1 - Purpose of Schedules

District Organization

This schedule provides information about the District's governing board members, administration members, and auxiliary organizations in good standing.

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, 2021. 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. 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. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate
The Organization has not elected to use the 10% de minimis cost rate.

Donated Personal Protective Equipment (PPE) (unaudited)
Nonmonetary assistance of PPE received during the emergency period of the COVID-19 pandemic was approximately $165,000 and is based on the estimated fair market value of the PPE received. The donated PPE was generally provided by donors without information about compliance or reporting requirements associated with federal financial assisting listings or Assistance Listing numbers. The donated PPE is not included in the Schedule of Expenditure of Federal Awards.

Schedule of Expenditures of State Awards

The accompanying Schedule of Expenditures of State Awards includes the state grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The information in this schedule is presented to comply with reporting requirements of the California State Chancellor's Office.

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

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

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

ECS 84362 requires the District to expend a minimum of 50% 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 Governmental 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, 2021

San Bernardino Community College District

CPAs & BUSINESS ADVISORS

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
San Bernardino Community College District
San Bernardino, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the remaining fund information of San Bernardino Community College District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 11, 2022.

Emphasis of Matter – Change in Accounting Principle
As discussed in Note 2 and Note 14 to the financial statements, the District adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which resulted in a restatement of net position as of July 1, 2020. Our opinions are not modified with respect to this matter.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Eide Bailly LLP

Rancho Cucamonga, California
January 11, 2022

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
San Bernardino Community College District
San Bernardino, California

Report on Compliance for Each Major Federal Program
We have audited San Bernardino 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, 2021. 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 the 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 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.

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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, 2021.

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 items 2021-001, 2021-002 and 2021-003. Our opinion on each major federal program is not modified with respect to these matters.

The District's responses to the noncompliance 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 compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a 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 and significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, and 2021-003 that we consider to be material weaknesses

The District 's responses to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the responses.

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
January 11, 2022

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

Board of Trustees
San Bernardino Community College District
San Bernardino, California

Report on State Compliance

We have audited San Bernardino Community College District's (the District) compliance with the types of compliance requirements described in the 2020-2021 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, 2021.

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 2020-2021 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.

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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 412	SCFF Supplemental Allocation Metrics
Section 413	SCFF Success Allocation Metrics
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 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
Section 499	COVID-19 Response Block Grant Expenditures

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 within classes subject to TBA Hours; therefore, 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, 2021.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the 2020-2021 California Community College Chancellor's Office Contracted District Audit Manual. Accordingly, the report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
January 11, 2022

Schedule of Findings and Questioned Costs
June 30, 2021

San Bernardino Community College District

Financial Statements

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

Federal Awards

Internal control over major programs	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	Yes

Identification of major programs:

Name of Federal Program or Cluster	Federal Financial Assistance Listing/ Federal CFDA Number
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L
COVID-19: Coronavirus Relief Fund	21.019
Student Financial Assistance Cluster	84.007, 84.033, 84.063

Dollar threshold used to distinguish between type A and type B programs	$973,111
Auditee qualified as low-risk auditee?	No

State Compliance

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

None reported.

The following findings represent material weaknesses and instances of noncompliance including questioned costs that are required to be reported by the Uniform Guidance.

2021-001 Special Tests and Provisions

Program Name: Student Financial Assistance Cluster
Federal Assistance Listing Number: 84.007, 84.033, and 84.063
Federal Agency: U.S. Department of Education (ED)
Pass-Through Entity: Direct Funded

Criteria or Specific Requirements

OMB Compliance Supplement, 34 CFR section 668.173(b): Timing of Return of Title IV Funds

Returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initialed to ED or the appropriate FFEL lender 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 canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date of institution determined that the student withdrew.

Condition

Material Weakness – At San Bernardino Valley College, the District's portion of the Return to Title IV funds was not returned within the 45-day requirement for 4 out of the 15 students tested. In addition, both San Bernardino Valley College and Crafton Hills College utilized an incorrect academic calendar for use in their Return to Title IV calculations.

Questioned Costs

The utilization of an incorrect calendar within the District's Colleague system resulted in underpayments to students of $1,332 for post withdrawal disbursements and an underpayment of the institutional portion of the amount to return of $11 at San Bernardino Valley College. The utilization of an incorrect calendar within the District's Colleague system resulted in underpayments to students of $27 for post withdrawal disbursements. No questioned costs are associated with the untimely return of Return to Title IV funds.

Context

There were 715 Return to Title IV calculations completed for San Bernardino Valley College and 54 were completed for Crafton Hills College.

Effect

Without proper monitoring of student withdrawals, the District is at risk of noncompliance with the above referenced criteria. Use of an incorrect academic calendar can result in inaccurate percentage of term completed when processing Return to Title IV calculations.

Cause

The District's policies and procedures were not properly adhered to.

Repeat Finding

Yes. See Finding 2020-002.

Recommendation

It is recommended that District should establish effective controls to ensure that Return to Title IV funds occurs within 45 days from the date the institution determines that student withdrew from all classes. The District should also establish controls to ensure that the input of the academic calendar into the Colleague systems is accurate.

Views of Responsible Officials and Corrective Action Plan

The San Bernardino Valley College Financial Aid Office will further update its controls to ensure that Return to Title IV funds occurs within 45 days from the date the institution determines the student withdrew from all classes. Controls will also be strengthened at both campuses to ensure that the input of the academic calendar into the Colleague system is accurate.

2021-002 Special Tests and Provisions

Program Name: Student Financial Assistance Cluster
Federal Assistance Listing Number: 84.007, 84.033, and 84.063
Federal Agency: U.S. Department of Education (ED)
Pass-Through Entity: Direct Funded

Criteria or Specific Requirements

OMB Compliance Supplement, OMB No. 1845-0035 – Institutions are required to report enrollment information under the Pell grant and the Direct and FFEL loan programs via the National Student Loan Data System (NSLDS).

Institutions must review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website.

Institutions are responsible for accurately reporting the following significant data elements under the Campus-Level Record that ED considers high risk:

Enrollment Effective Date – The date that the current enrollment status reported for a student was first effective.

- OPEID Number – This is the OPEID for the location that the student is actually attending.
- Enrollment Effective Date – The date that the current enrollment status reported for a student was first effective.
- Enrollment Status – The student's enrollment status as of the reporting date; full-time (F), three-quarter time (Q), half-time (H), less than half-time (L), leave of absence (A), graduated (Certification Date – The Date enrollment certified by school. At a minimum, schools are required to certify enrollment every 60 days.
- G), withdrawn (W), deceased (D), never attended (X) and record not found (Z)

Institutions are responsible for accurately reporting the following significant data elements under the Program-Level Record that ED considers high risk:

- OPEID – This is the OPEID for the location that the student is actually attending.

- CIP Code – The Classification of Instructional Programs (CIP) is a set of codes that define fields of study. CIP Codes are maintained by ED's National Center for Education Statistics (NCES). They were most recently updated in 2020 and are usually updated every ten years.

- CIP Year – Year for the corresponding CIP code.

- Credential Level – Indicates the level of a credential the student will receive for the program the student is attending, for example undergraduate certificate, associate degree, or bachelor's degree.

- Published Program Length Measurement – The institution identifies whether the Published Program Length is in days, weeks, or years.

- Published Program Length – Published Program Length should be reported based on the definition of "normal time" to completion in the regulations at 34 CFR 668.41(a).

- Program Begin Date – The Program Begin Date is the date the student first began attending the program being reported. Typically, this would be the first day of the term in which the student began enrollment in the program, unless the student enrolled in the program on an earlier date.

- Program Enrollment Status – The student's enrollment status as of the reporting date; full-time (F), three-quarter time (Q), half-time (H), less than half-time (L), leave of absence (A), graduated (G), withdrawn (W), deceased (D), never attended (X) and record not found (Z).

- Program Enrollment Effective Date – The date that the enrollment status as of the reporting date reported for the program was first effective.

Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer.

Condition

Material Weakness – During our review of the program reporting requirements, it was observed that the published program lengths that were being reported to NSLDS was inaccurate for 58 of the 60 students tested. The District reported the length of the program based on each individual student's enrollment status at the time of reporting. This caused the published program lengths in some instances as being in excess of 7 years. This condition was noted at both San Bernardino Valley College and Crafton Hills College. For San Bernardino Valley College, this was observed in 41 out of the 43 students tested. For Crafton Hills College, this was observed in 17 out of the 17 students tested.

Questioned Costs

There are no questioned costs associated to the noncompliance.

Context

The District processed and disbursed Title IV Pell awards totaling $16,763,892 during the fiscal year.

Effect

The District is not in compliance with the Federal requirements described in the OMB Compliance Supplement

Cause

The District did not properly report the published program length for students under the Pell grant program via NSLDS. The administration of the Title IV programs depends heavily on the accuracy of enrollment and program information reported by institutions

Repeat Finding

No.

Recommendation

The District should implement a process to review, update, and verify program length information that appears on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website.

Views of Responsible Officials and Corrective Action Plan

The Financial Aid Office at both campuses will update controls to ensure accurate program length data is reported to the National Student Loan Data System.

2021-003 Reporting

Program Name: COVID-19 – Higher Education emergency Relief Funds – Student Aid Portion
Federal Assistance Listing Number: 84.425E
Federal Agency: U.S. Department of Education (ED)
Pass-Through Entity: Direct Funded

Criteria or Specific Requirements

Section 18004(a)(1) of The Coronavirus Aid, Relief, and Economic Security Act requires that institutions that received a HEERF *Section(a)(1)* award to publicly post certain information on their website. Specific to the Student Aid Portion of this award, the following information is required, but not limited to, to be published and updated no later than 10 days after the end of each calendar quarter:

- The total amount of Emergency Financial Aid Grants distributed to students under *Section 18004(a)(1)* of the CARES Act as of the date of submission (i.e., as of the initial report and every calendar quarter thereafter).

- The estimated total number of students at the institution eligible to participate in programs under Section 484 in Title IV of the Higher Education Act of 1965 and thus eligible to receive Emergency Financial Aid Grants to Students under *Section 18004(a)(1)* of the CARES Act.[1]

- The total number of students who have received an Emergency Financial Aid Grant to students under Section 18004(a)(1) of the CARES Act.

- The method(s) used by the institution to determine which students receive Emergency Financial Aid Grants and how much they would receive under *Section 18004(a)(1)* of the CARES Act.

Condition

Material Weakness – During our testing over quarterly reporting for the Student Aid Portion for San Bernardino Valley College, we noted that two of the quarterly reports tested were missing several required reporting elements; support for some elements did not agree to reported amounts and were not uploaded onto the College's website within the required 10 days from the end of each calendar quarter.

During our testing over quarterly reporting for the Student Aid Portion for Crafton Hills College, we noted that two of the quarterly reports tested were missing several required reporting elements; support for some elements did not agree to reported amounts and were not uploaded onto the College's website within the required 10 days from the end of each calendar quarter. We also noted that Crafton Hills College was unable to provide support that agreed to the amounts on their annual report submission.

Questioned Costs

There are no questioned costs associated to the noncompliance.

Context

Each College was required to complete and post on their website four quarterly reports and one annual report during the 2020-2021 year.

Effect

The required HEERF reporting elements for the Student Aid Portion award were not met.

Cause

The District did not have processes and procedures in place to monitor compliance with the reporting requirements described in *Section 18004(a)(1).*

Repeat Finding

No.

Recommendation

The District should ensure that reporting requirements and deadlines are clearly communicated to all staff, and procedures are in place to ensure that these requirements and deadlines are met. The District should also ensure that all documentation to support amounts being reported on the District/College websites are maintained in accordance with document retention guidelines.

Views of Responsible Officials and Corrective Action Plan

The campuses will strengthen their controls to ensure the required elements are included and reported by the quarterly deadlines.

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

2020-001 Financial Reporting

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). Colleges are also required to present their financial statements in accordance with generally accepted accounting principles (GAAP).

Condition

Material Weakness - Adjustments and reclassifications were required to conform to the BAM and GAAP during the District's closing process. Corrections were made to the various accounts included below, but not limited to:

- Interest income for an investment account was not recorded for the year and required a material adjustment to ensure accuracy of account balances.
- The Accounts payable and Accounts receivable balances required material adjustments.
- Interfund transactions were not properly accounted for during the fiscal year and required material post-close entries to be prepared by the District.
- Revenue was recognized in 2019-2020 for funds apportioned after year-end.
- A beginning balance adjustment was booked for activity related to the 2018-19 fiscal year.
- The KVCR Fund had a negative fund balance at June 30, 2020 representing an encroachment on the General Fund of the District.
- Multiple funds had a negative Cash in County balance at June 30, 2020.

Questioned Costs

Adjustments to the financial statements were reviewed with management and accepted for posting. No questioned costs were associated with this finding.

Context

The District maintains individual funds with asset and liability balances subject to the reconciliation process. The net impact to the individual funds is included on page 88 of this report.

Effect

Many adjustments to the general ledger were proposed as a result of the 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 individual asset and liability accounts and the closing process appear not to have been adhered to.

Recommendation

The District should develop a closing procedure calendar at year end to ensure that all information is prepared, reviewed, and reconciled prior to the closing of the general ledger. A regular and timely reconciliation of all accounts should be performed with any inconsistencies reconciled and adjusted prior to year-end. Cash and ending fund balances should be monitored for negative balances.

Current Status

Implemented.

Federal Awards Findings

2020-002 Special Tests and Provisions

Program Name: Student Financial Assistance Cluster
CFDA Number: 84.007,84.033, 84.063
Federal Agency: U.S. Department of Education (ED)
Pass-Through Entity: Direct Funded

Criteria or Specific Requirement

OMB Compliance Supplement, 34 CFR section 668.173(b): Timing of Return of Title IV Funds

Returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initialed to ED or the appropriate FFEL lender 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 canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date of institution determined that the student withdrew.

Condition

Significant Deficiency – At San Bernardino Valley College, the District’s portion of the Return to Title IV funds was not returned within the 45 day requirement for 13 out of the 20 students tested.

Questioned Costs

No questioned costs as the funds were all returned to the Department of Education.

Context

There were 541 Return to Title IV calculations completed for Valley College and 30 were completed for Crafton Hills College.

Effect

Without proper monitoring of student withdrawals, the District is at risk of noncompliance with the above referenced criteria.

Cause

The District's policies and procedures were not properly adhered to.

Recommendation

It is recommended the institution should establish effective controls to ensure the Return to Title IV funds occurs within 45 days from the date the institution determines the student withdrew from all classes.

Current Status

Not implemented. See current year finding 2021-001.

2020-003 Special Tests and Provisions

Program Name: Student Financial Assistance Cluster
CFDA Number: 84.007, 84.033, 84.063, and 84.268
Federal Agency: U.S. Department of Education (ED)
Pass-Through Entity: Direct Funded

Criteria or Specific Requirement

OMB Compliance Supplement, OMB No. 1845-0035 – Institutions are required to report enrollment information under the Pell grant and the Direct and FFEL loan programs via the National Student Loan Data System (NSLDS).

Institutions must review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website.

Institutions are responsible for accurately reporting the following significant data elements under the Campus-Level Record that ED considers high risk:

Enrollment Effective Date – The date that the current enrollment status reported for a student was first effective.

- OPEID Number – This is the OPEID for the location that the student is actually attending.
- Enrollment Effective Date – The date that the current enrollment status reported for a student was first effective.
- Enrollment Status – The student's enrollment status as of the reporting date; full-time (F), three-quarter time (Q), half-time (H), less than half-time (L), leave of absence (A), graduated (Certification Date – The Date enrollment certified by school. At a minimum, schools are required to certify enrollment every 60 days.
- G), withdrawn (W), deceased (D), never attended (X) and record not found (Z)

Institutions are responsible for accurately reporting the following significant data elements under the Program-Level Record that ED considers high risk:

- OPEID – This is the OPEID for the location that the student is actually attending.

- CIP Code - The Classification of Instructional Programs (CIP) is a set of codes that define fields of study. CIP Codes are maintained by ED's National Center for Education Statistics (NCES). They were most recently updated in 2020 and are usually updated every ten years.

- CIP Year – Year for the corresponding CIP code.

- Credential Level – Indicates the level of a credential the student will receive for the program the student is attending, for example undergraduate certificate, associate degree, or bachelor's degree.

- Published Program Length Measurement – The institution identifies whether the Published Program Length is in days, weeks, or years.

- Published Program Length - Published Program Length should be reported based on the definition of "normal time" to completion in the regulations at 34 CFR 668.41(a).

- Program Begin Date – The Program Begin Date is the date the student first began attending the program being reported. Typically, this would be the first day of the term in which the student began enrollment in the program, unless the student enrolled in the program on an earlier date.

- Program Enrollment Status – The student's enrollment status as of the reporting date; full-time (F), three-quarter time (Q), half-time (H), less than half-time (L), leave of absence (A), graduated (G), withdrawn (W), deceased (D), never attended (X) and record not found (Z).

- Program Enrollment Effective Date – The date that the enrollment status as of the reporting date reported for the program was first effective.

Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer.

Condition

Significant Deficiency – During our review of the enrollment reporting requirements it was observed that the enrollment effective date and the enrollment status was not accurately reported to NSLDS. The enrollment data for 1 student out of 40 tested for San Bernardino Valley College was not reported to NSLDS.

Questioned Costs

There were no questioned costs associated to the noncompliance.

Context

San Bernardino Valley College processed and reported Title IV awards for approximately 5,231 students during the fiscal year.

Effect

The District is not in compliance with the Federal requirements described in the OMB Compliance Supplement.

Cause

The District did not report enrollment information for students under the Pell grant and Direct and FFEL loan programs via NSLDS. The administration of the Title IV programs depends heavily on the accuracy and timeliness of the enrollment information reported by institutions.

Recommendation

The District should implement a process to review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website.

Current Status

Implemented.