



Citizens Bond Oversight Committee (CBOC)

February 15, 2022 – 5:30 p.m.

Location: Zoom Conference

<https://cccconfer.zoom.us/j/93301108785>

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

Meeting ID: 933 0110 8785

Meeting Agenda

- I. **Welcome/Introductions** (*Betsy Starbuck, Chair*)
- II. **AB 361 Resolution to Hold Virtual Meetings** (*All votes to be taken by roll call.*)
- III. **Public Comment**

Public comments are not required to be submitted in advance of the meeting and members of the public have an opportunity to address the CBOC and offer comment in real time, via the Zoom link. This paragraph shall not be construed to require the legislative body to provide a physical location from which the public may attend or comment.

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

If there are any technical difficulties with the Zoom link that prevent members of the public from participating, the meeting will be paused until such time as functionality can be restored. If the technical issue cannot be resolved in a reasonable amount of time, the meeting will adjourn and be rescheduled.

- IV. **Approval of Minutes**
 - A. December 13, 2021 (*All votes to be taken by roll call.*)
 - B. January 20, 2022 (*All votes to be taken by roll call.*)
- V. **Current Business**
 - A. Review of the 2020-2021 Measure M & Measure CC Audit Report (Office of Eide Bailly, LLP)
- VI. **Future Meetings & Adjournment**
 - A. Monday, March 14th at 5:30pm or Tuesday, March 15th at 5:30pm

RESOLUTION #2022-02-15-CBOC-01 OF THE SAN BERNARDINO COMMUNITY COLLEGE DISTRICT
CITIZENS BOND OVERSIGHT COMMITTEE (CBOC)
CONTINUING AUTHORITY TO HOLD VIRTUAL MEETINGS PURSUANT TO
AB 361 | OPEN MEETINGS: STATE AND LOCAL AGENCIES – TELECONFERENCES

WHEREAS, on March 4, 2020, pursuant to the California Emergency Services Act and Government Code section 8625, Governor Gavin Newsom declared a statewide emergency arising from the coronavirus (COVID-19);

WHEREAS, the aforementioned declaration of emergency has not been rescinded, and, thus, remains in effect.

WHEREAS, on March 17, 2020, Governor Newsom issued Executive Order N-29-20 suspending certain provisions of the Brown Act pertaining to teleconferenced meetings; WHEREAS, on June 11, 2021, Governor Newsom issued Executive Order N-08-21 which indicated that Executive Order N-29-20's authorization for holding virtual meetings would expire on September 30, 2021;

WHEREAS, on September 16, 2021, Governor Newsom signed AB 361 (Rivas) as urgency legislation effective immediately, which provides that legislative bodies may continue to meet remotely during a declared State of Emergency subject to certain conditions;

WHEREAS, AB 361 amends the Brown Act (Government Code section 54953) to add the following provision:

(e)(1) A local agency may use teleconferencing without complying with the requirements of paragraph (3) of subdivision (b) if the legislative body complies with the requirements of paragraph (2) of this subdivision in any of the following circumstances:

- A. The legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing, OR
- B. The legislative body holds a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees, OR
- C. The legislative body holds a meeting during a proclaimed state of emergency and has determined, by majority vote, that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.;

WHEREAS, AB 361 further amends the Brown Act (Government Code section 54953) to add the following provision:

(e)(3) If a state of emergency remains active, or state or local officials have imposed or recommended measures to promote social distancing, in order to continue to teleconference without compliance with paragraph (3) of subdivision (b), the legislative body shall, not later than 30 days after teleconferencing for the first time pursuant to subparagraph (A), (B), or (C) of paragraph (1), and every 30 days thereafter, make the following findings by majority vote:

RESOLUTION #2022-02-15-CBOC-01 OF THE SAN BERNARDINO COMMUNITY COLLEGE DISTRICT
CITIZENS BOND OVERSIGHT COMMITTEE (CBOC)
CONTINUING AUTHORITY TO HOLD VIRTUAL MEETINGS PURSUANT TO
AB 361 | OPEN MEETINGS: STATE AND LOCAL AGENCIES – TELECONFERENCES

- A. The legislative body has reconsidered the circumstances of the state of emergency, AND
- B. Any of the following circumstances exist:
- (i) The state of emergency continues to directly impact the ability of the members to meet safely in person; OR
 - (ii) state or local officials continue to impose or recommend measures to promote social distancing.

WHEREAS, according to the San Bernardino County COVID-19 dashboard, as of February 7, 2022, there were 551,435 confirmed cases reported and 785 current hospitalizations;

WHEREAS, the CDC has established a “Community Transmission” metric with 4 tiers designed to reflect a community’s COVID-19 case rate and percent positivity;

WHEREAS, San Bernardino County currently has the highest Community Transmission metric of “high;”

THEREFORE, BE IT RESOLVED that the San Bernardino Community College District Citizens Bond Oversight Committee has reconsidered the circumstances of the Governor’s March 4, 2020 declaration of a state of emergency due to the COVID-19 pandemic, and finds that the declared state of emergency remains active, and continues to directly impact the ability of CBOC members to meet safely in person.

BE IT FURTHER RESOLVED, that based on the findings herein, the CBOC shall hold meetings via teleconference as permitted by Government Code section 54953(e) for the next thirty (30) days from the date of this Resolution;

BE IT FURTHER RESOLVED, that any meetings held via teleconference pursuant to this Resolution shall comply with all requirements of Government Code section 54953(e)(2), including, but not limited to, Government Code section 54953(e)(2)(E), which provides: “The legislative body shall not require public comments to be submitted in advance of the meeting and must provide an opportunity for the public to address the legislative body and offer comment in real time. This subparagraph shall not be construed to require the legislative body to provide a physical location from which the public may attend or comment.”

BE IT FURTHER RESOLVED, that not more than thirty (30) days from the date of this Resolution, the CBOC shall again reconsider the circumstances of the state of emergency declared by the Governor on March 4, 2020, in order to determine whether such circumstances warrant the Board continuing to hold teleconference meetings as permitted by Government Code section 54953(e).

PASSED AND ADOPTED by the following vote of the San Bernardino Community College District Citizens Bond Oversight Committee, County of San Bernardino, State of California on February 15, 2022.

RESOLUTION #2022-02-15-CBOC-01 OF THE SAN BERNARDINO COMMUNITY COLLEGE DISTRICT
CITIZENS BOND OVERSIGHT COMMITTEE (CBOC)
CONTINUING AUTHORITY TO HOLD VIRTUAL MEETINGS PURSUANT TO
AB 361 | OPEN MEETINGS: STATE AND LOCAL AGENCIES – TELECONFERENCES

AYES:

NOES:

ABSTAIN:

ABSENT:

Betsy Starbuck, Chair
San Bernardino Community College District
Citizens Bond Oversight Committee

I hereby certify that the foregoing is a full, true, and correct transcript of a resolution duly adopted by the San Bernardino Community College District CBOC named therein at a duly constituted meeting of said CBOC held on February 15, 2022, as it appears upon the minutes of the said meeting on February 15, 2022.

Erika Menge, Recorder
San Bernardino Community College District
Citizens Bond Oversight Committee



Citizens Bond Oversight Committee

Zoom Conference [Recording](#)
December 13, 2021

Meeting Minutes

Members Present – Don Averill, Senior Citizen Representative; Frankie Jimenez, Local Business Organization Representative; Jim Mulvihill, Member at Large; Betsy Starbuck, Bona-Fide Taxpayer Organization Representative; Kristin Washington, Member at Large; David Raley, Foundation Representative

Members Absent – Evelyn Olive, Student Representative

District Staff Present – Ryan Smith, Associate Director of Bond Program Planning and Construction; Leilani Nuñez, Crafton Hills College

Campus Project Manager; Ynez Canela, Local Business Outreach Administrator; Jose Torres, Executive Vice Chancellor; Steve Sutorus, Director of Business Services; Larry Strong, Director of Fiscal Services; Erika Menge, Recorder

Others Present – Andrea Brown, Finance and Contract Manger, AECOM; Scott Jewell, Program Manager, AECOM

I. WELCOME/INTRODUCTIONS

Betsy Starbuck called the meeting to order at 5:32 pm.

II. AB 361 RESOLUTION TO HOLD VIRTUAL MEETINGS

The motion was made by Don Averill and seconded by David Raley. Chair Starbuck advised that the last paragraph of the resolution should correct the spelling of word committee.

Ayes: Averill, Starbuck, Raley, Mulvihill, Washington

Noes:

Abstentions:

Absent: Jimenez, Olive

III. PUBLIC COMMENT

There were no comments from the public.

IV. APPROVAL OF MINUTES OF MEETING ON JULY 26, 2021

The motion was approved by Don Averill and seconded by Kristin Washington.

Ayes: Averill, Starbuck, Raley, Jimenez, Mulvihill, Washington

Noes: None

Abstentions: None

Absent: Olive

V. CURRENT BUSINESS

A. SBCCD Bond Projects Update

Ynez shared that we received 2 awards last week at the USGBC Gala for Sustainability in Innovation for the Performing Arts Center at CHC and the SBVC Technical Building.

The “Measure CC Bond Program Where Do We Stand Today” video was shared.

B. Expenditures Report

Andrea Brown shared that the current budget is \$584,935,000. These totals contain Measure CC and Measure M expenditures. The breakdown is as follows:

CHC, \$8.8M
District Wide \$2.5M
SBVC \$11.5M
Total \$22.76M

Betsy Starbuck noted an error on the report. It will be updated and corrected.

C. Review/Approve 2020-21 CBOC Annual Report

Ynez Canela presented the draft report to the committee. Included in the report is an Executive Summary which shares how many times the committee met, total funds expended, statement of compliance, the member roster, projects costs by fiscal year, meeting summaries, and membership opportunities.

David Raley noted that he would like to see a summary total for each college in percentages.

A motion for approving the CBOC annual report, noting the requested change of showing college expenses by percentages was moved by David Raley and seconded by Jim Mulvihill.

Ayes: Averill, Starbuck, Raley, Jimenez, Mulvihill, Washington
Noes: None
Abstentions: None
Absent: Olive

V. FUTURE MEETING & ADJOURNMENT

After continued discussion about the committee members visiting the campuses, it was proposed that the July meeting be held at the Crafton Campus and the November meeting at San Bernardino Valley campus. Ynez Canela offered a personal tour of Crafton before the July meeting and will send out proposed dates to the committee.

Motion was made by Don Averill to adjourn the meeting. Seconded by Kristen Washington.
Meeting adjourned at 6:26

Aye: Averill, Starbuck, Raley Jimenez, Mulvihill, Washington
Noes: None
Abstentions: None
Absent: Olive



Citizens Bond Oversight Committee

Zoom Conference <https://cccconfer.zoom.us/j/95077023413>

January 20, 2022 – 5:30 p.m.

Meeting Minutes

Members Present – Don Averill, Senior Citizens; David Raley, Foundation; Frankie Jimenez, Local Business Organization; Jim Mulvihill, Member at Large; Evelyn Olive, Students; Betsy Starbuck, Bona-Fide Taxpayer Organization; Kristin Washington, Member at Large

Members Absent – None

District Staff Present – Jose Torres, Executive Vice Chancellor, Farrah Farzaneh, Director of Facilities Planning, Emergency Management & Construction; Steve Sutorus, Business Manager; Larry Strong, Director of Fiscal Services (*partial attendance*); Leilani Nuñez, CHC Campus Project Manager; Ynez Canela, Local Business Outreach Administrator

I. WELCOME/INTRODUCTIONS

Betsy Starbuck called the meeting to order at 5:30.

II. AB 361 RESOLUTION TO HOLD VIRTUAL MEETINGS

Don Averill made a motion pass AB 361 Resolution to Hold Virtual Meetings, it was seconded by Frankie Jimenez.

AYES: Starbuck, Averill, Olive, Raley, Washington, Jimenez, Mulvihill

NOES: None

ABSTENSION: None

ABSENT: None

III. PUBLIC COMMENT

There were not public comments.

IV. FUTURE MEETINGS & ADJOURNMENT

The next meeting February 15th at 5:30.

The meeting adjourned at 5:35.



January 11, 2022

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, 2021 and have issued our reports thereon dated January 11, 2022. 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 July 7, 2021, 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 July 7, 2021, 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, 2021. 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. There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

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 11, 2022.

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, 2021, 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, 2021

San Bernardino Community College District

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

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June 30, 2021

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Financial Audit
General Obligation Bond Construction Fund (Measure CC)
June 30, 2021

**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, 2021, 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 from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2021, and the changes in financial position for the year then ended in accordance 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, 2021, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2022, on our consideration of the District's General Obligation Bond Construction Fund (Measure CC) 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 General Obligation Bond Construction Fund (Measure CC) 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 General Obligation Bond Construction Fund (Measure CC) internal control over financial reporting and compliance.

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

Rancho Cucamonga, California
January 11, 2022

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

Balance Sheet
June 30, 2021

Assets	
Investments	\$ 292,005,721
Accounts receivable	659,436
Due from other District funds	<u>1,260</u>
Total assets	<u><u>\$ 292,666,417</u></u>
Liabilities and Fund Balance	
Liabilities	
Accounts payable	\$ 2,019,999
Due to other District funds	<u>3,986</u>
Total liabilities	<u>2,023,985</u>
Fund Balance	
Restricted for capital projects	<u>290,642,432</u>
Total liabilities and fund balance	<u><u>\$ 292,666,417</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, 2021

Revenues	
Investment income	<u>\$ 5,417,123</u>
Expenditures	
Salaries and benefits	455,340
Services and other operating expenditures	<u>2,849,335</u>
Total expenditures	<u>10,625,761</u>
Net Change in Fund Balance	(5,208,638)
Fund Balance, Beginning	<u>295,851,070</u>
Fund Balance, Ending	<u><u>\$ 290,642,432</u></u>

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

Notes to Financial Statements
June 30, 2021

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 receipt of proceeds of general obligation bond issuances and 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.

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

Notes to Financial Statements
June 30, 2021

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, 2021, 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.

Estimates

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

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, 2021

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 \$292,005,721 with the San Bernardino County Investment Pool with a weighted average maturity of 461 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, 2021.

Note 3 - Accounts Receivable

Receivables at June 30, 2021, consist of the following:

Interest	<u>\$ 659,436</u>
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Note 4 - Accounts Payable

Accounts payable at June 30, 2021, consist of the following:

Capital Projects	<u>\$ 2,019,999</u>
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Note 5 - Interfund Receivables/Payables

The Restricted General Fund owed the General Obligation Bond Construction Fund (Measure CC) \$1,260 for reimbursement of COVID leave expenditures covered by federal funding.

The General Obligation Bond Construction Fund (Measure CC) owed the Unrestricted General Fund \$3,611 for payroll subsidy charges on payroll related to bond funded projects. The General Obligation Bond Construction Fund (Measure CC) owed the Workers' Compensation Fund \$375 for payroll subsidy charges on payroll related to bond funded projects.

Note 6 - Commitments and Contingencies

Construction Commitments

As of June 30, 2021, the General Obligation Bond Construction Fund (Measure CC) had approximately \$409.6 million in construction commitments with respect to unfinished capital projects.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the General Obligation Bond Construction Fund (Measure CC) at June 30, 2021.



Independent Auditor's Report
June 30, 2021

**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, 2021, and the related notes to the financial statements, and have issued our report thereon dated January 11, 2022.

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, 2021, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s General Obligation Bond Construction Fund (Measure CC) 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 General Obligation Bond Construction Fund (Measure CC) internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s General Obligation Bond Construction Fund (Measure CC) internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s 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*.

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 General Obligation Bond Construction Fund (Measure CC) 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 General Obligation Bond Construction Fund (Measure CC) internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rancho Cucamonga, California
January 11, 2022

San Bernardino Community College District
General Obligation Bond Construction Fund (Measure CC)
Financial Statement Findings
June 30, 2021

None reported.

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

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.

Current Status

Implemented.



Performance Audit
General Obligation Bond Construction Fund (Measure CC)
June 30, 2021

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, 2021.

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

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 11, 2022

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.

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

June 30, 2021

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, 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, 2020 through June 30, 2021. 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, 2021, 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, 2021, 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, 2021

2. We selected a sample of expenditures using the following criteria:
 - a. We considered all expenditures recorded in all object codes.
 - b. We considered all expenditures recorded in all projects that were funded from July 1, 2020 through June 30, 2021 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 and projects starting July 1, 2020 and ending June 30, 2021.

3. Our sample included transaction totaling \$5,031,812. This represents approximately 47% of the total expenditures of \$10,625,761.

4. We reviewed the actual invoices and other supporting documentation to determine that:
 - a. Expenditures were supported by invoices with evidence of proper approval and documentation of receipting goods or services.
 - b. Expenditures were supported by proper bid documentation, as applicable.
 - c. Expenditures were expended in accordance with the voter-approved bond project list.
 - d. Bond proceeds were not used for salaries of administrators or other operating expenses of the District.

5. We determined that the District has met the compliance requirement of Measure CC if the following conditions were met:
 - a. Supporting documents for expenditures were aligned with the voter-approved bond project list.
 - b. Expenditures were not used for salaries of 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. Furthermore, it was noted that funds held in the General Obligation Bond Fund (Measure CC), and expended by the District, were used for salaries of administrators only to the extent they performed administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004, by the State of California Attorney General.

San Bernardino Community College District
General Obligation Bond Construction Fund (Measure CC)
Schedule of Findings and Questioned Costs
June 30, 2021

None reported.

San Bernardino Community College District
General Obligation Bond Construction Fund (Measure CC)
Summary Schedule of Prior Audit Findings
June 30, 2021

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



January 11, 2022

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, 2021 and have issued our reports thereon dated January 11, 2022. 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 July 7, 2021, 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 July 7, 2021, 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, 2021. 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. There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

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 11, 2022.

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, 2021, 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.

Handwritten signature in cursive script that reads "Erik Sully LLP".

Rancho Cucamonga, California



Financial Audit
General Obligation Bond Construction Fund (Measure M)
June 30, 2021

San Bernardino Community College District

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

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June 30, 2021

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Financial Audit
General Obligation Bond Construction Fund (Measure M)
June 30, 2021

**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, 2021, 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 from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2021, and the changes in financial position for the year then ended in accordance 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, 2021, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2022, on our consideration of the District's General Obligation Bond Construction Fund (Measure M) 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 General Obligation Bond Construction Fund (Measure M) 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 General Obligation Bond Construction Fund (Measure M) internal control over financial reporting and compliance.

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

Rancho Cucamonga, California
January 11, 2022

San Bernardino Community College District
General Obligation Bond Construction Fund (Measure M)
Balance Sheet
June 30, 2021

Assets	
Investments	\$ 30,976,133
Accounts receivable	<u>1,091</u>
Total assets	<u><u>\$ 30,977,224</u></u>
Fund Balance	
Restricted for capital projects	<u><u>\$ 30,977,224</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, 2021

Revenues	
Investment income	<u>\$ 26,515</u>
Net Change in Fund Balance	26,515
Fund Balance, Beginning	<u>30,950,709</u>
Fund Balance, Ending	<u><u>\$ 30,977,224</u></u>

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

Notes to Financial Statements

June 30, 2021

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 receipt of general obligation bond issuances and 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.

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

Notes to Financial Statements
June 30, 2021

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, 2021, 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.

Estimates

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

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, 2021

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, 2021

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 \$490,694 with the San Bernardino County Investment Pool, with a weighted average maturity of 461 days. In addition, the District maintains investments of \$30,485,439 in U.S. Treasury Notes.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the San Bernardino County Investment Pool is rated at AAAs/S1 and U.S Treasury Notes is rated Aaa by Fitch Ratings agency as of June 30, 2021. The Mutual funds are not required to be rated, nor have they been rated as of June 30, 2021.

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, 2021

The District's fair value measurements are as follows at June 30, 2021:

<u>Investment Type</u>	<u>Reported Amount</u>	<u>Level 1 Inputs</u>
U.S. Treasury notes	<u>\$ 30,485,439</u>	<u>\$ 30,485,439</u>

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

Note 4 - Accounts Receivable

At June 30, 2021 Accounts receivable balance consisted of \$1,091 for interest receivables.

Note 5 - 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, 2021.



Independent Auditor's Report
June 30, 2021

**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, 2021, and the related notes to the financial statements, and have issued our report thereon dated January 11, 2022.

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, 2021, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s General Obligation Bond Construction Fund (Measure M) 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 General Obligation Bond Construction Fund (Measure M) internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s General Obligation Bond Construction Fund (Measure M) internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s 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*.

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 General Obligation Bond Construction Fund (Measure M) 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 General Obligation Bond Construction Fund (Measure M) internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rancho Cucamonga, California
January 11, 2022

San Bernardino Community College District
General Obligation Bond Construction Fund (Measure M)
Financial Statement Findings
June 30, 2021

None reported.

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

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.

Current Status

Implemented.