San Bernardino Community College District
BOARD FINANCE COMMITTEE
December 08, 2023
2:00 pm-2:30 pm Pacific Time

MEETING AGENDA

San Bernardino Community College District Boardroom Extension
550 E Hospitality Lane, Suite 200, San Bernardino CA

I. **Welcome & Introductions - Nathan Gonzales, Chair**

II. **Public Comment**

Any member of the public who wishes to address the Committee on any matter is limited to five minutes. The total time for members of the public to speak on the same or a similar issue shall be limited to 20 minutes.

III. **Approval of Minutes**

A. November 9, 2023 (page 3)

IV. **Current Topics**

A. Independent Audit Reports

1. San Bernardino CCD 2023 Final Financial Statements (page 6)
2. San Bernardino CCD KVCR TV and FM 2023 Final Financial Statements (page 111)
3. San Bernardino CCD Measure CC 2023 Final Financial and Performance Audits (page 145)
4. San Bernardino CCD Measure M 2023 Final Financial and Performance Audits (page 168)

V. **Updates (as necessary)**

A. State Budget
B. Enrollment (page 192)
C. PARS Investment (page 193)
D. Bond Construction Program Timeline & Org Chart (page 195)
E. Budget Revenue & Expenditure Summary (page 197)
F. BOT Current Year Budget to Actual Expenditures (page 200)

VI. **Future Topics**

A. BFC Planning Calendar (page 201)
B. Trustee Suggestions

VII. **Next Meeting & Adjournment**

A. The next meeting of the Board Finance Committee is scheduled for Thursday, January 11, at 2:30 p.m. in the Boardroom Extension.

B. Adjournment

SBCCD | Mission:
SBCCD positively impacts the lives and careers of our students, the well-being of their families, and the prosperity of our community through excellence in educational and training opportunities.

BFC Charge: The SBCCD BFC exists as a standing, advisory committee comprised of less than a quorum of Board members and is subject to the California Public Meetings Brown Act. The committee is charged with:
- Increasing the efficiency of the Board of Trustees by performing time-consuming research on its behalf regarding all fiscal matters of the District.
- Improving clarity by providing a platform for detailed questions not conducive to the flow of monthly business meetings.
- Promoting transparency of the SBCCD budgeting process and fiscal matters through detailed discussion of these topics in an open forum.
- Fostering an environment of understanding by communicating findings and formulating final recommendations to the Board of Trustees.

Board of Trustees Finance Committee (BFC)

Meeting Minutes – November 9, 2023, 2:30 p.m.

Members Present: Trustee Gonzales, Chair, Trustee Harrison

Members Absent: Trustee Houston

Staff Present:
- Executive Vice Chancellor Jose F. Torres

I. WELCOME & INTRODUCTIONS

Trustee Gonzales called the meeting to order at 2:30 p.m.

II. PUBLIC COMMENT

There were no public comments.

III. APPROVAL OF MINUTES

A. September 14, 2023
B. October 4, 2023

Trustee Harrison made a motion to approve the minutes which Trustee Gonzales seconded. The motion was approved by the following vote.

Ayes: Trustees Gonzales, Harrison
Noes: None
Abstentions: None
Absent: Trustee Houston

IV. CURRENT TOPICS

A. Proposed Board Item | FY 2024-25 Budget Calendar

Executive Vice Chancellor Torres reviewed the proposed annual Board item to approve a budget calendar. The committee members had no changes as presented.

V. UPDATES *(as necessary)*

A. State Budget

There was no update on this topic.

B. Investment Properties

1. Leasing
Executive Vice Chancellor Jose Torres reviewed the current SBCCD properties and current lease percentages. Facilities is working to have complete occupancy.

2. Fiscal Performance
   Committee members heard from the Executive Vice Chancellor Jose Torres on current fiscal performance.

C. Enrollment

SBCCD is 59% on target with two semesters left. We are on track to exceed our 4% goal and are projecting growth to be over 7.85%. Statewide, community colleges are also seeing enrollment growth.

D. PARS Investment

Executive Vice Chancellor Jose Torres reported PARS market has been volatile in the recent months. The long-term strategy is 5%.

E. Bond Construction Program Timeline & Org Chart

Executive Vice Chancellor Jose Torres reported the softball field agreement is going to the Board of Trustees today for approval of the bid contractor. A timeline will be prepared, and the softball team and community will be updated.

F. Budget Revenue & Expenditure Report

Not discussed.

G. BOT Current Year Budget to Actual Expenditures

Not discussed.

H. BFC Quarterly Activity Report

Executive Vice Chancellor Jose Torres reported that each Trustee will receive a copy at today's Board of Trustees meeting.

VI. FUTURE TOPICS

A. BFC Planning Calendar

There was no discussion of this item.

B. Trustee Suggestions

Trustee Gonzales recommended that on 12/8/23, the meeting begin at 2:00 p.m. at DSO Boardroom Extension with the audit report and ending with the tour.

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VII. NEXT MEETING DATE & ADJOURNMENT

A. Next Meeting

The BFC is scheduled to convene again on December 8, 2023, at 2:00 p.m. beginning at the DSO Boardroom Extension with the audit report then ending with a tour of the commercial properties.

B. Adjournment

The meeting adjourned at 2:49 p.m.

Heather Ford, Recorder

Financial Statements
June 30, 2023

San Bernardino Community College District

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the remaining fund information of the San Bernardino Community College District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 San Bernardino Community College District, as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Note 2 and 14 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the business-type activities net position as of July 1, 2022, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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* 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. 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 November 17, 2023 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
November 17, 2023

Home

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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, 2023 increased to 12,941 from 12,293 in the prior year, as noted below.

	Year Ended June 30,		
	2023	2022	Change
San Bernardino Valley College	9,035	8,493	6.4%
Crafton Hills College	3,906	3,800	2.8%
San Bernardino Community College District	12,941	12,293	5.3%

- The District is highly focused to address enrollment declines experienced due to the pandemic.
- 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, 2023, the District's rate decreased slightly from 50.94% in the prior year to 50.90%.
- 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, 2023 and June 30, 2022, is summarized below.

	2023	2022, as restated	Change
Assets			
Cash and investments	$ 597,445,112	$ 602,230,128	$ (4,785,016)
Receivables, net	38,792,588	12,196,706	26,595,882
Other current assets	2,506,018	2,043,502	462,516
Lease receivables	37,996,881	34,851,605	3,145,276
Net other postemployment benefits asset	1,273,555	3,956,412	(2,682,857)
Capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net	624,415,797	579,805,686	44,610,111
Total assets	1,302,429,951	1,235,084,039	67,345,912
Deferred outflows of resources	105,473,539	98,538,903	6,934,636
Liabilities			
Accounts payable and accrued liabilities	106,628,591	64,235,115	42,393,476
Current portion of long-term liabilities	33,199,073	30,105,253	3,093,820
Noncurrent portion of long-term liabilities	975,584,768	959,263,136	16,321,632
Total liabilities	1,115,412,432	1,053,603,504	61,808,928
Deferred inflows of resources	53,887,545	88,610,978	(34,723,433)
Net Position			
Net investment in capital assets	133,134,811	105,678,121	27,456,690
Restricted	225,317,326	211,037,163	14,280,163
Unrestricted deficit	(119,848,624)	(125,306,824)	5,458,200
Total net position	$ 238,603,513	$ 191,408,460	$ 47,195,053

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.

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The Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2023 and June 30, 2022, is summarized below.

	2023	2022*	Change
Operating Revenues			
Tuition and fees, net	$ 7,874,795	$ 7,646,617	$ 228,178
Grants and contracts, noncapital	78,500,482	50,889,149	27,611,333
Auxiliary enterprise sales and charges	488,390	2,586,593	(2,098,203)
Total operating revenues	86,863,667	61,122,359	25,741,308
Operating Expenses			
Salaries and benefits	126,188,556	118,757,156	7,431,400
Supplies, services, equipment, and maintenance	59,668,997	51,073,460	8,595,537
Student financial aid	39,159,146	44,831,231	(5,672,085)
Depreciation and amortization	19,549,231	18,356,021	1,193,210
Total operating expenses	244,565,930	233,017,868	11,548,062
Operating loss	(157,702,263)	(171,895,509)	14,193,246
Nonoperating Revenues (Expenses)			
State apportionments	70,415,159	67,463,690	2,951,469
Property taxes	89,388,012	87,999,194	1,388,818
Student financial aid grants	25,668,180	36,116,477	(10,448,297)
State revenues	5,293,777	3,209,239	2,084,538
Net interest expense	(20,391,521)	(32,874,141)	12,482,620
Other nonoperating revenues	20,524,072	20,405,423	118,649
Total nonoperating revenues (expenses)	190,897,679	182,319,882	8,577,797
Other revenues (losses)	13,999,637	311,154	13,688,483
Change in net position	$ 47,195,053	$ 10,735,527	$ 36,459,526

*The 2022 year has not been restated for the effects of the implementation of GASB Statement No. 96.

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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, 2023:

	Salaries and Employee Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Equipment, Maintenance, and Repairs	Depreciation and Amortization	Total
Instructional activities	$ 59,369,629	$ 3,471,550	$ -	$ 279,535	$ -	$ 63,120,714
Instructional administration	10,064,612	12,903,344	-	14,203	-	22,982,159
Instructional support services	7,996,232	5,260,906	-	270,321	-	13,527,459
Student services	12,527,231	3,145,558	-	43,507	-	15,716,296
Plant operations and maintenance	5,633,312	5,903,149	-	111,913	-	11,648,374
Planning, policymaking, and coordinations	3,740,357	939,453	-	12,969	-	4,692,779
Institutional support services	14,771,460	7,759,659	-	235,069	-	22,766,188
Community services	3,108,889	2,063,464	-	2,669	-	5,175,022
Ancillary services and auxiliary operations	7,593,657	7,423,281	-	119,738	-	15,136,676
Student aid	-	25,811	39,159,146	-	-	39,184,957
Physical property and related acquisitions	1,383,177	1,663,445	-	8,019,453	-	11,066,075
Unallocated depreciation and amortization	-	-	-	-	19,549,231	19,549,231
Total	$ 126,188,556	$ 50,559,620	$ 39,159,146	$ 9,109,377	$ 19,549,231	$ 244,565,930

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.

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The Statement of Cash Flows for the years ended June 30, 2023 and June 30, 2022, is summarized below.

	2023	2022	Change
Net Cash Flows from			
Operating activities	$ (125,347,443)	$ (126,203,391)	$ 855,948
Noncapital financing activities	154,035,867	171,186,188	(17,150,321)
Capital financing activities	(46,516,312)	(22,057,032)	(24,459,280)
Investing activities	(2,502,531)	(1,081,157)	(1,421,374)
Net Increase/(Decrease) in Cash and Cash Equivalents	(20,330,419)	21,844,608	(42,175,027)
Cash and Cash Equivalents, Beginning of Year	453,590,017	431,745,409	21,844,608
Cash and Cash Equivalents, End of Year	$ 433,259,598	$ 453,590,017	$ (20,330,419)

Capital Assets, Right-to-use Leased Assets, and Right-to-use Subscription IT Assets

As of June 30, 2023, the District had $876.9 million in capital assets, right-to-use leased assets and right-to-use subscription IT assets, less $252.5 million accumulated depreciation and amortization for net capital assets of $624.4 million. The District spent approximately $62.0 million on capital assets during the year, the majority of which relate to bond proceeds and commercial real estate investment. Depreciation and amortization charges during the year totaled $19.5 million. Note 7 in the financial statements provides additional information on capital assets, right-to-use leased assets and right-to-use subscription IT assets. A summary is presented below.

	2023	2022, as restated	Change
Land and construction in progress	$ 99,859,437	$ 40,857,462	$ 59,001,975
Buildings and improvements, net	510,956,398	525,699,969	(14,743,571)
Furniture and equipment, net	8,722,215	8,184,415	537,800
Right-to-use leased assets, net	1,306,968	995,972	310,996
Right-to-use subscription IT assets, net	3,570,779	4,067,868	(497,089)
Total capital assets, right-to-use leased assets and right-to-use subscription IT assets, net	$ 624,415,797	$ 579,805,686	$ 44,610,111

Long-Term Liabilities Including OPEB and Pensions

As of June 30, 2023, the District had $1,008.8 million in long-term liabilities consisting of $863.9 million from general obligation bonds, $131.2 million from aggregate net pension liability, $0.4 million from net OPEB liability, and $13.3 million from other long term liabilities.

See Notes 8-11 of the financial statements for additional information regarding the long-term liabilities, including OPEB and pensions, of the District as of June 30, 2023. A summary of long-term liabilities is presented below.

	Balance July 1, 2022, as restated	Additions	Deductions	Balance June 30, 2023
General obligation bonds	$ 888,222,793	$ 11,331,282	$ (35,688,029)	$ 863,866,046
Net OPEB liability	462,640	-	(102,916)	359,724
Aggregate net pension liability	85,578,104	45,601,934	-	131,180,038
SBITA and leases	5,567,679	2,128,079	(2,245,819)	5,449,939
Other liabilities	9,537,173	-	(1,609,079)	7,928,094
Total long-term liabilities	$ 989,368,389	$ 59,061,295	$ (39,645,843)	$ 1,008,783,841
Amount due within one year				$ 33,199,073

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 Executive Vice Chancellor at San Bernardino Community College District, 550 East Hospitality Lane, San Bernardino, California 92408.

Assets	
Cash and cash equivalents	$ 14,888,100
Investments	582,557,012
Accounts receivable	37,242,941
Student receivables, net	1,549,647
Prepaid expenses	2,457,213
Inventories	15,272
Other assets	33,533
Lease receivables	37,996,881
Net other postemployment benefits (OPEB) asset - District Plan	1,273,555
Capital assets, right-to-use leased assets, and right-to-use subscription IT assets	
Nondepreciable capital assets	99,859,437
Depreciable capital assets, net of accumulated depreciation	519,678,613
Right-to-use leased assets, net of accumulated amortization	1,306,968
Right-to-use subscription IT assets, net of accumulated amortization	3,570,779
Total capital assets, right-to-use leased assets and right-to-use subscription IT assets, net	624,415,797
Total assets	1,302,429,951
Deferred Outflows of Resources	
Deferred outflows of resources related to debt refunding	59,967,348
Deferred outflows of resources related to OPEB	2,609,698
Deferred outflows of resources related to pensions	42,896,493
Total deferred outflows of resources	105,473,539
Liabilities	
Accounts payable	37,765,201
Accrued interest payable	9,098,256
Unearned revenue	59,765,134
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	33,199,073
Long-term liabilities other than OPEB and pensions, due in more than one year	844,045,006
Net OPEB liability - Medicare Premium Payment Program	359,724
Aggregate net pension liability	131,180,038
Total liabilities	1,115,412,432
Deferred Inflows of Resources	
Deferred inflows of resources related to leases	31,307,486
Deferred inflows of resources related to OPEB	5,677,057
Deferred inflows of resources related to pensions	16,903,002
Total deferred inflows of resources	53,887,545
Net Position	
Net investment in capital assets	133,134,811
Restricted for	
Debt service	87,379,061
Capital projects	12,659,968
Educational programs	19,311,593
Other activities	105,966,704
Unrestricted deficit	(119,848,624)
Total Net Position	$ 238,603,513

Operating Revenues	
Tuition and fees	$ 15,746,296
Less: scholarship discounts and allowances	(7,871,501)
Net tuition and fees	7,874,795
Grants and contracts, noncapital	
Federal	17,937,812
State	59,733,992
Local	828,678
Total grants and contracts, noncapital	78,500,482
Auxiliary enterprise sales and charges	
Cafeteria	398,686
Other enterprise	89,704
Total operating revenues	86,863,667
Operating Expenses	
Salaries	98,026,528
Employee benefits	28,162,028
Supplies, materials, and other operating expenses and services	50,559,620
Student financial aid	39,159,146
Equipment, maintenance, and repairs	9,109,377
Depreciation and amortization	19,549,231
Total operating expenses	244,565,930
Operating Loss	(157,702,263)
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	70,415,159
Local property taxes, levied for general purposes	41,824,765
Taxes levied for other specific purposes	47,563,247
Federal and State financial aid grants	25,668,180
State taxes and other revenues	5,293,777
Investment income, net	15,239,421
Interest expense on capital related debt	(35,987,834)
Investment income on capital asset-related debt, net	356,892
Other nonoperating revenue	20,524,072
Total nonoperating revenues (expenses)	190,897,679
Income Before Other Revenues (Losses)	33,195,416
Other Revenues (losses)	
State revenues, capital	13,999,999
Loss on disposal of capital assets	(362)
Total other revenues (losses)	13,999,637
Change In Net Position	47,195,053
Net Position, Beginning of Year, as Restated	191,408,460
Net Position, End of Year	$ 238,603,513

Cash Flows from Operating Activities	
Tuition and fees	$ 14,675,671
Federal, state, and local grants and contracts, noncapital	87,189,585
Auxiliary sales	488,390
Payments to or on behalf of employees	(133,481,060)
Payments to vendors for supplies and services	(55,060,883)
Payments to students for scholarships and grants	(39,159,146)
Net cash flows from operating activities	(125,347,443)
Cash Flows from Noncapital Financing Activities	
State apportionments	63,237,286
Federal and state financial aid grants	25,668,180
Property taxes - nondebt related	41,824,765
State taxes and other apportionments	5,000,558
Other nonoperating	18,305,078
Net cash flows from noncapital financing activities	154,035,867
Cash Flows from Capital Financing Activities	
Purchase of capital assets	(52,854,700)
State revenue, capital	13,999,999
Property taxes - related to capital debt	47,563,247
Principal paid on capital debt	(30,975,819)
Interest paid on capital debt	(24,875,216)
Interest received on capital asset-related debt	626,177
Net cash flows from capital financing activities	(46,516,312)
Cash Flows from Investing Activities	
Change in fair market value of Cash in County treasury	(17,583,705)
Interest received from investments	15,081,174
Net cash flows from investing activities	(2,502,531)
Change In Cash and Cash Equivalents	(20,330,419)
Cash and Cash Equivalents, Beginning of Year	453,590,017
Cash and Cash Equivalents, End of Year	$ 433,259,598

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Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	$ (157,702,263)
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation and amortization expense	19,549,231
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Receivables, net	(17,496,333)
Inventories	(59)
Prepaid expenses	(462,457)
Lease receivables	(3,145,276)
Net OPEB asset - District Plan	2,682,857
Deferred outflows of resources related to OPEB	(1,133,267)
Deferred outflows of resources related to pensions	(12,730,584)
Accounts payable	5,070,630
Unearned revenue	30,853,572
Claims liability	(26,853)
Compensated absences	(1,582,226)
Net OPEB liability - Medicare Premium Payment Program	(102,916)
Aggregate net pension liability	45,601,934
Deferred inflows of resources related to leases	5,278,016
Deferred inflows of resources related to OPEB	(1,670,600)
Deferred inflows of resources related to pensions	(38,330,849)
Total adjustments	32,354,820
Net cash flows from operating activities	$ (125,347,443)
Cash and Cash Equivalents Consist of the Following:	
Cash on hand and in banks	$ 14,888,100
Cash in county treasury	418,371,498
Total cash and cash equivalents	$ 433,259,598
Noncash Transactions	
Amortization of deferred outflows of resources related to debt refunding	$ 6,929,215
Amortization of debt premiums	$ 6,958,029
Accretion of interest on capital appreciation bonds	$ 11,331,282
Recognition of lease liabilities arising from obtaining right-to-use leased assets	$ 1,202,554
Recognition of subscription based IT arrangement liabilities arising from obtaining right-to-usesubscription IT assets	$ 925,525

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	Retiree OPEB Trust
Assets	
Investments	$ 9,630,922
Net Position	
Restricted for postemployment benefits other than pensions	$ 9,630,922

	Retiree OPEB Trust
Additions	
District contributions	$ 295,647
Interest and investment income	388,943
Net realized and unrealized gains	287,237
Total additions	971,827
Deductions	
Benefit payments	295,647
Administrative expenses	78,704
Total deductions	374,351
Change in Net Position	597,476
Net Position - Beginning of Year	9,033,446
Net Position - End of Year	$ 9,630,922

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, certain Federal and State financial grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent students (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State grants and entitlements are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

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.

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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 $3,580,204 for the year ended June 30, 2023.

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, 2023.

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Right-to-use Lease Assets and Amortization

The District records the value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use intangible asset is amortized each year for the term of the contract or useful life of the underlying asset.

Right-to-use Subscription IT Assets and Amortization

The District records the value of right-to-use subscription IT assets based on the underlying subscription asset in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The right-to-use subscription IT asset is amortized each year for the term of the contract or useful life of the underlying asset.

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

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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 leases, OPEB and pension related items.

Leases

The District recognizes a lease liability and an intangible right-to-use leased asset in the government-wide financial statements. The District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The right-to-use leased asset is initially measured as the initial amount of the lease liability, plus certain initial direct costs. Subsequently, the right-to-use leased asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The District recognizes a lease receivable and a deferred inflow of resources in the government-wide financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Subscription-based IT Arrangements

The District recognizes a subscription-based IT arrangement liability and an intangible right-to-use subscription IT asset (subscription IT asset) in the government-wide financial statements. The District measures the subscription-based IT arrangement liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription-based IT arrangement liability is reduced by the principal portion of subscription payments made. The right-to-use subscription IT asset is initially measured as the initial amount of the subscription-based IT arrangement liability, plus certain initial direct costs. Subsequently, the right-to-use subscription IT asset is amortized on a straight-line basis over the subscription term or useful life of the underlying asset.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB asset, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the 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 the MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability 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.

Noncurrent Liabilities

Noncurrent liabilities include bonds payable, leases, subscription-based IT arrangements, compensated absences, claims liability, total OPEB liability, and the aggregate net pension liability with maturities greater than one year.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on 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 $225,317,326 of restricted net position, and the fiduciary fund financial statements report $9,630,922 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.

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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* 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.

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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

Implementation of GASB Statement No. 91

As of July 1, 2022, the District adopted GASB Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to better meet the information needs of financial statement users by enhancing the comparability and consistency of conduit debt obligation reporting and reporting of related transactions and other events by state and local government issuers. The implementation of this standard eliminates the option for issuers of conduit debt to recognize a liability for this debt on their financial statements. In addition, it requires issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations. There was not a significant effect on the District's financial statements as a result of the implementation of the standard.

Implementation of GASB Statement No. 94

As of July 1, 2022, the District adopted GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA).* The implementation of this standard establishes standards of accounting and financial reporting for PPPs and APAs. The standard requires recognition of a right-to-use asset-intangible asset and a corresponding liability. There was not a significant effect on the District's financial statements as a result of the implementation of the standard.

Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 14 and the additional disclosures required by this standard are included in Notes 7 and 8.

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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.

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, 2023, consist of the following:

	Primary Government	Fiduciary Fund
Cash on hand and in banks	$ 13,886,550	$ -
Cash in revolving	1,001,550	-
Investments	582,557,012	9,630,922
Total deposits and investments	$ 597,445,112	$ 9,630,922

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	$ 31,433,093	392	Aaa
Mutual funds	142,383,343	N/A	N/A
San Bernardino County investment pool	418,371,498	539	AAAf/S1
Total	$ 592,187,934		

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 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, 2023, the District's bank balance of approximately $13.4 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, 2023, the District's investment balance of approximately $172.3 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, 2023:

Investment Type	Fair Value	Level 1 Inputs
U.S. Treasury notes	$ 31,433,093	$ 31,433,093
Mutual funds	142,383,343	142,383,343
Total	$ 173,816,436	$ 173,816,436

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, 2023, consisted of the following:

	Primary Government
Federal Government	
Categorical aid	$ 4,534,240
State Government	
Apportionment	5,212,593
Categorical aid	18,630,624
Lottery	834,475
Local Sources	
Interest	2,733,544
Other local sources	5,297,465
Total	$ 37,242,941
Student receivables	$ 5,129,851
Less: allowance for bad debt	(3,580,204)
Student receivables, net	$ 1,549,647

Note 6 - Lease Receivables

The District has entered into lease agreements with various lessees. The lease receivables are summarized below:

Lease Receivables	Balance, July 1, 2022	Additions	Deductions	Balance, June 30, 2023
Leased Cellular Tower Space	$ 8,864,580	$ 569,629	$ (282,990)	$ 9,151,219
Leased Office Space	25,987,025	15,616,269	(12,757,632)	28,845,662
Total	$ 34,851,605	$ 16,185,898	$ (13,040,622)	$ 37,996,881

Cellular Tower Space

The District leases a portion of its facilities for cellular tower antenna sites and space. These licenses are noncancelable for a period of up to 456 months. The agreements allow for 3.00% annual CPI increases to the lease payments. At termination, lessees must remove all equipment and restore the site to its original state. During the fiscal year, the District recognized $282,990 in lease revenue and $464,412 in interest revenue related to these agreements. At June 30, 2023, the District recorded $9,151,219 in lease receivables and $5,620,697 in deferred inflows of resources for these arrangements. The District used an interest rate of 5.00%, based on the rates available to finance real estate over the same time periods.

Office Space

The District leases a portion of its facilities for commercial office space under several lease agreements. These leases are noncancelable for a period of up to 120 months. Many of the agreements allow for 3.00% annual CPI increases to the lease payments. At termination, lessees must restore the site to its original state. During the fiscal year, the District recognized $12,757,632 in lease revenue and $1,303,470 in interest revenue related to these agreements. At June 30, 2023, the District recorded $28,845,662 in lease receivables and $25,686,789 in deferred inflows of resources for these arrangements. The District used an interest rate of 5.00%, based on the rates available to finance real estate over the same time periods.

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Note 7 - Capital Assets, Right-to-use Leased Assets, and Right-to-use Subscription IT Assets

Capital asset, right-to-use leased asset, and right-to-use subscription IT asset activity for the District for the year ended June 30, 2023, was as follows:

	Balance, July 1, 2022, as restated	Additions	Deductions	Balance, June 30, 2023
Capital Assets Not Being Depreciated				
Land	$ 7,362,045	$ 4,281,020	$ -	$ 11,643,065
Construction in progress	33,495,417	57,678,106	(2,957,151)	88,216,372
Total capital assets not being depreciated	40,857,462	61,959,126	(2,957,151)	99,859,437
Capital Assets Being Depreciated				
Land improvements	84,639,193	187,128	-	84,826,321
Buildings and improvements	640,430,468	264,541	-	640,695,009
Furniture and equipment	38,803,424	2,577,981	(98,550)	41,282,855
Total capital assets being depreciated	763,873,085	3,029,650	(98,550)	766,804,185
Total capital assets	804,730,547	64,988,776	(3,055,701)	866,663,622
Less Accumulated Depreciation				
Land improvements	(72,062,123)	(2,582,799)	-	(74,644,922)
Buildings and improvements	(127,307,569)	(12,612,441)	-	(139,920,010)
Furniture and equipment	(30,619,009)	(2,039,819)	98,188	(32,560,640)
Total accumulated depreciation	(229,988,701)	(17,235,059)	98,188	(247,125,572)
Net capital assets	574,741,846	47,753,717	(2,957,513)	619,538,050
Right-to-use Leased Assets Being Amortized				
Real property	1,814,238	464,888	-	2,279,126
Equipment	586,630	737,666	-	1,324,296
Total right-to-use leased assets being amortized	2,400,868	1,202,554	-	3,603,422
Less Accumulated Amortization				
Real property	(1,177,902)	(363,227)	-	(1,541,129)
Equipment	(226,994)	(528,331)	-	(755,325)
Total accumulated amortization	(1,404,896)	(891,558)	-	(2,296,454)
Net right-to-use leased assets	995,972	310,996	-	1,306,968
Right-to-use Subscription IT Assets				
Right-to-use subscription IT assets	5,679,869	925,525	-	6,605,394
Accumulated amortization	(1,612,001)	(1,422,614)	-	(3,034,615)
Net right-to-use subscription IT assets	4,067,868	(497,089)	-	3,570,779
Total capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net	$ 579,805,686	$ 47,567,624	$ (2,957,513)	$ 624,415,797

Note 8 - 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, 2023, consisted of the following:

	Balance, July 1, 2022, as restated	Additions	Deductions	Balance, June 30, 2023	Due in One Year
General obligation bonds	$ 869,511,918	$ 11,331,282	$ (28,730,000)	$ 852,113,200	$ 31,140,000
Bond premium	18,710,875	-	(6,958,029)	11,752,846	-
Compensated absences	7,316,273	-	(1,582,226)	5,734,047	-
Claims liability	2,220,900	-	(26,853)	2,194,047	-
Lease liability	1,391,378	1,202,554	(968,466)	1,625,466	641,894
Subscription-based IT arrangements	4,176,301	925,525	(1,277,353)	3,824,473	1,417,179
Total	$ 903,327,645	$ 13,459,361	$ (39,542,927)	$ 877,244,079	$ 33,199,073

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. Leases will be paid from the fund for which the equipment is being used for. Subscription-based IT arrangements will be paid from the fund for which the software is being used for.

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, 2023, $189,999,797 had been issued, and $13,881,328 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, 2023, the outstanding balance was $7,221,653.

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, 2023, $500,000,000 had been issued, and $212,650,219 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 to advance refund a portion of the 2008 Series A Bonds. Interest rates on the bonds range from 0.50% 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. As of June 30, 2023, the outstanding balance for the 2013 General Obligation Series A Refunding Bonds was $7,640,000.

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, 2023, 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 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, 2023, 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 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, 2023, the outstanding balance was $32,070,000.

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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 1.754% to 4.00%. As of June 30, 2023, $300,000,000 had been issued, and $85,345,000 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 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, 2023, the outstanding balance was $138,045,000.

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 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, 2023, the outstanding balance was $121,705,000.

The San Bernardino Community College District 2021 Refunding Bonds

In August 2021, the District issued the 2021 General Obligation Refunding Bonds in the amount of $214,680,000. Interest rates on the bonds range from 0.225% to 2.856%. 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 $12,954,201 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 the remaining balance of the District's outstanding 2018 Series A General Obligation bonds. As of June 30, 2023, the outstanding balance was $208,175,000.

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	$ 12,800,739	$ -	$ 1,010,589	$ -	$ 13,811,328
Refunding 2005	3/22/2005	8/1/2023	3.00%-5.14%	56,562,550	13,403,583	-	1,213,070	(7,395,000)	7,221,653
2008 B	6/9/2009	8/1/2048	2.600%-7.190%	73,102,389	155,616,146	-	9,022,147	(340,000)	164,298,293
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	3,336,450	-	85,476	(280,000)	3,141,926
Refunding 2013 Series A	4/10/2013	8/1/2033	.500%-5.00%	198,570,000	14,265,000	-	-	(6,625,000)	7,640,000
Refunding 2015	9/22/2015	8/1/2031	2.00%-5.00%	55,975,000	11,305,000	-	-	-	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-1	12/12/2019	8/1/2039	1.754-4.000%	100,000,000	88,980,000	-	-	(3,635,000)	85,345,000
Refunding 2019	12/12/2019	8/1/2048	1.754-3.121%	143,520,000	139,315,000	-	-	(1,270,000)	138,045,000
Refunding 2020	7/7/2020	8/1/2030	0.499%-1.898%	129,400,000	124,385,000	-	-	(2,680,000)	121,705,000
Refunding 2021	8/5/2021	8/1/2049	0.225%-2.856%	214,680,000	214,680,000	-	-	(6,505,000)	208,175,000
					$ 869,511,918	$ -	$ 11,331,282	$ (28,730,000)	$ 852,113,200

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
2024	$ -	$ -	$ -
2025	128,080	11,920	140,000
2026	214,918	35,082	250,000
2027	290,132	69,868	360,000
2028	354,597	115,403	470,000
2029-2033	8,225,650	6,634,350	14,860,000
2034	4,597,951	8,212,049	12,810,000
Total	$ 13,811,328	$ 15,078,672	$ 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
2024	$ 836,382	$ 33,618	$ 5,439,640	$ 6,309,640
2025	1,016,458	113,542	5,431,266	6,561,266
2026	1,203,040	221,960	5,410,015	6,835,015
2027	1,298,292	431,708	5,397,141	7,127,141
2028	1,395,985	634,015	5,397,140	7,427,140
2029-2033	3,467,941	2,782,059	26,985,703	33,235,703
2034-2038	31,530,000	-	19,454,277	50,984,277
2039-2043	79,905,498	88,184,502	8,819,355	176,909,355
2044-2048	59,061,500	152,758,500	1,602,300	213,422,300
2049	32,935,123	166,584,877	-	199,520,000
Total	$ 212,650,219	$ 411,744,781	$ 83,936,837	$ 708,331,837

The Election 2018 General Obligation Bonds mature through August 1, 2039, as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2024	$ 3,705,000	$ 2,480,375	$ 6,185,375
2025	3,775,000	2,405,410	6,180,410
2026	3,855,000	2,322,729	6,177,729
2027	3,945,000	2,231,328	6,176,328
2028	4,035,000	2,132,782	6,167,782
2029-2033	22,075,000	8,699,885	30,774,885
2034-2038	28,910,000	4,957,431	33,867,431
2039-2040	15,045,000	501,035	15,546,035
Total	$ 85,345,000	$ 25,730,975	$ 111,075,975

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

Fiscal Year	Principal (Including accreted interest to date)	Accreted Interest	Current Interest to Maturity	Total
2024	$ 26,131,653	$ 433,347	$ 13,653,537	$ 40,218,537
2025	28,795,000	-	13,298,191	42,093,191
2026	23,575,000	-	13,023,697	36,598,697
2027	24,895,000	-	12,590,720	37,485,720
2028	26,550,000	-	12,080,870	38,630,870
2029-2033	149,510,000	-	49,546,762	199,056,762
2034-2038	63,765,000	-	31,000,720	94,765,720
2039-2043	52,685,000	-	25,197,449	77,882,449
2044-2048	97,770,000	-	14,120,870	111,890,870
2049-2050	46,630,000	-	1,313,387	47,943,387
Total	$ 540,306,653	$ 433,347	$ 185,826,203	$ 726,566,203

Leases

The District has entered into agreements to lease various facilities and equipment. The District's liability for lease agreements is summarized below:

Leases	Balance, July 1, 2022,	Additions	Deductions	Balance, June 30, 2023
Real Property	$ 1,015,816	$ 464,888	$ (582,301)	$ 898,403
Equipment	375,562	737,666	(386,165)	727,063
Total	$ 1,391,378	$ 1,202,554	$ (968,466)	$ 1,625,466

Real Property Leases

The District entered into various agreements to lease sites and real property for periods up to 25 years, through the 2032-2033 fiscal year. Under the terms of the leases, the District pays monthly and annual payments, which increase based on a set schedule in the individual lease agreements, which amounted to principal and interest costs of $601,785. The annual interest rate charged on the leases is 5.0%.

At June 30, 2023, the District has recognized right to use assets of $2,279,126 and a lease liability of $898,403 related to these agreements. During the fiscal year, the District recorded $363,227 in amortization expense and $19,484 in interest expense for the right to use of the property.

Equipment Leases

The District entered into various agreements to lease copiers and other equipment for period up to 10 years, through the 2026-2027 fiscal year. Under the terms of the leases, the District pays monthly and annual payments, which increase based on a set schedule in the individual lease agreements, which amounted to principal and interest costs of $450,148. The annual interest rate charged on the leases is 5.0%. At June 30, 2023, the District has recognized right to use assets of $1,324,296 and a lease liability of $727,063 related to this agreement. During the fiscal year, the District recorded $528,331 in amortization expense and $63,983 in interest expense for the right to use of the equipment.

The District's liability on lease agreements is summarized below:

Fiscal Year	Principal	Interest	Total
2024	$ 641,894	$ 59,555	$ 701,449
2025	435,993	40,362	476,355
2026	197,862	24,934	222,796
2027	108,100	15,040	123,140
2028	95,757	9,669	105,426
2029-2033	145,860	15,974	161,834
Total	$ 1,625,466	$ 165,534	$ 1,791,000

Subscriptions-Based IT Arrangements (SBITAs)

The District entered into various SBITAs for the use of technological needs of the District and its students. At June 30, 2023, the District has recognized right-to-use subscriptions IT assets of $6,592,079 and SBITA liabilities of $3,824,473 related to these agreement. During the fiscal year, the District recorded $1,422,614 in amortization expense. The District is required to make total principal and interest payments of $4,208,474 through June 2027. The subscriptions have an interest rate of 5.0%.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2023, are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 1,417,179	$ 191,224	$ 1,608,403
2025	1,128,714	120,365	1,249,079
2026	1,108,912	63,929	1,172,841
2027	169,668	8,483	178,151
Total	$ 3,824,473	$ 384,001	$ 4,208,474

Note 9 - Aggregate Net Other Postemployment Benefits (OPEB) Asset (Liability)

For the fiscal year ended June 30, 2023, the District reported an aggregate net OPEB asset (liability), deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Aggregate Net OPEB Asset (Liability)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 1,273,555	$ 2,609,698	$ 5,677,057	$ (121,010)
Medicare Premium Payment (MPP) Program	(359,724)	-	-	(102,916)
Total	$ 913,831	$ 2,609,698	$ 5,677,057	$ (223,926)

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.

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Plan Membership

At June 30, 2021, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	26
Active employees	660
Total	686

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 Teachers 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 are based on availability of funds. For the measurement period ended June 30, 2022, the District contributed $287,745 to the Plan, all of which was used for current year premiums.

Investments

Investment Policy

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

The following was the governing board's adopted asset allocation policy as of June 30, 2022:

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, 2022, the annual money-weighed rate of return on investments, net of investment expense, was -18.27%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Asset of the District

The District's net OPEB asset of $1,273,555 was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2021. The components of the net OPEB asset of the District at June 30, 2022, were as follows:

Total OPEB liability	$ 7,759,891
Plan fiduciary net position	(9,033,446)
Net OPEB asset	$ (1,273,555)
Plan fiduciary net position as a percentage of the total OPEB liability	116.41%

Actuarial Assumptions

The total OPEB liability as of June 30, 2022 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total OPEB liability to June 30, 2022. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%, average, including inflation
Discount rate	5.60%
Investment rate of return	5.60%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate	4.00%

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

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Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 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, 2021 valuation were based on the results of an actual experience study as of June 2021.

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, 2022, (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	4.25%
Real Estate Investment Trusts	7.25%
Domestic Equities	7.25%
International Equities	7.25%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.60%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Asset

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (a) - (b)
Balance, July 1, 2021	$ 7,185,299	$ 11,141,711	$ (3,956,412)
Service cost	464,735	-	464,735
Interest	407,067	(2,019,559)	2,426,626
Difference between expected and actual experience	(9,735)	-	(9,735)
Contributions - employer	-	287,475	(287,475)
Benefit payments	(287,475)	(287,475)	-
Administrative expense	-	(88,706)	88,706
Net change in total OPEB liability	574,592	(2,108,265)	2,682,857
Balance, June 30, 2022	$ 7,759,891	$ 9,033,446	$ (1,273,555)

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

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

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

Discount Rate	Net OPEB Asset
1% decrease (4.60%)	$ 707,127
Current discount rate (5.60%)	1,273,555
1% increase (6.60%)	1,799,962

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

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

Healthcare Cost Trend Rate	Net OPEB Asset
1% decrease (3.00%)	$ 2,106,663
Current healthcare cost trend rate (4.00%)	1,273,555
1% increase (5.00%)	302,309

Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2023, 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	$ 295,647	$ -
Differences between expected and actual experience	-	5,545,884
Changes of assumptions	1,074,633	131,173
Net difference between projected and actual earnings on OPEB plan investments	1,239,418	-
Total	$ 2,609,698	$ 5,677,057

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
2024	$ 252,955
2025	238,115
2026	220,149
2027	528,199
Total	$ 1,239,418

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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 13.7 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (415,824)
2025	(415,824)
2026	(415,824)
2027	(415,824)
2028	(415,824)
Thereafter	(2,523,304)
Total	$ (4,602,424)

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, 2021 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.

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The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. 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, 2023, the District reported a liability of $359,724 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. 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, 2022 and June 30, 2021, was 0.1092% and 0.1160%, respectively, resulting in a net decrease in the proportionate share of 0.0068%.

For the year ended June 30, 2023, the District recognized OPEB expense of ($102,916).

Actuarial Methods and Assumptions

The June 30, 2022 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total OPEB liability to June 30, 2022, using the assumptions listed in the following table:

Measurement Date	June 30, 2022
Valuation Date	June 30, 2021
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	3.54%
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, 2021, 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 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.

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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 209 or an average of 0.14% of the potentially eligible population (145,282).

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, 2022, 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, 2022, is 3.54%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.54%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2022, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 1.38% from 2.16% as of June 30, 2021.

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 (2.54%)	$ 392,169
Current discount rate (3.54%)	359,724
1% increase (4.54%)	331,632

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 Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 330,060
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	359,724
1% increase (5.50% Part A and 6.40% Part B)	393,350

Note 10 - 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, 2023, 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 2022-2023, 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 Liabilities

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, 2021 to June 30, 2023:

	Workers' Compensation
Liability Balance, July 1, 2021	$ 3,068,113
Claims and changes in estimates	(208,886)
Claims payments	(638,327)
Liability Balance, June 30, 2022	2,220,900
Claims and changes in estimates	707,412
Claims payments	(734,265)
Liability Balance, June 30, 2023	$ 2,194,047
Assets available to pay claims at June 30, 2023	$ 7,616,718

Note 11 - 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, 2023, 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	$ 50,559,989	$ 16,681,469	$ 11,497,581	$ 3,657,833
CalPERS	80,620,049	26,215,024	5,405,421	10,332,936
Total	$ 131,180,038	$ 42,896,493	$ 16,903,002	$ 13,990,769

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.

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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, 2021, 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, 2023, are summarized as follows:

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	19.10%	19.10%
Required State contribution rate	10.828%	10.828%

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, 2023, are presented above, and the District's total contributions were $9,083,571.

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

At June 30, 2023, 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	$ 50,559,989
State's proportionate share of net pension liability associated with the District	25,320,245
Total	$ 75,880,234

The net pension liability was measured as of June 30, 2022. 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, 2022 and June 30, 2021, was 0.0728% and 0.0772%, respectively, resulting in a net decrease in the proportionate share of 0.0044%.

For the year ended June 30, 2023, the District recognized pension expense of $3,657,833. In addition, the District recognized pension expense and revenue of $2,042,061 for support provided by the State. At June 30, 2023, 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	$ 9,083,571	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	5,049,015	5,234,156
Differences between projected and actual earnings on pension plan investments	-	2,472,481
Differences between expected and actual experience in the measurement of the total pension liability	41,475	3,790,944
Changes of assumptions	2,507,408	-
Total	$ 16,681,469	$ 11,497,581

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
2024	$ (1,816,220)
2025	(1,967,568)
2026	(2,955,688)
2027	4,266,995
Total	$ (2,472,481)

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
2024	$ 1,804,233
2025	(101,296)
2026	(144,708)
2027	(817,892)
2028	(1,411,482)
Thereafter	(756,057)
Total	$ (1,427,202)

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, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
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 as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS independent 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, 2022, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Real estate	15%	3.6%
Private equity	13%	6.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	-0.4%

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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%)	$ 85,869,613
Current discount rate (7.10%)	50,559,989
1% increase (8.10%)	21,242,384

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, 2021, 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, 2023, are summarized as follows:

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%	8.00%
Required employer contribution rate	25.37%	25.37%

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, 2023, are presented above, and the total District contributions were $10,366,697.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $80,620,049. The net pension liability was measured as of June 30, 2022. 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, 2022 and June 30, 2021, was 0.2343% and 0.2482%, respectively, resulting in a net decrease in the proportionate share of 0.0139%.

For the year ended June 30, 2023, the District recognized pension expense of $10,332,936. At June 30, 2023, 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	$ 10,366,697	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,123	3,399,491
Differences between projected and actual earnings on pension plan investments	9,519,035	-
Differences between expected and actual experience in the measurement of the total pension liability	364,356	2,005,930
Changes os assumptions	5,963,813	-
Total	$ 26,215,024	$ 5,405,421

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
2024	$ 1,587,472
2025	1,407,978
2026	719,213
2027	5,804,372
Total	$ 9,519,035

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The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and the District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 542,127
2025	228,566
2026	304,408
2027	(151,230)
Total	$ 923,871

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, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. 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 - cap-weighted	30%	4.45%
Global equity - non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	-5%	-0.59%

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. 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 expected rate of return on the School Employer Pool investments 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 (5.90%)	$ 116,459,743
Current discount rate (6.90%)	80,620,049
1% increase (7.90%)	50,999,859

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, 2023, the balance of the trust was $103,316,989.

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, 2023, which amounted to $4,061,893 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. 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 12 - 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 approximately 500 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 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 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, 2023.

Litigation

The District is involved in various litigations 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, 2023.

Construction Commitments

As of June 30, 2023, the District had approximately $446.4 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 - Adoption of New Accounting Standard

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset – an intangible asset – and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 96 as follows:

Primary Government	
Net Position - Beginning	$ 191,516,893
Right-to-use subscription IT assets, net of amortization	4,067,868
Subscription IT arrangements	(4,176,301)
Net Position - Beginning, as Restated	$ 191,408,460

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Required Supplementary Information
June 30, 2023

San Bernardino Community College District

	2023	2022	2021
Total OPEB Liability			
Service cost	$ 464,735	$ 884,599	$ 860,924
Interest	407,067	615,762	568,995
Difference between expected and actual experience	(9,735)	(3,925,252)	(88,144)
Changes of assumptions	-	(153,597)	-
Benefit payments	(287,475)	(621,671)	(592,667)
Net change in total OPEB liablility	574,592	(3,200,159)	749,108
Total OPEB Liability - Beginning	7,185,299	10,385,458	9,636,350
Total OPEB Liability - Ending (a)	$ 7,759,891	$ 7,185,299	$ 10,385,458
Plan Fiduciary Net Position			
Contributions - employer	$ 287,475	$ 621,671	$ 592,667
Expected investment income	(2,019,559)	2,073,272	512,969
Differences between projected and actual earnings on OPEB plan investments	-	-	(89,857)
Benefit payments	(287,475)	(621,671)	(592,667)
Administrative expense	(88,706)	(84,999)	(76,755)
Net change in plan fiduciary net position	(2,108,265)	1,988,273	346,357
Plan Fiduciary Net Position - Beginning	11,141,711	9,153,438	8,807,081
Plan Fiduciary Net Position - Ending (b)	$ 9,033,446	$ 11,141,711	$ 9,153,438
Net OPEB Liability (Asset) - Ending (a) - (b)	$ (1,273,555)	$ (3,956,412)	$ 1,232,020
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	116.41%	155.06%	88.14%
Covered Payroll	$ 80,987,699	$ 79,049,841	$ 81,963,320
Net OPEB Liability (Asset) as a Percentage of Covered Payroll	-1.57%	-5.00%	1.50%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020

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

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

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

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	2023	2022	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	-18.27%	22.25%	4.58%	5.12%	4.22%	9.90%

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

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Year ended June 30,	2023	2022	2021
Proportion of the net OPEB liability	0.1092%	0.1160%	0.1369%
Proportionate share of the net OPEB liability	$ 359,724	$ 462,640	$ 580,056
Covered payroll	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]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.94%	-0.80%	-0.71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020

[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.

Year ended June 30,	2020	2019	2018
Proportion of the net OPEB liability	0.1306%	0.1198%	0.1200%
Proportionate share of the net OPEB liability	$ 486,224	$ 458,578	$ 504,754
Covered payroll	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]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

[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.

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	2023	2022	2021	2020	2019
CalSTRS					
Proportion of the net pension liability	0.0728%	0.0772%	0.0786%	0.0738%	0.0667%
Proportionate share of the net pension liability	$ 50,559,989	$ 35,115,598	$ 76,124,802	$ 66,659,738	$ 61,345,890
State's proportionate share of the net pension liability associated with the District	25,320,245	17,668,807	39,242,344	36,367,337	35,123,391
Total	$ 75,880,234	$ 52,784,405	$ 115,367,146	$ 103,027,075	$ 96,469,281
Covered payroll	$ 44,303,806	$ 43,334,372	$ 45,474,871	$ 41,214,318	$ 37,332,356
Proportionate share of the net pension liability as a percentage of its covered payroll	114.12%	81.03%	167.40%	161.74%	164.32%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
CalPERS					
Proportion of the net pension liability	0.2343%	0.2482%	0.2527%	0.2439%	0.2252%
Proportionate share of the net pension liability	$ 80,620,049	$ 50,462,506	$ 77,523,785	$ 71,082,778	$ 60,052,342
Covered payroll	$ 36,683,893	$ 35,715,469	$ 36,488,449	$ 35,007,369	$ 29,970,678
Proportionate share of the net pension liability as a percentage of its covered payroll	219.77%	141.29%	212.46%	203.05%	200.37%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

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	2018	2017	2016	2015
CalSTRS				
Proportion of the net pension liability	0.0663%	0.0682%	0.0779%	0.0581%
Proportionate share of the net pension liability	$ 61,286,649	$ 55,196,567	$ 52,472,482	$ 33,957,179
State's proportionate share of the net pension liability associated with the District	36,256,664	31,422,421	27,752,159	20,504,811
Total	$ 97,543,313	$ 86,618,988	$ 80,224,641	$ 54,461,990
Covered payroll	$ 35,577,170	$ 34,885,918	$ 33,717,601	$ 30,941,662
Proportionate share of the net pension liability as a percentage of its covered payroll	172.26%	158.22%	155.62%	109.75%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS				
Proportion of the net pension liability	0.2131%	0.2204%	0.1032%	0.1033%
Proportionate share of the net pension liability	$ 50,863,523	$ 21,155,192	$ 32,474,152	$ 23,974,911
Covered payroll	$ 26,715,071	$ 27,478,113	$ 24,617,297	$ 21,652,411
Proportionate share of the net pension liability as a percentage of its covered payroll	190.39%	76.99%	131.92%	110.73%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

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	2023	2022	2021	2020	2019
CalSTRS					
Contractually required contribution	$ 9,083,571	$ 7,496,204	$ 6,998,501	$ 7,776,203	$ 6,709,691
Contributions in relation to the contractually required contribution	(9,083,571)	(7,496,204)	(6,998,501)	(7,776,203)	(6,709,691)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 47,557,963	$ 44,303,806	$ 43,334,372	$ 45,474,871	$ 41,214,318
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%	16.28%
CalPERS					
Contractually required contribution	$ 10,366,697	$ 8,404,280	$ 7,393,102	$ 7,195,887	$ 6,323,031
Contributions in relation to the contractually required contribution	(10,366,697)	(8,404,280)	(7,393,102)	(7,195,887)	(6,323,031)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 40,862,030	$ 36,683,893	$ 35,715,469	$ 36,488,449	$ 35,007,369
Contributions as a percentage of covered payroll	25.370%	22.910%	20.700%	19.721%	18.062%

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

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	2018	2017	2016	2015
CalSTRS				
Contractually required contribution	$ 5,387,059	$ 4,475,608	$ 3,743,259	$ 2,994,123
Contributions in relation to the contractually required contribution	(5,387,059)	(4,475,608)	(3,743,259)	(2,994,123)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 37,332,356	$ 35,577,170	$ 34,885,918	$ 33,717,601
Contributions as a percentage of covered payroll	14.43%	12.58%	10.73%	8.88%
CalPERS				
Contractually required contribution	$ 4,654,746	$ 3,710,189	$ 3,255,332	$ 2,897,702
Contributions in relation to the contractually required contribution	(4,654,746)	(3,710,189)	(3,255,332)	(2,897,702)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 29,970,678	$ 26,715,071	$ 27,478,113	$ 24,617,297
Contributions as a percentage of covered payroll	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Schedule of Changes in the District's Net OPEB Liability/(Asset) and Related Ratios

This schedule presents information on the District's changes in the net OPEB liability/(asset), including beginning and ending balances, the Plan's fiduciary net position, and the net OPEB liability/(asset). 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 in Assumptions* - There were no changes in 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 2.16% to 3.54% 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 for the CalSTRS plan from the previous valuations. The CalPERS plan rate of investment return assumption was changed from 7.15% to 6.90% since the previous valuation.

Schedule of the District's 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.

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Supplementary Information
June 30, 2023

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, 2023

Member	Office	Term Expires
Dr. Stephanie Houston	Chair	2026
Dr. Anne Viricel	Vice Chair	2024
Joseph Williams	Clerk	2026
Dr. Nathan Gonzales	Trustee	2026
Gloria Macia Harrison	Trustee	2024
John Longville	Trustee	2024
Frank Reyes	Trustee	2024
Michelle Ly	Student Trustee, CHC	2024
Dyami Ruiz-Martinez	Student Trustee, SBVC	2024

Administration as of June 30, 2023

Diana Rodriguez, M.Ed.	Chancellor
Dr. Linda Fontanilla	Interim President - San Bernardino Valley College
Dr. Kevin Horan	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, Development Director

Inland Futures Foundation, established 2013
Master Agreement signed 2019
Jose Torres, Executive Vice Chancellor

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Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063		$ 16,616,072
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		1,117,869
Federal Direct Student Loans	84.268		205,992
Federal Work-Study Program	84.033		218,329
Subtotal Student Financial Assistance Cluster			18,158,262
TRIO Cluster			
TRIO Student Support Services	84.042A		277,368
Subtotal TRIO Cluster			277,368
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E		1,145,995
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F		12,688,772
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L		2,489,469
Subtotal			16,324,236
Congressionally-Directed Grants	84.116Z		86,084
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education Act (CTEA), Title I, Part C	84.048A	22-C01-009	778,278
Passed through State of California Department of Rehabilitation			
Workability III Program	84.126A	31962	160,306
Total U.S. Department of Education			35,784,534
U.S. Department of Commerce			
Economic Development Cluster			
Public Works and Economic Development Facilities Program	11.300		2,098
Subtotal Economic Development Cluster			2,098
Passed through California Manufacturers and Technology Consulting (CMTC)			
Manufacturing Extension Partnership	11.611	70NANB21H146	67,732
Total U.S. Department of Commerce			69,830
U.S. Department of Agriculture			
Passed through California Department of Education			
Child and Adult Care Food Program	10.558	04375-CACFP-36-CC-CS	156,812
SNAP Cluster			
Passed through Foundation for California Community Colleges			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	00006189	32,609
Passed through California State University, Chico			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	[1]	24,487
Subtotal SNAP Cluster			57,096
Total U.S. Department of Agriculture			213,908

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

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Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of the Treasury			
Passed through California Community Colleges Chancellor's Office			
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	[1]	$ 1,764,758
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	62,552
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]	927
Subtotal Research and Development Cluster			63,479
U.S. Department of Defense			
Passed through University Enterprises Corporation at CSU San Bernardino			
CyberSecurity Core Curriculum	12.905	SA21128	32,973
U.S. Department of Transportation			
Passed through Federal Aviation Administration			
Aviation Maintenance Technical Workforce Grant Program	20.112	G-21-WD-AM-047	282,882
U.S. Department of Veterans Affairs			
Veterans Services	64.117		631
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]	69,122
Foster and Kinship Care Education	93.658	[1]	37,231
Child Care and Development Fund (CCDF) Cluster			
Passed through California Department of Education			
Child Care and Development Block Grant	93.575	15136	99,156
Child Care and Development Block Grant	93.575	15554	44,188
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609	215,701
Passed through Yosemite CCD Child Development Consortium			
Child Care and Development Block Grant	93.575	[1]	18,024
Subtotal CCDF Cluster			377,069
Total U.S. Department of Health and Human Services			483,422
Total Federal Financial Assistance			$ 38,696,417

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

Program	Program Revenues: Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
3C MEDIA SOLUTIONS	$ 5,775	$ -	$ 5,775	$ -	$ -
AB104 ADULT EDUCATION BLOCK GRANT	2,386,087	-	883,591	1,502,496	1,502,496
AB798 TEXTBOOK AFFORDABILITY	25,435	-	25,435	-	-
ACUTE CARE NURSING	-	21,494	-	21,494	21,494
ALTERNATE TEXT PRODUCTION CENTER	-	1,500,000	-	1,500,000	1,500,000
ARTHUR N RUPE FOUNDATION	35,000	-	-	35,000	35,000
BACK 2 WORK PROGRAM	703,361	221,566	-	924,927	924,927
BASIC NEEDS CENTERS & STAFFING	1,023,468	-	716,133	307,335	307,335
BLOCK GRANT FY-98	5,109,264	-	3,477,718	1,631,546	1,631,546
BUTTE COLLEGE/CA DEPT OF HR	97,998	41,210	-	139,208	139,208
C.A.R.E.	545,422	-	323,177	222,245	222,245
CAL ED LEARNING LAB	25,000	-	1,953	23,047	23,047
CAL GRANT B	2,537,925	-	145,444	2,392,481	2,392,481
CALFRESH OUTREACH	33,046	-	26,015	7,031	7,031
CALIFORNIA COLLEGE PROMISE	4,231,951	-	3,142,271	1,089,680	1,089,680
CALIFORNIA SPACE GRANT	500	-	500	-	-
CALIFORNIANS FOR ALL COLLEGE CORPS	(23,437)	811,392	-	787,955	787,955
CALTRANS-PAROLEE WORKCREW 7/16	389,046	513,485	-	902,531	902,531
CalWORKS	1,097,809	-	116,869	980,940	980,940
CAMPUS SAFETY & SEXUAL ASSAULT	36,549	-	26,770	9,779	9,779
CAREER READINESS PGM-GOOGLE	24,526	-	-	24,526	24,526
CASCADE III-EL CAMINO CCD	2,094	8,715	-	10,809	10,809
CCAP INSTRUCTIONAL MATERIALS FOR DUAL ENROLLMENT	14,377	-	13,507	870	870
CDC AB 131 STIPENDS	34,986	-	12,541	22,445	22,445
CERTIFIED NURSE ASSISTANT PROGRAM	117,500	-	108,974	8,526	8,526
CHILD CARE FOOD PROGRAM	5,915	1,507	-	7,422	7,422
CHILD CARE RESOURCE CENTER	6,871	254	-	7,125	7,125
CHILD DEVELOPMENT	936,389	117,019	-	1,211,404	1,211,404
CLASSIFIED PROFESSIONAL	74,979	-	58,359	16,620	16,620
COVID-19 RECOVERY BLOCK GRANT	8,501,009	-	8,314,675	186,334	186,334

See Notes to Supplementary Information

Program	Program Revenues: Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
CTE DATA UNLOCKED INITIATIVE	$ 27,795	$ -	$ 27,795	$ -	$ -
CULTURALLY COMPETENT FACULTY PD	100,870	-	100,870	-	-
DREAM RESOURCE LIAISON	249,091	-	87,602	161,489	161,489
DREAMER STUDENTS	37,590	-	37,590	-	-
E.O.P.S.	2,832,091	-	1,163,536	1,668,555	1,668,555
EARLY ACTION EMGCY FIN. AID	234,521	-	133,800	100,721	100,721
ECON DEV FOR DISTRESSED AREAS	1,750,000	-	1,750,000	-	-
EDUCATIONAL PLANNING INITIATIV	70,097	-	70,097	-	-
EEO BEST PRACTICES	308,333	-	308,333	-	-
EQUAL EMPLOYMENT OPPORTUNITY	185,569	-	139,663	45,906	45,906
ETP #9	367,424	416,811	-	784,235	784,235
FINANCIAL AID TECHNOLOGY	217,098	-	116,092	101,006	101,006
FOSTER CARE EDUCATION	91,635	-	29,350	62,285	62,285
FOUNDATION CCC PRE-INSPECTOR	-	16,700	-	16,700	16,700
FULL TIME STUDENT SUCCESS GRANT	500	-	-	500	500
GROWING INLAND ACHIEVEMENT	100,000	-	-	100,000	100,000
GUIDED PATHWAYS	1,852,157	-	1,360,649	491,508	491,508
HANDICAPPED STUDENT PROGRAMS	1,789,969	-	509,960	1,280,009	1,280,009
HARMEYER INFANT CENTER	21,273	-	16,524	4,749	4,749
HIGH ROAD CONSTRUCTION CAREER (HRCCs)	221,961	13,065	-	235,026	235,026
HIGH ROAD TRAINING PARTNERSHIP	-	146,749	-	146,749	146,749
HIGHER EDUCATION STUDENT HOUSING GRANT	1,690,000	-	1,240,923	449,077	449,077
HUNGER FREE CAMPUS SUPPORT	49,734	-	36,703	13,031	13,031
ICT CYBERHUB CLOUD BASED TECH	163,361	1,073	-	164,434	164,434
IE PRE-APPRENTICESHIP PGM	194,199	-	1,596	192,603	192,603
IEDRC ARROYO VALLEY CORE	-	-	-	-	-
INLAND EMPIRE/DESERT REGIONAL CONSORTIUM	262,957	-	63,310	199,647	199,647
INNOVATION & EFFECTIVENESS GRANT	200,000	-	115,619	84,381	84,381

Program	Program Revenues: Cash Received	Program Revenues: Accounts Receivable	Program Revenues: Unearned Revenue	Program Revenues: Total Revenue	Program Expenditures
INSTRUCTIONAL EQUIPMENT ALLOCATION	$ 96,005	$ -	$ 96,005	$ -	$ -
KVCR AB-132 BILL	-	-	-	-	1,726,387
KVCR MEDIA ACADEMY	-	-	-	-	544,173
LEARNING ALIGNED EMPLY PROGRAM	4,043,108	-	4,043,108	-	-
LGBTQ+	183,800	-	146,552	37,248	37,248
LIBRARY SERVICES PLATFORM	44,758	-	12,601	32,157	32,157
LOCAL SHARES/SWP ROUND 3	164,959	-	17,236	147,723	147,723
LOCAL SHARES/SWP ROUND 4	97,506	-	69,607	27,899	27,899
LOCAL SHARES/SWP ROUND 5	968,439	-	-	968,439	968,439
LOCAL SHARES/SWP ROUND 6	2,191,003	-	1,328,557	862,446	824,589
LOCAL SHARES/SWP ROUND 7	3,217,955	-	2,481,387	736,568	736,568
MENTAL HEALTH SUPPORT	846,989	-	498,359	348,630	348,630
MESA GRANT	418,634	-	218,400	200,234	200,234
MIDDLE COLLEGE HIGH SCHOOL	264,801	-	115,329	149,472	149,472
NEXTUP FOSTER YOUTH SUPP. PRG.	452,401	-	404,881	47,520	47,520
NURSING EDUCATION	175,549	-	11,032	164,517	164,517
ONE TIME EMERGENCY AID	6,476	-	-	6,476	6,476
P48R6 RESPONSIVE TRAINING HP	15,972	-	-	15,972	15,972
P48R6 RESPONSIVE TRAINING RAH	13,538	889	-	14,427	14,427
P48R6 RESPONSIVE TRAINING RH	22,393	5,629	-	28,022	28,022
PHYSICAL PLANT/INST SUP FY2023	11,227,885	-	8,119,584	3,108,301	3,108,301
PRISON TO EMPLOYMENT INITIATIVE (P2E)	75,849	-	75,849	-	-
PROBATION-ENRICHMENT SERVICES	94,303	-	33,617	60,686	60,686
PROGRAM REVIEW	-	-	-	-	577,583
PROP 30 - EPA	7,369,779	-	-	7,369,779	7,369,779
RCC ACUTE CARE NURSING ASSIST	-	1,735	-	1,735	1,735
RCC-EMP ENGAGEMENT MGR	200,600	-	130,240	70,360	70,360
RCC-FAMILY CHILD CARE AGREEMENT	23,657	-	23,657	-	-
RCC-HHA-VNA HOSPICE	-	5,000	-	5,000	5,000

Program	Program Revenues: Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
REGIONAL SHARES/SWP ROUND 4	$ 104,746	$ -	$ 104,746	$ -	$ -
REGIONAL SHARES/SWP ROUND 5	350,227	29,398	-	379,625	379,625
REGIONAL SHARES/SWP ROUND 6	170,794	221,664	-	392,458	392,458
REGIONAL SHARES/SWP ROUND 7	-	100,755	-	100,755	100,755
REPORT STREAMLINING PROGRAM	197,219	-	138,862	58,357	58,357
RIVERSIDE COUNTY REGIONAL TRAINING	181	-	181	-	-
RIVERSIDE COUNTY SHERIFF DEPARTMENT	(327)	-	-	(327)	-
SFAA-BFAP ADM ALLOWANCE	1,078,840	-	374,685	704,155	704,155
STAFF DEVELOPMENT	248	-	248	-	-
STATE PRESCHOOL GRANT	1,977,300	340,143	-	2,317,443	1,994,274
STUDENT EQUITY& ACHIEVEMENT GRANT	12,043,904	-	3,900,453	8,143,451	8,143,451
STUDENT FOOD AND HOUSING SUPPORT	925,184	-	708,650	216,534	216,534
STUDENT RETENTION & OUTREACH	3,146,259	-	1,624,226	1,522,033	1,522,033
STUDENT SUCCESS COMPLETION GRT	5,572,945	-	3,228,229	2,344,716	2,344,716
STRONG WORKFORCE PROGRAM - IEDRC P49R6 INNOV & AUTOMATIVE	95,866	69,192	-	165,058	165,058
STRONG WORKFORCE PROGRAM - REGIONAL REALLOCATED FUNDS	27,725	-	27,725	-	-
STRONG WORKFORCE PROGRAM- POSITIVE INCENTIVE FUNDING	5,432	-	5,432	-	-
SYSTEMWIDE TECH & DATA	300,000	-	274,194	25,806	25,806
TECHNICAL BUILDING REPLACEMENT	-	13,999,999	-	13,999,999	13,999,999
TELECOMMUNICATIONS TECHNOLOGY	5,641	-	5,641	-	-
TEMPORARY ASST FOR NEEDY FAMILIES (TANF)	35,932	17,279	11,351	41,860	41,860
UNIQUELY ABLED	47,186	-	38,018	9,168	9,168
VETERANS RESOURCE CENTER	557,035	-	303,463	253,572	253,572
YOUTH EMPOWERMENT STR (FRM ILP)	13,338	7,901	-	21,239	21,239
ZERO TEXTBOOK COST DEGREE	400,000	-	400,000	-	-
Total state programs	$ 100,269,104	$ 18,630,624	$ 53,681,824	$ 65,375,900	$ 67,863,344

See Notes to Supplementary Information

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2022 only)			
1. Noncredit*	10.70	-	10.70
2. Credit	1,026.51	-	1,026.51
B. Summer Intersession (Summer 2023 - Prior to July 1, 2023)			
1. Noncredit*	7.98	-	7.98
2. Credit	1,021.67	-	1,021.67
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	2,748.24	-	2,748.24
(b) Daily Census Contact Hours	841.18	-	841.18
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	422.27	-	422.27
(b) Credit	1,113.90	-	1,113.90
3. Alternative Attendance Accounting Procedures Courses			
(a) Weekly Census Procedure Courses	2,645.75	-	2,645.75
(b) Daily Census Procedure Courses	3,102.67	-	3,102.67
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	12,940.87	-	12,940.87
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Noncredit*	-	-	-
2. Credit	384.52	-	384.52
CCFS-320 Addendum			
CDCP Noncredit FTES	47.36	-	47.36

* 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 Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 22,198,177	$ -	$ 22,198,177	$ 22,198,177	$ -	$ 22,198,177
Other	1300	15,777,843	-	15,777,843	15,777,843	-	15,777,843
Total Instructional Salaries		37,976,020	-	37,976,020	37,976,020	-	37,976,020
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	8,969,362	-	8,969,362
Other	1400	-	-	-	1,075,814	-	1,075,814
Total Noninstructional Salaries		-	-	-	10,045,176	-	10,045,176
Total Academic Salaries		37,976,020	-	37,976,020	48,021,196	-	48,021,196
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	22,761,611	-	22,761,611
Other	2300	-	-	-	2,221,886	-	2,221,886
Total Noninstructional Salaries		-	-	-	24,983,497	-	24,983,497
Instructional Aides							
Regular Status	2200	2,272,041	-	2,272,041	2,272,041	-	2,272,041
Other	2400	1,251,785	-	1,251,785	1,251,785	-	1,251,785
Total Instructional Aides		3,523,826	-	3,523,826	3,523,826	-	3,523,826
Total Classified Salaries		3,523,826	-	3,523,826	28,507,323	-	28,507,323
Employee Benefits	3000	14,753,112	-	14,753,112	27,673,927	-	27,673,927
Supplies and Material	4000	-	-	-	908,126	-	908,126
Other Operating Expenses	5000	1,484,110	-	1,484,110	12,524,824	-	12,524,824
Equipment Replacement	6420	-	-	-	267,689	-	267,689
Total Expenditures Prior to Exclusions		57,737,068	-	57,737,068	117,903,085	-	117,903,085

See Notes to Supplementary Information

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ -	$ -	$ -	$ -	$ -	$ -
Student Health Services Above Amount Collected	6441	-	-	-	(57,818)	-	(57,818)
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	-	-	-
Objects to Exclude							
Rents and Leases	5060	-	-	-	1,355,220	-	1,355,220
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		-	-	-	-	-	-

See Notes to Supplementary Information

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ 3,167,088	$ -	$ 3,167,088
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		-	-	-	4,464,490	-	4,464,490
Total for ECS 84362, 50% Law		$ 57,737,068	$ -	$ 57,737,068	$ 113,438,595	$ -	$ 113,438,595
% of CEE (Instructional Salary Cost/Total CEE)		50.90%		50.90%	100.00%		100.00%
50% of Current Expense of Education					$ 56,719,298		$ 56,719,298

Activity Classification	Object Code				Unrestricted
EPA Revenue:	8630				$ 7,441,974
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	$ 7,441,974	$ -	$ -	$ 7,441,974
Total Expenditures for EPA		$ 7,441,974	$ -	$ -	$ 7,441,974
Revenues Less Expenditures					$ -

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Amounts reported for governmental activities in the Statement of Net Position are different because		
Total fund balance		
General Funds	$ 44,354,097	
Special Revenue Funds	106,187,517	
Capital Project Funds	273,878,826	
Debt Service Funds	65,044,224	
Proprietary Funds	55,509,630	
Internal Service Funds	8,736,492	
Total fund balance - all District funds		$ 553,710,786
Capital assets, right-to-use leased assets and right-to-use subscription IT 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	866,663,622	
Accumulated depreciation is	(247,125,572)	
The cost of right-to-use leased assets is	3,603,422	
Accumulated amortization is	(2,296,454)	
The cost of right-to-use subscription IT assets is	6,605,394	
Accumulated amortization is	(3,034,615)	
Less: capital assets already recorded in proprietary funds	(46,124,543)	
Total capital assets, right-to-use leased assets, and right-to-use subscription IT assets, net		578,291,254
The net other postemployment benefits (OPEB) asset results from the difference between annual OPEB cost on the accrual basis and OPEB contributions.		1,273,555
Lease receivables and deferred inflows of resources related to leases are reported in the Statement of Net Position, but were note reported on the District's CCFS-311 report		
Lease receivables	37,996,881	
Deferred inflows of resources related to leases	(31,307,486)	
		6,689,395
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	59,967,348	
Deferred outflows of resources related to OPEB	2,609,698	
Deferred outflows of resources related to pensions	42,896,493	
Total deferred outflows of resources		105,473,539

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.		$ 31,433,093
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.		(9,098,256)
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	$ (807,017,253)	
Compensated absences	(5,734,047)	
Subscription-based IT arrangements	(3,824,473)	
Lease liability	(1,625,466)	
Aggregate net other postemployment benefits (OPEB) liability	(359,724)	
Net pension liability	(131,180,038)	
In addition, the District has issued 'capital appreciation' general obligation bonds. The accretion of interest unmatured on the general obligation bonds to date is	(56,848,793)	
Total long-term liabilities		(1,006,589,794)
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	(5,677,057)	
Deferred inflows of resources related to pensions	(16,903,002)	
Total deferred inflows of resources		(22,580,059)
Total net position		$ 238,603,513

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 as of June 30, 2023.

Schedule of Expenditures of Federal Awards

Basis of Presentation
The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2023. 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 District has not elected to use the 10% de minimis cost rate.

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.

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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, 2023

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 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 (*Government Auditing Standards)*, the financial statements of the business-type activities and the remaining fund information of the San Bernardino Community College District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 17, 2023.

Adoption of New Accounting Standard

As discussed in Note 2 and 14 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the business-type activities net position as of July 1, 2022, to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on 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.

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

Report on 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
November 17, 2023

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

Opinion on Each Major Federal Program

We have audited San Bernardino Community College District's (the District) compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

In our opinion, the San Bernardino Community College District complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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

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that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
November 17, 2023

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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 2022-2023 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, 2023.

Opinion

In our opinion, the San Bernardino Community College District complied, in all material respects, with the compliance requirements referred to above that are applicable to the State programs noted in the table below that were audited for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the standards and procedures identified in the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on state compliance with the compliance requirements subject to audit in the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's compliance with the requirements listed in the table below.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit 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 over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any material noncompliance with the requirements listed in the table below that we identified during the audit.

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)
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation
Section 444	Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475	Disabled Student Programs and Services (DSPS)
Section 490	Propositions 1D and 51 State Bond Funded Projects
Section 491	Education Protection Account Funds
Section 492	Student Representation Fee
Section 494	State Fiscal Recovery Fund
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 did not receive any funding for Propositions 1D and 51 State Bond Funded Projects; therefore, the compliance tests within this section were not applicable.

The State Fiscal Recovery Fund was included as a major federal program, as described in the summary of auditor's results; therefore the compliance requirements within this section were not performed.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
November 17, 2023

Schedule of Findings and Questioned Costs
June 30, 2023

San Bernardino Community College District

<u>Financial Statements</u>

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

<u>Federal Awards</u>

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

Identification of major programs:

Name of Federal Program or Cluster	Federal Financial Assistance Listing 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 State and Local Fiscal Recovery Funds	21.027

Dollar threshold used to distinguish between type A and type B programs	$1,160,893
Auditee qualified as low-risk auditee?	No

<u>State Compliance</u>

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

None reported.

None reported.

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None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Consolidated Financial Statements
June 30, 2023 and 2022

KVCR TV and FM

(A Public Telecommunications Entity Operated by the San Bernardino Community Collect District)

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Independent Auditor's Report

The Board of Directors
San Bernardino Community College District
KVCR TV and FM
San Bernardino, California

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of KVCR TV and FM (a public telecommunications entity operated by the San Bernardino Community College District (the District) as of and for the years ended June 30, 2023 and 2022, and the related notes to the consolidated financial statements, which collectively comprise the Entity's basic consolidated financial statements as listed in the table of contents.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the respective consolidated financial position of KVCR TV and FM (the Entity) as of June 30, 2023 and 2022, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Entity, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern for twelve months beyond the consolidated financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 11 be presented to supplement the basic consolidated financial statements. Such information is the responsibility of management and, although not a part of the basic consolidated 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 consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the Entity's basic consolidated financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic consolidated 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 consolidated financial statements or to the basic consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2023 on our consideration of the Entity's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is 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 Entity'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 Entity's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
November 17, 2023

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USING THIS ANNUAL REPORT

The purpose of this annual report is to provide readers with information about the combined financial activities and condition of KVCR TV and FM (the Stations) and KVCR FNX, as of June 30, 2023 and 2022. The report consists of three basic consolidated financial statements: Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows and provides information about the Stations and KVCR FNX as a whole. This section of the annual financial report presents our discussion and analysis of the Entity's consolidated financial performance for the fiscal years ending June 30, 2023, 2022 and 2021, and is best read in conjunction with the consolidated financial statements and the notes following this section.

Statements of Net Position

Table 1

	2023	2022	2021, as restated
Assets			
Cash, cash equivalents and investments	$ 3,132,493	$ 3,712,272	$ 883,810
Receivables	10,346,638	9,756,791	9,604,183
Other current assets	293,022	408,910	568,909
Capital and right-to-use leased assets, net	591,239	786,097	988,066
Total assets	14,363,392	14,664,070	12,044,968
Liabilities			
Accounts payable	183,633	123,925	77,047
Due to related party	4,073,974	4,999,365	2,121,232
Unearned revenue	1,039,374	934,997	1,298,361
Long-term liabilities			
Lease liability, due within one year	83,162	76,067	69,420
Lease liability, due in more than one year	538,576	621,738	697,805
Total liabilities	5,918,719	6,756,092	4,263,865
Deferred Inflows of Resources			
Deferred inflows of resources related to leases	5,126,761	5,417,731	5,694,389
Net Position			
Net investment in capital assets	(30,499)	88,292	220,841
Unrestricted	3,348,411	2,401,955	1,865,873
Total net position	$ 3,317,912	$ 2,490,247	$ 2,086,714

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Financial Position

The Statements of Net Position above includes all assets, liabilities and deferred inflows of resources of the Entity 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 Entity as a whole. The Statement of Net Position primarily presents end-of-year data concerning assets, liabilities, deferred inflows of resources and net position (total assets minus total liabilities and deferred inflows of resources). Net position is one way to measure the financial condition of the Entity as a whole.

The following are explanatory remarks for the Statements of Net Position:

- Cash and cash equivalents consists of only cash awaiting deposit. Once the funds are deposited into the County Treasurer's investment pool, they are classified as investments.

- Due from related party and accounts receivable primarily consist of revenues from local and State sources from which the Entity had earnings, but which were not received as of the fiscal year-end date.

- Lease receivables consists of the present value of payments expected to be received during the lease term for the leasing of real property. The deferred inflow of resources consists of initial amount of the lease receivable less any payments that have been received.

- Capital assets and right-to-use leased assets consist of furniture and equipment, vehicles, computer software and leased cellular tower space. Net capital assets is the historical value of the assets less accumulated depreciation. Net right-to-use leased assets is the value of the leased assets less accumulated amortization. The decrease in the balance of net capital assets and right-to-use leased assets is due to current year depreciation and amortization, respectively.

- Due to related party and accounts payable consist of operating expenses which the Entity incurred, but for which payments were not issued as of year-end.

- Unearned revenue consists of amounts received in advance of required program expense being incurred. This revenue will become earned in the 2023-2024 fiscal year as program related expenses are incurred.

- Lease liabilities consists of the present value of payments expected to be made during the Entity's lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

- The net position is divided into two major categories. The first category, net investments in capital assets, represents total investments in capital assets, net of outstanding debt obligations related to those capital assets. The second category is unrestricted net position that is available to be used for any lawful purpose of the Entity.

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Statements of Revenues, Expenses, and Changes in Net Position

Changes in total net position are presented in the Statements 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; the operating and nonoperating expense incurred, whether paid or not; and any other revenues, expenses, gains and/or losses earned or incurred. Thus, this statement presents the results of operation for the Entity as a whole.

Operating revenues are earned from public contributions, grants, underwriting, and other local sources. Other revenues include interest and dividend income, leasing and rental income, and a transfer for program support from the San Bernardino Community College District.

Table 2

	2023	2022	2021*
Operating Revenues			
Federal revenue	$ 118,917	$ 400,102	$ -
Inland Empire Pre-Apprenticeship Program	-	15,382	33,944
Contributions	1,310,176	1,421,089	1,397,968
Institutional support	871,264	809,913	1,133,963
CPB grants	514,690	617,227	-
Other local income	849,940	828,870	1,515,984
Total operating revenues	3,664,987	4,092,583	4,081,859
Operating Expenses	6,509,016	5,633,092	6,070,081
Total operating loss	(2,844,029)	(1,540,509)	(1,988,222)
Other Revenues (expenses/losses)			
Investment income and expenses, net	464,733	353,573	13,624
Leasing and rentals	297,653	314,816	554,609
Transfers in from related party	2,909,308	1,275,653	1,014,949
Total other revenues (expenses/losses)	3,671,694	1,944,042	1,583,182
Change in Net Position	$ 827,665	$ 403,533	$ (405,040)

The 2021 year has not been restated for the effects of the implementation of GASB Statement No. 87.

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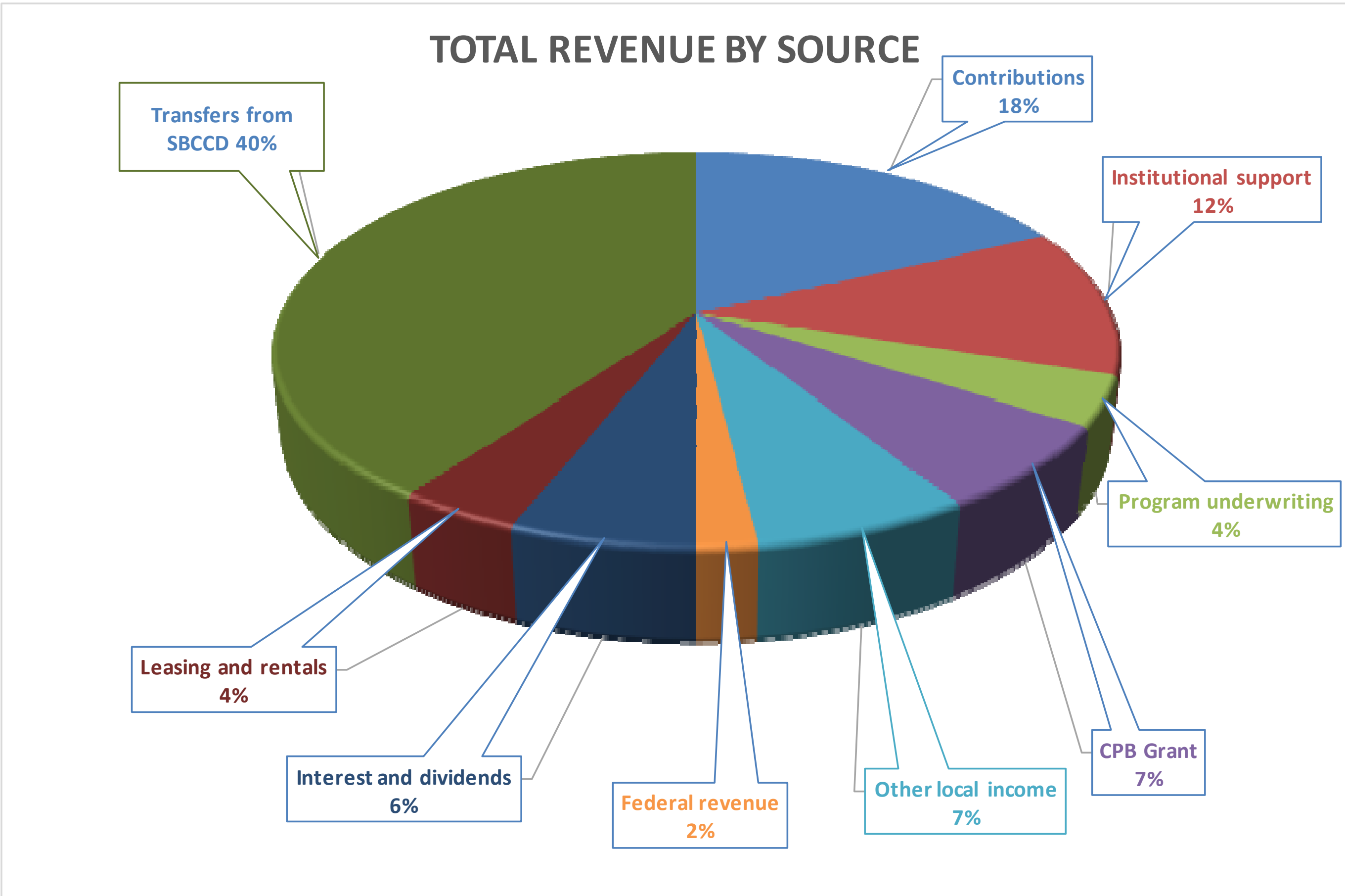
Below is an illustration of total revenues by source:



The following are explanatory remarks for the Statements of Revenues, Expenses, and Changes in Net Position:

- Total operating expenses increased by $875,924 from the prior year due to inflationary pressure on yearly vendor agreements, large scale production commitments and staffing growth.

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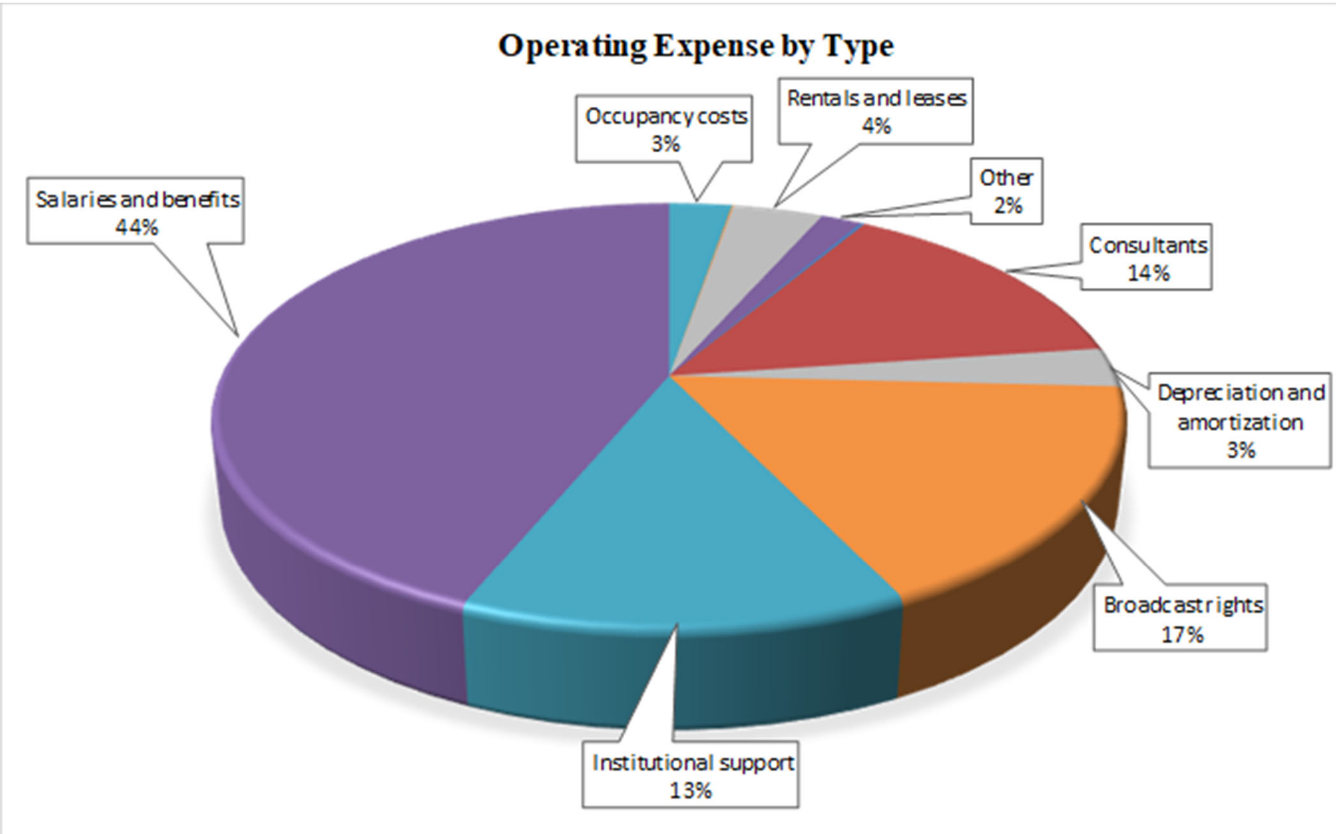
Below is an illustration of total operating expense by type:



The Entity's operating expenses are shown below (with explanatory remarks):

- Program services:
  - Programming and production expenses incurred to purchase, schedule, and produce and prepare programs for broadcast.
  - Broadcasting expenses incurred to prepare, store, check quality, verify automation asset management, play out, and monitor program streams, as well as installation and maintenance of equipment necessary for technical operations of the Stations, and transmission costs such as rents and utilities.
  - Program information and promotions expenses incurred to maintain the Stations' website, and design and procure promotional materials.
- Management and general: Expenses incurred for management services such as director of operations, accounting, administrative, and legal services.
- Fundraising: All costs for pledge premiums, membership administrative services, database management costs, and expenses incurred for underwriting, grant, and other solicitations to support the Stations.

- Depreciation of capital assets is computed and recorded using the straight-line method. A capitalization threshold of $5,000 is maintained for computer software and furniture and equipment. Useful lives of assets are estimated as follows:
  - 3 to 20 years for furniture and equipment
  - 8 years for computer software

Statements of Cash Flows

The Statements of Cash Flows shown below provides information about cash receipts and cash payments during the fiscal year. The statement also assists readers in understanding the Entity's ability to generate net cash flows, and its ability to meet obligations as they come due, or the need for assistance via external financing. The Entity has adopted the indirect cash flow method which shows a reconciliation from reported change in net position to cash provided by operating, financing, and investing activities.

Additional explanatory information for the statement is as follows:

- The main cash receipts from operating activities consist of grant funding, membership, production services, underwriting, and District support.
- Cash outlays include payment of salaries, benefits, programming, production, and other operating expenses.

Table 3

	2023	2022	2021*
Cash Flows from			
Operating activities	$ (2,650,113)	$ (1,492,150)	$ (2,881,546)
Noncapital financing activities	1,681,668	4,036,459	4,123,086
Capital financing activities	(109,246)	(106,221)	(103,297)
Investing activities	497,912	390,374	13,624
Net Change in Cash and Cash Equivalents	(579,779)	2,828,462	1,151,867
Cash and Cash Equivalents, Beginning of Year	3,712,272	883,810	(268,057)
Cash and Cash Equivalents, End of Year	$ 3,132,493	$ 3,712,272	$ 883,810

The 2021 year has not been restated for the effects of the implementation of GASB Statement No. 87.

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Natural Classification of Expenses

2023	Program Activities				Management and General Activities			Total
	KVCR Radio	KVCR TV	FNX-TV	Total	KVCR Radio	KVCR TV	Total	Expenses
Salaries and benefits	$ 646,757	$ 1,529,732	$ 326,436	$ 2,502,925	$ 141,669	$ 204,161	$ 345,830	$ 2,848,755
Administrative	29,694	48,158	-	77,852	-	-	-	77,852
Advertising	-	4,500	-	4,500	-	-	-	4,500
Amortization expense	-	53,539	-	53,539	-	-	-	53,539
Broadcast rights	334,075	626,527	148,297	1,108,899	-	-	-	1,108,899
Consultants	47,568	653,680	231,386	932,634	-	-	-	932,634
Depreciation expense	5,775	135,544	-	141,319	-	-	-	141,319
Dues and memberships	-	8,056	-	8,056	-	-	-	8,056
Maintenance and operations	-	(96,134)	435	(95,699)	-	-	-	(95,699)
Noncash institutional support	197,071	556,743	117,450	871,264	-	-	-	871,264
Postage and freight	1,750	4,000	1,195	6,945	-	-	-	6,945
Professional fees	6,600	45,965	9,561	62,126	-	-	-	62,126
Promotional giveaways	-	11,500	457	11,957	-	-	-	11,957
Rentals and leases	12,087	237,130	435	249,652	-	-	-	249,652
Supplies	2,580	19,545	3,633	25,758	-	-	-	25,758
Travel	4,714	13,147	9,735	27,596	-	-	-	27,596
Telephone/Electricity	-	173,863	-	173,863	-	-	-	173,863
Total expenses	$ 1,288,671	$ 4,025,495	$ 849,020	$ 6,163,186	$ 141,669	$ 204,161	$ 345,830	$ 6,509,016

2022	Program Activities				Management and General Activities			Total
	KVCR Radio	KVCR TV	FNX-TV	Total	KVCR Radio	KVCR TV	Total	Expenses
Salaries and benefits	$ 566,787	$ 1,116,638	$ 308,423	$ 1,991,848	$ 77,669	$ 111,768	$ 189,437	$ 2,181,285
Administrative	(495)	3,279	(339)	2,445	-	-	-	2,445
Advertising	3,000	23,000	-	26,000	-	-	-	26,000
Amortization expense	-	53,539	-	53,539	-	-	-	53,539
Broadcast rights	329,239	819,979	195,866	1,345,084	-	-	-	1,345,084
Consultants	75,393	390,577	159,769	625,739	-	-	-	625,739
Depreciation expense	5,775	142,655	-	148,430	-	-	-	148,430
Dues and memberships	400	2,000	-	2,400	-	-	-	2,400
Maintenance and operations	-	12,396	1,000	13,396	-	-	-	13,396
Noncash institutional support	188,736	495,591	125,586	809,913	-	-	-	809,913
Postage and freight	-	2,000	-	2,000	-	-	-	2,000
Professional fees	32,157	40,398	-	72,555	-	-	-	72,555
Promotional giveaways	278	22,502	2,181	24,961	-	-	-	24,961
Rentals and leases	7,804	94,781	57,590	160,175	-	-	-	160,175
Supplies	747	11,118	647	12,512	-	-	-	12,512
Travel	320	3,438	2,349	6,107	-	-	-	6,107
Telephone/Electricity	-	146,551	-	146,551	-	-	-	146,551
Total expenses	$ 1,210,141	$ 3,380,442	$ 853,072	$ 5,443,655	$ 77,669	$ 111,768	$ 189,437	$ 5,633,092

2021*	Program Activities				Management and General Activities			Total
	KVCR Radio	KVCR TV	FNX-TV	Total	KVCR Radio	KVCR TV	Total	Expenses
Salaries and benefits	$ 487,363	$ 914,312	$ 539,562	$ 1,941,237	$ 161,340	$ 232,173	$ 393,513	$ 2,334,750
Administrative	1,145	808	425	2,378	-	-	-	2,378
Advertising	-	3,015	-	3,015	-	-	-	3,015
Broadcast rights	217,364	818,780	433,893	1,470,037	-	-	-	1,470,037
Consultants	83,610	229,642	70,244	383,496	-	-	-	383,496
Depreciation expense	5,775	150,430	-	156,205	-	-	-	156,205
Dues and memberships	3,438	3,142	-	6,580	-	-	-	6,580
Maintenance and operations	-	3,704	133	3,837	-	-	-	3,837
Noncash institutional support	327,348	806,615	-	1,133,963	-	-	-	1,133,963
Postage and freight	1,000	3,000	-	4,000	-	-	-	4,000
Professional fees	17,629	25,509	1,074	44,212	-	-	-	44,212
Promotional giveaways	4,047	13,012	-	17,059	-	-	-	17,059
Rentals and leases	10,299	157,604	183,021	350,924	-	-	-	350,924
Supplies	1,111	1,842	1,199	4,152	-	-	-	4,152
Travel	-	-	411	411	-	-	-	411
Telephone/Electricity	34,700	121,547	(1,185)	155,062	-	-	-	155,062
Total expenses	$ 1,194,829	$ 3,252,962	$ 1,228,777	$ 5,676,568	$ 161,340	$ 232,173	$ 393,513	$ 6,070,081

The 2021 year has not been restated for the effects of the implementation of GASB Statement No. 87.

ECONOMIC FACTORS AFFECTING THE FUTURE OF KVCR TV AND FM

Public television and radio stations continue going through a transformational period of relevance to the communities they serve through the type and delivery of programming they distribute. The most significant public television and radio challenge is introducing the public media ecosystem to new audiences through emerging technologies and capturing the screen or listening time of these new audiences. This challenge mirrors many of the same challenges that affect commercial media, national media, and streaming services—media consumption has fractured, become vastly accessible, and serves a hyper-driven society.

KVCR Public Media Television is affected by audiences migrating to various media options. In this reporting period, local public media is just beginning to establish a presence and strategies for marketing to future members within this arena of options. Radio has similar challenges with the proliferation of subscription streaming services, smart devices, and social platforms. The surplus of entertainment content available and the growing fragmentation of viewer behavior into a hybrid of traditional broadcast, streaming, social, and on-demand consumption is a considerable financial challenge to KVCR Public Media. The station's operational cost to deliver public media programming will continue to correlate with changing technologies and inflationary pressures. This change in viewer and listener habits, along with the rising cost of business, has a broader impact on revenue for public media stations that are viewer-supported and grant-funded, such as KVCR Public Media.

As a result, this reporting period's total revenue generated through membership, online giving, and underwriting decreased. In this climate, the challenge for public media is adapting to the vast array of media options while developing ways to inspire new audiences to support and engage without abandoning traditional viewers and listeners.

CONTACTING KVCR MANAGEMENT

This financial report is designed to provide our donors, taxpayers, investors, and creditors with a general overview of the Entity's finances and to show the District's accountability for funding received. Questions or concerns about this report or requests for additional financial information should be addressed to Lawrence Strong, Director of Fiscal Services, by phone at 909-388-6915 or by e-mail at lstrong@sbccd.edu.

	2023	2022
Assets		
Cash and cash equivalents	$ 48,970	$ 101,549
Investments	3,083,523	3,610,723
Accounts receivable	363,923	83,008
Due from related party	1,540,387	1,071,849
Prepaid expenses	259,489	375,376
Other assets	33,533	33,534
Lease receivables	8,442,328	8,601,934
Capital and right-to-use leased assets		
Depreciable captial assets, net of accumulated depreciation	268,480	409,799
Right-to-use leased assets, net of accumulated amortization	322,759	376,298
Total capital and right-to-use leased assets, net	591,239	786,097
Total assets	14,363,392	14,664,070
Liabilities		
Accounts payable	183,633	123,925
Due to related party	4,073,974	4,999,365
Unearned revenue	1,039,374	934,997
Long-term liabilities		
Lease liability, due within one year	83,162	76,067
Lease liability, due in more than one year	538,576	621,738
Total liabilities	5,918,719	6,756,092
Deferred Inflows of Resources		
Deferred inflows of resources related to leases	5,126,761	5,417,731
Net Position		
Net investment in capital assets	(30,499)	88,292
Unrestricted	3,348,411	2,401,955
Total net position	$ 3,317,912	$ 2,490,247

	2023	2022
Operating Revenues		
Public contributions - FM Station	$ 518,637	$ 587,073
Public contributions - TV Station	791,149	834,016
Private contributions - TV Station	390	-
Non cash institutional support from San Bernardino Community College District - FM	197,071	188,736
Non cash institutional support from San Bernardino Community College District - TV	674,193	621,177
CPB grants - TV Station	514,690	617,227
Program underwriting - FM Station	133,790	170,507
Program underwriting - TV Station	138,658	237,689
Other local income - FM Station	35,870	41,452
Other local income - TV Station	528,239	379,222
Federal revenue - FM Station	32,833	164,042
Federal revenue - TV Station	86,084	236,060
Inland Empire Pre-Apprenticeship Program - TV Station	-	15,382
Strong Workforce Regional Grant - FM Station	9,836	-
Strong Workforce Regional Grant - TV Station	3,547	-
Total operating revenues	3,664,987	4,092,583
Operating Expenses		
Program services - FM Station	1,288,671	1,210,141
Program services - TV Station	4,874,515	4,233,514
Management and general - FM Station	141,669	77,669
Management and general - TV Station	204,161	111,768
Total operating expenses	6,509,016	5,633,092
Total operating loss	(2,844,029)	(1,540,509)
Other Revenues, Expenses and Losses		
Interest and dividends - FM Station	2,787	-
Interest and dividends - TV Station	502,599	452,455
Interest expense	(33,179)	(36,801)
Leasing and rentals - FM Station	18,311	9,492
Leasing and rentals - TV Station	279,342	305,324
Change in the fair market value of the cash held by the San Bernardino County Treasury	(7,474)	(62,081)
Transfers in from related party - FM Station	664,610	259,838
Transfers in from related party - TV Station	2,244,698	1,015,815
Total other revenues, expenses and losses	3,671,694	1,944,042
Change in Net Position	827,665	403,533
Net Position, Beginning of Year	2,490,247	2,086,714
Net Position, End of Year	$ 3,317,912	$ 2,490,247

	2023	2022
Operating Activities		
Federal, state, and local grants	$ 633,607	$ 1,032,711
Other local operating receipts	1,983,578	1,889,472
Payments to employees	(2,848,755)	(2,181,285)
Payments to suppliers	(2,418,543)	(2,233,048)
Net Cash Flows from Operating Activities	(2,650,113)	(1,492,150)
Noncapital Financing Activities		
Leasing and rentals	166,289	152,416
Transfers in from the San Bernardino Community College District (SBCCD)	1,515,379	3,884,043
Net Cash Flows from Noncapital Financing Activities	1,681,668	4,036,459
Capital Financing Activities		
Interest paid on capital debt	(33,179)	(36,801)
Principal paid on capital debt	(76,067)	(69,420)
Net Cash Flows from Capital Financing Activities	(109,246)	(106,221)
Investing Activities		
Change in fair market value of Cash in County treasury	(7,474)	(62,081)
Interest and dividends	505,386	452,455
Net Cash Flows from Investing Activities	497,912	390,374
Net Change in Cash and Cash Equivalents	(579,779)	2,828,462
Cash and Cash Equivalents, Beginning of Year	3,712,272	883,810
Cash and Cash Equivalents, End of Year	$ 3,132,493	$ 3,712,272
Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	$ (2,844,029)	($1,540,509)
Adjustments to reconcile operating loss to net cash from operating activities		
Depreciation and amortization expense	194,858	201,969
Changes in assets and liabilities related to		
Accounts receivable	(280,915)	2,877
Prepaid expenses	115,887	159,999
Accounts payable	59,708	46,878
Unearned revenue	104,377	(363,364)
Net Cash Flows from Operating Activities	$ (2,650,113)	$ (1,492,150)

See Notes to Consolidated Financial Statements

Note 1 - Summary of Significant Accounting Policies

Organization

KVCR TV and FM is comprised of the following activities:

KVCR TV and FM is a public telecommunications entity owned and operated by the San Bernardino Community College District (the District), which provides public radio and television station broadcasts to the Inland Empire area of Southern California. These stations provide the public with a variety of musical, informational, and educational programming.

KVCR FNX, First Nations Experience is a broadcast television network owned and operated by the studios of KVCR. The network originated through a partnership of the San Manuel Band of Mission Indians and the San Bernardino Community College District with the mission to illustrate the lives and cultures of native people around the world.

These financial statements are not intended to, and do not purport to, present fairly the financial position and the changes in financial position of the District in accordance with accounting principles generally accepted in the United States of America.

KVCR TV and FM and FNX fund are programs of the San Bernardino Community College District. The District is a public education institution and is considered a political subdivision of the State of California and is, therefore, tax exempt and not subject to filing informational returns.

Financial Statement Presentation

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB).

The activity of the Entity is presented in an Enterprise format which includes a statement of cash flows. The Enterprise format accounts for activities similar to those in the private sector, where the proper matching of revenues and costs is important, and the full accrual basis of accounting is required. With this measurement focus, all assets and all liabilities of the enterprise are recorded on its statement of net position, all revenues are recognized when earned, and all expenses, including depreciation, are recognized when incurred.

For internal operating purposes, the District's Board of Trustees has established two separate funds, which include separate self-balancing accounts and separate Board approved budgets for the activities of KVCR TV and FM and KVCR FNX. The activities of the KVCR FNX have been consolidated with KVCR TV and FM activities.

Contributions

Contributions are recognized when the donor makes a promise to give to support the activities of the Entity's programming that are, in substance, unconditional.

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Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and those differences could be material.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Entity considers all cash on hand and short-term investments with original maturities of three months or less to be cash equivalents. 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 Entity'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 consists primarily of amounts due from the State, interest or other local sources. Management has deemed all amounts as collectable; therefore, no allowance for doubtful accounts is considered necessary.

Capital Assets

The Entity capitalizes property and equipment purchased or donated with a unit cost over $5,000. Lesser amounts are expensed when purchased. Donations of property and equipment are recorded as contributions at their estimated fair value, if known. Routine maintenance and repairs are charged to expense as incurred. Depreciation is computed on the straight-line method based on the assets' estimated useful lives ranging from three to thirty years.

The Entity 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 years ended June 30, 2023 and 2022.

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Leases

The Entity recognizes a lease liability and an intangible right-to-use leased asset in the consolidated financial statements. The Entity measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The right-to-use leased asset is initially measured as the initial amount of the lease liability, plus certain initial direct costs. Subsequently, the right-to-use leased asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The Entity recognizes a lease receivable and a deferred inflow of resources in the consolidated financial statements. At the commencement of a lease, the Entity initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Change in Accounting Principles

Implementation of GASB Statement No. 96

As of July 1, 2022, the Entity adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. There was not a significant effect on the Entity's consolidated financial statements as a result of the implementation of the standard.

Note 2 - Deposits and Investments

Policies and Practices

Cash and cash equivalents are maintained in accordance with the District's policies and procedures. 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

The Entity is considered to be an involuntary participant in an external investment pool as the Entity is required to deposit all receipts and collections of monies with the San Bernardino County Treasurer (*Education Code* Section (ECS) 41001). The fair value of the Entity's investment in the pool is reported in the accompanying financial statements at amounts based upon the Entity'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

Summary of Deposits and Investments

Deposits and investments as of June 30, 2023, consisted of the following:

KVCR FM and TV	$ 3,127,818
KVCR FNX	4,675
Total deposits and investments	$ 3,132,493
Cash awaiting deposit	$ 48,970
San Bernardino County Investment Pool	3,083,523
Total deposits and investments	$ 3,132,493

Deposits and investments as of June 30, 2022, consisted of the following:

KVCR FM and TV	$ 3,518,437
KVCR FNX	193,835
Total deposits and investments	$ 3,712,272
Cash awaiting deposit	$ 101,549
San Bernardino County Investment Pool	3,610,723
Total deposits and investments	$ 3,712,272

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Entity manages its exposure to interest rate risk by investing in the San Bernardino County Investment Pool. The Entity maintains investments of $3,083,523 with the San Bernardino County Investment Pool, with an average maturity of 539 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Entity's investment in the San Bernardino County Investment Pool is rated at AAAf/S1 by Fitch Ratings agency.

Note 3 - Accounts Receivable

Accounts receivable represent amounts due to the Entity as follows at June 30:

	2023	2022
Other local sources	$ 256,239	$ 70,814
Federal categorical aid	86,084	-
State categorical aid	-	3,000
Interest	21,600	9,194
Total	$ 363,923	$ 83,008

Note 4 - Lease Receivables

The Entity has entered into lease agreements with various lessees for Cellular Tower Space. The lease receivables at June 30 are summarized below:

Lease Receivables	Balance July 1, 2022	Additions	Deductions	Balance, June 30, 2023
Real Property	$ 8,601,934	$ -	$ (159,606)	$ 8,442,328

Lease Receivables	Balance, July 1, 2021, as restated	Additions	Deductions	Balance, June 30, 2022
Real Property	$ 8,716,192	$ 16,980	$ (131,238)	$ 8,601,934

Cellular Tower Space

The Entity leases a portion of its facilities for cellular tower antenna sites and space. These leases are noncancelable for a period of up to 456 months. The agreements allow for 3.00% annual CPI increases to the lease payments. At termination, lessees must remove all equipment and restore the site to its original state. During the current fiscal year, the Entity recognized $159,606 in lease revenue and $426,779 in interest revenue related to these agreements. At June 30, 2023, the District recorded $8,442,238 in lease receivables and $5,126,761 in deferred inflows of resources for these arrangements. The District used an interest rate of 5.00%, based on the rates available to finance real estate over the same time periods.

Note 5 - Capital and Right-to-use Leased Assets

Capital and right-to-use leased assets consisted of the following at June 30:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assets Being Depreciated				
Furniture and equipment	$ 7,860,414	$ -	$ -	$ 7,860,414
Computers	6,192	-	-	6,192
Vehicles	52,943	-	-	52,943
Total capital assets being depreciated	7,919,549	-	-	7,919,549
Less: Accumulated Depreciation	(7,509,750)	(141,319)	-	(7,651,069)
Capital assets being depreciated, net	409,799	(141,319)	-	268,480
Right-to-Use Leased Assets				
Real property	1,164,142	-	-	1,164,142
Less: Accumulated Amortization	(787,844)	(53,539)	-	(841,383)
Right-to-use leased assets, net	376,298	(53,539)	-	322,759
Total capital and right-to-use leased assets, net	$ 786,097	$ (194,858)	$ -	$ 591,239

Note 6 - Accounts Payable

Accounts payable consisted of the following at June 30:

	2023	2022
Salaries and benefits payable	$ 59,527	$ 66,235
Vendors payable	124,106	57,690
Total	$ 183,633	$ 123,925

Note 7 - Unearned Revenue

Unearned revenue represents amounts received in advance of required program expenses being incurred. This amount will be used for program related expenses in the subsequent fiscal year. At June 30, 2023 and 2022, the unearned revenues totaled $1,039,374 and $934,997, respectively.

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Note 8 - Long-Term Liabilities

Lease Liability

The Entity has entered into agreements to lease various properties. The Entity's liability for lease agreements at June 30 is summarized below:

Leases	Balance, July 1, 2022	Additions	Deductions	Balance, June 30, 2023	Due in one Year
Real Property	$ 697,805	$ -	$ (76,067)	$ 621,738	$ 83,162

Leases	Balance, July 1, 2021, as restated	Additions	Deductions	Balance, June 30, 2022	Due in one Year
Real Property	$ 767,225	$ -	$ (69,420)	$ 697,805	$ 76,067

Real Property Leases

The Entity has entered into various agreement to lease real property for period up to 25 years, through the 2033 fiscal year. Under the terms of the leases, the Entity paid monthly and annual payments, which increase based on a set schedule in the individual lease agreements, which amounted to principal and interest costs of $109,246. The annual interest rate charged on the leases is 5.0%.

At June 30, 2023, the Entity has recognized right-to-use assets, net of accumulated amortization of $322,759 and a lease liability of $621,738 related to these agreements. During the fiscal year, the Entity recorded $53,539 in amortization expense and $33,179 in interest expense for the right to use of the equipment.

The Entity's liability on lease agreements with option to purchase is summarized below:

Fiscal Year	Principal	Interest	Total
2024	$ 83,162	$ 29,216	$ 112,378
2025	90,733	24,886	115,619
2026	98,808	20,167	118,975
2027	107,418	15,031	122,449
2028	95,757	9,669	105,426
2029-2033	145,860	15,974	161,834
	$ 621,738	$ 114,943	$ 736,681

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Note 9 - Related Party Transactions

During the year, certain transactions for services are paid by the District on behalf of the Entity. At June 30, 2023 and 2022, the District owed the Entity $1,540,387 and $1,071,849, respectively, for amounts collected on the Entity's behalf. The Entity owed the District $4,073,974 and $4,999,365, respectively, for services and supply costs incurred.

Note 10 - Institutional Support

The District provides non cash institutional support to the KVCR TV and FM Stations related to instructional services, occupancy, supplies, and other administrative costs. The District applies an indirect rate that is in compliance with the CPB's guidance. For the year ended June 30, 2023, the indirect rate was computed as 16%. For the year ended June 30, 2022, the indirect rate was computed as 17%. The calculated institutional support totaled $871,264 and $809,913 for the 2023 and 2022 years, respectively. This non cash support for the KVCR TV and FM Stations is included within the Statements of Revenues, Expenses, and Changes in Net Position as both a source of funding and a use of funding and does not have an effect on the ending balance. Additionally, the District provided a total of $4,130,620 and $2,693,350, respectively, in cash to support the programming of both the FM Radio and TV Stations for the years ended June 30, 2023 and 2022, respectively.

Note 11 - Commitments and Contingencies

Grants

KVCR TV is funded in part through grants from the Corporation for Public Broadcasting (CPB), which are paid through the District as the broadcasting licensee. Funds from the CPB are designated for the purpose of operating the TV Station and are subject to review and audit by the grantor agency. Although such audits could generate expenditure disallowances under terms of the grants, management believes that any required reimbursement would not be material.

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Supplementary Information
June 30, 2023 and 2022

KVCR TV and FM

	KVCR Radio	KVCR TV	KVCR FNX	Total
Operating Revenues				
Public contributions - FM Station	$ 518,637	$ -	$ -	$ 518,637
Public contributions - TV Station	-	721,671	69,478	791,149
Private contributions - TV Station	-	-	390	390
Non cash institutional support from San Bernardino Community College District - FM	197,071	-	-	197,071
Non cash institutional support from San Bernardino Community College District - TV	-	556,743	117,450	674,193
CPB grants	514,690		-	514,690
Program underwriting - FM Station	133,790	-	-	133,790
Program underwriting - TV Station	-	87,858	50,800	138,658
Other local income - FM Station	35,870	-	-	35,870
Other local income - TV Station	-	528,239	-	528,239
Federal revenue - FM Station	32,833	-	-	32,833
Federal revenue - TV Station	-	86,084	-	86,084
Strong Workforce Regional Grant - TV Station	9,836	-	-	9,836
Strong Workforce Regional Grant - FM Station	-	3,547	-	3,547
Total operating revenues	1,442,727	1,984,142	238,118	3,664,987
Operating Expenses				
Program services - FM Station	1,288,671	-	-	1,288,671
Program services - TV Station	-	4,025,495	-	4,025,495
Program services - FNX TV Station	-	-	849,020	849,020
Management and general - FM Station	141,669	-	-	141,669
Management and general - TV Station	-	204,161	-	204,161
Total operating expenses	1,430,340	4,229,656	849,020	6,509,016
Total operating loss	12,387	(2,245,514)	(610,902)	(2,844,029)
Other Revenues, Expenses and Losses				
Interest and dividends - FM Station	2,787	-	-	2,787
Interest and dividends - TV Station	-	502,599	-	502,599
Interest expense	-	(33,179)	-	(33,179)
Leasing and rentals - FM Station	18,311	-	-	18,311
Leasing and rentals - TV Station	-	279,342	-	279,342
Change in the fair market value of the cash held by the San Bernardino County Treasury	(4,272)	(6,148)	2,946	(7,474)
Transfers in from related party - FM Station	664,610	-	-	664,610
Transfers in from related party - TV Station	-	1,794,698	450,000	2,244,698
Total other revenues, expenses and losses	681,436	2,537,312	452,946	3,671,694
Change in Net Position	$ 693,823	$ 291,798	$ (157,956)	$ 827,665

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	KVCR Radio	KVCR TV	KVCR FNX	Total
Operating Revenues				
Public contributions - FM Station	$ 587,073	$ -	$ -	$ 587,073
Public contributions - TV Station	-	830,752	3,264	834,016
Non cash institutional support from San Bernardino Community College District - FM	188,736	-	-	188,736
Non cash institutional support from San Bernardino Community College District - TV	-	495,591	125,586	621,177
CPB grants	617,227		-	617,227
Program underwriting - FM Station	170,507	-	-	170,507
Program underwriting - TV Station	-	62,689	175,000	237,689
Other local income - FM Station	41,452	-	-	41,452
Other local income - TV Station	-	348,573	30,649	379,222
Federal revenue - FM Station	164,042	-	-	164,042
Federal revenue - TV Station	-	236,060	-	236,060
Inland Empire Pre-Apprenticeship Program - TV Station	-	15,382	-	15,382
Total operating revenues	1,769,037	1,989,047	334,499	4,092,583
Operating Expenses				
Program services - FM Station	1,210,141	-	-	1,210,141
Program services - TV Station	-	3,380,442	-	3,380,442
Program services - FNX TV Station	-	-	853,072	853,072
Management and general - FM Station	77,669	-	-	77,669
Management and general - TV Station		111,768	-	111,768
Total operating expenses	1,287,810	3,492,210	853,072	5,633,092
Total operating loss	481,227	(1,503,163)	(518,573)	(1,540,509)
Other Revenues, Expenses and Losses				
Interest and dividends - TV Station	-	451,358	1,097	452,455
Interest expense	-	(36,801)	-	(36,801)
Leasing and rentals - FM Station	9,492	-	-	9,492
Leasing and rentals - TV Station	-	305,324	-	305,324
Change in the fair market value of the cash held by the San Bernardino County Treasury	(24,121)	(34,710)	(3,250)	(62,081)
Transfers in from related party - FM Station	259,838	-	-	259,838
Transfers in from related party - TV Station	-	565,815	450,000	1,015,815
Total other revenues, expenses and losses	245,209	1,250,986	447,847	1,944,042
Change in Net Position	$ 726,436	$ (252,177)	$ (70,726)	$ 403,533

Note 1 - Purpose of Schedule

Combining Schedule of Revenues, Expenses, and Changes in Net Position

This schedule is prepared on the accrual basis of accounting and provides a detail of activity for the programs accounted for within the Entity. This information has been provided at the request of management to assist in the reporting required by the Corporation for Public Broadcasting and is not a required part of the consolidated financial statements.

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*

The Board of Directors
San Bernardino Community College District
KVCR TV and FM
San Bernardino, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards)*, the consolidated financial statements of KVCR TV and FM (the Entity) (a public telecommunications entity operated by the San Bernardino Community College District) as of and for the year ended June 30, 2023 and 2022, and the related notes to the consolidated financial statements, which collectively comprise the Entity's basic consolidated financial statements and have issued our report thereon dated November 17, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Entity'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Entity's consolidated 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 consolidated 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 Entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
November 17, 2023

Schedule of Findings and Questioned Costs
June 30, 2023 and 2022

KVCR TV and FM

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial and Performance Audits
General Obligation Bond Construction Fund (Measure CC)
June 30, 2023

San Bernardino Community College District

FINANCIAL AUDIT

PERFORMANCE AUDIT

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Financial Audit
General Obligation Bond Construction Fund (Measure CC)
June 30, 2023

San Bernardino Community College District

Independent Auditor's Report

Board of Trustees and Citizens' Bond Oversight Committee
San Bernardino Community College District
San Bernardino, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the General Obligation Bond Construction Fund (Measure CC) of the San Bernardino Community College District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the General Obligation Bond Construction Fund (Measure CC) of the San Bernardino Community College District (the District), as of June 30, 2023, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the General Obligation Bond Construction Fund (Measure CC), and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2023, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2023, on our consideration of the General Obligation Bond Construction Fund (Measure CC) 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 General Obligation Bond Construction Fund (Measure CC) 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 General Obligation Bond Construction Fund (Measure CC) of the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
November 17, 2023

Assets	
Investments	$ 240,499,107
Accounts receivable	1,951,032
Total assets	$ 242,450,139
Liabilities and Fund Balance	
Liabilities	
Accounts payable	$ 10,980,691
Due to other District funds	2,608
Total liabilities	10,983,299
Fund Balance	
Restricted for capital projects	231,466,840
Total liabilities and fund balance	$ 242,450,139

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Revenues	
Interest income	$ 5,907,382
Local revenues	60,010
Change in fair value of investments	(760,702)
Total revenues	5,206,690
Expenditures	
Salaries and benefits	455,201
Supplies, services and other operating expenditures	726,884
Capital outlay	42,322,289
Total expenditures	43,504,374
Net Change in Fund Balance	(38,297,684)
Fund Balance, Beginning	269,764,524
Fund Balance, Ending	$ 231,466,840

Note 1 - Summary of Significant Accounting Policies

The accounting policies of San Bernardino Community College District's (the District) General Obligation Bond Construction Fund (Measure CC) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). The District's General Obligation Bond Construction Fund (Measure CC) accounts for the financial transactions in accordance with the policies and procedures of the California Community Colleges *Budget and Accounting Manual*.

Financial Reporting

The financial statements include only the General Obligation Bond Construction Fund of the District used to account for Measure CC projects. This fund was established to account for the receipt of proceeds of general obligation bond issuances and the expenditures of those proceeds under the General Obligation Bond Election of November 6, 2018. These financial statements are not intended to present fairly the financial position and changes in financial position of the District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the General Obligation Bond Construction Fund (Measure CC) are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

The General Obligation Bond Construction Fund (Measure CC) is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances lapse at June 30.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates and those differences could be material.

Fund Balance

As of June 30, 2023, the fund is classified as follows:

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Note 2 - 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. 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 the investment pool are not required to be categorized within the fair value hierarchy.

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the San Bernardino County Investment Pool. The District maintains a General Obligation Bond Construction Fund (Measure CC) investment of $240,499,107 with the San Bernardino County Investment Pool with a weighted average maturity of 539 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the San Bernardino County Investment Pool is rated at AAAf/S1 by Fitch Ratings agency as of June 30, 2023.

Note 3 - Accounts Receivable

Receivables at June 30, 2023, consist of the following:

Interest	$ 1,951,032

Note 4 - Accounts Payable

Accounts payable at June 30, 2023, consist of the following:

Capital Projects	$ 10,980,691

Note 5 - Due To Other Funds

The General Obligation Bond Construction Fund (Measure CC) owed the Unrestricted General Fund $2,183 for June 2023, SUI and other employee related benefits related to bond funded projects. The General Obligation Bond Construction Fund (Measure CC) owed the Workers' Compensation Fund $425 for worker's compensation payments for the month of June 2023, related to bond funded projects.

Note 6 - Commitments and Contingencies

Construction Commitments

As of June 30, 2023, the General Obligation Bond Construction Fund (Measure CC) had approximately $416.6 million in construction commitments with respect to unfinished capital projects.

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 General Obligation Bond Construction Fund (Measure CC) at June 30, 2023.

Independent Auditor's Report
June 30, 2023

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 and Citizens' Bond Oversight Committee
San Bernardino Community College District
San Bernardino, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the San Bernardino Community College District (the District) General Obligation Bond Construction Fund (Measure CC), as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated November 17, 2023.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the General Obligation Bond Construction Fund (Measure CC), and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2023, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report on 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 General Obligation Bond Construction Fund (Measure CC) financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's General Obligation Bond Construction Fund (Measure CC) 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
November 17, 2023

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Performance Audit
General Obligation Bond Construction Fund (Measure CC)
June 30, 2023

San Bernardino Community College District

Independent Auditor's Report on Performance

Board of Trustees and Citizens' Bond Oversight Committee
San Bernardino Community College District
San Bernardino, California

We were engaged to conduct a performance audit of the General Obligation Bond Construction Fund (Measure CC) of the San Bernardino Community College District (the District) for the year ended June 30, 2023.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Authority/Purpose

The general obligation bonds associated with Measure CC were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California *Education Code*, and other applicable provisions of law. The Bonds were authorized to be issued by a resolution adopted by the Board of Supervisors of San Bernardino County (the County Resolution), pursuant to a request of the San Bernardino Community College District (the District) made by a resolution adopted by the Board of Trustees of the District (the District Resolution).

The District received authorization at an election held on November 6, 2018, to issue bonds of the District in an aggregate principal amount not to exceed $470,000,000 to finance construction and modernization of certain District property and facilities, the acquisition of equipment, and to pay the costs of issuance associated with the Bonds. The proposition required approval by at least 55% of the votes cast by eligible voters within the District.

Purpose

The general obligation bond funds of the District would be used to finance the design, acquisition, installation, restoration, and construction of public schools and school facilities and providing facilities improvements and upgrades, and the acquisition of related facilities costs, including, but not limited to, financing the following: renovation of classrooms and science labs; upgrading of electrical systems and wiring to safely accommodate computers, technology, and other electrical devices; repair and replacement of fixtures and systems. Project costs for expansion of existing facilities may include, but is not limited to, some or all of the following: vocational and technical training programs and to enhance nursing, firefighter, paramedic, public safety, and hi-tech job training. Project costs for furniture and equipment may include, but is not limited to, some or all of the following: desks and tables; window and floor covering; computer, media recording, and presentation equipment; science laboratory equipment; and/or other electronic equipment.

Authority

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools, and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by the District, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities", upon approval by 55% of the electorate. In addition to reducing the approval threshold from two-thirds to 55%, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in *Education Code* Sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIIIA, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other district operating expenses.

2. The District must list the specific facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, and information technology needs in developing the project list.

3. Requires the District to appoint a Citizens' Oversight Committee.

4. Requires the District to conduct an annual independent financial audit and performance audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.

5. Requires the District to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

Objectives of the Audit

Our audit was limited to the objectives listed below which includes determining the compliance with the performance requirements as referred to in Proposition 39 and outlines in Article XIIIA, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District compliance with those requirements.

1. Determine whether expenditures charged to the General Obligation Bond Construction Fund (Measure CC) have been made in accordance with the Bond project list approved by the voters through the approval of Measure CC.

2. Determine whether salary transactions, if any, charged to the General Obligation Bond Construction Fund (Measure CC) were in support of Measure CC and not for District general administration or operations.

Scope of the Audit

The scope of our performance audit covered the period of July 1, 2022 through June 30, 2023. The population of expenditures tested included all object and project codes associated with the Bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2023, were not reviewed or included within the scope of our audit or in this report.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIIIA, Section 1(b)(3)(C) of the *California Constitution* but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Methodology

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2023, for the General Obligation Bond Construction Fund (Measure CC). Within the fiscal year audited, we obtained the actual invoices, purchase orders, and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIIIA, Section 1(b)(3)(C) of the California Constitution and Measure CC as to the approved Bond projects list. We performed the following procedures:

1. We identified expenditures and projects charged to the general obligation bond proceeds by obtaining the general ledger and project listing.

2. We selected a sample of expenditures using the following criteria:
    a) We considered all expenditures recorded in all object codes.
    b) We considered all expenditures recorded in all projects that were funded from July 1, 2022 through June 30, 2023 from Measure CC bond proceeds.
    c) We selected all expenditures that were individually significant expenditures. Individually significant expenditures were identified based on our assessment of materiality.
    d) For all items below the individually significant threshold identified in item 2c, judgmentally selected expenditures based on risk assessment and consideration of coverage of all object codes and projects for the period starting July 1, 2022 and ending June 30, 2023. The results can be projected to the intended population.

3. Our sample included transaction totaling $31,300,309. This represents approximately 72% of the total expenditures of $43,504,374.

4. We reviewed the actual invoices and other supporting documentation to determine that:
    a) Expenditures were supported by invoices with evidence of proper approval and documentation of receipting goods or services.
    b) Expenditures were supported by proper bid documentation, as applicable.

c) Expenditures were expended in accordance with the voter-approved bond project list.
d) Bond proceeds were not used for salaries of administrators or other operating expenses of the District, except as allowable for administrative oversight on construction projects.

5. We determined that the District has met the compliance requirement of Measure CC if the following conditions were met:
   a) Supporting documents for expenditures were aligned with the voter-approved bond project list.
   b) Expenditures were not used for salaries of administrators or other operating expenses of the District, except as allowable for administrative oversight on construction projects.

The results of our tests indicated that the District expended General Obligation Bond Construction Fund (Measure CC) funds only for the specific projects approved by voters, in accordance with Proposition 39 and outlined in Article XIIIA, Section 1(b)(3)(C) of the California Constitution.

Audit Results

The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures held in the General Obligation Bond Construction Fund (Measure CC) and that such expenditures were made for authorized Bond projects. Further, it was noted that funds held in the General Obligation Bond Fund (Measure CC), and expended by the District, were used for salaries of administrators only to the extent they performed administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004, by the State of California Attorney General.

This report is intended solely for the information and use of the District, Board of Trustees, and Citizens' Bond Oversight Committee, and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Rancho Cucamonga, California
November 17, 2023

Home

None reported.

Financial and Performance Audits
General Obligation Bond Construction Fund (Measure M)
June 30, 2023

San Bernardino Community College District

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Financial Audit
General Obligation Bond Construction Fund (Measure M)
June 30, 2023

San Bernardino Community College District

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Independent Auditor's Report

Board of Trustees and Citizens' Bond Oversight Committee
San Bernardino Community College District
San Bernardino, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the General Obligation Bond Construction Fund (Measure M) of the San Bernardino Community College District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the General Obligation Bonds Construction Fund (Measure M) of the San Bernardino Community College District (the District), as of June 30, 2023, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States *(Government Auditing Standards).* Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the General Obligation Bond Construction Fund (Measure M), and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2023, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2023, on our consideration of the General Obligation Bond Construction Fund (Measure M) 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 General Obligation Bond Construction Fund (Measure M) 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 General Obligation Bond Construction Fund (Measure M) of the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
November 17, 2023

Assets	
Investments	$ 30,665,916
Accounts receivable	13,244
Total assets	$ 30,679,160
Liabilities and Fund Balance	
Liabilities	
Accounts payable	$ 927,142
Fund Balance	
Restricted for capital projects	29,752,018
Total liabilities and fund balance	$ 30,679,160

Revenues	
Interest income	$ 642,652
Local revenues	1,953
Change in fair value of investments	(26,189)
Total revenues	618,416
Expenditures	
Capital outlay	1,629,855
Net Change in Fund Balance	(1,011,439)
Fund Balance, Beginning	30,763,457
Fund Balance, Ending	$ 29,752,018

Note 1 - Summary of Significant Accounting Policies

The accounting policies of San Bernardino Community College District's (the District) General Obligation Bond Construction Fund (Measure M) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). The District's General Obligation Bond Construction Fund (Measure M) accounts for the financial transactions in accordance with the policies and procedures of the California Community Colleges *Budget and Accounting Manual*.

Financial Reporting

The financial statements include only the General Obligation Bond Construction Fund of the District used to account for Measure M projects. This fund was established to account for the receipt of proceeds of general obligation bond issuances and the expenditures of those proceeds under the General Obligation Bond Election of February 5, 2008. These financial statements are not intended to present the financial position and changes in financial position of the District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the General Obligation Bond Construction Fund (Measure M) are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

The General Obligation Bond Construction Fund (Measure M) is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid, and all outstanding encumbrances lapse at June 30.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Fund Balance

As of June 30, 2023, the fund balance is classified as follows:

> **Restricted** - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Note 2 - 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).

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The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. 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 the investment pool are not required to be categorized within the fair value hierarchy.

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the San Bernardino County Investment Pool and various Short-Term Securities. The District maintains a General Obligation Bond Construction Fund (Measure M) investment of $1,530,292 with the San Bernardino County Investment Pool, with a weighted average maturity of 539 days. In addition, the District maintains investments of $29,135,624 in mutual funds.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the San Bernardino County Investment Pool is rated at AAAf/S1 by Fitch Ratings agency and the mutual funds are rated AAA by Standard & Poor's rating agency as of June 30, 2023.

Note 3 - 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, 2023:

Investment Type	Reported Amount	Level 1 Inputs
Mutual Funds	$ 29,135,624	$ 29,135,624

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

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Note 4 - Accounts Receivable

At June 30, 2023 Accounts receivable balance consisted of $13,244 for interest receivables.

Note 5 - Accounts Payable

Accounts payable at June 30, 2023, consist of the following:

Capital Projects	$ 927,142

Note 6 - Commitments and Contingencies

Construction Commitments

As of June 30, 2023, the General Obligation Bond Construction Fund (Measure M) had approximately $29.8 million in construction commitments with respect to unfinished capital projects.

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 General Obligation Bond Construction Fund (Measure M) at June 30, 2023.

Independent Auditor's Report
June 30, 2023

San Bernardino Community College District

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees and Citizens' Bond Oversight Committee
San Bernardino Community College District
San Bernardino, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the San Bernardino Community College District (the District) General Obligation Bond Construction Fund (Measure M), as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated November 17, 2023.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the General Obligation Bond Construction Fund (Measure M), and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2023, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report on 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 General Obligation Construction Fund (Measure M) 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's General Obligation Bond Construction Fund (Measure M) 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
November 17, 2023

Home

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Performance Audit
General Obligation Bond Construction Fund (Measure M)
June 30, 2023

San Bernardino Community College District

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Performance

Board of Trustees and Citizens' Bond Oversight Committee
San Bernardino Community College District
San Bernardino, California

We were engaged to conduct a performance audit of the General Obligation Bond Construction Fund (Measure M) of the San Bernardino Community College District (the District) for the year ended June 30, 2023.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Authority/Purpose

The general obligation bonds associated with Measure M was issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The Bonds were authorized to be issued by a resolution adopted by the Board of Supervisors of San Bernardino County (the County Resolution), pursuant to a request of the San Bernardino Community College District (the District) made by a resolution adopted by the Board of Trustees of the District (the District Resolution).

The District received authorization at an election held on February 5, 2008, to issue bonds of the District in an aggregate principal amount not to exceed $500,000,000 to finance specific construction and renovation projects approved by eligible voters within the District. The proposition required approval by at least 55% of the votes cast by eligible voters within the District.

Purpose

The general obligation bond funds of the District would be used to provide vocational and technical training projects, build and upgrade classroom buildings and facilities, health and safety projects, site safety and security projects, and energy efficiency improvement projects.

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Authority

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools, and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by the District, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities", upon approval by 55% of the electorate. In addition to reducing the approval threshold from two-thirds to 55%, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in *Education Code* Sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIIIA, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other district operating expenses.

2. The District must list the specific facilities projects to be funded in the ballot measure and must certify that the governing board has evaluated safety, and information technology needs in developing the project list.

3. Requires the District to appoint a Citizens' Oversight Committee.

4. Requires the District to conduct an annual independent financial audit and performance audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.

5. Requires the District to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

Objectives of the Audit

Our audit was limited to the objectives listed below which includes determining the compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIIIA, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District compliance with those requirements.

1. Determine whether expenditures charged to the General Obligation Bond Construction Fund (Measure M) have been made in accordance with the Bond project list approved by the voters through the approval of Measure M.

2. Determine whether salary transactions, if any, charged to the General Obligation Bond Construction Fund (Measure M) were in support of Measure M and not for District general administration or operations.

Scope of the Audit

The scope of our performance audit covered the period of July 1, 2022 through June 30, 2023. The population of expenditures tested included all object and project codes associated with the Bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2023, were not reviewed or included within the scope of our audit or in this report.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIIIA, Section 1(b)(3)(C) of the *California Constitution* but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Methodology

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2023, for the General Obligation Bond Construction Fund (Measure M). Within the fiscal year audited, we obtained the actual invoices, purchase orders, and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIIIA, Section 1(b)(3)(C) of the California Constitution and Measure M as to the approved Bond projects list. We performed the following procedures:

1. We identified expenditures and projects charged to the general obligation bond proceeds by obtaining the general ledger and project listing.

2. We selected a sample of expenditures using the following criteria:
    a) We considered all expenditures recorded in all object codes.
    b) We considered all expenditures recorded in all projects that were funded from July 1, 2022 through June 30, 2023 from Measure M bond proceeds.
    c) We selected all expenditures that were individually significant expenditures. Individually significant expenditures were identified based on our assessment of materiality.
    d) For all items below the individually significant threshold identified in item 2c, judgmentally selected expenditures based on risk assessment and consideration of coverage of all object codes and projects for the period starting July 1, 2022 and ending June 30, 2023. The results can be projected to the intended population.

3. Our sample included transaction totaling $1,026,932. This represents approximately 63% of the total expenditures of $1,629,855.

4. We reviewed the actual invoices and other supporting documentation to determine that:
    a) Expenditures were supported by invoices with evidence of proper approval and documentation of receipting goods or services.
    b) Expenditures were supported by proper bid documentation, as applicable.

c) Expenditures were expended in accordance with the voter-approved bond project list.
d) Bond proceeds were not used for salaries of administrators or other operating expenses of the District.

5. We determined that the District has met the compliance requirement of Measure M if the following conditions were met:
    a) Supporting documents for expenditures were aligned with the voter-approved bond project list.
    b) Expenditures were not used for salaries of administrators or other operating expenses of the District.

The results of our tests indicated that the District expended General Obligation Bond Construction Fund (Measure M) funds only for the specific projects approved by voters, in accordance with Proposition 39 and outlined in Article XIIIA, Section 1(b)(3)(C) of the California Constitution.

Audit Results

The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures held in the General Obligation Bond Construction Fund (Measure M) and that such expenditures were made for authorized Bond projects.

This report is intended solely for the information and use of the District, Board of Trustees, and Citizens' Bond Oversight Committee, and is not intended to be and should not be used by anyone other than these specified parties.

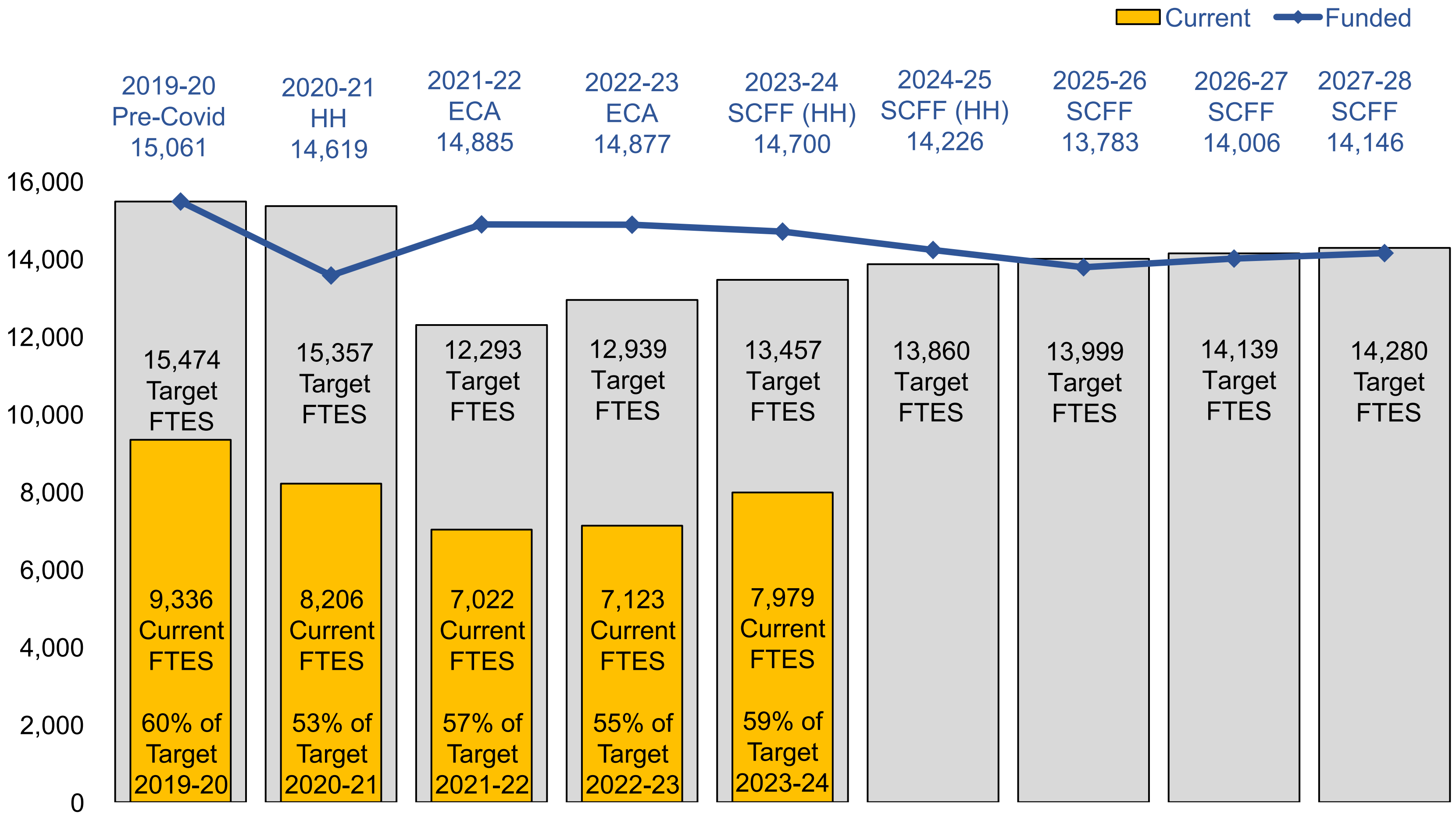
Eide Bailly LLP

Rancho Cucamonga, California
November 17, 2023

Home

None reported.

Enrollment as of November 27, 2023



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SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

PARS Pension Rate Stabilization Trust Snapshot | October 31, 2023

	Principal	Current Balance	Principal Excess/(Deficit)	Distributions Since Inception	Expenses Since Inception	Gains/(Losses) Net of Expenses Since Inception
General Fund	46,000,000	44,126,205	-1,873,795	10,250,000	509,213	7,866,992
SBVC	5,000,000	4,418,549	-581,451	1,535,000	47,641	905,908
CHC	2,700,000	2,716,519	16,519	130,000	20,491	126,028
DSO	3,000,000	2,735,752	-264,248	0	8,758	-273,005
KVCR $15M	15,000,000	15,144,858	144,858	0	24,540	120,318
KVCR	21,000,000	20,368,365	-631,635	4,200,000	207,907	3,360,458
MAE	7,040,000	6,863,002	-176,998	895,946	58,833	660,115
TOTAL	99,740,000	96,373,251	-3,366,749	17,010,946	877,383	12,766,814

Account Notes

- GF includes $5 million contribution from General Fund invested prior to FCC Auction Proceeds as Board approved 11/10/2016. Principal investment has been adjusted to show $3 million transfer from GF as DSO principal as Board approved 3/10/2022.
- SBVC, CHC, and DSO contain funds fully allocated to the various sites by the Board of Trustees on 4/26/2018.
- MAE refers to overarching Media Academy Endowment, which is comprised of SBVC's Institute of Media Arts and CHC's Digital Media program. Principal investment has been adjusted to show $1,960 million transfer out and not distribution per Board 9/10/2020 approval.
- KVCR $15 million State grant funds subject to Guiding Principles adopted 11/10/2022.

PUBLIC AGENCY RETIREMENT SERVICES **PARS**

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT
PARS Post-Employment Benefits Trust

Account Report for the Period
10/1/2023 to 10/31/2023

Jose Torres
Executive Vice Chancellor
San Bernardino Community College District
550 E. Hospitality Lane
San Bernardino, CA 92408

Account Summary

Source	Balance as of 10/1/2023	Contributions	Earnings	Expenses	Distributions	Transfers	Balance as of 10/31/2023
PENSION - GF	$44,943,874.86	$0.00	-$811,290.20	$6,379.18	$0.00	$0.00	$44,126,205.48
KVCR $15 Million State	$15,425,495.46	$0.00	-$278,448.47	$2,189.44	$0.00	$0.00	$15,144,857.55
PENSION - SBVC	$4,500,426.26	$0.00	-$81,238.03	$638.77	$0.00	$0.00	$4,418,549.46
PENSION - KVCR	$20,745,796.04	$0.00	-$374,486.20	$2,944.59	$0.00	$0.00	$20,368,365.25
PENSION - MAE	$6,990,174.69	$0.00	-$126,180.94	$992.16	$0.00	$0.00	$6,863,001.59
PENSION - CHC	$2,766,857.18	$0.00	-$49,945.05	$392.72	$0.00	$0.00	$2,716,519.41
PENSION-DSO	$2,786,446.62	$0.00	-$50,298.66	$395.50	$0.00	$0.00	$2,735,752.46
Totals	**$98,159,071.11**	**$0.00**	**-$1,771,887.55**	**$13,932.36**	**$0.00**	**$0.00**	**$96,373,251.20**

Investment Selection

Source	
PENSION	**Vanguard Conservative Strategy**

Investment Objective

Source	
PENSION	The Conservative Portfolio invests in Vanguard mutual funds using an asset allocation strategy designed for investors seeking both current income and low to moderate capital appreciation.

Investment Return

				Annualized Return			
Source	**1-Month**	**3-Months**	**1-Year**	**3-Years**	**5-Years**	**10-Years**	**Plan's Inception Date**
PENSION - GF	-1.81%	-6.08%	4.47%	0.02%	3.60%	-	6/22/2018
KVCR $15 Million State	-1.81%	-6.08%	-	-	-	-	12/20/2022
PENSION - SBVC	-1.81%	-6.08%	4.47%	0.02%	3.60%	-	6/22/2018
PENSION - KVCR	-1.81%	-6.08%	4.50%	0.02%	3.60%	-	6/22/2018
PENSION - MAE	-1.81%	-6.08%	4.47%	0.02%	-	-	9/23/2019
PENSION - CHC	-1.81%	-6.08%	4.47%	0.02%	-	-	11/1/2019
PENSION-DSO	-1.81%	-6.08%	4.47%	-	-	-	3/16/2022

Information as provided by US Bank, Trustee for PARS; Not FDIC Insured; No Bank Guarantee; May Lose Value

Past performance does not guarantee future results. Performance returns may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.
Investment Return: Annualized rate of return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return.
Account balances are inclusive of Trust Administration, Trustee and Investment Management fees

MEASURE CC

BUILDING NEW OPPORTUNITIES FOR OUR STUDENTS & OUR COMMUNITY

PROJECT TIMELINE

	August 2023 - October 2023	Completion Date
✓	Award CHC CWI Replacement of Existing Cooling Towers, Special Inspections & Material Testing Services	8/22/2023
✓	Award CHC CWI Replacement of Existing Cooling Towers, Inspector of Record	9/6/2023
✓	Award SBVC CWI Biology Garden Expansion, Inspector of Record	9/26/2023
✓	Award CHC CWI Utility Mapping, Mechanical, Electrical, and Plumbing Services	10/12/2023
✓	Award CHC CWI Campus Accessibility & Site Improvements - Phase 2, General Contractor	10/23/2023
✓	Award SBVC CWI Biology Garden Expansion, General Contractor	10/23/2023

November 2023 - January 2023	Completion Date
Award SBVC CWI Biology Garden Expansion, Special Inspections & Material Testing Services	Nov 2023
Award CHC Central Complex 2 Renovation, Inspector of Record	Dec 2023
Award CHC Central Complex 2 Renovation, Special Inspections & Material Testing Services	Dec 2023
Award CHC Crafton Hall Renovation, Inspector of Record	Dec 2023
Award CHC Crafton Hall Renovation, Special Inspections & Material Testing Services	Dec 2023

MEASURE CC

BUILDING NEW OPPORTUNITIES FOR OUR STUDENTS & OUR COMMUNITY

ORGANIZATION CHART

Jose F. Torres
Executive Vice Chancellor

Angel Rodriguez
Associate Vice Chancellor
Government Relations & Strategic Communications

Ynez Canela
Associate Director,
Legislative & Community Relations

Farrah Farzaneh
Director of Facilities Planning, Emergency Management & Construction

Erika Menge
Administrative Assistant II

Yash Patel
Associate Director of Energy, Sustainability & Safety Administration

Abel Favela
Associate Director, Bond Program Planning & Construction

Tony Cong
CHC Campus Project Manager

Program Management Team

AECOM

- Diana Johnson
  Principal-in-Charge
- John Duong
  Bond Program Manager
- Sam Yacob
  Design Manager
- Veronica Flores
  Design Manager
- Sosseh Taimoorian
  Assistant Design Manager
- Selena Chow
  Bond Program Admin, Assistant Design Manager
- Ron Hoppe
  Financial and Contract Manager
- Brad Williams
  Program Controls Analyst
- Subhash Manal
  Program Controls Manager

Project Labor Admin Team

The Solís Group

- Elizabeth Solis
  Principal-in-Charge
  - Gonzalo Armijos
    Project Manager, Project Labor Administrator
    - Mason Lutz
      Senior Analyst
    - Isaac Hernandez
      Analyst
    - Olga Schriefer
      Senior Site Interviewer

SBVC Construction Management Team

SAFEWORKCM

- Domingo Camarano
  Principal-in-Charge
- Michael Villegas
  Senior Project Manager
- Greg Ochoa
  Project Manager
- Estevan Sanchez
  Senior Construction Manager
- Tom Anderson
  QA/QC Manager
- Shail Shah
  Project Engineer
- Michael Delgado
  Project Engineer

CHC Construction Management Team

KITCHELL

- Geoff Bachanas
  Principal-in-Charge
- David Shire
  Project Manager/Field Office Manager
- Bill Guerth
  Construction Manager
- Mark Nelson
  QA/QC Manager
- Matt Caughey
  Senior Project Engineer
- Danielle Jackson
  Project Engineer

District Staff

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

TO:	Board of Trustees
FROM:	Diana Z. Rodriguez, Chancellor
REVIEWED BY:	Jose F. Torres, Executive Vice Chancellor
PREPARED BY:	Lawrence P. Strong, Director of Fiscal Services
DATE:	December 8, 2023
SUBJECT:	Budget Revenue & Expenditure Summary

RECOMMENDATION

This item is for information only and no action is required.

OVERVIEW

While year-to-date revenue and/or expenditure percentages often vary from the percentage of fiscal year elapsed, all funds are expected to remain within the 2023-24 budget unless otherwise noted here. For explanations of any significant variances in year-to-date revenues/expenditures from fiscal year elapsed, please see the attached summary.

ANALYSIS

The attached Revenue and Expenditure Summary reflects activity for the 2023-24 fiscal year through November 14, 2023. As of that date, SBCCD was 37.5% through the fiscal year and had spent and/or encumbered approximately 34.1% of its unrestricted general fund budget.

SBCCD GOALS

4. Ensure Fiscal Accountability/Sustainability

FINANCIAL IMPLICATIONS

This analysis is an important tool for the Board of Trustees to track SBCCD revenue and expenditures across all funds.

Budget Revenue & Expenditure Summary

Year to Date 11/14/23

[v.11.17.2023.p.1|2]

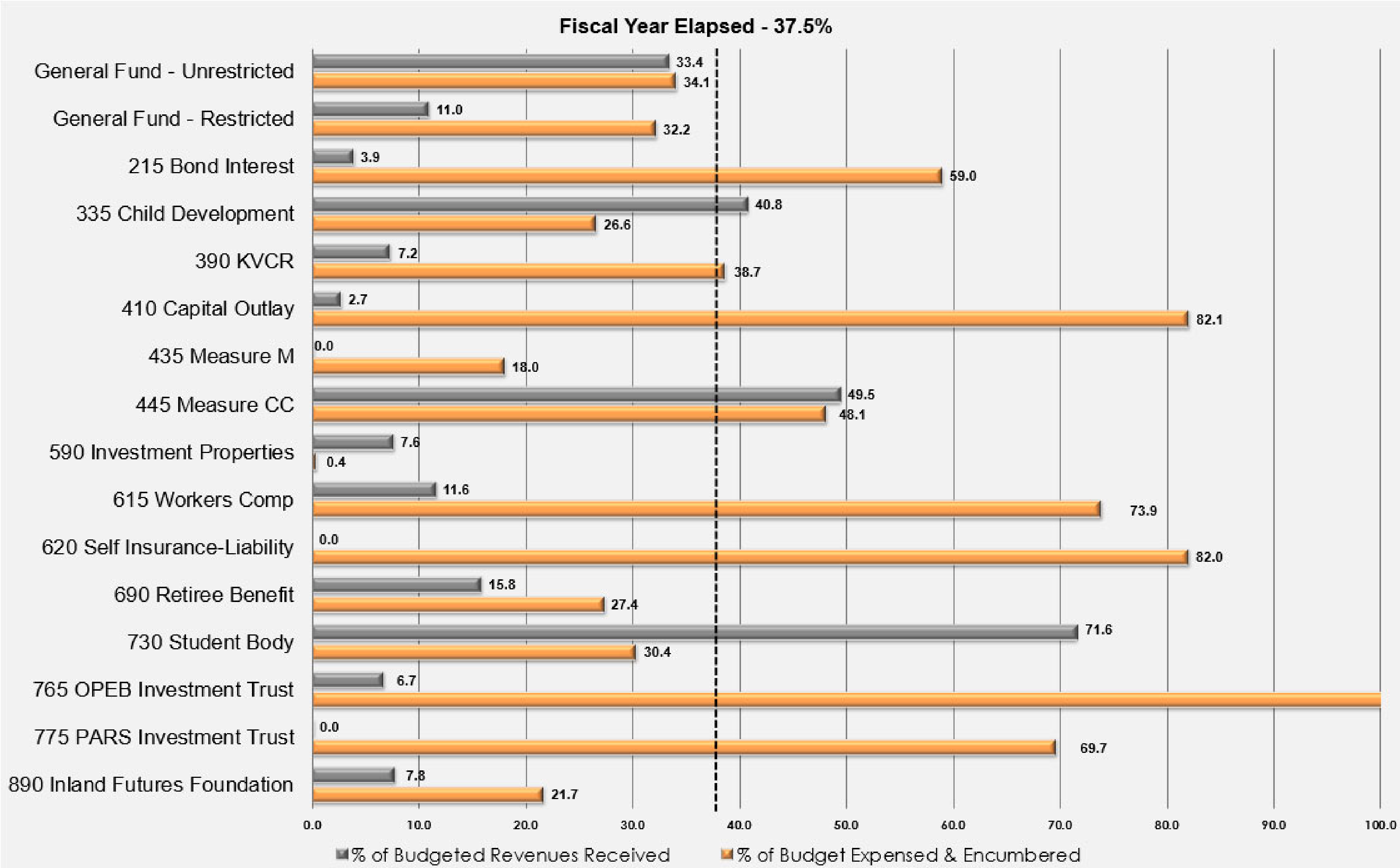
37.5% of Fiscal Year Elapsed

FUND	REVENUES Budget	REVENUES Received YTD		EXPENDITURES Budget	EXPENDITURES Expensed/ Encumbered YTD		COMMENTS
110 General Fund - Unrestricted	139,025,497	46,424,389	33.4%	138,919,445	47,338,346	34.1%	Expenditures are consistent with the needs of the fund given the current climate.
125 General Fund - Restricted	135,382,129	14,842,073	11.0%	135,382,129	43,576,388	32.2%	Most grant revenues are received on a reimbursement basis.
215 Bond Interest & Redemption	58,000,000	2,241,715	3.9%	58,000,000	34,213,265	59.0%	Taxes are determined and collected by the County for bond measures.
335 Child Development	5,091,211	2,076,983	40.8%	5,091,211	1,355,642	26.6%	Expenditures are consistent with the needs of the fund given the current climate.
390 KVCR	9,027,953	654,447	7.2%	8,999,209	3,479,079	38.7%	Most grant revenues are received on a reimbursement basis.
410 Capital Outlay	20,672,883	562,579	2.7%	22,930,540	18,821,854	82.1%	Purchase orders covering expenses for the entire fiscal year are created early in the year. Expenses related to the SBVC Technical Building Replacement project are on the reimbursement basis causing a delay in the receipt of revenues.
435 Measure M	100,450,000	11,992	0.0%	21,714,857	3,914,239	18.0%	Most revenue budget relate to the issuance of bonds which is expected later in the year. Expenditures are consistent with the needs of the fund given the current climate.
445 Measure CC	4,500,000	2,225,418	49.5%	235,275,097	113,264,255	48.1%	Purchase order covering expenses for the entire fiscal year are created early in the year. Interest revenue exceeded expectations for Q1.
590 Investment Properties	4,390,350	335,224	7.6%	8,010,881	34,317	0.4%	Revenue and expenditure activity posted in arrears. Posting in progress for August activity.
615 Workers Compensation	2,444,920	283,227	11.6%	2,986,865	2,207,572	73.9%	Revenue activity posted in arrears. Purchase orders covering expenses for the entire fiscal year are created early in the year.
620 Self Insurance-Liability	1,200,000	1,200,000	100.0%	1,250,000	1,025,483	82.0%	Revenue is transferred in full at the beginning of the year. Insurance premiums paid at the beginning of the year for the entire fiscal year.
690 Retiree Benefit	387,700	61,379	15.8%	387,700	106,292	27.4%	Revenues are posted in arrears. Posting in progress for October activity.
730 Student Body Center Fee	252,785	180,898	71.6%	252,785	76,815	30.4%	A significant amount of revenues received during Summer and Fall 2023 registration.
765 OPEB Trust	1,000,000	66,743	6.7%	82,000	424,002	517.1%	Investment loss was experienced during Q1.
775 PARS Trust	5,050,000	2,008	0.0%	4,157,724	2,896,918	69.7%	Investment loss was experienced during Q1.
890 Inland Futures Foundation	1,395,791	108,884	7.8%	1,395,791	302,877	21.7%	Revenues are posted in arrears. Transfers to KVCR are posted twice a year in January and July.
Total (All Funds)	**488,271,219**	**71,277,959**	**14.6%**	**644,836,234**	**273,037,344**	**42.3%**	

Budget Revenue & Expenditure Summary

Year to Date 11/14/23

[v.11.17.2023.p.2|2]



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SAN BERNARDINO COMMUNITY COLLEGE DISTRICT
Program Summary: Board of Trustees - As of 11/22/23

Percentage of Year Expired: 39.7%

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Object #	**Description**	**2024 Budget**	**2024 Actuals YTD 11/22/23**	**Encumb.**	**Total 2024 Actuals + Encumb.**	**% of Budget Used**	**Notes**
200000	Board Of Trustees Stipends	36,000	14,112	-	14,112	39%	
	Total 2000's Classified Salaries	***36,000***	***14,112***	***-***	***14,112***	***39%***	
300000	Employee Benefits	133,089	43,091	-	43,091	32%	
	Total 3000's Employee Benefits	***133,089***	***43,091***	***-***	***43,091***	***32%***	
450000	Noninstructional Supplies	2,000	-	1,000	1,000	50%	
456000	Commencement Supplies	1,200	-	-	-	0%	
475000	Meals & Refreshments	13,000	-	9,906	9,906	76%	
	Total 4000's Supplies & Materials	***16,200***	***-***	***10,906***	***10,906***	***67%***	
511300	Consultant & Other Services	42,100	22,100	20,000	42,100	100%	Retreats, training facilitator
520000	Travel & Conference Expenses	45,000	959	43,562	44,521	99%	
531000	Dues And Membership	12,000	-	7,938	7,938	66%	ACCT, CCLC, CALCCTA
554000	Telephone	1,000	485	222	707	71%	
561000	Rentals	960	-	-	-	0%	
562200	Apps & Single Use Software	40	-		-	0%	-
581800	Student Travel	2,500	678	1,322	2,000	80%	Student trustee conference attendance
	Total 5000's Other Expenses	***103,600***	***24,222***	***73,044***	***97,266***	***94%***	
	Total Expenditures:	**288,889**	**81,425**	**83,950**	**165,375**	**57%**	

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Board Finance Committee
Planning Calendar

December 8, 2023

WED, OCT 4, 2023 **@SBCCD Boardroom Extension** ✓ Bond Measures M and CC Issuances ✓ SBVC Landscape Comprehensive Plan ✓ Monthly Updates	**THU, NOV 9, 2023** **@SBCCD Boardroom Extension** ✓ Budget Calendar for 2024-25 ✓ Investment Properties | Occupancy & Fiscal Performance ✓ BFC Quarterly Activity ✓ Monthly Updates	**FRI, DEC 8, 2023** **@SBCCD Boardroom Extension** • Annual Audit Reports • Monthly Updates • Tour of Commercial Buildings
THU, JAN 11, 2024 **@SBCCD Boardroom Extension** • Review of BFC Charge • BOT Directives for 2024-25 Budget • Guiding Principles | KVCR $15 Million • Guiding Principles | FCC Auction Proceeds • BLC Legislative and Budget Priorities • Monthly Updates	**THU, FEB 8, 2024** **@SBCCD Boardroom Extension** • Semi-Annual Bond Construction Update • Investment Properties | Occupancy & Fiscal Performance • BFC Quarterly Activity • Monthly Updates	**THU, MAR 14, 2024** **@SBVC Location TBD** • Bond Measure Work Force Report • Monthly Updates
THU, APR 11, 2024 **@CHCLearning Resource Center, LRC 226** • Monthly Updates	**THU, MAY 9, 2024** **@SBCCD Boardroom Extension** • Investment Properties | Occupancy & Fiscal Performance • BFC Quarterly Activity • Monthly Updates	**THU, JUN 13, 2024** **@SBCCD Boardroom Extension** • PARS Pension Rates Stabilization Trust Review • Bond Measure Work Force Report • Monthly Updates
THU, JUL 11, 2024 **@SBCCD Boardroom Extension** • Monthly Updates	**THU, AUG 8, 2024** **@SBCCD Boardroom Extension** • Semi-Annual Bond Construction Update • Investment Properties | Occupancy & Fiscal Performance • BFC Quarterly Activity Report • Monthly Updates	**THU, SEP 11, 2024** **@SBCCD Boardroom Extension** • Bond Measure Work Force Report • Monthly Updates

MONTHLY UPDATES (as necessary)	• State Budget • Enrollment • PARS Investment	• Budget Revenue & Expenditures • Bond Construction Timeline & Org Chart	• BOT Budget to Actual • BFC Planning Calendar

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