



# Citizens Bond Oversight Committee

February 1, 2021 – 5:00PM

Location: Zoom Conference

<https://cccconfer.zoom.us/j/96317450719>

Dial: (669) 900-6833 or (346) 248-7799

Meeting ID: 963 1745 0719

## Meeting Agenda

### I. Welcome/Introductions – Betsy Starbuck, Chair

Chair Starbuck to call the meeting to order and read the following if members of the public are in attendance.

*Governor Newsom issued Executive Order N-25-20 on March 12, 2020, and Executive Order N-29-20 on March 17, 2020. Portions of these orders relax parts of the Brown Act. In part, the orders allow elected officials to “attend” a meeting via teleconference WITHOUT having to admit members of the public into the location from which they are participating (N-25-20) and orders that "such a body need not make available any physical location from which members of the public may observe the meeting and offer public comment" (N-29-20).*

*Anyone wishing to participate may do so via the Zoom link which is listed above. We kindly request public comments be submitted electronically by emailing [emenge@sbccd.edu](mailto:emenge@sbccd.edu). Submissions must be received 24-hours prior to the posted start time of the meeting.*

- Submissions will be considered a public record under the Public Records Act, and are therefore subject to public disclosure.*
- Submissions will be read aloud at the meeting and must comply with the five- minute time limit.*
- Submissions must either address an item listed on the agenda, or be within the subject matter jurisdiction of the committee.*

*Comments must be limited to five (5) minutes per speaker and twenty (20) minutes per topic if there is more than one speaker. At the conclusion of public comment, the committee may ask staff to review a matter or may ask that a matter be put on a future agenda. As a matter of law, members of the committee may not discuss or take action on matters raised during public comment unless the matters are properly noticed for discussion or action. Anyone who requires a disability-related modification or accommodation in order to participate in the public meeting should contact the Chancellor’s Office at (909) 388-6902 as far in advance of the Board meeting as possible.*



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## I. Welcome/Introductions Cont.

## II. Public Comment

Staff will read public comments received electronically and announce if any verbal public comment requests have been made for the committee.

## III. Approval of Minutes, p. 3 - 5

A. July 20, 2020 – All votes to be taken by roll call.

## IV. Current Business – Status of the Bond

A. San Bernardino Valley College Project Updates (Ryan Smith, SBVC Campus Manager), p. 9

B. Crafton Hills College Project Updates (Leilani Nunez, CHC Campus Manager), p. 11

C. Review of 2019-20 Measure M/Measure CC Audit Report (Office of Eide Bailly, LLP), p. 16 - 74

D. Review/Approve 2019-20 CBOC Annual Report (Ynez Canela, Administrator, Local Business Outreach), p. 75 - 82

## V. Future Meetings & Adjournment



# Citizens Bond Oversight Committee

Zoom Conference <https://cccconfer.zoom.us/j/99445190963>

July 20, 2020 – 5:00 p.m.

## Meeting Minutes

**Members Present** – **Betsy Starbuck**, Bona-Fide Taxpayer Organization; **Frankie Jimenez**, Local Business Organization; **Don Averill**, Senior Citizens; **Dana Carter**, Member at Large; **Jim Mulvihill**, Member at Large; **Sonja Wilson**, Member at Large; **Kristin Washington**, Member at Large; **Sam Irwin**, Foundation; **Evelyn Olive**, Students (arrived late)

**Members Absent** – None

**District Staff Present** – **Jose Torres**, Interim Chancellor; **Kevin Horan**, President Crafton Hills College; **Scott Stark** Vice President of Administrative Services; **Farrah Farzaneh**, Director of Facilities Planning, Emergency Management & Construction; **Steve Sutorus**, Business Manager; **Ynez Canela**, Local Business Outreach Administrator for Measure CC, **Ryan Smith**, Campus Project Manager Measure CC; **Brian Liabuef**, Campus Project Manager Measure CC; **Erika Menge**, Administrative Assistant II – Facilities Planning, Emergency Management & Construction and Meeting Recorder

**Others Present** – **Rosana Reynoso**, AECOM Financial and Contract Manager; **Scott Preston**, AECOM Design Manager

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### I. WELCOME/INTRODUCTIONS

Betsy Starbuck called the meeting to order at 5:05 pm.

#### **Membership & Elections of Chair and Vice Chair**

A motion was made by Jim Mulvihill to continue with Betsy Starbuck as Chairperson of the Committee. It was seconded by Don Averill. A motion was made by Jim Mulvihill to continue with Don Averill as Vice Chairperson. It was seconded by Dana Carver. The motions were approved by the following vote.

Ayes: Starbuck, Jimenez, Averill, Carter, Mulvihill, Wilson, Washington  
Noes: None  
Abstentions: None  
Absent: Evelyn Olive

### II. PUBLIC COMMENT

There were no comments from the public.

### **III. APPROVE MINUTES OF MEETING ON JULY 20, 2020**

Minutes from the March 9, 2020 meeting need to be corrected, Don Averill was not in attendance. A motion to approve the minutes made by Jim Mulvihill as amended, it was seconded by Sam Irwin. The minutes were approved, with the change noted, by the following vote.

Ayes: Starbuck, Jimenez, Averill, Carter, Mulvihill, Wilson, Washington  
Noes: None  
Abstentions: None  
Absent: Evelyn Olive

### **IV. CURRENT BUSINESS – STATUS OF THE BOND**

#### **A. Project Priority Update**

Farrah Farzaneh, Director of Facilities Planning and Construction, reviewed the Project Priority List as approved by the Board in May of 2020. Director Farzaneh shared that the design for the new Technical Building received the Best Practice for Overall Sustainability Design Award from California Higher Education Sustainability Conference. On June 11<sup>th</sup> the Board of Trustees approved the Design Build Delivery Method for eight Measure CC projects. The Progressive Design Build system reduces the owner's procurement, cost and time. On May 14<sup>th</sup> the Board approved the latest Project Priority List, which was developed from the 2017 Master Plan. The recent updates to the list include the construction of a new Performing Arts Center at Crafton Hills College, and the Demolition of the existing Performing Arts Center. Several projects moved up the priority list, including the East Instructional Building and Child Development Center Projects at CHC. At SBVC, the parking structure was put on hold indefinitely. Betsy Starbuck requested that the updated Project Priority List be emailed to all Board Members, and a link to the project timelines be included. Ynez will send the updated list and original list to the committee members following the meeting. It was confirmed that the amounts on the Priority List are estimates that were provided by AECOM, SBCCD's program management team.

The Administrator for Local Business Outreach, Ynez Canela, shared information about the procurement process including Request for Task Order Proposals (RFTOPS). Professional service pools were created at the end of last year which include, landscaping; architect; mechanical, electrical, and plumbing; civil engineering; commissioning; and geotechnical. Seventy percent of those pools is comprised of local businesses from San Bernardino and Riverside Counties. As of June 30<sup>th</sup>, 62% of those local firms have been contracted for services.

#### **B. Crafton Hills College Project Update**

Brian Liabuef, Crafton Hills Campus Project Manager, shared an update on the new Performing Arts Center which has a budget of \$41 million. The project will take three years. A Civil Survey engineering contract was awarded to Stantec Consulting of San Bernardino, CA on July 6, 2020. Geotechnical Services were issued on June 24,

and will be awarded on August 2020. The new location of the PAC will be in the current location of the gym.

### **C. San Bernardino Valley College Project Update**

Ryan Smith, Campus Project Manager for SBVC, shared an update on the new Technical Building. The vision for the project is: "The Technical Building is going to be a catalyst in the Inland Empire. This state-of-the-art facility will be a focal point-of-destination that will support the changing needs of our community, industry, evolving technology and future jobs; preparing students for jobs now and jobs of the future." The project budget is \$107 million dollars. Ryan elaborated about the energy and sustainability features of the building. SBCCD has partnered with Southern California Edison and is a part of their program for Demonstration Pieces, which highlights innovation and technology for sustainability, and will be incorporated into the building. There will be LED screens which will show the electricity being used and produced. Students will be involved in the building processes so that they can gain hands on experience. 50% working drawings have been produced, and are undergoing quality control. In August the plans will be turned into the Division of the State Architect.

### **D. Expenditures**

Administrator Canela shared that \$85,000 was expended for Measure M. More details will be provided about this at the next meeting when the audit is shared. Rosana Reynoso, Financial and Contract manager with AECOM, shared an update on Measure CC expenditures. Rosana shared about the three columns. The current budget is the budget approved on the project priority list. The pending budget are projects that are approved but are going to be further defined. For example, at Crafton Hills College there is approximately \$11 million dollars in infrastructure budget that is still being defined. The projected budget is the current budget plus the pending. The contracted column is all the contracts that have been issued for that campus. The expended column is what has currently been spent. Currently, \$5.2 million dollars has been expended, most of which is part of the first design phase, district standards, and utility mapping.

### **E. Refinancing Bond Update**

Larry Strong shared about the refinancing of the Bonds. In June 2020, Measure P and M bonds were refinanced which will save taxpayers \$19.6 million. The District credit rating was upgraded from AA1 to AA2, which is the highest score available for Community College Districts.

## **V. FUTURE MEETING & ADJOURNMENT**

The meeting was adjourned at 5:43. The next meeting was scheduled for a future date in 2021.



# Citizens' Bond Oversight Committee

February 1, 2021





# Agenda

- I. Welcome/Introductions
- II. Public Comment
- III. Approval of Minutes – July 20, 2020
- IV. Current Business - Status of the Bond
  - a. San Bernardino Valley College Project Updates
  - b. Crafton Hills College Project Updates
  - c. Review of 2019-20 Measure M/Measure CC Audit Report
  - d. Review/Approve 2019-20 CBOC Annual Report to the Community
- V. Future Meetings & Adjournment



## MEASURE CC

BUILDING NEW OPPORTUNITIES FOR  
OUR STUDENTS & OUR COMMUNITY



# SBVC Campus Project Manager – Measure CC

**Ryan Smith**



**Point of Contact**

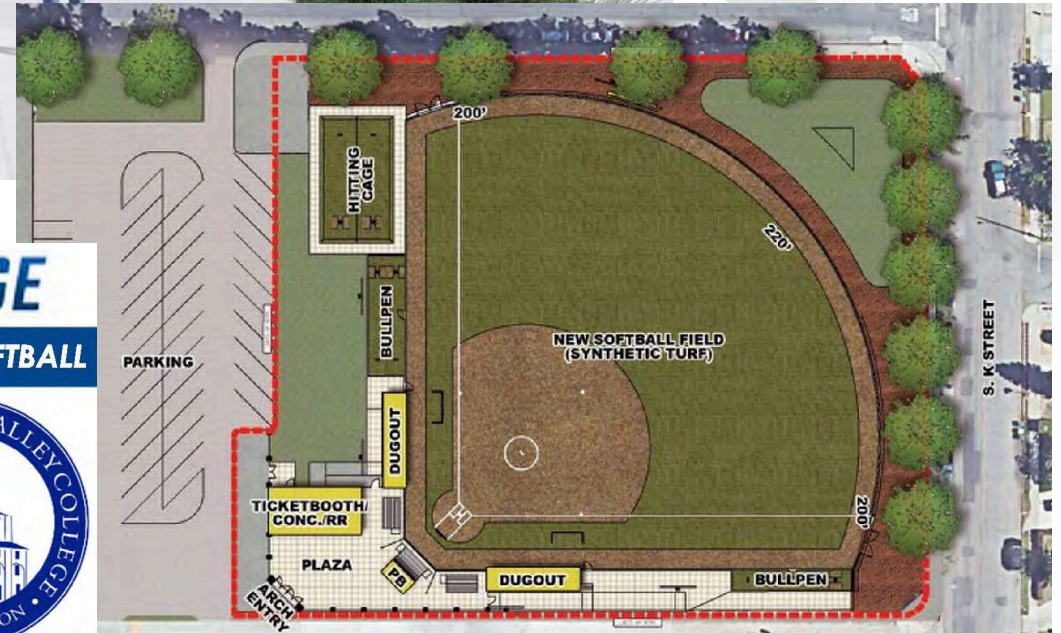
**Manager**  
SBVC Project Manager  
[rsmith@sbccd.edu](mailto:rsmith@sbccd.edu)  
(909) 388-6936



# San Bernardino Valley College

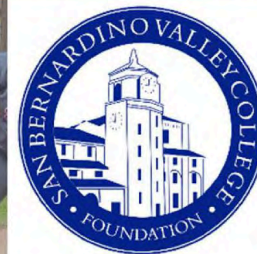
## Upcoming Projects

- Technical Building
- Softball Field
- Allied Health
- Aeronautics Lab
- Student Services Building



## SAN BERNARDINO VALLEY COLLEGE

### SBVC SOFTBALL



TRV Sports

# CHC Campus Project Manager – Measure CC

**Leilani Nunez**



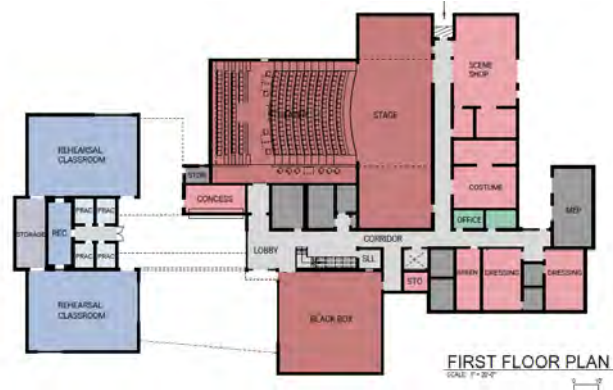
**Point of Contact**

**Manager**  
CHC Project Manager  
[lnunez@sbccd.edu](mailto:lnunez@sbccd.edu)  
(909) 388-6933



# Crafton Hills College

## New Performing Arts Center



## Central Complex 2 Renovation



## New East Valley Public Safety Training Center



## Child Development Center Renovation



# Local Business Outreach

**Ynez D. Canela**



**Point of Contact**

**Administrator**  
**Local Business**  
**Outreach**  
**[ycanela@sbccd.edu](mailto:ycanela@sbccd.edu)**  
**(909) 381-8427**

# CBOC Annual Report to the Community

- Review
- Feedback



## CITIZENS BOND OVERSIGHT COMMITTEE

San Bernardino Community College District  
2019-2020 Report to the Community







# Future Meetings & Adjournment



# Thank you!







January 29, 2021

To the Governing Board and  
Citizens' Oversight Committee  
San Bernardino Community College District  
San Bernardino, California

We have audited the financial statements and conducted our performance audit of San Bernardino Community College District's (the District) General Obligation Bond Construction Fund (Measure CC) as of and for the year ended June 30, 2020, and have issued our reports thereon dated January 29, 2021. Professional standards require that we advise you of the following matters relating to our audits.

#### **Our Responsibility in Relation to the Financial Statement and Performance Audits**

As communicated in our letter dated March 18, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Additionally, as communicated in our letter dated March 18, 2020, our responsibility, as described by professional standards, is to conduct a performance audit in accordance with *Government Auditing Standards*. Our audit of the financial statements and performance audit do not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. We are also responsible for communicating significant matters related to the objectives of the performance audit. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

## **Planned Scope and Timing of the Audits**

We conducted our audits consistent with the planned scope and timing we previously communicated to you.

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the District's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the the year ended June 30, 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. No such significant accounting estimates were identified.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

## **Significant Difficulties Encountered during the Audits**

We encountered no significant difficulties in dealing with management relating to the performance of the audits.

## Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.

The following misstatements detected as a result of audit procedures were accepted and corrected by management:

Understatement of accounts payable	\$112,422
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The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Understatement of Cash in County	\$5,048,307
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Fair market value was not adjusted because gains or losses generally do not materialize due to the nature of the investment in the county treasury pool. Redemptions of this investment are generally at face value.

The effect of these uncorrected misstatements, including the effect of the reversal of prior year uncorrected misstatements as of and for the year ended June 30, 2020, is an understatement of the net change in fund balance of approximately \$5,048,307, and understatement of fund balance of approximately \$5,048,307.

## Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's General Obligation Bond Construction Fund (Measure CC) financial statements or the auditor's report. No such disagreements arose during the course of the audits.

## Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated January 29, 2020.

## Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District’s auditors.

**Modification of the Auditor’s Report**

We have made the following modification to our auditor’s report.

Emphasis of Matter

As discussed in Note 1, the financial statements of the General Obligation Bond Construction Fund specific to Measure CC are intended to present the financial position and the changes in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2020, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

This report is intended solely for the information and use of the Governing Board and management of the District and is not intended to be and should not be used by anyone other than these specified parties.



Rancho Cucamonga, California



Financial and Performance Audits  
General Obligation Bond Construction Fund (Measure CC)  
June 30, 2020

# San Bernardino Community College District

San Bernardino Community College District  
General Obligation Bond Construction Fund (Measure CC)

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June 30, 2020

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Financial Audit  
General Obligation Bond Construction Fund (Measure CC)  
June 30, 2020

**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 Financial Statements

We have audited the accompanying financial statements of the San Bernardino Community College District's (the District) General Obligation Bond Construction Fund (Measure CC), as of and for the year ended June 30, 2020, and the related notes to the financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

**Opinion**

In our opinion, the 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 District as of June 30, 2020, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1, the financial statements of the General Obligation Bond Construction Fund specific to Measure CC are intended to present the financial position and the changes in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2020, and the results of operations for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in dark ink and is positioned above the typed name and address.

Rancho Cucamonga, California  
January 29, 2021

San Bernardino Community College District  
General Obligation Bond Construction Fund (Measure CC)

Balance Sheet  
June 30, 2020

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Assets	
Investments	\$ 295,234,092
Accounts receivable	1,370,842
Due from other funds	<u>647,101</u>
Total assets	<u><u>\$ 297,252,035</u></u>
Liabilities and Fund Balance	
Liabilities	
Accounts payable	\$ 1,396,681
Due to other funds	<u>4,284</u>
Total liabilities	<u>1,400,965</u>
Fund Balance	
Restricted for capital projects	<u>295,851,070</u>
Total liabilities and fund balance	<u><u>\$ 297,252,035</u></u>

San Bernardino Community College District  
 General Obligation Bond Construction Fund (Measure CC)  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Year ended June 30, 2020

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Revenues		
Interest		<u>\$ 1,592,701</u>
Expenditures		
Salaries and benefits		351,797
Supplies		406
Services and other operating expenditures		4,596,503
Capital outlay		<u>1,234,039</u>
Total expenditures		<u>6,182,745</u>
Deficiency of Revenues over Expenditures		<u>(4,590,044)</u>
Other Financing Sources		
Other sources - proceeds from bond issuance		<u>300,441,114</u>
Net Change in Fund Balance		295,851,070
Fund Balance, Beginning		<u>-</u>
Fund Balance, Ending		<u><u>\$ 295,851,070</u></u>

San Bernardino Community College District  
General Obligation Bond Construction Fund (Measure CC)

Notes to Financial Statements  
June 30, 2020

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**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 Entity**

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 expenditures of the general obligation bonds issued under Measure CC. These financial statements are not intended to present fairly the financial position and the results of operations 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 funds 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.

### **Fund Balance**

As of June 30, 2020, 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.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, 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.

## **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.

San Bernardino Community College District  
General Obligation Bond Construction Fund (Measure CC)

Notes to Financial Statements  
June 30, 2020

**Investment in County Treasury**

In accordance with the *Budget and Accounting Manual*, the District maintains substantially all of its cash in the County Treasury as part of the common investment pool. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**General Authorizations**

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

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

**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 also 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 \$295,234,092 with the San Bernardino County Investment Pool with a weighted maturity of 553 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 AA Af/S1 by Fitch Ratings agency as of June 30, 2020.

**Note 3 - Accounts Receivable**

Receivables at June 30, 2020, consist of the following:

Interest	<u>\$ 1,370,842</u>
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**Note 4 - Accounts Payable**

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

Capital Projects	<u>\$ 1,396,681</u>
------------------	---------------------

**Note 5 - Interfund Receivables**

The Capital Outlay Fund owed the General Obligation Bond Construction Fund (Measure CC) \$647,101 for construction related expenditures.

The General Obligation Bond Construction Fund (Measure CC) owed the Unrestricted General Fund \$3,908 and the FCC Auction Proceeds Fund \$376 for construction related expenditures.

San Bernardino Community College District  
General Obligation Bond Construction Fund (Measure CC)

Notes to Financial Statements

June 30, 2020

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**Note 6 - Commitments and Contingencies**

**Construction Commitments**

As of June 30, 2020, the General Obligation Bond Construction Fund (Measure CC) had the following significant construction commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Estimated Costs to Complete</u>	<u>Estimated Completion Date</u>
PMT Office Improvements	\$ 281,085	12/31/2020
SBVC Technical Education Bldg	96,434,808	12/21/2023
SBVC Instructional and Students Services Bldg	97,951,150	4/1/2025
SBVC Infrastructure 1	30,431,987	10/31/2024
CHC Central Complex 2 Renovation	16,040,414	9/25/2023
CHC Infrastructure 1	<u>11,066,927</u>	6/15/2021
Total	<u>\$ 252,206,371</u>	

**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, 2020.



Independent Auditor's Report  
June 30, 2020

**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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the San Bernardino Community College District’s (the District) General Obligation Bond Construction Fund (Measure CC), as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated January 29, 2021.

**Emphasis of Matter**

As discussed in Note 1, the financial statements of the General Obligation Bond Construction Fund specific to Measure CC are intended to present the financial position and the changes in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2020, and the results of its operations 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.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001 that we consider to be material weaknesses.

**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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 result of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**District’s Response to Finding**

The District’s response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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.



Rancho Cucamonga, California  
January 29, 2021

The following finding represents a material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

**2020-001      Finding**

**Criteria or Specific Requirement**

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

**Condition**

*Material Weakness* - A material adjustment was required to conform to the BAM and GAAP during the District's closing process. The material adjustment was made to the Accounts payable account due to an invoice being accrued twice by the District.

**Questioned Costs**

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

**Context**

The General Obligation Bond Construction Fund's (Measure CC) adjusted payable balance at June 30, 2020 was \$1,396,681.

**Effect**

An adjustment to the general ledger in the amount of \$112,422 was proposed as a result of the audit procedures. This adjustment was accepted by management to ensure the financial statements were presented in accordance with generally accepted accounting principles.

**Cause**

The oversight and monitoring controls over the Accounts payable liability accounts and the closing process appear not to have been adhered to.

**Repeat Finding:** No

**Recommendation**

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

**Corrective Action Plan**

Management has updated its procedures to ensure invoices are properly recorded prior to closing the general ledger.

San Bernardino Community College District  
General Obligation Bond Construction Fund (Measure CC)  
Summary Schedule of Prior Audit Findings  
June 30, 2020

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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, 2020

**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 the San Bernardino Community College District (the District) General Obligation Bond Construction Fund (Measure CC) for the year ended June 30, 2020.

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 conclusions based on our audit objectives.

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

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 XIII A, 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.

The results of our tests indicated that the District's 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 XIII A, Section 1(b)(3)(C) of the California Constitution.

This report is intended solely for the information and use of the District, and is not intended to be and should not used by anyone other than this specified party.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Rancho Cucamonga, California  
January 29, 2021

### **Authority for Issuance**

The general obligation bonds associated with Measure CC 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 Education 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.

The General Obligation Bond Construction Fund (Measure CC) represents the authorized bond issuance of the Measure CC 2018 A and 2018 A-1.

### **Purpose of Issuance**

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 for the Audit**

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 school districts, community college districts, or county offices of education, “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 XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

2. The community college district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction, and information technology needs in developing the project list.
3. Requires the community college district to appoint a Citizens' Oversight Committee.
4. Requires the community college 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 community college 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**

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, 2019 through June 30, 2020. 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, 2020, were not reviewed or included within the scope of our audit or in this report.

### **Methodology**

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2020, 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 XIII A, 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.

San Bernardino Community College District  
General Obligation Bond Construction Fund (Measure CC)

June 30, 2020

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2. We selected a sample of expenditures using the following criteria:
  - a. We considered all expenditures recorded in all object codes, including transfers out.
  - b. We considered all expenditures recorded in all projects that were funded from July 1, 2019 through June 30, 2020 from Measure CC bond proceeds.
  - c. We selected a sample of expenditures using professional judgement, based on risk assessment and consideration of coverage of all object codes, including transfers out, and projects starting July 1, 2019 and ending June 30, 2020.
3. Our sample included transaction totaling \$5,936,493. This represents approximately 96% of the total expenditures of \$6,182,745.
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 voter-approved bond project list.
  - d. Bond proceeds were not used for salaries of school administrators or other operating expenses of the District.
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. Supporting documents for expenditures were not used for salaries of school administrators or other operating expenses of the District.

### **Conclusion**

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.

San Bernardino Community College District  
General Obligation Bond Construction Fund (Measure CC)  
Schedule of Findings and Questioned Costs  
June 30, 2020

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None reported.

San Bernardino Community College District  
General Obligation Bond Construction Fund (Measure CC)  
Summary Schedule of Prior Audit Findings  
June 30, 2020

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



January 29, 2021

To the Governing Board and  
Citizens' Oversight Committee  
San Bernardino Community College District  
San Bernardino, California

We have audited the financial statements and conducted our performance audit of San Bernardino Community College District's (the District) General Obligation Bond Construction Fund (Measure M) as of and for the year ended June 30, 2020, and have issued our reports thereon dated January 29, 2021. Professional standards require that we advise you of the following matters relating to our audits.

**Our Responsibility in Relation to the Financial Statement and Performance Audits**

As communicated in our letter dated March 18, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Additionally, as communicated in our letter dated March 18, 2020, our responsibility, as described by professional standards, is to conduct a performance audit in accordance with *Government Auditing Standards*. Our audit of the financial statements and performance audit do not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. We are also responsible for communicating significant matters related to the objectives of the performance audit. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.



## **Planned Scope and Timing of the Audits**

We conducted our audits consistent with the planned scope and timing we previously communicated to you.

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the District's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the the year ended June 30, 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. No such significant accounting estimates were identified.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

## **Significant Difficulties Encountered during the Audits**

We encountered no significant difficulties in dealing with management relating to the performance of the audits.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.

The following misstatements detected as a result of audit procedures were accepted and corrected by management:

Understatement of investments by \$277,702.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's General Obligation Bond Construction Fund (Measure M) financial statements or the auditor's report. No such disagreements arose during the course of the audits.

## **Representations Requested from Management**

We have requested certain written representations from management which are included in the management representation letter dated January 29, 2020.

## **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

## **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

## **Modification of the Auditor's Report**

We have made the following modification to our auditor's report.

### Emphasis of Matter

As discussed in Note 1, the financial statements of the General Obligation Bond Construction Fund specific to Measure M are intended to present the financial position and the changes in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2020, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

This report is intended solely for the information and use of the Governing Board and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

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

Rancho Cucamonga, California



Financial and Performance Audits  
General Obligation Bond Construction Fund (Measure M)  
June 30, 2020

# San Bernardino Community College District

San Bernardino Community College District  
General Obligation Bond Construction Fund (Measure M)

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June 30, 2020

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Financial Audit  
General Obligation Bond Construction Fund (Measure M)  
June 30, 2020

**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 Financial Statements

We have audited the accompanying financial statements of the San Bernardino Community College District's (the District) General Obligation Bond Construction Fund (Measure M), as of and for the year ended June 30, 2020, and the related notes to the financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the General Obligation Bond Construction Fund (Measure M) of the District as of June 30, 2020, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1, the financial statements of the General Obligation Bond Construction Fund specific to Measure M are intended to present the financial position and the changes in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2020, and the results of operations for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in dark ink and is positioned above the printed name and address of the firm.

Rancho Cucamonga, California  
January 29, 2021



San Bernardino Community College District  
General Obligation Bond Construction Fund (Measure M)

Balance Sheet  
June 30, 2020

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Assets	
Investments	\$ 30,993,585
Due from other funds	<u>15,594</u>
Total assets	<u><u>\$ 31,009,179</u></u>
Liabilities and Fund Balance	
Liabilities	
Accounts payable	\$ 42,876
Due to other funds	<u>15,594</u>
Total liabilities	<u>58,470</u>
Fund Balance	
Restricted for capital projects	<u>30,950,709</u>
Total liabilities and fund balance	<u><u>\$ 31,009,179</u></u>

San Bernardino Community College District  
General Obligation Bond Construction Fund (Measure M)  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Year Ended June 30, 2020

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Revenues	
Interest	<u>\$ 280,573</u>
Expenditures	
Services and other operating expenditures	127,246
Capital outlay	<u>5,076,367</u>
Total expenditures	<u>5,203,613</u>
Net Change in Fund Balance	(4,923,040)
Fund Balance, Beginning	<u>35,873,749</u>
Fund Balance, Ending	<u><u>\$ 30,950,709</u></u>

**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 Entity**

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 expenditures of the general obligation bonds issued under Measure M. These financial statements are not intended to present fairly the financial position and results of operations 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 funds 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.

### **Fund Balance**

As of June 30, 2020, 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.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, 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.

## **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.

San Bernardino Community College District  
General Obligation Bond Construction Fund (Measure M)

Notes to Financial Statements  
June 30, 2020

**Investment in County Treasury**

In accordance with the *Budget and Accounting Manual*, the District maintains substantially all of its cash in the County Treasury as part of the common investment pool. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**General Authorizations**

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

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

San Bernardino Community College District  
General Obligation Bond Construction Fund (Measure M)

Notes to Financial Statements  
June 30, 2020

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### **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 also manages its exposure to interest rate risk by investing in the San Bernardino County Investment Pool and various Short-Term Securities. The District maintains General Obligation Bond Construction Fund (Measure M) investment of \$28,925 with the San Bernardino County Investment Pool, with an average maturity of 553 days. In addition, the District maintains investments of \$30,964,660 in Short-Term Securities.

### **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 AA Af/S1 by Fitch Ratings agency as of June 30, 2020. All other investments are not required to be rated, nor have they been rated as of June 30, 2020.

### **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.

San Bernardino Community College District  
General Obligation Bond Construction Fund (Measure M)

Notes to Financial Statements  
June 30, 2020

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

Investment Type	Reported Amount	Level 1 Inputs
Short-Term Securities	\$ 30,964,660	\$ 30,964,660

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

**Note 4 - Accounts Payable**

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

Capital Projects	<u>\$ 42,876</u>
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**Note 5 - Interfund Receivables and Borrowings**

The Unrestricted General Fund owes the General Obligation Bond Construction Fund (Measure M) \$15,594 for a temporary cash deficit. The General Obligation Bond Construction Fund (Measure M) owed the Unrestricted General Fund \$15,594 repayment for that temporary use of funds.

**Note 6 - Commitments and Contingencies**

**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, 2020.



Independent Auditor's Report  
June 30, 2020

**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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the San Bernardino Community College District’s (the District) General Obligation Bond Construction Fund (Measure M), as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated January 29, 2021.

**Emphasis of Matter**

As discussed in Note 1, the financial statements of the General Obligation Bond Construction Fund specific to Measure M are intended to present the financial position and the changes in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2020, and the results of its operations 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.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001 that we consider to be a material weakness.

**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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 result of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**District’s Response to Findings**

The District’s response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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.



Rancho Cucamonga, California  
January 29, 2021

The following finding represents a material weakness, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

**2020-001      Finding**

**Criteria or Specific Requirement**

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

**Condition**

*Material Weakness* - A material adjustment was required to conform to the BAM and GAAP during the District's closing process. The material adjustment was made to the investments account due to unrecorded interest income.

**Questioned Costs**

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

**Context**

The General Obligation Bond Construction Fund's (Measure M) adjusted investment balance at June 30, 2020 was \$30,993,585.

**Effect**

An adjustment to the general ledger in the amount of \$277,702 was proposed as a result of the audit procedures. This adjustment was accepted by management to ensure the financial statements were presented in accordance with generally accepted accounting principles.

**Cause**

The oversight and monitoring controls over the Investments account and the closing process appear not to have been adhered to.

**Repeat Finding:** No

**Recommendation**

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

**Corrective Action Plan**

Management has updated its procedures to ensure all transactions are recorded prior to closing the general ledger.

San Bernardino Community College District  
General Obligation Bond Construction Fund (Measure M)  
Summary Schedule of Prior Audit Findings  
June 30, 2020

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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, 2020

# 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 San Bernardino Community College District's (the District) General Obligation Bond Construction Fund (Measure M) for the year ended June 30, 2020.

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 conclusions based on our audit objectives.

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

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 XIII A, 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.

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 XIII A, Section 1(b)(3)(C) of the California Constitution.

This report is intended solely for the information and use of the District, and is not intended to be and should not used by anyone other than this specified party.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Rancho Cucamonga, California  
January 29, 2021

### **Authority for Issuance**

The general obligation bonds associated with Measure M 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 Education of the District (the District Resolution).

The District received authorization from 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 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.

The General Obligation Bond Construction Fund (Measure M) represents the authorized bond issuance of the Measure M 2008A, 2008B, 2008C, as well as the 2005 Refunding Bonds, 2013 Refunding Bonds, 2015 Refunding Bonds, and 2019 Refunding Bonds.

### **Purpose of Issuance**

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 for the Audit**

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 school districts, community college districts, or county offices of education, “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 XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.
2. The community college district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction, and information technology needs in developing the project list.
3. Requires the community college district to appoint a Citizens’ Oversight Committee.
4. Requires the community college 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 community college 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**

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 charged to the General Obligation Bond Constructions 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, 2019 through June 30, 2020. 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, 2020, were not reviewed or included within the scope of our audit or in this report.

### Methodology

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2020, for the General Obligation Bond Construction Fund (Measure M). Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and the 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, including transfers out.
  - b. We considered all expenditures recorded in all projects that were funded from July 1, 2019 through June 30, 2020 from Measure M bond proceeds.
  - c. We selected a sample of expenditures using professional judgement, based on risk assessment and consideration of coverage of all object codes, including transfers out, and projects starting July 1, 2019 and ending June 30, 2020.
3. Our sample included transaction totaling \$5,034,927. This represents approximately 97% of the total expenditures of \$5,203,613.
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 voter-approved bond project list.
  - d. Bond proceeds were not used for salaries of school 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. Supporting documents for expenditures were not used for salaries of school administrators or other operating expenses of the Districts.

**Conclusion**

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.

San Bernardino Community College District  
General Obligation Bond Construction Fund (Measure M)  
Schedule of Findings and Questioned Costs  
June 30, 2020

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None reported.

San Bernardino Community College District  
General Obligation Bond Construction Fund (Measure M)  
Summary Schedule of Prior Audit Findings  
June 30, 2020

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



# CITIZENS BOND OVERSIGHT COMMITTEE

San Bernardino Community College District  
2019-2020 Report to the Community



## Executive Summary

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This report details highlights from the San Bernardino Community College District's (SBCCD) bond programs, the Citizens' Bond Oversight Committee (CBOC) member roster, CBOC meeting summaries and expenditures for the Measure M and Measure CC projects for the fiscal year ending on June 30, 2020 (FY 2019-2020).

Consistent with the requirements of Proposition 39 ("School Facilities Local Vote Act of 2000"), SBCCD Citizens' Bond Oversight Committee was appointed to oversee two voter- approved general obligation bonds:

- ▶ Measure M – \$500 million bond passed in February 2008, and
- ▶ Measure CC – \$470 million bond passed in November 2018

The committee is required to inform the public about the District's expenditure of bond proceeds by presenting an annual report to the SBCCD Board of Trustees in public session. In fulfilling this duty, the committee meets at least three times per year to review expenditure reports produced by the district to ensure that bond proceeds are:

- ▶ Expended only for the purposes set forth in the propositions, and
- ▶ Not used for any teacher or administrative salaries or other operating procedures.

Interested individuals seeking to serve as a member of the CBOC may complete an application which will be held until a vacancy occurs. Completed applications should be sent to Erika Menge via email at [emenge@sbccd.edu](mailto:emenge@sbccd.edu) or via regular mail to SBCCD District Support Services, 550 E. Hospitality Lane, Suite 200 San Bernardino, CA 92408. If you have questions, please call 909-388-6910. See the following link for the application: [CBOC Membership Application](#).

To view previous CBOC Reports to the Community, visit [here](#).

DRAFT

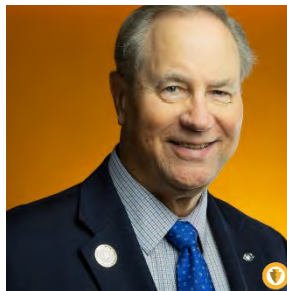




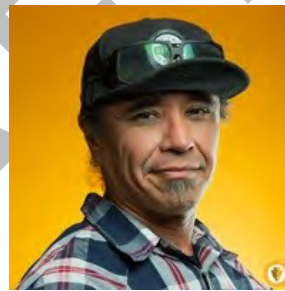
### 2019 – 2020 Member Roster



Betsy Starbuck, Chair  
Representing a Tax Payer  
Organization



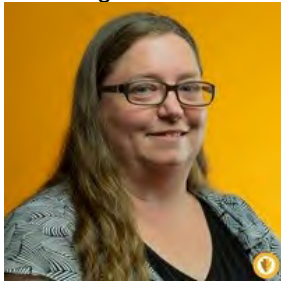
Don Averill, Vice  
Chairperson – Representing  
a Senior Organization



Frankie Jimenez  
Representing a Business  
Organization



Sam Irwin  
Representing a Foundation,  
Crafton Hills College



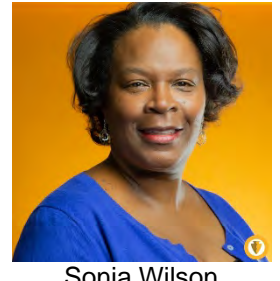
Evelyn Olive  
Representing Students,  
Crafton Hills College



Dana Carter  
Representing the  
Community-at-Large



Jim Mulvihill  
Representing the  
Community-at-Large



Sonja Wilson  
Representing the  
Community-at-Large



Kristin Washington  
Representing the  
Community-at-Large





## CBOC Meeting Summaries

The CBOC met four times in fiscal year 2019-20. Including July 29, 2019, November 19, 2019, January 27, 2020, and March 9, 2020 to discuss various bond program activities and review the internal audit report. The following will provide summaries of the meetings. To view the full meeting agendas, information and minutes, please visit the website at: [http://www.sbccd.org/Facilities\\_Planning\\_and\\_Construction/Citizens\\_Bond\\_Oversight\\_Committee/Meeting\\_Agendas-Minutes](http://www.sbccd.org/Facilities_Planning_and_Construction/Citizens_Bond_Oversight_Committee/Meeting_Agendas-Minutes).

### Monday, July 29, 2019 – SBCCD Board Room, 114 Del Rosa Dr., San Bernardino, CA 92408

#### *Welcome/Introductions*

Committee members were advised that Betsy Starbuck had been appointed as Chair on behalf of SBCCD, given her past experience in the role. Don Averill was appointed for Vice-Chair. In accordance with the by-laws, members drew lots to determine which would serve one-year terms initially. By way of signing their names randomly on a sheet, it was determined that Evelyn Olive and Betsy Starbuck will serve initial one-year terms.



#### *Committee Member Training by Bond Counsel David Casnocha of Stradling, Yocca, Carlson & Rauth*

Bond Counsel David Casnocha of Stradling, Yocca, Carlson & Rauth provided an orientation and training. David gave a history of bond measures at SBCCD. Measures P & M were served by the former committee. It was noted that the committee is working under amended and restated bylaws for Measures CC and M. Measure CC passed November 2018 on a 55% basis which requires that SBCCD abide by Proposition 39. This includes passing a resolution, providing a project list to voters, agreeing to have annual audits; and establishing and empowering a CBOC.

#### *Current Status of the Bond Program*

Director of Facilities Planning, Emergency Management, and Construction Farrah Farzaneh shared that the State will be partially funding the estimated \$98 million SBVC Technical Building project.

Director Farzaneh announced that AECOM was awarded a contract as the Project Manager for the Bond Program at the May 16, 2019, Board meeting.

Other announcements included staff is working to get CEQA and Underground Utility Mapping underway. Director Farzaneh introduced SBCCD Project



Manager Ryan Smith for Measure CC.

See here for meeting materials: [agenda](#), [minutes](#), [CBOC Bylaws](#), and [Bond Resolution](#).

**Tuesday, November 19, 2019 – SBCCD Board Room, 550 E. Hospitality Lane, Suite 200, San Bernardino, CA 92408**

*Sale of Bonds*

Executive Vice Chancellor Jose F. Torres announced that SBCCD commenced the process of selling the bonds. Executive Vice Chancellor Torres traveled with other SBCCD staff to San Francisco to attain a current bond rating. Executive Vice Chancellor Torres reported that the District received an upgrade from Moody's to AA1, which is the second highest rating. Torres reported that there will be \$200 million tax-exempt and \$100 million taxable bonds sold.



Torres announced the refinancing of \$145 million worth of Measures P and M bonds due to low rates. It was estimated that the action will save \$14 million for the taxpayers. Torres noted that SBCCD will not receive any proceeds from this sale.

*Bond Program Audit Update*

Executive Vice Chancellor Torres advised that SBCCD staff pushed the audit schedule back due to the District's transition to a new financial system during 2018-19. Since the District audit and the Bond Program audit are done at the same time, the reports are not expected to be complete until January.

*Measure M Expenditure Report*

Members reviewed the audit report and were reminded that the \$500 million Measure M is part of their committee charge. \$270 million has been spent. \$230 million remained in the measure, however, it is not anticipated that the bonds will be issued.

*Measure CC Website*

Ynez D. Canela was introduced as the District's Local Business Outreach Administrator for Measure CC. Administrator Canela proceeded to demonstrate the Measure CC website and advised it will be live very soon. Canela also shared information about SBCCD's outreach efforts. The website can be found at [www.sbccd.edu/MeasureCC](http://www.sbccd.edu/MeasureCC).

A screenshot of the Measure CC website. At the top, there is a navigation bar with links for NEWS, ABOUT SBCCD, CHANCELLOR SEARCH, STUDENTS, CAREERS, and a search box. Below the navigation bar is a banner image of graduates. The main content area features a 'WELCOME' section with a list of links: Measure CC, About Us, Project List, BP 6610, CBOC, Work With Us, Events, In the News, and Sustainability &amp; Energy Management. To the right, there is a 'MEASURE CC' section with the tagline 'BUILDING NEW OPPORTUNITIES FOR OUR STUDENTS &amp; OUR COMMUNITY' and a video player showing an overview of Measure CC at work.



*Bond Program Construction Update*

Director of Facilities Planning, Emergency Management, and Construction Farrah Farzaneh introduced the AECOM program management team of Cade McMullin and Diana Johnson. AECOM provided a presentation including a review of local participation and the project priority list and schedules for both campuses. The SBVC Tech Building was noted as the first project.

AECOM updated the committee about planned construction on each campus. Activities included working with the Division of the State Architect, mapping utilities and updating campus design standards.

*Draft FY 2019 Annual Report*

A draft CBOC Annual Report to the Community was presented by Administrator Canela. Committee Members provided feedback for report updates.

See here for meeting materials: [agenda](#), [minutes](#), [Measure M expenditures](#), [Measure CC Program PowerPoint](#), [Measure CC Outreach Flyer](#).

**Monday, January 27, 2020 - SBCCD Board Room, 550 E. Hospitality Lane, Suite 200, San Bernardino, CA 92408**

*Review of 2018-19 Measure M Audit Report*

Chris Chitlik from Eide Bailly represented the Measure M audit report. It was reported that there were no audit adjustments or audit findings. Chris reported that the only revenue was interest. Adding that each year the bond proceeds are being spent down.

*Review/Approve 2018-19 CBOC Annual Report*

Administrator Canela presented the final draft of the 2018-2019 CBOC Annual Report to the Community. Members made various recommendations for edits to be presented at the following CBOC meeting.

*Bond Program Construction Update*

Director of Facilities Planning, Emergency Management, and Construction Farrah Farzaneh report included that the District was recognized as a Sustainability Champion by the State Chancellor's Office. This recognition was for a project outside of the bond

# Procurement Participation

➔ Civil Engineering Prequalification

Total Submissions: **12**  
Percentage of Local: **75%**

➔ Geotechnical Engineering Prequalification

Total Submissions: **20**  
Percentage of Local: **85%**

➔ MEP/Data Prequalification

Total Submissions: **10**  
Percentage of Local: **60%**

➔ A/E RFQ Prequalification

Total Submissions: **30**  
Percentage of Local: **83%**

➔ Upcoming Consultant Procurements:

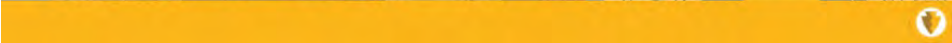
Commissioning – **December 2019**  
Testing and Inspection – **December 2019**  
Landscape – **December 2019**



**2019 Board of Governors  
Energy & Sustainability Award Winner**



**Celebrating with the  
California Community Colleges  
Board of Governors**



projects, but it was stated that moving forward the District will continue to ensure it remains sustainability leaders with the new buildings being constructed under Measure CC. Director Farzaneh reported that the District will continue to have monthly industry events to encourage partnerships with local businesses.

See here for meeting materials: [agenda](#), [minutes](#), [approval of audit report](#), [Draft CBOC Annual Report to the Community](#), [CBOC Meeting Presentation](#).

**Monday, March 9, 2020 - San Bernardino Valley College T100A, 710 S. Mt. Vernon Ave San Bernardino, CA 92408**

The purpose of the March 2020 meeting was to approve the CBOC Annual Report to the Community. Members approved the presented report. Following the meeting, committee members were given a tour of the San Bernardino Valley College proposed Measure CC construction sites.

See here for meeting materials: [agenda](#), [minutes](#), [CBOC Report to the Community](#).



**Measure M - Schedule of Expenditures by Project for Fiscal Year Ending June 30, 2020**

Approved Measure M Bond Projects	Total Project Cost Through June 30, 2019	Costs Incurred During FY 2019-2020	Total Project Cost Through June 30, 2020
SBVC North Hall Roofing	\$ 129,513	\$ 397,815	\$ 527,328
CHC LADM Renovation	14,890,814	926,864	15,817,678
CHC Printshop Relocation	558,770	869,141	1,427,911
Building Acquisition - Highland Avenue	3,500	2,997,268	3,000,768
<b>TOTALS</b>	<b>\$ 15,582,597</b>	<b>\$ 5,191,088</b>	<b>\$ 20,773,685</b>

**Measure CC - Schedule of Expenditures by Project for Fiscal Year Ending June 30, 2020**

Approved Measure CC Bond Projects	Total Project Cost Through June 30, 2019	Costs Incurred During FY 2019-2020	Total Project Cost Through June 30, 2020
SBVC Technical Education Building	\$ -	\$ 4,962,192	\$ 4,962,192
SBVC Instructional & Student Services Building	-	106,850	106,850
SBVC Campus-Wide Infrastructure	-	192,013	192,013
CHC Central Complex 2 Renovation	-	91,586	91,586
CHC Campus-Wide Infrastructure	-	96,073	96,073
<b>TOTALS</b>	<b>\$ -</b>	<b>\$ 5,448,714</b>	<b>\$ 5,448,714</b>

**Statement of Compliance**

To the best of its ability, the Citizens Bond Oversight Committee believes that the San Bernardino Community College District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution. Full text available at [https://ballotpedia.org/Article XIII A, California Constitution](https://ballotpedia.org/Article_XIII_A,_California_Constitution).

Visit [www.sbccd.edu/MeasureCC](http://www.sbccd.edu/MeasureCC) for more information on the SBCCD Bond Program.

