

RIVERSIDE COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

- Employee salaries increased by 5.04 percent or \$6.3 million from the 2015-2016 fiscal year and employee benefits increased by 5.78 percent or \$2.2 million. The increase in salaries is primarily due to a contractual salary increase of 2.0 percent for all permanent employees, a contractual salary increase of 2.5 percent for part-time faculty, scheduled salary step increases, employee reclassifications, and an increase in the number of positions. The increase in benefit costs is primarily due to increases in health and welfare benefit costs, an increase of 1.85 percent in CalSTRS and 2.04 percent CalPERS employer contributions, and fixed charges associated with the increased number of positions discussed above.
- During the 2016-2017 fiscal year, the District provided over \$76.6 million in financial aid to students, representing an increase of 0.3 percent over the \$76.4 million in fiscal year 2015-2016. This aid was provided in the form of grants, scholarships, loans, and tuition reductions funded through the Federal government, State Chancellor's Office, and local funding as shown below.

Federal Pell Grants (PELL)	\$ 42,386,073
Federal Supplement Education Opportunity Grant (FSEOG)	1,095,480
Federal Direct Student Loans (Direct Loans)	3,700,996
Federal Work Study Program (FWS)	1,031,242
State of California Cal Grants (B & C)	4,842,954
State of California Full Time Student Success Grant	1,253,130
California Community College Board of Governor's Fee Wavier	22,285,090
Total Financial Aid Provided to Students	<u>\$ 76,594,965</u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
U.S. DEPARTMENT OF DEFENSE				
Procurement Technical Assistance For Business Firms	12.002		\$ 283,743	\$ -
U.S. DEPARTMENT OF JUSTICE				
Bulletproof Vest Partnership	16.607		3,162	-
U.S. DEPARTMENT OF LABOR				
Workforce Investment Act				
Pass through from Chaffey Community College				
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282	TC-26434-14- 60-A-6	599,290	-
Research and Development Cluster				
NATIONAL SCIENCE FOUNDATION				
GP-Impact: Geoscientist Development	47.050		8,865	-
Flying with Swallows: Improve STEM Education at MVC	47.076		76,067	-
The Information Assurance Auditing Project	47.076		104,962	-
National Center for Supply Chain Automation	47.076		468,740	93,298
National Center of Excellence for Logistics and Supply Chain Technology	47.076		96,388	1,297
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass through from Regents of the University of California, Riverside				
Agents of Change for a Healthier Tomorrow	93.884	S-000834	16,074	-
Total Research and Development Cluster			771,096	94,595
SMALL BUSINESS ADMINISTRATION				
Federal and State Technology (FAST)	59.058		64,615	-
Pass through from California State University, Fullerton				
Auxiliary Services Corporation				
Tri-Tech Small Business Development Center	59.037	S-5871-RCCD	391,312	-
Pass through from California Community Colleges Chancellor's Office				
CA State Trade Export	59.061	SBAHQ-15-IT-0026; SBAHQ-16-IT-0032	219,533	-
Total Small Business Administration			675,460	-
U.S. DEPARTMENT OF VETERANS AFFAIRS				
Veterans Services	64.117		6,613	-

[1] Pass-Through Identifying Number not available.

(Continued)

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
U.S. DEPARTMENT OF EDUCATION				
TRIO Cluster:				
Student Support Services Program	84.042A		\$ 1,452,610	\$ -
Talent Search	84.044A		128,901	-
Upward Bound Program	84.047A		1,083,428	-
Upward Bound Program - Math & Science	84.047M		287,082	-
Subtotal TRIO Cluster			2,952,021	-
Student Financial Assistance Cluster:				
Federal Supplement Education Opportunity Grant (FSEOG)	84.007		1,095,480	-
FSEOG Administrative	84.007		75,254	-
Federal Direct Student Loans (Direct Loans)	84.268		3,700,996	-
Federal Work Study Program (FWS)	84.033		1,031,242	-
Federal Work Study Administrative	84.033		62,815	-
Federal Pell Grants (PELL)	84.063		42,386,073	-
Federal Pell Administrative	84.063		69,330	-
Subtotal Student Financial Assistance Cluster			48,421,190	-
Higher Education Act				
Title V - Accelerating Pathways to Graduation and Transfer	84.031S		644,562	-
Title V - Moreno Valley College Title V Corrections Scenario Training	84.031S		131,409	-
Title V - Bright Pathways to STEM Success	84.031S		140,467	-
Title V - HSI Pathways to Excellence	84.031S		181,684	-
Title V - MVC STEM Project	84.031S		81,686	-
Title V - STEM Engineering Pathways	84.031C		315,088	-
MVC Technology Access Project	84.031C		222,981	-
Passed through from University Enterprise Corporation at CSUSB				
Title V - Here to Career	84.031S	GT16146	10,960	-
Career and Technical Education Act				
Passed through from California Community Colleges Chancellor's Office				
Career and Technical Education, Title I-B Regional Consortia Desert	84.048	16-150-006	210,657	-
Career and Technical Education, Title I-C	84.048	16-C01-045	1,075,680	-
Career and Technical Education Transitions	84.048A	16-C01-045	114,933	-

[1] Pass-Through Identifying Number not available.

(Continued)

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
Rehabilitation Act				
Pass through from California Department of Rehabilitation				
Workability	84.126A	29287	\$ 183,001	\$ -
Total U.S. Department of Education			54,686,319	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass through from California Community Colleges Chancellor's Office				
Temporary Assistance to Needy Families (TANF)	93.558	[1]	201,011	-
Foster & Kinship Care Education Program (FKCE)	93.658	[1]	25,038	-
Pass through from Yosemite Community College District				
Early Childhood Study - Consortium Grant	93.575	16-17-4165	24,275	-
Pass through from Riverside County Superintendent of Schools				
Independent Living Skills - Emancipation Services	93.674	C-1005010	42,530	-
Total U.S. Department of Health and Human Services			292,854	-
Total Expenditures of Federal Awards			\$ 57,318,537	\$ 94,595

[1] Pass-Through Identifying Number not available.

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2017

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
AB 86 Adult Education Block Grant	\$ 540,527	\$ 514,319	\$ 1,054,846
Adult Ed Program Data Block	51,446	-	51,446
Basic Skills	515,298	375,913	891,211
Board Financial Assistance Program	1,402,661	-	1,402,661
California Career Pathways Trust	6,510,047	3,427,311	9,937,358
California Apprenticeship Initiative	800,000	-	800,000
CalWORKs	1,098,896	-	1,098,896
CalWORKs Community College Set-Aside	-	78,235	78,235
CARE	242,183	-	242,183
College Connection	81,247	-	81,247
Commercial Sexual Exploitation of Children	6,750	-	6,750
Community College Basic Skills and Student Outcomes Transformation	1,321,637	-	1,321,637
CTE Data Unlocked Initiative	250,000	-	250,000
CTE Enhancement Funds	-	111,386	111,386
CTE Pathways	100,000	-	100,000
Deputy Sector Navigator	572,500	33,463	605,963
Disabled Student Programs and Services (DSPS)	2,998,798	-	2,998,798
Enrollment Growth for ADN-RN	382,000	-	382,000
EOPS Special Project Set-Aside	427,710	34,268	461,978
Extended Opportunity Program and Services (EOPS)	1,877,072	-	1,877,072
Foster Care Education Program	67,437	-	67,437
Foster Parent Pre-Training	284,597	-	284,597
Full Time Student Success	1,117,199	149,231	1,266,430
GO-Biz	60,000	-	60,000
Instructional Equipment	1,338,113	222,926	1,561,039
Makerspace Start-Up	80,000	-	80,000
Middle College High School	109,000	24,354	133,354
Proposition 39 Clean Energy	114,209	-	114,209
SFAP Fiscal Coordination	494,416	-	494,416
Song Brown Health Care Workforce Training Act	200,000	-	200,000
Song Brown RN Education Capitation	-	108,859	108,859
Song Brown RN Education Special Program	63,377	72,902	136,279

See accompanying note to supplementary information.

Program Revenues					
Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
\$ 1,054,846	\$ -	\$ -	\$ (671,332)	\$ 383,514	\$ 383,514
51,446	-	-	(44,867)	6,579	6,579
891,211	-	(405)	(426,231)	464,575	464,575
1,402,661	-	-	-	1,402,661	1,402,661
9,937,358	-	-	(6,879,110)	3,058,248	3,058,248
120,000	64,169	-	(111,083)	73,086	73,086
1,098,896	-	(10,287)	-	1,088,609	1,088,609
78,235	-	(6,744)	(29,487)	42,004	42,004
242,183	-	(9,486)	-	232,697	232,697
65,799	-	-	-	65,799	65,799
4,050	960	-	-	5,010	5,010
1,737,369	-	-	(988,426)	748,943	748,943
209,776	18,541	-	(150,000)	78,317	78,317
102,037	-	-	-	102,037	102,037
40,000	29,652	-	-	69,652	69,652
82,463	523,500	-	-	605,963	605,963
2,997,693	-	-	-	2,997,693	2,997,693
351,440	30,560	-	-	382,000	382,000
461,978	-	-	(186,893)	275,085	275,085
1,877,072	-	(18,294)	-	1,858,778	1,858,778
38,362	60,876	-	-	99,238	99,238
75,603	50,968	(7,142)	-	119,429	119,429
1,266,430	-	-	(13,300)	1,253,130	1,253,130
49,774	9,822	-	-	59,596	59,596
1,561,039	-	-	(387,549)	1,173,490	1,173,490
40,000	-	-	(30,382)	9,618	9,618
63,954	69,400	-	-	133,354	133,354
-	113,880	-	-	113,880	113,880
(14,244)	389,408	-	-	375,164	375,164
50,000	50,000	-	(405)	99,595	99,595
83,859	25,000	-	-	108,859	108,859
53,664	82,615	-	-	136,279	136,279

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RIVERSIDE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2017

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
SSSP Special Project Set-Aside	\$ 1,453,008	\$ 553,867	\$ 2,006,875
Staff Development	-	2,788	2,788
Strong Workforce Program Local	2,918,223	-	2,918,223
Strong Workforce Program Regional	7,073,557	-	7,073,557
Student Equity	3,701,354	1,827,389	5,528,743
Student Success and Support Program	6,409,023	1,767,268	8,176,291
Summer Food Service Program	9,713	-	9,713
Cal Grant B	4,691,767	-	4,691,767
Total State Programs			

See accompanying note to supplementary information.

Program Revenues					
Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
\$ 2,006,875	\$ -	\$ (293,316)	\$ (1,198,894)	\$ 514,665	\$ 514,665
2,788	-	-	(2,788)	-	-
2,918,223	-	-	(2,663,788)	254,435	254,435
7,703,557	-	-	(6,673,511)	1,030,046	1,030,046
5,528,743	-	(237)	(1,576,002)	3,952,504	3,952,504
8,176,291	-	-	(1,680,274)	6,496,017	6,496,017
9,713	-	-	-	9,713	9,713
4,691,767	152,288	(1,101)	-	4,842,954	4,842,954
<u>\$ 57,112,911</u>	<u>\$ 1,671,639</u>	<u>\$ (347,012)</u>	<u>\$ (23,714,322)</u>	<u>\$ 34,723,216</u>	<u>\$ 34,723,216</u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION JUNE 30, 2017

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balance and Retained Earnings:

General Funds	\$ 50,538,705
Special Revenue Funds	2,289,145
Capital Outlay Projects	10,376,386
Debt Service Funds	15,684,094
Proprietary Fund	5,401,844
Fiduciary Funds	<u>1,767,542</u>

Total Fund Balances and Retained Earnings -

All District Funds

\$ 86,057,716

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: 612,417,167

Accumulated depreciation is: (171,457,439) 440,959,728

Amounts held in trust on behalf of others (Trust and Agency Funds) (1,144,256)

In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred. (4,918,620)

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 14,812,771

Net change in proportionate share of the net pension liability 4,027,920

Difference between projected and actual earnings on pension plan investments. 18,955,192

Differences between expected and actual experience in the measurement of the total pension liability. 2,784,029

Total Deferred Outflows of Resources Related to Pensions 40,579,912

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:

Differences between expected and actual experience in the measurement of the total pension liability. (2,734,311)

Net change in proportionate share of the net pension liability (5,620,819)

Changes in assumptions (1,944,764)

Total Deferred Inflows of Resources Related to Pensions (10,299,894)

Governmental funds report deferred cost of refunding associated with the issuance of debt when first issued, whereas the amounts are deferred and amortized in the Statements of Activities.

Deferred charge on refunding at year end amounted to: 9,479,658

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION, Continued JUNE 30, 2017

Long-term obligations at year end consist of:

Bonds payable	\$ 272,494,051
Compensated absences and load banking	3,773,741
Other postemployment benefits (OPEB)	10,767,072
Aggregate net pension liability	176,820,554

In addition, the District issued "capital appreciation" general obligation bonds. The accretion of interest on those bonds to date is the following:

6,923,912

Less compensated absences already recorded in funds

(1,458,413) \$ (469,320,917)

Total Net Position

\$ 91,393,327

See accompanying note to supplementary information.



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

Board of Trustees
Riverside Community College District
Riverside, California

Report on Compliance for Each Major Federal Program

We have audited Riverside 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, 2017. 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 the 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.

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, 2017.

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 a 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Varrin, Tinn, Day & Co., LLP

Riverside, California
November 27, 2017

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SUMMARY OF AUDITOR'S RESULTS FOR THE YEAR ENDED JUNE 30, 2017

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	<u>No</u>

Identification of major Federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.007, 84.033, 84.063, 84.268</u>	<u>Student Financial Assistance Cluster</u>
<u>84.042A, 84.044A, 84.047A, 84.047M</u>	<u>TRIO Cluster</u>
	Title V - Accelerating Pathways to Graduation and Transfer; Title V - Moreno Valley College Corrections Scenario Training; Title V - Bright Pathways to STEM Success; Title V - HSI Pathways to Excellence; Title V - MVC STEM Project; Title V - STEM Engineering Pathways; MVC Technology Access Project; Title V -
<u>84.031C, 84.031S</u>	<u>Here to Career</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,719,556</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Type of auditor's report issued on compliance for State programs:	<u>Unmodified</u>
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RIVERSIDE COMMUNITY COLLEGE DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

None reported.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2017

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

Financial Statement Findings

None reported.

Federal Awards Findings

None reported.

State Awards Findings

None reported.