SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2018

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of San Bernardino Community College District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the 2017-2018 *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 2 and Note 16 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 5 through 11, and other required supplementary schedules on pages 68 and through 73, to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2018, 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.

Vavrinek Trine Day & Co. LLP

Rancho Cucamonga, California
November 19, 2018

USING THIS ANNUAL REPORT

The purpose of this annual report is to provide readers with information about the activities programs and financial condition of San Bernardino Community College District (the District) as of June 30, 2018. The report consists of the following three basic financial statements: Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows and provides information about the District as a whole. This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the District's financial statements, which immediately follow this section. Responsibility for the completeness and accuracy of this information rests with the District management.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

FINANCIAL HIGHLIGHTS

- The District's primary funding source is apportionment received from the State of California. The District's apportionment amount is determined by the number and size of colleges in the District and the number of Full-Time Equivalent Students (FTES). The District FTES for the year ended June 30, 2018, increased by 7.4 percent from the prior year as noted below.

	Year Ended June 30		
	2018	**2017**	**Change**
San Bernardino Valley College	10,785	10,131	6.5%
Crafton Hills College	4,519	4,122	9.6%
San Bernardino Community College District	15,304	14,253	7.4%

- During the year ended June 30, 2018, the District endeavored to fill various vacant employee positions across the District and improved staffing levels by 3.5 percent over the prior year as noted below.

	Year Ended June 30		
	2018	2017	Change
Administrators	113	103	9.7%
Faculty	282	275	2.5%
Classified	438	427	2.6%
Total	833	805	3.5%

- The District continues to monitor compliance with the 50 percent law, which requires that at least 50 percent of the current expense of education be spent on instructional salaries. During the year ended June 30, 2018, the District improved the rate to 51.19 percent from 51.12 percent in the previous year.
- During the year, the District invested $75 million from the FCC auction proceeds.

Statement of Net Position

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

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

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

The Net Position is divided into three major categories. The first category, net investment in capital assets, provides the equity amount in property, plant, and equipment owned by the District. The second category is expendable restricted assets. These assets are available for expenditure by the District, but must be spent for purposes as determined by external entities and/or donors that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position that is available to the District for any lawful purpose of the District.

The Statement of Net Position as of June 30, 2018 and June 30, 2017, is summarized below.

(Amounts in thousands)

	2018	(as restated) 2017
ASSETS		
Current Assets		
Cash and investments	$ 266,170	$ 154,645
Accounts receivable (net)	15,362	6,886
Other current assets	1,006	2,303
Total Current Assets	282,538	163,834
Capital Assets (net)	537,149	544,718
Total Assets	819,687	708,552
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	12,365	13,277
Deferred outflows of resources related to pensions	53,830	27,572
Deferred outflows of resources related to OPEB	296	-
Total Deferred Outflows of Resources	66,491	40,849
LIABILITIES		
Current Liabilities		
Accounts payable and other liabilities	39,836	49,576
Current portion of long-term debt	11,525	10,415
Total Current Liabilities	51,361	59,991
Long-Term Obligations	702,572	622,505
Total Liabilities	753,933	682,496
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	18,156	21,012
NET POSITION		
Net investment in capital assets	58,611	37,952
Restricted	33,975	44,171
Unrestricted	21,503	(36,230)
Total Net Position	$ 114,089	$ 45,893

Statement of Revenues, Expenses, and Changes in Net Position

Changes in total net position are presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of this statement is to present the operating and nonoperating revenues earned, whether received or not by the District; the operating and nonoperating expense incurred, whether paid or not by the District; and any other revenues, expenses, gains and/or losses earned or incurred by the District. Thus, this statement presents the District's results of operations.

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

The Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2018 and June 30, 2017, is summarized below.

(Amounts in thousands)

	2018	2017
Operating Revenues		
Tuition and fees	$ 8,123	$ 7,089
Grants and contracts, non capital	35,018	41,822
Auxiliary sales and charges	3,389	4,471
Total Operating Revenues	46,530	53,382
Operating Expenses		
Salaries and benefits	109,677	96,886
Supplies and maintenance	30,356	45,655
Student financial aid	25,631	23,877
Depreciation	17,087	15,524
Total Operating Expenses	182,751	181,942
Operating Loss	(136,221)	(128,560)
Nonoperating Revenues		
State apportionments	57,177	51,417
Property taxes	53,783	42,613
Financial aid grants, non capital	24,311	22,388
State revenues	3,506	12,709
Net interest expense	(23,656)	(17,878)
Other nonoperating revenues	86,530	7,292
Total Nonoperating Revenue	201,651	118,541
Other Revenues		
State and local capital income	2,766	1,771
Net Change in Net Position	$ 68,196	$ (8,248)

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

Year ended June 30, 2018:

(Amounts in thousands)

	Salaries	Employee Benefits	Supplies, Material, and Other Expenses and Services	Equipment, Maintenance, and Repairs	Student Financial Aid	Depreciation	Total
Instructional activities	$ 34,262	$ 17,536	$ 1,254	$ -	$ -	$ -	$ 53,052
Academic support	4,436	1,908	2,224	-	-	-	8,568
Student services	11,796	4,500	2,182	-	-	-	18,478
Plant operations and maintenance	3,368	1,762	2,335	-	-	-	7,465
Instructional support services	11,736	4,902	11,696	-	-	-	28,334
Community services and economic development	4,473	1,590	1,666	-	-	-	7,729
Ancillary services and auxiliary operations	4,867	2,091	6,796	-	-	-	13,754
Student aid	-	-	-	-	25,631	-	25,631
Physical property and related acquisitions	327	123	435	1,768	-	-	2,653
Unallocated depreciation	-	-	-	-	-	17,087	17,087
Total	$ 75,265	$ 34,412	$ 28,588	$ 1,768	$ 25,631	$ 17,087	$ 182,751

Statement of Cash Flows

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

The Statement of Cash Flows reports cash provided by or used in the following activities:

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

The Statement of Cash Flows for the years ended June 30, 2018 and June 30, 2017, is summarized below.

(Amounts in thousands)

	2018	2017
Cash Provided by (Used in)		
Operating activities	$ (116,372)	$ (157,211)
Noncapital financing activities	193,561	168,855
Capital financing activities	32,863	(43,310)
Investing activities	3,454	39,470
Net Increase in Cash	113,506	7,804
Cash, Beginning of Year	117,372	109,568
Cash, End of Year	$ 230,878	$ 117,372

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2018, the District had $693.2 million in capital assets, less $156.1 million accumulated depreciation for net capital assets of $537.1 million. The District continues to work on the facilities projects that are part of the $450 million bond master plan. The District spent approximately $19.0 million on capital assets during the year, the majority of which relate to bond proceeds. Depreciation charges during the year totaled $17.1 million. Note 6 in the financial statements provides additional information on capital assets. A summary of capital assets is presented below.

(Amounts in thousands)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land and construction in progress	$ 98,887	$ 7,431	$ (9,226)	$ 97,092
Buildings and improvements	559,321	10,312	(2,456)	567,177
Furniture and equipment	28,276	1,289	(548)	29,017
Subtotal	686,484	19,032	(12,230)	693,286
Accumulated depreciation	(141,766)	(17,086)	2,715	(156,137)
	$ 544,718	$ 1,946	$ (9,515)	$ 537,149

Obligations

As of June 30, 2018, the District had $714.1 million in debt consisting of $593.7 million from general obligation bonds, $112.2 million from pension obligation, $1.8 million from net pension liability, $3.2 million from compensated absences, and $3.2 million claims liability.

Details including the type, interest rates, and maturities of the general obligation bonds are found in Note 10. A summary of long-term obligations is presented below.

(Amounts in thousands)

	Balance as restated, July 1, 2017	Additions	Deletions	Balance June 30, 2018
General obligation bonds	$ 548,279	$ 59,496	$ (14,026)	$ 593,749
Compensated absences	3,347	-	(91)	3,256
Claims liability	3,078	97	-	3,175
Community service grant payable	109	-	(109)	-
Aggregate net OPEB liability	1,755	1,212	(1,199)	1,768
Aggregate net pension obligation	76,352	35,798	-	112,150
Total Long-Term Debt	$ 632,920	$ 96,603	$ (15,425)	$ 714,098
Amount due within one year				$ 11,525

ECONOMIC FACTORS AFFECTING THE FUTURE OF SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Vice Chancellor, Business and Fiscal Services, at San Bernardino Community College District, 114 South Del Rosa Drive, San Bernardino, California 92408.

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION - PRIMARY GOVERNMENT
JUNE 30, 2018

ASSETS	
Current Assets	
Cash and cash equivalents	$ 51,678,442
Investments	214,491,904
Accounts receivable	11,901,681
Student loans receivable, net	3,460,454
Due from fiduciary funds	144,151
Prepaid expenses	847,308
Inventories	14,500
Total Current Assets	282,538,440
Noncurrent Assets	
Nondepreciable capital assets	97,091,896
Depreciable capital assets, net of depreciation	440,056,914
Total Noncurrent Assets	537,148,810
TOTAL ASSETS	819,687,250
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	12,365,125
Deferred outflows of resources related to pensions	53,829,862
Deferred outflows of resources related to OPEB	295,696
TOTAL DEFERRED OUTFLOWS OF RESOURCES	66,490,683
LIABILITIES	
Current Liabilities	
Accounts payable	15,187,235
Accrued interest payable	8,219,958
Due to fiduciary funds	25,024
Unearned revenue	16,403,781
Bonds payable - current portion	11,525,000
Total Current Liabilities	51,360,998
Noncurrent Liabilities	
Compensated absences	3,255,473
Bonds payable - noncurrent portion	582,224,194
Claims liability	3,174,783
Aggregate net other postemployment benefits (OPEB) liability	1,767,948
Aggregate net pension obligation	112,150,172
Total Noncurrent Liabilities	702,572,570
TOTAL LIABILITIES	753,933,568
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	18,155,750
NET POSITION	
Net investment in capital assets	58,610,731
Restricted for:	
Debt service	24,455,340
Capital projects	7,780,937
Educational programs	1,739,054
Unrestricted	21,502,553
TOTAL NET POSITION	$ 114,088,615

The accompanying notes are an integral part of these financial statements.

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT FOR THE YEAR ENDED JUNE 30, 2018

OPERATING REVENUES	
Student Tuition and Fees	$ 21,026,371
Less: Scholarship discount and allowance	(12,903,371)
Net tuition and fees	8,123,000
Grants and Contracts, Noncapital	
Federal	2,372,766
State	30,239,208
Local	2,406,378
Net grants and contracts, noncapital	35,018,352
Auxiliary Enterprise Sales and Charges	
Bookstore	2,799,608
Cafeteria	589,342
TOTAL OPERATING REVENUES	46,530,302
OPERATING EXPENSES	
Salaries	75,264,689
Employee benefits	34,412,380
Supplies, materials, and other operating expenses and services	28,588,385
Equipment, maintenance, and repairs	1,767,834
Student financial aid	25,630,531
Depreciation	17,087,085
TOTAL OPERATING EXPENSES	182,750,904
OPERATING LOSS	(136,220,602)
NONOPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	57,176,853
Local property taxes, levied for general purposes	28,211,597
Taxes levied for other specific purposes	25,571,878
Federal financial aid grants, noncapital	21,244,822
State financial aid grants, noncapital	3,066,397
State taxes and other revenues	3,505,715
Investment income	2,600,042
Interest expense on capital related debt	(26,547,495)
Investment income on capital asset-related debt, net	291,323
Transfer from fiduciary funds	850,000
Transfer to fiduciary funds	(75,225,000)
Other nonoperating revenue	160,904,473
TOTAL NONOPERATING REVENUES (EXPENSES)	201,650,605
INCOME BEFORE OTHER REVENUES	65,430,003
OTHER REVENUES	
State revenues, capital	988,385
Local revenues, capital	1,777,334
TOTAL OTHER REVENUES	2,765,719
CHANGE IN NET POSITION	68,195,722
BEGINNING NET POSITION, AS RESTATED	45,892,893
NET POSITION, END OF YEAR	$ 114,088,615

The accompanying notes are an integral part of these financial statements.

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 8,781,087
Federal and State grants and contracts	30,217,390
Payments to or on behalf of employees	(103,003,783)
Payments to vendors for supplies and services	(30,039,407)
Payments to students for scholarships and grants	(25,630,531)
Auxiliary enterprise sales and charges	3,303,473
Net Cash Flows From Operating Activities	(116,371,771)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State apportionments	53,170,383
Federal and State financial aid grants	24,311,219
Property taxes	28,211,597
State taxes and other apportionments	3,180,500
Other nonoperating	84,687,539
Net Cash Flows From Noncapital Financing Activities	193,561,238
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	(16,257,703)
State revenue, capital projects	988,385
Local revenue, capital projects	1,777,334
Property taxes - related to capital debt	25,571,878
Proceeds from capital debt	59,496,008
Principal paid on capital debt	(14,026,009)
Interest paid on capital debt	(24,978,221)
Interest received on capital asset-related debt	291,323
Net Cash Flows From Capital Financing Activities	32,862,995
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of investments	1,980,669
Interest received from investments	1,472,865
Net Cash Flows From Investing Activities	3,453,534
NET CHANGE IN CASH AND CASH EQUIVALENTS	113,505,996
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	117,372,168
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 230,878,164

The accompanying notes are an integral part of these financial statements.

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT, Continued
FOR THE YEAR ENDED JUNE 30, 2018

RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Loss	$ (136,220,602)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities	
Depreciation expense	17,087,085
Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows	
Receivables	(5,064,666)
Inventories	841,311
Prepaid expenses	558,067
Accounts payable and accrued liabilities	(707,278)
Unearned revenue	836,314
Claims liability	96,538
Compensated absences	(91,210)
Deferred outflows of resources related to pensions	(26,257,229)
Deferred outflows of resources related to OPEB	(295,696)
Deferred inflows of resources related to pensions	(2,856,266)
Community service grant payable	(109,374)
Aggregate net OPEB liability	12,822
Aggregate net pension obligation	35,798,413
Total Adjustments	19,848,831
Net Cash Flows From Operating Activities	$ (116,371,771)

CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:	
Cash in banks	$ 51,678,442
Cash in county treasury	179,199,722
Total Cash and Cash Equivalents	$ 230,878,164

NONCASH TRANSACTIONS	
On behalf payments for benefits	$ 3,456,305

The accompanying notes are an integral part of these financial statements.

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018

	Retiree OPEB Trust	PARS Trust	Other Trust Funds	Agency Funds
ASSETS				
Cash and cash equivalents	$ -	$ -	$ 599,803	$ 285,876
Investments	8,450,288	74,912,028	1,682,103	-
Accounts receivable	-	-	135,303	878
Due from primary government	-	-	21,378	3,646
Prepaid expenses	-	-	35,812	965,863
Other current assets	-	-	31,614	-
Total Assets	8,450,288	74,912,028	2,506,013	$ 1,256,263
LIABILITIES				
Cash overdraft	-	-	-	$ 39,140
Accounts payable	-	-	142,517	151,253
Due to primary government	-	-	137,448	6,703
Unearned revenue	-	-	277,098	-
Due to student groups	-	-	-	286,522
Due to KVCR FNX	-	-	-	772,645
Total Liabilities	-	-	557,063	$ 1,256,263
NET POSITION				
Restricted for postemployment benefits other than pensions	8,450,288	-	-	
Restricted for pension benefits	-	74,912,028	-	
Unreserved	-	-	1,948,950	
Total Net Position	$ 8,450,288	$ 74,912,028	$ 1,948,950	

The accompanying notes are an integral part of these financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Retiree OPEB Trust	PARS Trust	Other Trust Funds
ADDITIONS			
State revenues	$ -	$ -	$ 233,429
Local revenues	487,707	(61,001)	2,526,656
Total Additions	487,707	(61,001)	2,760,085
DEDUCTIONS			
Classified salaries	-	-	690,287
Employee benefits	-	-	214,662
Books and supplies	-	-	10,400
Services and operating expenditures	73,272	26,971	858,294
Capital outlay	-	-	187,970
Total Deductions	73,272	26,971	1,961,613
OTHER FINANCING SOURCES (USES)			
Transfer from primary government	-	75,000,000	225,000
Transfer to primary government	-	-	(850,000)
Other uses	-	-	(156,730)
Total Other Financing Sources (Uses)	-	75,000,000	(781,730)
Change in Net Position	414,435	74,912,028	16,742
Net Position - Beginning	8,035,853	-	1,932,208
Net Position - Ending	$ 8,450,288	$ 74,912,028	$ 1,948,950

The accompanying notes are an integral part of these financial statements.

NOTE 1 - ORGANIZATION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The District has adopted GASB Statement No. 61, *Determining Whether Certain Organizations are Component Units.* This statement amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion.

The following entities met the criterion for inclusion as a "blended" component unit and are consolidated within the financial statements of the District:

- KVCR Educational Foundation, Inc.

  The KVCR Educational Foundation, Inc. (the Foundation) is a legally separate, tax-exempt component unit of the District. The Foundation acts primarily as a fundraising organization to provide funding support to KVCR TV and FM, a wholly owned broadcasting affiliate of the District. Although the District does not control the timing or amount of receipts, the majority of resources, or income thereon that the Foundation holds and invests, are restricted to the activities of the District by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the District, the Foundation is considered a component unit of the District with the inclusion of the statements as a blended component unit.

Condensed Statement of Net Position

The Foundation is a not-for-profit organization under Internal Revenue Code (IRC) Section 501(c)(3) that reports its financial results in accordance with Financial Accounting Standards Codifications. As such, certain revenue recognition criteria and presentation features have been accounted for within this report using GASB revenue recognition criteria and presentation features.

- Economic Development and Corporate Training Foundation

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

Complete financial statements for the Foundation and the EDCT Foundation can be obtained from the District's Business Office. Condensed component unit information for the Foundation and the EDCT Foundation, the District's blended component units, for the year ended June 30, 2018, is as follows:

Condensed Statement of Net Position

	KVCR Educational Foundation, Inc.	Economic Development and Corporate Training Foundation
ASSETS		
Total Assets	$ 662,627	$ 247,021
LIABILITIES		
Total Liabilities	362,096	183,974
NET POSITION		
Total Net Position	$ 300,531	$ 63,047

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	KVCR Educational Foundation, Inc.	Economic Development and Corporate Training Foundation
REVENUES		
Total Revenues	$ 1,824,288	$ 319,030
EXPENSES		
Total Expenses	1,100,518	474,449
Transfer from primary government	-	225,000
Transfer to primary government	(850,000)	-
CHANGE IN NET POSITION	(126,230)	69,581
NET POSITION, BEGINNING OF YEAR	426,761	(6,534)
NET POSITION, END OF YEAR	$ 300,531	$ 63,047

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37, No. 38, and No. 39. This presentation provides a comprehensive government-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Fiduciary activities, with the exception of the Student Financial Aid Fund, are excluded from the basic financial statements. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, operating revenues consist primarily of student fees, noncapital grants and contracts, and auxiliary activities through the bookstore and cafeteria.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, Federal and State financial aid grants, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent students (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State financial aid grants are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

Operating expenses are costs incurred to provide instructional services including support costs, auxiliary services, and depreciation of capital assets. All other expenses not meeting this definition are reported as nonoperating. Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management Discussion and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37, No. 38, No. 39, and No. 61. The business-type activities model followed by the District requires the following components of the District's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements for the District as a whole including:
  - Statement of Net Position - Primary Government
  - Statement of Revenues, Expenses, and Changes in Net Position - Primary Government
  - Statement of Cash Flows - Primary Government
  - Financial Statements for the Fiduciary Funds including:
    - Statements of Fiduciary Net Position
    - Statements of Changes in Fiduciary Net Position
- Notes to the Financial Statements

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term unrestricted investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include unrestricted cash with county treasury balances for purposes of the Statement of Cash Flows.

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2018, are stated at fair value. Fair value is estimated based on quoted market prices at year end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at $613,423 for the year ended June 30, 2018.

Prepaid Expenses

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30.

Inventories

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

Capital Assets and Depreciation

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

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the financial statements.

Debt Issuance Costs, Premiums and Discounts

Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs, are amortized over the life of the bonds using the straight-line method.

Deferred Charges on Refunding

Deferred charges on refunding is amortized using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items.

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid. The liability for this benefit is reported on the government-wide financial statements.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized. Unearned revenue includes (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met.

Noncurrent Liabilities

Noncurrent liabilities include bonds payable, compensated absences, claims liability, aggregate net OPEB liability and the aggregate net pension obligation with maturities greater than one year.

Net Position

GASB Statements No. 34 and No. 35 report equity as "Net Position" and represent the difference between assets and liabilities. The net position is classified according to imposed restrictions or availability of assets for satisfaction of District obligations according to the following net asset categories:

Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. To the extent debt has been incurred, but not yet expended for capital assets, such accounts are not included as a component invested in capital assets.

Restricted: Net position is reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Unrestricted: Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The government-wide financial statements report $33,975,331 of restricted net position.

Operating Revenues and Expenses

Classification of Revenues - The District has classified its revenues as either operating or nonoperating. Certain significant revenue streams relied upon for operation are classified as nonoperating as defined by GASB Statements No. 34 and No. 35. Classifications are as follows:

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

Nonoperating revenues - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, gifts and contributions, and other revenue sources defined in GASB Statements No. 34 and No. 35.

Classification of Expenses - Nearly all of the District's expenses are from exchange transactions and are classified as either operating or nonoperating according to the following criteria:

Operating expenses - Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, supplies, operating expenses, and student financial aid.

Nonoperating expenses - Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

State Apportionments

Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year. When known and measurable, these recalculations and corrections are accrued in the year in which the FTES are generated.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. The County Assessor is responsible for assessment of all taxable real property. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of San Bernardino bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

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

Scholarships, Discounts, and Allowances

Student tuition and fee revenue is reported net of scholarships, discounts, and allowances. Fee waivers approved by the Board of Governors are included within the scholarships, discounts, and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf.

Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, SEOG Grants, and Federal Work-Study programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. These programs are audited in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Estimates

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

Interfund Activity

Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the Primary Government and Fiduciary Funds' financial statements, respectively.

Change in Accounting Principles

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by State and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The District has implemented the provisions of this Statement as of June 30, 2018.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation;
- Reporting amounts previously reported as goodwill and "negative" goodwill;
- Classifying real estate held by insurance entities;
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost;
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus;
- Recognizing on behalf payments for pensions or OPEB in employer financial statements;
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB;
- Classifying employer-paid member contributions for OPEB;
- Simplifying certain aspects of the alternative measurement method for OPEB; and
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The District has implemented the provisions of this Statement as of June 30, 2018.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues.* The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The District has implemented the provisions of this Statement as of June 30, 2018.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

The District has implemented the provisions of this Statement as of June 30, 2018.

New Accounting Pronouncements

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged.

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

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Early implementation is encouraged.

In June 2017, the GASB issued Statement No. 87, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged.

NOTE 3 - DEPOSITS AND INVESTMENTS

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section (ECS) 41001). The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

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

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

Authorized Under Debt Agreements

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

Summary of Deposits and Investments

Deposits and investments as of June 30, 2018, consist of the following:

Primary government	$ 266,170,346
Fiduciary funds	85,890,958
Total Deposits and Investments	$ 352,061,304

Cash on hand and in banks	$ 51,562,571
Cash in revolving	1,001,550
Cash in County Treasury	180,842,685
Investments	118,654,498
Total Deposits and Investments	$ 352,061,304

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by primarily investing in the San Bernardino County Investment pool and various short-term securities evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of $180,842,685 with the San Bernardino County Investment Pool with a weighted maturity of 353 days. In addition, the District maintains investments of $35,292,182 and $83,362,316 in Short-Term Securities and Mutual Funds, respectively.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the San Bernardino County Investment pool is rated at AAAf/SI by Fitch Ratings agency. All other investments are not required to be rated, nor have they been rated as of June 30, 2018.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2018, the District's bank balance of $2,532,334 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent.

NOTE 4 - FAIR VALUE MEASUREMENTS

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the San Bernardino County Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2018:

		Fair Value Measurements Using	
Investment Type	Fair Value	Level 1 Inputs	Uncategorized
San Bernardino County Investment Pool	$ 179,846,545	$ -	$ 179,846,545
Short-Term Securities	35,292,182	35,292,182	-
Mutual Funds	83,362,316	83,362,316	-
Total	$ 298,501,043	$ 118,654,498	$ 179,846,545

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

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018, consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

The accounts receivable are as follows:

	Primary Government	Fiduciary Funds
Federal Government		
Categorical aid	$ 1,086,113	$ -
State Government		
Categorical aid	4,727,268	128,248
Lottery	648,146	-
Local Sources		
Interest	1,388,852	7,479
Property taxes	870,928	-
Other local sources	3,180,374	454
Total	$ 11,901,681	$ 136,181

Student loans receivable	$ 4,073,877
Less allowance for bad debt	(613,423)
Student loans receivable, net	$ 3,460,454

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Capital Assets Not Being Depreciated				
Land	$ 4,518,454	$ -	$ -	$ 4,518,454
Construction in progress	94,368,158	7,431,589	9,226,305	92,573,442
Total Capital Assets Not Being Depreciated	98,886,612	7,431,589	9,226,305	97,091,896
Capital Assets Being Depreciated				
Land improvements	79,019,735	703,158	-	79,722,893
Buildings and improvements	480,301,266	9,609,326	2,456,000	487,454,592
Furniture and equipment	28,275,996	1,288,591	548,229	29,016,358
Total Capital Assets Being Depreciated	587,596,997	11,601,075	3,004,229	596,193,843
Total Capital Assets	686,483,609	19,032,664	12,230,534	693,285,739
Less Accumulated Depreciation				
Land improvements	47,120,272	6,268,546	-	53,388,818
Buildings and improvements	72,263,261	9,408,964	2,216,320	79,455,905
Furniture and equipment	22,381,763	1,409,575	499,132	23,292,206
Total Accumulated Depreciation	141,765,296	17,087,085	2,715,452	156,136,929
Net Capital Assets	$ 544,718,313	$ 1,945,579	$ 9,515,082	$ 537,148,810

Depreciation expense for the year was $17,087,085.

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2018, consisted of the following:

	Primary Government	Fiduciary Funds
Accrued payroll	$ 3,343,266	$ 60,762
Apportionment	3,236,051	-
Construction	1,018,474	-
State categorical	86,084	-
Other	7,503,360	233,008
Total	$ 15,187,235	$ 293,770

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2018, consisted of the following:

	Primary Government	Fiduciary Funds
Federal financial assistance	$ 99,949	$ -
State categorical aid	9,062,952	-
Enrollment fees	3,274,485	-
Other local	3,966,395	277,098
Total	$ 16,403,781	$ 277,098

NOTE 9 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the governmental funds and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2018, the amount owed to the fiduciary funds from the primary government was $25,024, and the amount owed to primary government from the fiduciary funds was $144,151.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2018 fiscal year, the primary government transferred $75,225,000 to the fiduciary funds, and the fiduciary funds transferred $850,000 to the primary government.

NOTE 10 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the 2018 fiscal year consisted of the following:

	(as restated) Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Due in One Year
Bonds Payable					
Election 2002 Series D	$ 8,784,260	$ 682,878	$ -	$ 9,467,138	$ -
Election 2002 Series E	15,000,000	-	-	15,000,000	-
Subtotal Election 2002	23,784,260	682,878	-	24,467,138	-
2005 Refunding Bonds	8,452,198	1,044,692	-	9,496,890	-
Election 2008 Series A	4,165,000	-	1,830,000	2,335,000	2,335,000
Election 2008 Series B	121,200,193	6,012,869	1,540,000	125,673,062	1,690,000
Election 2008 Series C	45,210,000	-	-	45,210,000	-
Election 2008 Series D	36,861,824	393,015	1,200,000	36,054,839	445,000
Subtotal Election 2008	207,437,017	6,405,884	4,570,000	209,272,901	4,470,000
2013 Refunding Bonds Series A	191,940,000	-	1,285,000	190,655,000	1,330,000
2013 Refunding Bonds Series B	25,695,000	-	2,190,000	23,505,000	5,725,000
2015 Refunding Bonds	55,375,000	-	3,180,000	52,195,000	-
2017 Refunding Bonds Series A	-	14,145,000	-	14,145,000	-
2017 Refunding Bonds Series B	-	32,070,000	-	32,070,000	-
Premium on debt	35,595,720	5,147,554	2,801,009	37,942,265	-
Total Bonds Payable	548,279,195	59,496,008	14,026,009	593,749,194	11,525,000
Other Liabilities					
Community service grant payable	109,374	-	109,374	-	-
Compensated absences	3,346,683	-	91,210	3,255,473	-
Claims liability	3,078,245	96,538	-	3,174,783	-
Aggregate net OPEB liability	1,755,126	1,212,116	1,199,294	1,767,948	-
Aggregate net pension obligation	76,351,759	35,798,413	-	112,150,172	-
Total Other Liabilities	84,641,187	37,107,067	1,399,878	120,348,376	-
Total Long-Term Obligations	$ 632,920,382	$ 96,603,075	$ 15,425,887	$ 714,097,570	$ 11,525,000

Description of Obligations

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax collections. Workers' compensation claims liability is an estimate based on an actuarial study completed by a third party specialist. Actual claims paid will be made from the Self-Insurance Fund. Management is responsible to evaluate the adequacy of the change in value. The compensated absences will be paid by the fund for which the employee worked. Payments related to the aggregate net OPEB liability will be paid by the fund for which the employee worked. Pension expense related to the aggregate net pension obligation will be paid by the fund for which the employee worked. The community service grant payable is for the overpayment of grant monies received from the Corporation for Public Broadcasting. The community service grant payable was be paid from the KVCR Special Revenue Fund as a reduction in future grants. The obligation was satisfied in fiscal year 2018. For further details of the aggregate net OPEB liability and aggregate net pension obligation see Note 11 and Note 13, respectively.

Bonded Debt

The San Bernardino Community College District Election of 2002

General obligation bonds were approved by a local election in November 2002. The total amount approved by the voters was $190,000,000. Interest rates on the bonds range from 6.02 to 7.63 percent. As of June 30, 2018, $189,999,797 had been issued, and $24,467,138 was outstanding.

The San Bernardino Community College District 2005 Refunding Bonds

In March 2005, the District issued $56,562,550 in general obligation bonds to advance refund a portion of 2002 Series A and B Bonds. Interest rates on the bonds range from 3.00 to 5.14 percent. The proceeds were deposited into an escrow account to pay future principal and interest amounts on the refunded bonds. The assets and liabilities for the defeased bonds are not included on the District's financial statements. As of June 30, 2018, the outstanding balance was $9,496,890.

The San Bernardino Community College District Election of 2008

General obligation bonds were approved by a local election in November 2008. The total amount approved by the voters was $500,000,000. Interest rates on the bonds range from 2.00 to 7.63 percent. As of June 30, 2018, $500,000,000 had been issued, and $209,272,901 was outstanding.

The San Bernardino Community College District 2013 Refunding Bonds

In April 2013, the District issued 2013 General Obligation Series A Refunding Bonds and 2013 General Obligation Series B Refunding Bonds to advance refund portions of 2002 Series C, the 2005 General Obligation Refunding Bonds, and the 2008 Series A Bonds. Interest rates on the bonds range from 0.49 to 5.00 percent. The proceeds from the bonds were deposited into an escrow account to pay future principal and interest amounts on the refunded bonds. The assets and liabilities for the defeased bonds are not included on the District's financial statements. The outstanding balances for the 2013 General Obligation Series A Refunding Bonds and the 2013 General Obligation Series B Refunding Bonds are $190,655,000 and $23,505,000, respectively.

The San Bernardino Community College District 2015 Refunding Bonds

In September 2015, the District issued $55,975,000 in general obligation bonds to advance refund the 2002 Series C and a portion of 2005 Refunding Bonds. Interest rates on the bonds range from 2.00 to 5.00 percent. The proceeds were deposited into an escrow account to pay future principal and interest amounts on the refunded bonds. The assets and liabilities for the defeased bonds are not included on the District's financial statements. As of June 30, 2018, the outstanding balance was $52,195,000.

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

In December 2017, the District issued the 2017 General Obligation Refunding (Crossover) Series A Bonds in the amount of $14,145,000. The bonds will be redeemed at the Crossover date of August 1, 2024; therefore, the refunding is not considered a current refunding. Interest rates on the bonds range from 4.00 to 5.00 percent. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. The refunding resulted in a cash flow savings of $3,404,250 and an economic gain of $2,564,502 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted 2.857 percent. The net proceeds from the issuance were used to advance refund, on a crossover basis at the crossover date, a portion of the District's outstanding general obligation bonds. As of June 30, 2018, the outstanding balance was $14,145,000.

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

In December 2017, the District issued the 2017 General Obligation Refunding (Crossover) Series B Bonds in the amount of $32,070,000. The bonds will be redeemed at the Crossover date of August 1, 2024; therefore, the refunding is not considered a current refunding. Interest rates on the bonds range from 4.00 to 5.00 percent. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. The refunding resulted in a cash flow savings of $6,344,081 and an economic gain of $4,415,584 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted 2.857 percent. The net proceeds from the issuance were used to advance refund, on a crossover basis at the crossover date, a portion of the District's outstanding general obligation bonds. As of June 30, 2018, the outstanding balance was $32,070,000.

Debt Maturity

General Obligation Bonds

Issue Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2017	Additions	Redeemed	Bonds Outstanding June 30, 2018
2002 D	6/9/2009	8/1/2033	6.02%-6.79%	$ 4,999,797	$ 8,784,260	$ 682,878	$ -	$ 9,467,138
2002 E	6/9/2009	8/1/2033	7.63%	15,000,000	15,000,000	-	-	15,000,000
Refunding 2005	3/22/2005	8/1/2023	3.00%-5.14%	56,562,550	8,452,198	1,044,692	-	9,496,890
2008 A	12/17/2008	8/1/2018	3.75%-6.50%	140,000,000	4,165,000	-	1,830,000	2,335,000
2008 B	6/9/2009	8/1/2048	2.60%-7.19%	73,102,389	121,200,193	6,012,869	1,540,000	125,673,062
2008 C	6/9/2009	8/1/2044	7.43%-7.63%	45,210,000	45,210,000	-	-	45,210,000
2008 D	9/22/2015	8/1/2048	2.00%-5.00%	37,536,960	36,861,824	393,015	1,200,000	36,054,839
Refunding 2013 Series A	4/10/2013	8/1/2033	0.50%-5.00%	198,570,000	191,940,000	-	1,285,000	190,655,000
Refunding 2013 Series B	4/10/2013	8/1/2021	0.49%-3.06%	32,460,000	25,695,000	-	2,190,000	23,505,000
Refunding 2015	9/22/2015	8/1/2031	2.00%-5.00%	55,975,000	55,375,000	-	3,180,000	52,195,000
Refunding 2017 Series A	12/12/2017	8/1/2033	4.00%-5.00%	14,145,000	-	14,145,000	-	14,145,000
Refunding 2017 Series B	12/12/2017	8/1/2034	4.00%-5.00%	32,070,000	-	32,070,000	-	32,070,000
Subtotal General Obligation Bonds					512,683,475	54,348,454	11,225,000	555,806,929
Premium on debt					35,595,720	5,147,554	2,801,009	37,942,265
					$ 548,279,195	$ 59,496,008	$ 14,026,009	$ 593,749,194

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

Fiscal Year	Principal Including Accreted Interest	Accreted Interest	Total
2019	$ -	$ -	$ -
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024-2028	726,514	493,486	1,220,000
2029-2033	5,917,881	8,942,119	14,860,000
2034	2,822,743	9,987,257	12,810,000
Total	$ 9,467,138	$ 19,422,862	$ 28,890,000

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

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ -	$ 1,144,500	$ 1,144,500
2020	-	1,144,500	1,144,500
2021	-	1,144,500	1,144,500
2022	-	1,144,500	1,144,500
2023	-	1,144,500	1,144,500
2024-2028	-	5,722,500	5,722,500
2029-2033	7,500,000	5,436,375	12,936,375
2034	7,500,000	286,125	7,786,125
Total	$ 15,000,000	$ 17,167,500	$ 32,167,500

The 2005 General Obligation Refunding Bonds mature through August 1, 2023, as follows:

Fiscal Year	Principal Including Accreted Interest	Accreted Interest	Total
2019	$ -	$ -	$ -
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	1,087,316	547,684	1,635,000
2024	8,409,574	6,640,426	15,050,000
Total	$ 9,496,890	$ 7,188,110	$ 16,685,000

The 2008 General Obligation Series A Bonds mature through August 1, 2018, as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ 2,335,000	$ 61,294	$ 2,396,294

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

Fiscal Year	Principal Including Accreted Interest	Accreted Interest	Current Interest	Total
2019	$ 1,598,085	$ 91,915	$ -	$ 1,690,000
2020	1,560,095	284,905	1,005,019	2,850,019
2021	-	-	2,010,038	2,010,038
2022	111,559	53,441	2,010,038	2,175,038
2023	205,561	134,439	2,010,038	2,350,038
2024-2028	1,907,587	2,672,413	10,050,188	14,630,188
2029-2033	1,641,550	3,703,450	10,050,188	15,395,188
2034-2038	28,678,383	2,851,617	2,518,760	34,048,760
2039-2043	34,890,200	101,989,800	-	136,880,000
2044-2048	31,944,944	165,875,056	-	197,820,000
2049	23,135,098	176,484,902	-	199,620,000
Total	$ 125,673,062	$ 454,141,938	$ 29,654,269	$ 609,469,269

The 2008 General Obligation Series C Bonds mature through August 1, 2044, as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ -	$ 3,387,103	$ 3,387,103
2020	-	3,387,103	3,387,103
2021	-	3,387,103	3,387,103
2022	-	3,387,103	3,387,103
2023	-	3,387,103	3,387,103
2024-2028	-	16,935,515	16,935,515
2029-2033	-	16,935,515	16,935,515
2034-2038	-	16,935,515	16,935,515
2039-2043	31,210,000	8,819,355	40,029,355
2044-2045	14,000,000	1,602,300	15,602,300
Total	$ 45,210,000	$ 78,163,715	$ 123,373,715

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

Fiscal Year	Principal	Accreted Interest	Interest to Maturity	Total
2019	$ 445,000	$ -	$ 1,319,925	$ 1,764,925
2020	-	-	1,313,250	1,313,250
2021	56,792	3,208	1,316,046	1,376,046
2022	105,385	9,615	1,319,118	1,434,118
2023	247,836	32,164	1,328,219	1,608,219
2024-2028	2,164,052	440,948	6,544,070	9,149,070
2029-2033	3,202,003	2,302,997	6,652,425	12,157,425
2034-2038	2,659,088	3,350,912	6,623,746	12,633,746
2039-2043	6,094,683	3,225,317	6,328,630	15,648,630
2044-2048	16,570,000	-	3,384,250	19,954,250
2049	4,510,000	-	112,750	4,622,750
Total	$ 36,054,839	$ 9,365,161	$ 36,242,429	$ 81,662,429

The 2013 General Obligation Series A Refunding Bonds mature through August 1, 2033, as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ 1,330,000	$ 8,556,400	$ 9,886,400
2020	4,275,000	8,444,300	12,719,300
2021	4,890,000	8,236,550	13,126,550
2022	5,765,000	7,970,175	13,735,175
2023	6,625,000	7,660,425	14,285,425
2024-2028	85,960,000	28,533,675	114,493,675
2029-2033	72,145,000	9,810,575	81,955,575
2034	9,665,000	193,300	9,858,300
Total	$ 190,655,000	$ 79,405,400	$ 270,060,400

The 2013 General Obligation Series B Refunding Bonds mature through August 1, 2021, as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ 5,725,000	$ 553,966	$ 6,278,966
2020	6,070,000	415,430	6,485,430
2021	6,460,000	249,213	6,709,213
2022	5,250,000	80,194	5,330,194
Total	$ 23,505,000	$ 1,298,803	$ 24,803,803

The 2015 General Obligation Series B Refunding Bonds mature through August 1, 2031, as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ -	$ 2,609,750	$ 2,609,750
2020	-	2,609,750	2,609,750
2021	-	2,609,750	2,609,750
2022	-	2,609,750	2,609,750
2023	-	2,609,750	2,609,750
2024-2028	-	13,048,750	13,048,750
2029-2032	52,195,000	5,516,625	57,711,625
Total	$ 52,195,000	$ 31,614,125	$ 83,809,125

The 2017 General Obligation Series A Refunding (Crossover) Bonds mature through August 1, 2033, as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ -	$ 583,550	$ 583,550
2020	-	583,550	583,550
2021	-	583,550	583,550
2022	-	583,550	583,550
2023	-	583,550	583,550
2024-2028	-	2,917,750	2,917,750
2029-2033	7,115,000	2,766,575	9,881,575
2034	7,030,000	140,600	7,170,600
Total	$ 14,145,000	$ 8,742,675	$ 22,887,675

The 2017 General Obligation Series B Refunding (Crossover) Bonds mature through August 1, 2034, as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ -	$ 1,355,700	$ 1,355,700
2020	-	1,355,700	1,355,700
2021	-	1,355,700	1,355,700
2022	-	1,355,700	1,355,700
2023	-	1,355,700	1,355,700
2024-2028	695,000	6,726,625	7,421,625
2029-2033	1,065,000	6,445,875	7,510,875
2034-2035	30,310,000	1,581,050	31,891,050
Total	$ 32,070,000	$ 21,532,050	$ 53,602,050

Compensated Absences

At June 30, 2018, the liability for compensated absences was $3,255,473.

Aggregate Net OPEB Liability

At June 30, 2018, the liability for the aggregate net OPEB liability amounted to $1,767,948. See Note 11 for additional information.

Aggregate Net Pension Obligation

At June 30, 2018, the liability for the aggregate net pension obligation amounted to $112,150,172. See Note 13 for additional information.

NOTE 11 - AGGREGATE NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY

Aggregate Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2018, the District reported an aggregate net OPEB liability, deferred outflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	OPEB Expense
District Plan	$ 1,263,194	$ 295,696	$ 76,101
Medicare Premium Payment (MPP) Program	504,754	-	63,279
Total	$ 1,767,948	$ 295,696	$ 139,380

The details of each plan are as follows:

District Plan

Plan Administration

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

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

Plan Membership

At June 30, 2017, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	27
Active employees	659
	686

San Bernardino Community College District Futuris Trust

The District's Futuris Trust (the Trust) is an irrevocable governmental trust pursuant to Section 115 of the IRC for the purpose of funding certain postemployment benefits other than pensions. The Trust is administered by the San Bernardino Community College District Retirement Board as directed by the investment alternative choice selected by the Board. The District retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the California Government Code Section 53600.5 which specifies that the trustee's primary role is to preserve capital, to maintain investment liquidity, and to protect investment yield. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been discretely presented. Separate financial statements are not prepared for the Trust.

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, the Teacher Education Association (TEA), the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the District, TEA, CSEA, and the unrepresented groups. For fiscal year 2016-2017, the District contributed $386,897 to the Plan, which was used for current premiums.

Investment

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, expect for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board's adopted asset allocation policy as of June 30, 2017:

Asset Class	Target Allocation
U.S. Large Cap	40%
U.S. Small Cap	20%
Long-Term Corporate Bonds	20%
Long-Term Government Bonds	10%
Short-Term Government Fixed	10%

Rate of Return

For the year ended June 30, 2017, the annual money-weighed rate of return on investments, net of investment expense, was 9.90 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the District

The District's net OPEB liability of $1,263,194 was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability of the District at June 30, 2017, were as follows:

Total OPEB liability	$ 9,299,047
Plan fiduciary net position	(8,035,853)
District's net OPEB liability	$ 1,263,194
Plan fiduciary net position as a percentage of the total OPEB liability	86.42%

Actuarial Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75	percent
Salary increases	2.75	percent, average, including inflation
Investment rate of return	6.00	percent, net of OPEB plan investment expense, including inflation
Health care cost trend rates	4.00	percent for 2017

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

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actual assumptions used in the July 1, 2017 valuation were based on the results of an actual experience study for the period July 1, 2016 to June 30, 2017.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2017, (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
U.S. Large Cap	7.8%
U.S. Small Cap	7.8%
Long-Term Corporate Bonds	5.3%
Long-Term Government Bonds	5.3%
Short-Term Government Fixed	3.3%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.00 percent. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB lability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2016	$ 8,542,363	$ 7,355,270	$ 1,187,093
Service cost	624,455	-	624,455
Interest	519,126	-	519,126
Contributions - employer	-	386,897	(386,897)
Net investment income	-	749,118	(749,118)
Administrative expense	-	(68,535)	68,535
Benefit payments	(386,897)	(386,897)	-
Net change in total OPEB liability	756,684	680,583	76,101
Balance at June 30, 2017	$ 9,299,047	$ 8,035,853	$ 1,263,194

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

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

Discount Rate	Net OPEB Liability
1% decrease (5.0%)	$ 1,931,155
Current discount rate (6.0%)	1,263,194
1% increase (7.0%)	653,081

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

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

Health Care Cost Trend Rates	Net OPEB Liability
1% decrease (3.0%)	$ 702,053
Current health care cost trend rate (4.0%)	1,263,194
1% increase (5.0%)	1,820,539

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

Contributions

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

OPEB Liabilities and OPEB Expense Related to the OPEB

At June 30, 2018, the District reported a liability of $504,754 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2016, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating community college districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2017 and June 30, 2016, was 0.1200 percent and 0.1214, respectively, resulting in a net decrease in the proportionate share of 0.0014 percent.

For the year ended June 30, 2018, the District recognized OPEB expense of $63,279.

Actuarial Methods and Assumptions

The total OPEB liability for the MPP Program as of June 30, 2016, was determined based on a financial reporting actuarial valuation that used the June 30, 2016 assumptions presented in the table below. The June 30, 2017 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total OPEB liability to June 30, 2017, using the assumptions listed in the following table:

Measurement Date	June 30, 2017	June 30, 2016
Valuation Date	June 30, 2016	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2016	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.58%	2.85%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2016, CalSTRS used custom mortality tables based on RP2000 Series tables issued by the Society of Actuaries, adjusted to fit CalSTRS specific experience through June 30, 2015. For the valuation as of June 30, 2017, CalSTRS changed the mortality assumptions based on the July 1, 2010 through June 30, 2015, experience study adopted by the board in February 2017. CalSTRS now uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among the members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 571 or an average of 0.32 percent of the potentially eligible population (177,763).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2017 and 2016, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2017 and 2016 was 3.58 percent and 2.85 percent, respectively. The MPP Program is funded on a pay-as-you-go basis as described in Note 2, and under the pay-as-you-go method, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.58 percent and 2.85 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2017 and 2016, respectively, was applied to all periods of projected benefit payments to measure the total OPEB liability.

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.58%)	$ 558,798
Current discount rate (3.58%)	504,754
1% increase (4.58%)	452,185

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 456,122
Current Medicare costs trend rate (3.7% Part A and 4.1% Part B)	504,754
1% increase (4.7% Part A and 5.1% Part B)	552,900

NOTE 12 - RISK MANAGEMENT

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year ended June 30, 2018, the District contracted with the Statewide Association for Excess Risks (SAFER) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2017-2018, the District participated in the Schools Alliance for Workers' Compensation Excess (SAWCX II) Joint Powers Authority (JPA), an insurance purchasing pool. The District is self insured for the first $500,000 of each workers' compensation claim. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

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

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of CalSTRS and classified employees are members of CalPERS.

For the fiscal year ended June 30, 2018, the District reported the net pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources for each of the above plans as follows:

Pension Plan		Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS		$ 61,286,649	$ 25,220,606	$ 9,114,911	$ 7,059,904
CalPERS		50,863,523	28,609,256	9,040,839	9,666,819
	Total	$ 112,150,172	$ 53,829,862	$ 18,155,750	$ 16,726,723

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers' Retirement Plan (STRP) administered by CalSTRS. STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The STRP provides retirement, disability, and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and non-employer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2018, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%
Required employer contribution rate	14.43%	14.43%
Required State contribution rate	9.328%	9.328%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2018, are presented above, and the District's total contributions were $5,387,059.

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

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:	
District's proportionate share of net pension liability	$ 61,286,649
State's proportionate share of net pension liability associated with the District	36,256,664
Total	$ 97,543,313

The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2017 and June 30, 2016, was 0.0663 percent and 0.0682 percent, respectively, resulting in a net decrease in the proportionate share of 0.0019 percent.

For the year ended June 30, 2018, the District recognized pension expense of $7,059,904. In addition, the District recognized pension expense and revenue of $3,649,581 for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 5,387,059	$ -
Net change in proportionate share of net pension liability	8,252,836	6,413,738
Difference between projected and actual earnings on pension plan investments	-	1,632,235
Difference between expected and actual experience in the measurement of the total pension liability	226,644	1,068,938
Changes of assumptions	11,354,067	-
Total	$ 25,220,606	$ 9,114,911

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ (1,356,937)
2020	1,026,800
2021	148,059
2022	(1,450,157)
Total	$ (1,632,235)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ 2,515,042
2020	2,515,042
2021	2,515,042
2022	2,515,044
2023	576,090
Thereafter	1,714,611
Total	$ 12,350,871

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2017, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.30%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 89,988,257
Current discount rate (7.10%)	61,286,649
1% increase (8.10%)	37,993,348

California Public Employees' Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2018, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	6.50%
Required employer contribution rate	15.531%	15.531%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2018, are presented above, and the total District contributions were $4,654,746.

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $50,863,523. The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2017 and June 30, 2016, was 0.2131 percent and 0.2204 percent, respectively, resulting in a net decrease in the proportionate share of 0.0073 percent.

For the year ended June 30, 2018, the District recognized pension expense of $9,666,819. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 4,654,746	$ -
Net change in proportionate share of net pension liability	12,943,331	8,441,984
Difference between projected and actual earnings on pension plan investments	1,759,530	-
Difference between expected and actual experience in the measurement of the total pension liability	1,822,231	-
Changes of assumptions	7,429,418	598,855
Total	$ 28,609,256	$ 9,040,839

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ (47,677)
2020	2,030,116
2021	740,610
2022	(963,519)
Total	$ 1,759,530

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ 3,051,762
2020	3,516,042
2021	6,586,337
Total	$ 13,154,141

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and services

The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	5.38%
Global debt securities	19%	2.27%
Inflation assets	6%	1.39%
Private equity	12%	6.63%
Real estate	11%	5.21%
Infrastructure and Forestland	3%	5.36%
Liquidity	2%	-0.90%

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 74,836,541
Current discount rate (7.15%)	50,863,523
1% increase (8.15%)	30,975,896

CalSTRS/CalPERS Irrevocable Trust

During the 2017-2018 fiscal year, the District established an irrevocable trust for the purpose of funding future employer contributions associated with the CalSTRS and CalPERS pension plans. Funds deposited into this trust are not considered "plan assets" for GASB Statement No. 68 reporting; therefore, the balance of the irrevocable trust is not netted against the net pension liability shown on the Statement of Net Position. The balance and activity of the trust is recorded as a fiduciary fund of the District. For the year ended June 30, 2018, the District contributed a total of $75,000,000 to the trust. As of June 30, 2018, the balance of the trust was $74,912,028.

Accumulation Program for Part-Time and Limited-Service Employees (APPLE) Plan

Plan Description

The District contributes to the Accumulation Program for Part-Time and Limited-Service Employees (APPLE) plan. All employees who do not participate in another retirement plan provided by the District are eligible to participate in the APPLE plan, a multi-employer defined-contribution retirement program.

The District's contributions for employees covered by the APPLE plan year ended June 30, 2018, was $143,612.

Participants become 100 percent vested in the Employer Contribution Account at normal retirement age, total disability, or death. Participants are 100 percent vested in the Employee Contribution Account at all times.

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2018, which amounted to $3,456,305 (9.328 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the year ended June 30, 2018. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of operating revenue and employee benefit expense.

NOTE 14 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

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

Schools Association for Excess Risk (SAFER)

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

Statewide Association of Community Colleges (SWACC)

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

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

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

California Community College Financing Authority (CCCFA)

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

San Bernardino Regional Emergency Training Center (SBRETC)

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

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

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2018.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2018.

Operating Leases

The District leases land on Box Springs Mountain for KVCR's broadcasting equipment. The District leases land in the City of Desert Hot Springs for additional broadcasting equipment. The District also leases equipment for general use. Payout amounts vary by lease agreement.

Year Ending June 30,	Lease Payment
2019	$ 215,494
2020	186,424
2021	15,600
2022	15,600
2023	15,600
Thereafter	145,600
Total	$ 594,318

Construction Commitments

As of June 30, 2018, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Spent to Date	Remaining Construction Commitment
SBVC Gymnasium and Stadium	$ 71,541,291	$ 45,709
CHC LADM Renovation	14,821,932	678,068
SBVC Nursing Lab	294,700	175,300
CHC PAC Renovation #2	252,772	947,228
	$ 86,910,695	$ 1,846,305

The projects are funded through a combination of general obligation bonds and capital project apportionments from the California State Chancellor's Office.

NOTE 16 - RESTATEMENT OF PRIOR YEAR FIDUCIARY NET POSITION

The District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the current year. The implementation of this standard required a change in accounting principle and restatement of the beginning net position of the Primary Government. As a result, the effect on the current fiscal year is as follows:

Primary Government	
Net Position - Beginning	$ 52,176,912
Inclusion of aggregate net OPEB liability from the adoption of GASB Statement No. 75	(6,284,019)
Net Position - Beginning as Restated	$ 45,892,893

REQUIRED SUPPLEMENTARY INFORMATION

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2018

	2018
Total OPEB Liability	
Service cost	$ 624,455
Interest	519,126
Benefit payments	(386,897)
Net changes in total OPEB liability	756,684
Total OPEB Liability - beginning	8,542,363
Total OPEB Liability - ending (a)	$ 9,299,047
Plan fiduciary net position	
Contributions - employer	$ 386,897
Net investment income	749,118
Benefit payments	(386,897)
Administrative expense	(68,535)
Net change in plan fiduciary net position	680,583
Plan fiduciary net position - beginning	7,355,270
Plan fiduciary net position - ending (b)	$ 8,035,853
District's net OPEB liability - ending (a) - (b)	$ 1,263,194
Plan fiduciary net position as a percentage of the total OPEB liability	86.42%
Covered-employee payroll	$ 62,292,241
District's net OPEB liability as a percentage of covered-employee payroll	2.03%

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

SCHEDULE OF OPEB INVESTMENT RETURNS
FOR THE YEAR ENDED JUNE 30, 2018

	2018
Annual money-weighted rate of return, net of investment expense	9.90%

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

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - MPP PROGRAM
FOR THE YEAR ENDED JUNE 30, 2018

Year ended June 30,	2018
District's proportion of the net OPEB liability	0.1200%
District's proportionate share of the net OPEB liability	$ 504,754
District's covered-employee payroll	N/A [1]
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	N/A [1]
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%

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

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

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017	2016
CalSTRS			
District's proportion of the net pension liability	0.0663%	0.0682%	0.0779%
District's proportionate share of the net pension liability	$ 61,286,649	$ 55,196,567	$ 52,472,482
State's proportionate share of the net pension liability associated with the District	36,256,664	31,422,421	27,752,159
Total	$ 97,543,313	$ 86,618,988	$ 80,224,641
District's covered-employee payroll	$ 35,577,170	$ 34,885,918	$ 33,717,601
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	172.26%	158.22%	155.62%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%
CalPERS			
District's proportion of the net pension liability	0.2131%	0.2204%	0.1032%
District's proportionate share of the net pension liability	$ 50,863,523	$ 21,155,192	$ 32,474,152
District's covered-employee payroll	26,715,071	27,478,113	24,617,297
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	190.39%	76.99%	131.92%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%

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

See accompanying note to required supplementary information.

2015
0.0581%
$ 33,957,179
20,504,811
$ 54,461,990
$ 30,941,662
109.75%
77%
0.1033%
$ 23,974,911
21,652,411
110.73%
83%

SCHEDULE OF THE DISTRICT CONTRIBUTIONS FOR PENSIONS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017	2016
CalSTRS			
Contractually required contribution	$ 5,387,059	$ 4,475,608	$ 3,743,259
Contributions in relation to the contractually required contribution	(5,387,059)	(4,475,608)	(3,743,259)
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 37,332,356	$ 35,577,170	$ 34,885,918
Contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.73%
CalPERS			
Contractually required contribution	$ 4,654,746	$ 3,710,189	$ 3,255,332
Contributions in relation to the contractually required contribution	(4,654,746)	(3,710,189)	(3,255,332)
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 29,970,678	$ 26,715,071	$ 27,478,113
Contributions as a percentage of covered-employee payroll	15.531%	13.888%	11.847%

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

See accompanying note to required supplementary information.

2015
$ 2,994,123
(2,994,123)
$ -
$ 33,717,601
8.88%
$ 2,897,702
(2,897,702)
$ -
$ 24,617,297
11.771%

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Changes in the District's Net OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the net OPEB liability, including beginning and ending balances, the Plan's fiduciary net position, and the net OPEB liability. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms – There were no changes in benefit terms since the previous valuations.

Changes of Assumptions – There were no changes of assumptions since the previous valuation.

Schedule of OPEB Investment Returns

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

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

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

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

Changes of Assumptions - The plan rate of investment return assumption was changed from 2.85 percent to 3.58 percent since the previous valuation.

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

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

Changes in Benefit Terms **-** There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Changes of Assumptions **-** The CalSTRS plan rate of investment return assumption was changed from 7.60 percent to 7.10 percent since the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.65 percent to 7.15 percent since the previous valuation.

Schedule of District Contributions for Pensions

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

Supplementary Information

DISTRICT ORGANIZATION
JUNE 30, 2018

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

BOARD OF TRUSTEES

MEMBER	OFFICE	TERM EXPIRES
Joseph Williams	President	2018
Gloria Macias Harrison	Vice President	2020
Dr. Anne Viricel	Clerk	2020
Donna Ferracone	Member	2018
John Longville	Member	2020
Dr. Donald L. Singer	Member	2018
Frank Reyes	Member	2020
Elijah Gerard	Student Trustee, CHC	2019
Autumn Blackburn	Student Trustee, SBVC	2019

ADMINISTRATION

Bruce Baron, M.S.	Chancellor
Diana Rodriquez, M.Ed.	President - San Bernardino Valley College
Vacant	President - Crafton Hills College

See accompanying note to supplementary information.

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063		$ 20,492,302
Federal Pell Grant Program Administrative Allowance	84.063		29,875
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		716,086
FSEOG Administrative Allowance	84.007		36,604
Federal Work-Study Program	84.033		271,977
Federal Work Study Program Administrative Allowance	84.033		13,599
Subtotal Student Financial Assistance Cluster			21,560,443
TRIO - Student Support Services	84.042A		250,338
Passed through from the California Community Colleges Chancellor's Office			
Career and Technical Education Act (CTEA), Title I, Part C	84.048	17-C01-046	459,090
Title I, CTEA Transitions	84.048A	17-C01-046	59,983
Passed through the State of California - Department of Rehabilitation			
Workability III Program	84.126A	30047	142,762
Total U.S. Department of Education			22,472,616
U.S. DEPARTMENT OF VETERANS AFFAIRS			
Veterans Services	64.117		2,476
U.S. DEPARTMENT OF AGRICULTURE			
Passed through the California Department of Education			
Child and Adult Care Food Program	10.558	13666	226,196
National Institute of Food and Agriculture Grants	10.226		20,027
Passed through the the San Bernardino County Office of Education			
Forest Reserve	10.665	[1]	29,195
Total U.S. Department of Agriculture			275,418

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

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF LABOR			
Passed through from Chaffey Community College District			
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282	TC-26434-14-60-A-6	$ 255,472
NATIONAL SCIENCE FOUNDATION			
Research and Development Cluster			
Passed through California State University of San Bernardino (CSUSB)			
Success in STEM at Hispanic Serving Institutions	47.076	[1]	51,968
Passed through University Enterprises Corportation at CSUSB			
Pre and Post Transfer Success in STEM at Hispanic Serving Institutions	47.076	1644261	40,586
Subtotal Research and Development Cluster			92,554
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through from the California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	73,151
Foster and Kinship Care Education Program	93.658	[1]	74,525
Passed through the California Department of Education			
Child Care and Development Fund (CCDF) Cluster			
Child Care and Development Block Grant	93.575	15136	73,420
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609	159,728
Total CCDF Cluster			233,148
Total U.S. Department of Health and Human Services			380,824
U.S. DEPARTMENT OF COMMERCE			
Pass-through California Manufacturers and Technology Consulting (CMTC)			
Manufacturing Extension Partnership	11.611	70NANB15H196	102,722
Total Expenditures of Federal Awards			$ 23,582,082
Student Financial Aid Loan Programs			
Loans Outstanding			
San Bernardino Community College District had the following loan balance outstanding as of July 1, 2017:			
Federal Perkins Loan	84.038		$ 154,833

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

See accompanying note to supplementary information.

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

	Program Entitlements		
Program	Current Year	Prior Year	Total Entitlement
PROP 30 - EPA	$ 12,325,739	$ -	$ 12,325,739
AB104 ADULT ED BLOCK GRANT	9,961,494	1,053,736	11,015,230
AEBG DATA AND ACCOUNTABILITY	-	494,311	494,311
AB86 ADULT CONSORTIUM	-	461,604	461,604
SFAA-BFAP ADM ALLOWANCE	237,965	516,890	754,855
HUNGER FREE CAMPUS SUPPORT	32,593	-	32,593
ZERO TEXTBOOK COST DEGREE	149,840	-	149,840
MESA GRANT	74,515	-	74,515
ENROLLMENT GROWTH/NURSING PGM	182,500	-	182,500
COLLEGE FUTURES FOUNDATION	4,374	-	4,374
AB798 TEXTBOOK AFFORDABILITY	-	23,687	23,687
DREAMER STUDENTS	114,739	-	114,739
VETERANS RESOURCE CENTER	92,606	-	92,606
EOPS-CARE PROGRAM	209,085	-	209,085
EOPS	1,468,569	-	1,468,569
HANDICAPPED STUDENT PROGRAMS	1,244,605	-	1,244,605
CHILD DEVELOPMENT	746,247	-	746,247
STATE PRESCHOOL GRANT	1,797,509	-	1,797,509
CHILD CARE FOOD PROGRAM	12,303	-	12,303
FOSTER PARENTS	91,999	11,750	103,749
YOUTH EMPOWERMENT STR	22,500	-	22,500
STUDENT EQUITY GRANT	1,978,551	621,551	2,600,102
TELECOMMUNICATIONS TECHNOLOGY	-	5,641	5,641
BASIC SKILLS	762,746	228,337	991,083
INSTRUCTIONAL EQUIPMENT ALLOCATION	-	106,220	106,220
BLOCK GRANT FY-98	970,701	1,724,941	2,695,642
STUDENT SUCCESS AND SUPPORT PROGRAM	4,759,695	2,308,330	7,068,025
LOTTERY - RESTRICTED	858,223	-	858,223
3C MEDIA SOLUTIONS	-	291,394	291,394
PROP 39 CLEAN ENERGY FUNDING	541,383	716,709	1,258,092
ALTERNATE TEXT PRODUCTION CENTER	1,700,000	-	1,700,000
EDUCATIONAL PLANNING INITIATIVE	67,500	60,430	127,930
TRANSITIONAL ASSISTANCE	74,649	-	74,649

See accompanying note to supplementary information.

Program Revenues					
Cash Received	Accounts Receivable	Unearned Revenue	Accounts Payable	Total Revenue	Program Expenditures
$ 12,325,243	$ 496	$ -	$ -	$ 12,325,739	$ 12,325,739
9,961,494	-	827,302	4,200	9,129,992	9,129,992
494,311	-	90,891	-	403,420	403,420
461,604	-	-	-	461,604	461,604
754,855	-	-	-	754,855	754,855
32,593	-	32,593	-	-	-
-	29,570	-	-	29,570	29,570
-	25,114	-	511	24,603	24,603
-	114,614	-	1,056	113,558	113,558
4,374	-	-	-	4,374	4,374
23,687	-	-	-	23,687	23,687
114,739	-	37,590	-	77,149	77,149
73,839	-	73,839	-	-	-
204,248	-	-	528	203,720	203,720
1,451,034	-	-	1,057	1,449,977	1,449,977
1,244,605	-	-	4,274	1,240,331	1,216,010
390,537	258,001	-	4,642	643,896	643,896
1,489,716	307,793	-	1,817	1,795,692	1,795,692
9,746	2,557	-	-	12,303	12,303
71,858	19,591	-	-	91,449	91,449
11,034	11,466	-	585	21,915	21,915
2,707,762	-	979,513	3,674	1,724,575	1,724,575
5,641	-	5,641	-	-	-
991,083	-	747,683	870	242,530	242,530
96,006	-	96,006	-	-	-
2,695,642	-	1,518,010	-	1,177,632	1,177,632
7,068,025	-	1,324,435	22,552	5,721,038	5,721,038
535,056	324,072	-	906	858,222	858,222
291,394	-	52,712	-	238,682	238,682
1,258,092	-	269,707	-	988,385	988,385
-	1,656,246	-	-	1,656,246	1,656,246
60,430	32,253	60,430	-	32,253	32,253
56,733	16,418	-	-	73,151	73,151

SCHEDULE OF EXPENDITURES OF STATE AWARDS, Continued
FOR THE YEAR ENDED JUNE 30, 2018

	Program Entitlements		
Program	Current Year	Prior Year	Total Entitlement
CALWORKS	$ 901,160	$ -	$ 901,160
TANF WORK STUDY	2,150,000	-	2,150,000
PROP 39 REGION F COLLEGES/SBVC	100,000	-	100,000
EQUAL EMPLOYMENT OPPORTUNITY	50,000	68,555	118,555
SWP IE CYBERHUB CENTERS/RCC	171,000	-	171,000
GUIDED PATHWAYS	497,675	-	497,675
CAMPUS SAFETY AND SEXUAL ASSAULT	36,549	-	36,549
RIVERSIDE COUNTY REGIONAL TRAINING	43,348	-	43,348
STATE OF CALIFORNIA - EDD	190,615	-	190,615
ETP #6	949,916	-	949,916
STRONG WORKFORCE PROGRAM	2,077,381	1,574,185	3,651,566
MIDDLE COLLEGE HIGH SCHOOL	100,000	8,500	108,500
RAMP UP VICTOR VALLEY CC	-	205,411	205,411
ETP#5 16-0111 7/31/2017	72,144	-	72,144
ICT/DIGITAL MEDIA-1042AB	235,000	-	235,000
CALTRANS - PAROLEE WORKCREW 7/16	-	1,932,781	1,932,781
IDRC/ACUTE LABOR 15-198-005	47,341	-	47,341
INNOVATION & EFFECTIVENESS GRANT	-	181,609	181,609
CCC MAKER/SIERRA CC/SBVC & CHC	273,429	-	273,429
ICT/DIGITAL MEDIA 1070 12/31/17	91,735	-	91,735
STAFF DEVELOPMENT	248	-	248
Total State Awards			

See accompanying note to supplementary information.

Program Revenues					
Cash Received	Accounts Receivable	Unearned Revenue	Accounts Payable	Total Revenue	Program Expenditures
$ 871,559	$ 42,585	$ -	$ 12,983	$ 901,161	$ 901,161
-	131,156	-	-	131,156	131,156
40,000	59,996	428	-	99,568	99,568
118,555	-	90,712	-	27,843	27,843
-	3,695	-	-	3,695	3,695
497,676	-	497,676	-	-	-
36,549	-	36,549	-	-	-
43,348	-	181	-	43,167	43,167
160,255	1,663	-	-	161,918	161,918
149,647	662,013	-	9,624	802,036	802,036
3,651,566	-	2,208,885	4,505	1,438,176	1,438,176
6,344	86,404	-	-	92,748	92,748
184,840	17,540	-	-	202,380	202,380
72,144	-	63,144	-	9,000	9,000
-	209,794	-	-	209,794	209,794
572,194	990,962	-	12,300	1,550,856	1,550,856
-	47,341	-	-	47,341	47,341
181,609	-	48,777	-	132,832	132,832
145,181	128,248	-	-	273,429	273,429
91,735	-	-	-	91,735	91,735
248	-	248	-	-	-
$ 51,708,831	$ 5,179,588	$ 9,062,952	$ 86,084	$ 47,739,383	$ 47,715,062

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2018

CATEGORIES	Reported Data*	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2017 only)			
1. Noncredit	7.53	-	7.53
2. Credit	1,204.61	-	1,204.61
B. Summer Intersession (Summer 2018 - Prior to July 1, 2018)			
1. Noncredit	34.78	-	34.78
2. Credit	524.34	-	524.34
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	8,155.28	-	8,155.28
(b) Daily Census Contact Hours	1,462.09	-	1,462.09
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	195.46	-	195.46
(b) Credit	1,084.90	-	1,084.90
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	1,360.51	-	1,360.51
(b) Daily Census Contact Hours	1,274.66	-	1,274.66
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	15,304.16	-	15,304.16
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Noncredit	-	-	-
2. Credit	1,394.04	-	1,394.04
CCFS-320 Addendum			
CDCP Noncredit FTES	75.20	-	75.20

***** Annual report revised as of October 22, 2018

See accompanying note to supplementary information.

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION FOR THE YEAR ENDED JUNE 30, 2018

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 17,515,468	$ -	$ 17,515,468	$ 17,515,468	$ -	$ 17,515,468
Other	1300	14,080,429	-	14,080,429	14,080,429	-	14,080,429
Total Instructional Salaries		31,595,897	-	31,595,897	31,595,897	-	31,595,897
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	6,098,239	-	6,098,239
Other	1400	-	-	-	531,460	-	531,460
Total Noninstructional Salaries		-	-	-	6,629,699	-	6,629,699
Total Academic Salaries		31,595,897	-	31,595,897	38,225,596	-	38,225,596
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	16,927,387	-	16,927,387
Other	2300	-	-	-	1,609,583	-	1,609,583
Total Noninstructional Salaries		-	-	-	18,536,970	-	18,536,970
Instructional Aides							
Regular Status	2200	1,461,054	-	1,461,054	1,461,054	-	1,461,054
Other	2400	757,268	-	757,268	757,268	-	757,268
Total Instructional Aides		2,218,322	-	2,218,322	2,218,322	-	2,218,322
Total Classified Salaries		2,218,322	-	2,218,322	20,755,292	-	20,755,292
Employee Benefits	3000	11,403,448	-	11,403,448	22,045,502	-	22,045,502
Supplies and Material	4000	-	-	-	865,648	-	865,648
Other Operating Expenses	5000	119,801	-	119,801	8,939,576	-	8,939,576
Equipment Replacement	6420	-	-	-	482,006	-	482,006
Total Expenditures Prior to Exclusions		45,337,468	-	45,337,468	91,313,620	-	91,313,620

See accompanying note to supplementary information.

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, Continued
FOR THE YEAR ENDED JUNE 30, 2018

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Exclusions							
Activities to Exclude							
Student Health Services Above Amount Collected	6441	$ -	$ -	$ -	$ 93,375	$ -	$ 93,375
Objects to Exclude							
Rents and Leases	5060	-	-	-	509,853	-	509,853
Lottery Expenditures							-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

See accompanying note to supplementary information.

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, Continued
FOR THE YEAR ENDED JUNE 30, 2018

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ 2,151,439	$ -	$ 2,151,439
Capital Outlay							
Equipment	6300	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Exclusions		-	-	-	2,754,667	-	2,754,667
Total for ECS 84362, 50 Percent Law		$ 45,337,468	$ -	$ 45,337,468	$ 88,558,953	$ -	$ 88,558,953
Percent of CEE (Instructional Salary Cost/Total CEE)		51.19%		51.19%	100.00%		100.00%
50% of Current Expense of Education					$ 44,279,477		$ 44,279,477

See accompanying note to supplementary information.

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Summarized below are the fund balance reconciliations between the Annual Financial and Budget Report (CCFS-311) and the audited financial statements.

	General Fund	KVCR Fund	Capital Project Fund	Self Insurance Fund	Workers' Compensation Fund
FUND BALANCE					
Balance, June 30, 2018, (CCFS-311)	$ 19,259,684	$ 353,793	$ 7,766,916	$ 1,036,648	$ 4,055,998
Post closing entries					
Change in:					
Investments	-	-	-	-	-
Claims liability	-	-		-	(96,538)
Prepaid expense	116,268	6,950	14,021	-	-
Accounts payable	4,471,982	-	-	(4,687)	-
Inter-fund borrowings	1,859,839	-	-	-	-
Balance, June 30, 2018, Audited	$ 25,707,773	$ 360,743	$ 7,780,937	$ 1,031,961	$ 3,959,460

	Retiree Benefit Fund	Student Representation Fee Fund	FCC Auction Proceeds Fund	PARS Trust
FUND BALANCE				
Balance, June 30, 2018, (CCFS-311)	$ 28,840,528	$ 100,157	$ 134,527,139	$ -
Post closing entries				
Change in:				
Investments	-	-	-	(87,972)
Claims liability				
Prepaid expense	-	-	-	-
Accounts payable	-	-	-	-
Inter-fund borrowings	(25,000,000)	49	(50,000,000)	75,000,000
Balance, June 30, 2018, Audited	$ 3,840,528	$ 100,206	$ 84,527,139	$ 74,912,028

See accompanying note to supplementary information.

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

PROPOSITION 30 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT
FOR THE YEAR ENDED JUNE 30, 2018

Activity Classification	**Object Code**				**Unrestricted**
EPA Proceeds:	8630				$ 12,331,857
Activity Classification	**Activity Code**	**Salaries and Benefits (Obj 1000-3000)**	**Operating Expenses (Obj 4000-5000)**	**Capital Outlay (Obj 6000)**	**Total**
Instructional Activities	1000-5900	$ 12,331,857	-	-	$ 12,331,857
Revenues Less Expenditures					$ -

See accompanying note to supplementary information.

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Total Fund Balance:		
General Fund	$ 25,707,873	
Special Revenue Funds	720,057	
Capital Project Funds	45,346,694	
Debt Service Funds	32,675,298	
Enterprise Funds	84,527,139	
Internal Service Funds	8,831,949	
Fiduciary Funds	127,994	
Total Fund Balance - All District Funds		**$ 197,937,004**
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	693,285,739	
Accumulated depreciation is	(156,136,929)	537,148,810
Less fixed assets already recorded in the enterprise funds		
The District has refunded debt obligations with crossover bonds. These investments are held in an escrow account to pay debt remaining on the books until the crossover date.		49,810,613
Deferred charges on refunding (the difference between the reacquisition price and net carrying amount of refunded debt) are capitalized and amortized over the remaining life of the new or old debt (whichever is shorter) and are included with governmental activities.		12,365,125
Deferred outflows of resources related to pensions represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year end consist of:		
Pension contributions subsequent to measurement date	10,041,805	
Net change in proportionate share of net pension liability	21,196,167	
Differences between projected and actual earnings on pension plan investments	1,759,530	
Differences between expected and actual experience in the measurement of the total net pension liability	2,048,875	
Changes of assumptions	18,783,485	
Total Deferred Outflows of Resources Related to Pensions		53,829,862

See accompanying note to supplementary information.

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION, Continued
JUNE 30, 2018

Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year end consist of:		
Net change in proportionate share of net pension liability	$ (14,855,722)	
Differences between projected and actual earnings on pension plan investments	(1,632,235)	
Differences between expected and actual experience in the measurement of the total pension liability.	(1,068,938)	
Changes of assumptions	(598,855)	
Total Deferred Inflows of Resources Related to Pensions		$ (18,155,750)
Deferred outflows of resources related to OPEB represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to OPEB at year end consist of OPEB contributions subsequent to measurement date.		295,696
In governmental funds, unmatured interest on long-term debt is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term debt is recognized when it is incurred.		(8,219,958)
Aggregate net pension obligation is not due and payable in the current period, and is not reported as a liability in the funds.		(112,150,172)
Long-term obligations at year end consist of:		
Bonds payable	528,468,961	
Compensated absences	3,255,473	
Aggregate net OPEB liability	1,767,948	
In addition, the District has issued 'capital appreciation' general obligation bonds. The accretion of interest unmatured on the general obligation bonds to date is:	65,280,233	(598,772,615)
		$ 114,088,615

See accompanying note to supplementary information.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 20182018

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

This schedule provides information about the District's governing board members and administration members.

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (Part 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

The Federal Perkins Loans program represents an outstanding loan with the District with continuing compliance requirements. The balance on the outstanding loan at June 30, 2018, was $145,898.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenses, and Changes in Net Position - Primary Government and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

Description	CFDA Number	Amount
Total Federal Revenues per Statement of Revenues, Expenditures, and Changes in Fund Balances:		$ 23,617,588
Student Financial Assistance Cluster	Various	(36,432)
Temporary Assistance for Needy Families (TANF)	93.558	926
Total Expenditures of Federal Awards		$ 23,582,082

Schedule of Expenditures of State Awards

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

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

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

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 20182018

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

ECS 84362 requires the District to expend a minimum of 50 percent of the unrestricted General Fund monies on salaries of classroom instructors. This is reported annually to the State Chancellor's Office. This schedule provides a reconciliation of the amount reported to the State Chancellor's Office and the impact of any audit adjustments and/or corrections noted during the audit.

Reconciliation of Annual Financial and Budget Report (CCFS-311) With Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the District's audited financial statements.

Proposition 30 Education Protection Account (EPA) Expenditure Report

This schedule provides the District's summary of receipts and uses of the monies received through the EPA.

Reconciliation of Governmental Funds to the Statement of Net Position

This schedule provides a reconciliation of the adjustments necessary to bring the District's internal fund financial statements, prepared on a modified accrual basis, to the government-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

***I**NDEPENDENT* ***A**UDITOR'S* ***R**EPORTS*

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of San Bernardino Community College District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 19, 2018.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 2 and Note 16 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated November 19, 2018.

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.

Vavrinek Trine Day & Co LLP

Rancho Cucamonga, California
November 19, 2018

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited San Bernardino Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2018. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the District's compliance.

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Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001 and 2018-002. Our opinion on each major Federal program is not modified with respect to these matters.

The District's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001 and 2018-002, that we consider to be significant deficiencies.

The District's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Vavrinek Trine Day & Co. LLP

Rancho Cucamonga, California
November 19, 2018

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

Report on State Compliance

We have audited San Bernardino Community College District's (the District) compliance with the types of compliance requirements as identified in the 2017-2018 California Community Colleges Chancellor's Office *District Audit Manual* that could have a direct and material effect on each of the District's State programs as noted below for the year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with State laws and regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the 2017-2018 California Community Colleges Chancellor's Office *District Audit Manual*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of the District's compliance with those requirements.

Unmodified Opinion for Each of the Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the State programs noted below that were audited for the year ended June 30, 2018.

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In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with State laws and regulations applicable to the following:

Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Instructional Service Agreements/Contracts
Section 424	State General Apportionment Funding System
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Dual Enrollment (CCAP and Non-CCAP)
Section 428	Student Equity
Section 429	Student Success and Support Program (SSSP) Funds
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 439	Proposition 39 Clean Energy Fund
Section 440	Intersession Extension Programs
Section 444	Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged Hours (TBA)
Section 490	Proposition 1D and 51 State Bond Funded Projects
Section 491	Education Protection Account Funds

The District did not offer Intersession Extension Programs; therefore, the compliance tests within this section were not applicable.

The District did not receive any funding for Apprenticeship Related and Supplemental Instruction (RSI) Funds; therefore, the compliance tests within this section were not applicable.

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

Vavrinek Trine Day & Co. LLP

Rancho Cucamonga, California
November 19, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2018

FINANCIAL STATEMENTS	
Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No
FEDERAL AWARDS	
Internal control over major Federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Type of auditor's report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	Yes
Identification of major Federal programs:	

CFDA Numbers	Name of Federal Program or Cluster
84.063, 84.007, and 84.033	Student Financial Assistance Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	No
STATE AWARDS	
Type of auditor's report issued on compliance for State programs:	Unmodified

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

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

2018-001 Finding

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

Criteria or Specific Requirement

34 CFR section 668.22(c):
If an institution is not required to take attendance, the withdrawal date is (1) the date, as determined by the institution, that the student began the withdrawal process prescribed by the school; (2) the date, as determined by the institution, that the student otherwise provided official notification to the school, in writing or orally, of his or her intent to withdraw; (3) if the student ceases attendance without providing official notification to the institution of his or her withdrawal, the midpoint of the payment period or, if applicable, the period of enrollment; (4) if the institution determines that a student did not begin the withdrawal process or otherwise notify the school of the intent to withdraw due to illness, accident, grievous personal loss or other circumstances beyond the student's control, the date the institution determines is related to that circumstance; (5) if a student does not return from an approved leave of absence, the date that the institution determines the student began the leave of absence; or (6) if the student takes an unapproved leave of absence, the date that the student began the leave of absence.

Condition

Significant Deficiency - Valley College: The institution did not use the correct withdrawal date in performing the return to Title IV calculation.

Questioned Costs

No questioned costs.

Context

Out of forty instances tested, there was one where the institution used an incorrect withdrawal date in performing the return to Title IV calculation.

Effect

Without proper monitoring of student withdrawals, the District risks noncompliance with the above referenced criteria.

Cause

The institution incorrectly input the withdrawal date in to the return to Title IV calculation.

Repeat Finding: Yes

Recommendation

It is recommended that the institution perform a review of all return to Title IV calculations to ensure accuracy.

Corrective Action Plan

The San Bernardino Valley College Financial Aid Office is updating its procedures for entering student withdrawal dates into its system. When the Financial Aid Specialist enters a student's withdrawal date into the computer system that tracks and makes calculations related to student withdrawals and Title IV funds, the Director of Financial Aid will review and approve the information entered. The Office will check all Title IV calculations for accuracy.

2018-002 Finding

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

Criteria or Specific Requirement

34 CFR sections 668.22(e)(1) and 668.22(e)(2)
The amount of earned Title IV grant or loan assistance is calculated by determining the percentage of Title IV grant or loan assistance that has been earned by the student and applying that percentage to the total amount of Title IV grant or loan assistance that was or could have been disbursed to the student for the payment period or period of enrollment as of the student's withdrawal date. A student earns 100 percent if his or her withdrawal date is after the completion of 60 percent of (1) the calendar days in the payment period or period of enrollment for a program measured in credit hours, or (2) the clock hours scheduled to be completed for the payment period or period of enrollment for a program measured in clock hours.

Condition

Significant Deficiency - Valley College: The District did not accurately calculate the amount of Title IV grant assistance that was or could have been disbursed to the student as of the student's withdrawal date.

Questioned Costs

No questioned costs.

Context

Out of forty instances tested, there were nine where the District performed the return to Title IV calculation using the incorrect enrollment status as of the student's withdrawal date.

Effect

Without proper monitoring of student's enrollment status at their withdrawal date, the District risks noncompliance with the above referenced criteria.

Cause

The institution did not correctly identify that units enrolled at the time of the student's withdrawal date.

Repeat Finding: No

Recommendation

It is recommended that the institution identify the units enrolled at the time of the student's withdrawal date, and to use that enrollment status when performing the return to Title IV calculation.

Corrective Action Plan

The San Bernardino Valley College Financial Aid Office is updating its procedures to ensure that withdrawal dates, student status, and enrolled units are correctly and timely entered into its system. The Office will verify that Return to Title IV calculations are performed accurately and timely for reporting to the U.S. Department of Education.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

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.

Federal Awards Findings

2017-001 Special Test and Provisions

Federal Program Affected

U.S. Department of Education (DOE), Student Financial Assistance Cluster, Federal Pell Grant Program (CFDA #84.063)

Criteria or Specific Requirement

34 CFR section 668.22(j):

An institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the (1) payment period or period of enrollment, (2) academic year in which the student withdrew, or (3) educational program from which the student withdrew.

34 CFR Section 668.173(b):

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

Condition

Significant Deficiency **-** The District did not calculate the withdrawal date within 30 days of the end of the academic period.

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

Questioned Costs

No questioned costs. The District did calculate the withdrawal date; however, they did not calculate it within the 30 day requirement.

No questioned costs. The District did return the funds; however, they were not returned within the 45 day requirement.

Context

There were 10 instances out of 40 tested where the District did not calculate the withdrawal date for the student within the 30 day requirement.

There was 1 instance out of 40 tested where the District's portion of the Return to Title IV funds was not returned within the 45 day requirement.

Effect

Without proper monitoring of student withdrawals, the District risks noncompliance with the above reference criteria.

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

Cause

The College did not have a procedure in place to monitor the student withdrawal dates and calculate them accordingly.

The College did not have a procedure in place to monitor the Return of Title IV funds.

Recommendation

It is recommended that the District implement procedures to ensure that the student withdrawal calculations occur within 30 days from the end of the academic period.

It is recommended that the District implement procedures to ensure that the Return of Title IV funds occurs within 45 days from the date the District determines that the student withdrew from classes.

Current Status

Not implemented. See current year finding 2018-001.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

State Awards Findings

2017-002 Section 479 To Be Arranged (TBA) Hours

Criteria or Specific Requirement

California Community Colleges State Chancellor's Office Student Attendance Accounting Manual requires the listing of classes with To Be Arranged (TBA) hours to be listed in the schedule of classes and described in the course outline. The official course outline of record must include the number of TBA hours and specific instructional activities/learning outcomes for TBA hours expected of all students enrolled in the course. Additionally, the TBA hours for student participation are required to be tracked to ensure only actual hours of attendance are claimed for apportionment purposes. Furthermore, students must participate for the required number of TBA hours in a manner consistent with the student attendance accounting method specified for the course.

Condition

The District did not provide adequate supporting documentation in compliance with the California Community College Chancellor's Office requirements for TBA hours claimed for apportionment.

Questioned Costs

The auditor extrapolated the error rate over the population by college and noted 257.57 Resident FTES (139.33 FTES related to San Bernardino Valley College and 118.24 related to Crafton Hills College) and 8.58 Non-Resident FTES (7.45 FTES related to San Bernardino Valley College and 1.13 related to Crafton Hills College) that were questioned.

Context

The auditor stratified the population from the District's Annual Attendance report, and randomly sampled twenty-two classes. From this population, eight out of nine courses from the Crafton Hills College and nine out of thirteen classes from the San Bernardino Valley College did not meet the Chancellor's Office requirements.

Effect

The District over reported 135,224.44 Resident contact hours and 4,506.94 Non-Resident contact hours related to TBA hours. The District corrected the information in their November Recalc Report.

Cause

During the fiscal year, some classes were incorrectly being recorded as TBA hours, and the syllabus and outlines were not being reviewed to ensure the correct information was included.

Recommendation

The District should implement a procedure to review class schedule, course outline, and course syllabi to ensure that all TBA hours classes are being properly classified and all the necessary information is included to meet the Chancellor's Office requirements.

Current Status

Implemented.