

Agenda Item (VIII-D-2)

Meeting	12/11/2018 - Regular
Agenda Item	Committee - Resources (VIII-D-2)
Subject	2017-2018 Proposition 39 Independent Financial and Performance Audits
College/District	District
Funding	N/A
Recommended Action	It is recommended that the Board of Trustees receive the Proposition 39 independent financial and performance audits of the District's Measure C general obligation bond for the year ended June 30, 2018 for the permanent file of the District.

Background Narrative:

In accordance with the provisions of Proposition 39, independent financial and performance audits of the District's Measure C general obligation bond were performed by CliftonLarsonAllen LLP Certified Public Accountants (CLA). A representative of the audit firm will be available to present the reports. Results of the audits are summarized below.

- Auditor's Opinion – The auditors have issued unmodified opinions for both the financial and performance audits as of June 30, 2018 and 2017, which is also known as a "clean" opinion. Unmodified is the highest level of assurance the auditors can provide of the four available opinions and indicates the financial statements are presented fairly, in all material respects, in accordance with generally accepted accounting principles.
- Audit Findings – There were no findings or questioned costs related to the financial and performance audits.
- Auditor's Required Communication – In accordance with the U.S. Auditing Standards AU-C 260, at the conclusion of the audit engagement CLA is required to communicate information to the Board of Trustees regarding their responsibility under Generally Accepted Auditing Standards (GAAS). Attached for your information is the required communication.
- The audit report was presented to the Citizens Bond Oversight Committee at its regularly scheduled meeting on October 18, 2018.

Prepared By: Aaron Brown, Vice Chancellor, Business and Financial Services
Melissa Elwood, Controller

Attachments:

[12112018_2017-2018 Proposition 39 Financial and Performance Audit and USAS Letter](#)

RIVERSIDE COMMUNITY COLLEGE DISTRICT

RIVERSIDE COUNTY

**REPORT ON PROPOSITION 39 FUNDING
FINANCIAL AND PERFORMANCE AUDITS
June 30, 2018**

RIVERSIDE COMMUNITY COLLEGE DISTRICT

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June 30, 2018

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**FINANCIAL AUDIT OF THE GENERAL OBLIGATION BOND FUNDED CAPITAL
OUTLAY PROJECTS**



CliftonLarsonAllen LLP
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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
The Measure C Citizens' Bond Oversight Committee
Riverside Community College District

Report on the Financial Statements

We have audited the accompanying financial statements of the General Obligation Bond Funded Capital Outlay Projects of the Riverside Community College District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

The Board of Trustees
The Measure C Citizens' Bond Oversight Committee
Riverside Community College District

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Obligation Bond Funded Capital Outlay Projects of the District as of June 30, 2018, and the change in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present fairly only the General Obligation Bond Funded Capital Outlay Projects and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2018 or the change in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Information

Our audit of the General Obligation Bond Funded Capital Outlay Projects of the District was conducted for the purpose of forming an opinion on the financial statements referred to above. The supplementary schedule is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary schedule, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule, is fairly stated in all material respects in relation to the financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2018 on our consideration of the District's internal control over the General Obligation Bond Funded Capital Outlay Projects financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over the General Obligation Bond Funded Capital Outlay Projects 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 the General Obligation Bond Funded Capital Outlay Projects financial reporting and compliance.



CliftonLarsonAllen LLP
Glendora, California
October 9, 2018

**RIVERSIDE COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUNDED CAPITAL OUTLAY PROJECTS**

**BALANCE SHEET
June 30, 2018**

Assets

Cash in county treasury	\$ 7,269,061
Accounts receivable	141,151
Total Assets	\$ 7,410,212

Liabilities and Fund Balance

Liabilities

Accounts payable	\$ 702,251
Due to other funds	178,291
Total Liabilities	880,542

Fund Balance

Restricted	6,529,670
Total Fund Balance	6,529,670
Total Liabilities and Fund Balance	\$ 7,410,212

See the accompanying notes to the financial statements

**RIVERSIDE COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUNDED CAPITAL OUTLAY PROJECTS**

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2018**

Revenues

Interest income	\$ 115,494
Other local revenue	<u>(210,933)</u>
Total Revenues	<u>(95,439)</u>

Expenditures

Salaries	136,031
Benefits	59,913
Supplies	140
Other services	467,514
Capital outlay	<u>1,335,435</u>
Total Expenditures	<u>1,999,033</u>

Net change in fund balance	(2,094,472)
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Fund Balance at Beginning of Year	<u>8,624,142</u>
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Fund Balance at End of Year	<u><u>\$ 6,529,670</u></u>
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See the accompanying notes to the financial statements

**RIVERSIDE COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUNDED CAPITAL OUTLAY PROJECTS**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and *Audits of State and Local Governmental Units* issued by the American Institute of Certified Public Accountants.

Financial Reporting Entity

These financial statements are not intended to present fairly the financial position and results of operations of the District in compliance with accounting principles generally accepted in the United States of America.

Fund Structure

The Statement of Revenues, Expenditures and Change in Fund Balance is a statement of financial activities of the General Obligation Bond Funded Capital Outlay Projects related to the current reporting period. Fund expenditures frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, these statements do not purport to present the result of operations or the net income or loss for the period as would a statement of income for a profit-type organization.

Basis of Accounting

The General Obligation Bond Funded Capital Outlay Projects is maintained on the modified accrual basis of accounting. As such, revenues are recognized when they become susceptible to accrual, which is to say, when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered).

Cash in the county treasury is recorded at cost, which approximates fair value, in accordance with the requirements of GASB Statement No. 31.

Fund Balance Classification

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the governmental fund financial statements present fund balance classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts can be spent. Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors,

**RIVERSIDE COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUNDED CAPITAL OUTLAY PROJECTS**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation are considered restricted. The fund balance of the General Obligation Bond Funded Capital Outlay Projects is therefore classified as restricted.

Capital Assets and Long-Term Debt

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the General Obligation Bond Funded Capital Outlay Projects are determined by its measurement focus. The General Obligation Bond Funded Capital Outlay Projects is accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered a measure of “available spendable resources”. Thus, the capital assets and long-term liabilities associated with the General Obligation Bond Funded Capital Outlay Projects are accounted for in the basic financial statements of the District.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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.

NOTE 2: DEPOSITS – CASH IN COUNTY TREASURY

In accordance with Education Code Section 84000, the District maintains substantially all of its cash in the Riverside County Treasury as part of the common investment pool. These pooled funds are carried at amortized cost which approximates fair value. The fair value is 99.39% of the District’s deposits for the General Obligation Bond Funded Capital Outlay Projects in this pool as of June 30, 2018, as provided by the County Treasurer.

The county is authorized to deposit cash and invest excess funds by California Government Code Sections 53534, 53601, 53635, and 53648. The county is restricted to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer’s investment pool, bankers’ acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the county are either secured by federal depository insurance or are collateralized. The county investment pool is not required to be rated. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

**RIVERSIDE COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUNDED CAPITAL OUTLAY PROJECTS**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018**

NOTE 2: DEPOSITS – CASH IN COUNTY TREASURY

The county investment pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasurer follows. The method used to determine the value of the participant's equity withdrawn is based on the book value, which is amortized costs, of the participant's percentage participation on the date of such withdrawals.

The pool sponsor's annual financial report may be obtained from the County of Riverside Treasurer-Tax Collector Capital Markets, 4080 Lemon Street, 4th Floor, Riverside, CA 92502.

NOTE 3: BONDED DEBT

On March 2, 2004, the voters of Riverside Community College District approved Measure C, a \$350 million bond measure designed to provide funds to improve facilities and safety at the Moreno Valley, Norco, and Riverside City Colleges.

Series D and D-1

In October 2011, the District issued General Obligation Bonds, Series D and D-1 in the amount of \$109,999,278. These bonds consisted of \$7,699,278 tax-exempt Series D bonds and \$102,300,000 in federally taxable Build America Bonds Series D-1. The Build America Bonds program was created by the American Recovery and Reinvestment Act to assist state and local governments in financing capital projects at lower borrowing costs and to stimulate the economy and create jobs.

The District elected to treat the Series D-1 bonds as "Build America Bonds" under Section 54AA of the Tax Code, and the Series D-1 Bonds be "qualified bonds" under Section 54AA(g)(2) of the Tax Code which make the District eligible for a cash subsidy payment from the United States Treasury equal to 35% of the interest payable on the Series D-1 Bonds. The District will deposit the cash subsidy payments with the County to be credited to the Debt Service Fund for the Series D-1 Bonds. Cash subsidy payments are expected to be received contemporaneously with each interest payment date.

Refunding

In April 2014, the District issued General Obligation Refunding Bonds, Series A (Tax Exempt) in the amount of \$29,130,000 to advance refund all or a portion of the outstanding principal amount of the District's General Obligation Series A Bonds, 2005 Refunding Bonds and General Obligation Series C Bonds and to pay costs of issuance associated with the Bonds. General Obligation Refunding Bonds, Series B (Federally Taxable) in the amount of \$43,960,000 were

RIVERSIDE COMMUNITY COLLEGE DISTRICT GENERAL OBLIGATION BOND FUNDED CAPITAL OUTLAY PROJECTS

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2018

NOTE 3: BONDED DEBT

also issued to advance refund a portion of the outstanding principal amount of the District's 2005 Refunding Bonds and to pay costs of issuance associated with the Bonds.

Series E and Refunding

In July 2015, the District issued General Obligation Bonds, Series E in the amount of \$45,004,145 to finance the repair, acquisition, construction, and equipping of certain district facilities, and to pay all legal, financial, and contingent costs in connection with the issuance of the Bonds. General Obligation Refunding Bonds were also issued in the amount of \$43,920,000 to advance refund the outstanding principal amount of the District's General Obligation Series C Bonds, and to pay costs of issuance associated with the Bonds.

The outstanding general obligation bonded debt of the District at June 30, 2018 is:

General Obligation Bonds	Date of Issue	Original Maturity Date	Interest Rate %	Amount of Original Issue	Outstanding July 1, 2017	Issued	Redeemed	Outstanding June 30, 2018
2010 Series D	10/27/2010	8/1/2025	2.36-5.53	\$ 7,699,278	\$ 7,190,569	\$	\$ 349,375	\$ 6,841,194
2010 Series D-1	10/27/2010	8/1/2040	6.97-7.02	102,300,000	102,300,000			102,300,000
2014 Tax Exempt Refunding	5/29/2014	8/1/2027	2.00-5.00	29,130,000	28,260,000		425,000	27,835,000
2014 Taxable Refunding	5/29/2014	8/1/2024	0.40-3.61	43,960,000	39,115,000		3,660,000	35,455,000
2015 Series E	7/1/2015	8/1/2039	3.81-5.05	45,004,145	42,414,145		1,265,000	41,149,145
2015 Refunding	7/1/2015	8/1/2032	2.00-5.00	43,920,000	42,885,000		100,000	42,785,000
Total				<u>\$ 272,013,423</u>	<u>\$ 262,164,714</u>	<u>\$ -</u>	<u>\$ 5,799,375</u>	<u>\$ 256,365,339</u>

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Principal	Interest
2019	\$ 4,894,266	\$ 12,818,830
2020	5,295,056	13,067,432
2021	5,813,846	13,082,058
2022	6,680,859	12,506,165
2023	7,232,769	12,629,696
2024-2028	44,564,218	61,050,746
2029-2033	60,025,470	51,521,140
2034-2038	71,733,811	59,582,504
2039-2041	50,125,044	23,209,545
Total	<u>\$ 256,365,339</u>	<u>\$ 259,468,116</u>

Capital appreciation bonds were issued as part of the 2010 Series D and 2015 Series E issuances. Prior to their applicable maturity dates, each capital appreciation bond will accrete interest on the principal component, with all interest accreting through the applicable maturity date and payable only upon maturity or prior payment of the principal component. Accreted interest accrued has been reflected in the long term debt balance on the District's general purpose financial statements.

**RIVERSIDE COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUNDED CAPITAL OUTLAY PROJECTS**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018**

NOTE 4: COMMITMENTS AND CONTINGENCIES

Purchase Commitments

As of June 30, 2018 the District was committed under various capital expenditure purchase agreements for bond projects totaling approximately \$1,930,000.



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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**

The Board of Trustees
The Measure C Citizens' Bond Oversight Committee
Riverside Community College District
Riverside, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the General Obligation Bond Funded Capital Outlay Projects financial statements of the Riverside 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 General Obligation Bond Funded Capital Outlay Projects financial statements, and have issued our report thereon dated October 9, 2018.

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 opinion 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 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.

**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***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP
Glendora, California
October 9, 2018

**RIVERSIDE COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUNDED CAPITAL OUTLAY PROJECTS**

**SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2018**

There were no findings related to the financial audit of the General Obligation Bond Funded Capital Outlay Projects for the year ended June 30, 2018. In addition, there were no findings related to the financial audit of the General Obligation Bond Funded Capital Outlay Projects for the year ended June 30, 2017.

**PERFORMANCE AUDIT OF THE GENERAL OBLIGATION BOND FUNDED
CAPITAL OUTLAY PROJECTS**



CliftonLarsonAllen LLP
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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
The Measure C Citizens' Bond Oversight Committee
Riverside Community College District

We have conducted a performance audit of the Riverside Community College District (the District) Measure C General Obligation Bond funds for the year ended June 30, 2018.

We conducted our performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed on page 16 of this report which includes determining the District's compliance with the performance requirements for the Proposition 39 Measure C General Obligation Bond funds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution. Management is responsible for the District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal control of the District to determine if internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution. Accordingly, we do not express any assurance on internal control.

The results of our tests indicated that, in all significant respects, the District expended Measure C General Obligation Bond funds for the fiscal year ended June 30, 2018, only for the specific projects developed by the District's Board of Trustees, and approved by the voters in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

CliftonLarsonAllen LLP
Glendora, California
October 9, 2018

**RIVERSIDE COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUNDED CAPITAL OUTLAY PROJECTS**

**PROPOSITION 39 PERFORMANCE AUDIT
June 30, 2018**

BACKGROUND INFORMATION

In November 2000, the voters of the State of California approved Proposition 39 authorizing the issuance of general obligation bonds by California public school districts and community colleges under certain circumstances and subject to certain conditions.

On March 2, 2004, the voters of Riverside Community College District approved Measure C, a \$350 million bond measure designed to provide funds to improve facilities and safety at the Moreno Valley, Norco, and Riverside campuses.

Pursuant to the requirements of Proposition 39, and related state legislation, the Board of Trustees of the District established a Citizens' Bond Oversight Committee and appointed its members. The principal purpose of the Citizens' Bond Oversight Committee, as set out in state law, is to inform the public as to the expenditures of the proceeds of the bonds issued pursuant to the Measure C bond authorization. The Citizens' Bond Oversight Committee is required to issue at least one report annually as to its activities and findings.

Section 1(b)(3)(C) of Article XIII A of the California Constitution requires the District to conduct an annual independent performance audit to ensure that the proceeds of the bonds deposited into the General Obligation Bond Funded Capital Outlay Projects – Measure C Bond Program have been expended only for the authorized bond projects.

OBJECTIVES

The objectives of our performance audit were to:

- Determine the expenditures charged to the District Measure C General Obligation Bond Funded Capital Outlay Projects.
- Determine whether expenditures charged to the Measure C General Obligation Bond Funded Capital Outlay Projects have been made in accordance with the bond project list approved by the voters through the approval of Measure C in March 2004.

SCOPE OF THE AUDIT

The scope of our performance audit covered the fiscal period from July 1, 2017 to June 30, 2018. The propriety of expenditures for capital projects and maintenance projects funded through other state or local funding sources, other than the proceeds of the bonds, were not included within the scope of our audit. Expenditures incurred subsequent to June 30, 2018, were not reviewed or included within the scope of our audit or in this report.

**RIVERSIDE COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUNDED CAPITAL OUTLAY PROJECTS**

**PROPOSITION 39 PERFORMANCE AUDIT
June 30, 2018**

PROCEDURES PERFORMED

- We identified the expenditures and projects charged to the general obligation bond proceeds by obtaining the general ledger and project listing.
- We selected a judgmental sample of expenditures considering all object codes and projects for the year ended June 30, 2018. Our sample included 32 transactions totaling \$1,772,996 (98% of non-salary related expenditures) and \$195,944 of salaries and benefits (100% of salaries and benefits).
- We reviewed the actual invoices and supporting documentation to determine that expenditures charged to projects were:
 - Supported by invoices with evidence of proper approval and documentation of receipt of goods or services;
 - Supported by proper bid documentation, as applicable;
 - Properly expended on the authorized bond projects as listed on the voter-approved bond project list;
 - Used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

CONCLUSION

The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures of the funds held in the General Obligation Bond Funded Capital Outlay Projects – Measure C Bond Program and that such expenditures were made on authorized bond projects.

SUPPLEMENTARY INFORMATION

RIVERSIDE COMMUNITY COLLEGE DISTRICT GENERAL OBLIGATION BOND FUNDED CAPITAL OUTLAY PROJECTS

PROPOSITION 39 PERFORMANCE AUDIT BOND PROJECT SUMMARY June 30, 2018

The District has identified the following projects to be funded with proceeds from the general obligation bonds. The District incurred costs of \$320,443,170 through June 30, 2018 for these construction projects. Capital outlay and other financing expenditures were as follows:

	BUDGET	TOTAL PROJECT COSTS THROUGH June 30, 2017	FY 17-18 ACTUAL COSTS	TOTAL PROJECT COSTS THROUGH June 30, 2018
Phase I - Parking Structure - Riverside	\$ 20,940,662	\$ 20,940,662	\$ -	\$ 20,940,662
Wheelock PE Complex/Athletic Field - Riverside	4,516,435	4,516,435	-	4,516,435
Swing Space - Riverside	4,273,734	4,273,733	-	4,273,733
Quad Modernization - Riverside	9,171,807	9,171,807	-	9,171,807
RCCD System Office Purchase	2,629,981	2,629,981	-	2,629,981
MLK Renovation - Riverside	1,010,614	1,010,614	-	1,010,614
Bridge Space - Riverside	1,175,132	1,175,132	-	1,175,132
Industrial Technology Facility Project - Norco	9,715,350	9,715,349	-	9,715,349
Computer/Network/ System Upgrades - District Wide	1,002,052	1,002,052	-	1,002,052
Phone and Voicemail Upgrades - District Wide	349,000	349,000	-	349,000
Scheduled Maintenance - Historic - District Wide	1,403,045	1,403,045	-	1,403,045
Nursing/Sciences Building - Riverside	16,347,203	16,347,203	-	16,347,203
Student/Academic Services Facility Project - Moreno Valley	5,917,791	5,917,791	-	5,917,791
Wheelock PE Complex Gymnasium Retrofit - Phase I & II - Riverside	13,204,882	13,204,882	-	13,204,882
Feasibility / Planning / Management / Staffing	7,194,104	6,782,847	293,031	7,075,878
Stokoe Innovative Learning Center - Riverside	7,399,505	7,399,506	-	7,399,506
ECS Secondary Effects - Moreno Valley	286,227	286,227	-	286,227
Room Renovations - Norco	100,019	100,019	-	100,019
Food Services Remodel - Riverside	987,705	987,705	-	987,705
Food Services Remodel - Moreno Valley	2,649,606	2,649,607	-	2,649,607
Infrastructure Projects - District Wide	484,414	484,414	-	484,414
Hot Water Loop System & Boiler Repl. - Moreno Valley	869,848	869,848	-	869,848
Emergency Phone Project - District Wide	379,717	379,717	-	379,717
Utility Retrofit Project - District Wide	6,181,188	6,181,189	-	6,181,189
Modular Redistribution Norco/MoVal/BC/Riv	8,425,862	8,425,862	-	8,425,862
ECS Building Upgrade Project - Moreno Valley/Norco	389,561	389,561	-	389,561
PBX Building - Riverside	428,119	428,119	-	428,119
PBX / NOC / M & O Facility - Norco	11,277,010	11,336,910	-	11,336,910
PBX / NOC / M & O Facility - Moreno Valley	2,896,858	2,771,210	127,633	2,898,843
Life Science / Physical Science Reconstruction - Riverside	208,000	152,500	55,414	207,914
Center for Student Success - Norco	15,633,873	15,633,873	-	15,633,873
Long Range Master Plan - District Wide	1,439,077	1,439,077	-	1,439,077
Logic Domain - Capital Project Management System	213,375	187,238	12,750	199,988
Aquatics Center - Riverside	10,874,233	10,865,983	8,250	10,874,233
Soccer Field / Artificial Turf - Norco	3,879,314	3,879,314	-	3,879,314
Learning Gateway Building - Moreno Valley	4,984,261	4,984,261	-	4,984,261
Bradshaw Building Electrical Project - Riverside	366,353	366,353	-	366,353
Quad Basement Remodel Project - Riverside	352,941	352,941	-	352,941
Black Box Theatre Remodel Project - Riverside	10,955	10,955	-	10,955
Technology Building A Remodel Project - Riverside	11,375	11,375	-	11,375
Center for Health, Wellness, and Kinesiology Phase I - Norco	86,500	86,500	-	86,500

See independent auditor's report

RIVERSIDE COMMUNITY COLLEGE DISTRICT GENERAL OBLIGATION BOND FUNDED CAPITAL OUTLAY PROJECTS

PROPOSITION 39 PERFORMANCE AUDIT BOND PROJECT SUMMARY June 30, 2018

	BUDGET	TOTAL PROJECT COSTS THROUGH June 30, 2017	FY 17-18 ACTUAL COSTS	TOTAL PROJECT COSTS THROUGH June 30, 2018
Health Science Center - Moreno Valley	164,971	164,971	-	164,971
ADA Transition Plan - District Wide	6,046,162	6,046,162	-	6,046,162
March Dental Education Center - Moreno Valley	9,873,530	9,873,529	-	9,873,529
Secondary Effects Project - Norco	16,028,180	16,028,180	-	16,028,180
Utility Infrastructure Project - District Wide	6,232,049	6,232,049	-	6,232,049
Safety and Site Improvement Project - Norco	967,442	967,442	-	967,442
Safety and Site Improvement Project - Moreno Valley	719,827	719,827	-	719,827
Administrative Move to Humanities Bldg - Moreno Valley	25,990	25,990	-	25,990
Science Laboratories Remodel Project - Moreno Valley	302,804	302,804	-	302,804
Ben Clark Public Safety Training Center - Center Status - Moreno Valley	84,500	64,954	-	64,954
Interim Parking Lease - Riverside	177,023	177,023	-	177,023
Center for Human Performance - Moreno Valley	112,009	112,009	-	112,009
Cosmetology Building - Riverside	142,500	142,500	-	142,500
Alumni Carriage House Restoration Project	122,270	122,270	-	122,270
IT Upgrade (including audit) - District Wide	6,000,000	5,162,971	109,232	5,272,203
Culinary Arts / District Office Building - District	33,596,018	32,399,371	(54,174)	32,345,197
Parking Structure Fall Deterrent - Riverside	7,576	7,576	-	7,576
Nursing Portables - Moreno Valley	705,338	705,338	-	705,338
Central Plant Boiler Replacement - Norco	161,847	161,847	-	161,847
DSA Project Closures - District Wide	7,290	7,290	-	7,290
Scheduled Maintenance - New - District Wide	2,860,000	2,652,532	-	2,652,532
Electronic Contract Document Storage - District Wide	50,000	-	-	-
2014 - 2015 IPP/FPP District	-	-	-	-
Program Contingency	4,655,039	-	-	-
Program Reserve	4,111,519	-	-	-
District Design Standards	355,000	345,031	-	345,031
Library Learning Center - Moreno Valley	143,000	127,000	15,914	142,914
Student Services Building - Riverside	25,925,000	20,641,542	1,059,381	21,700,923
Lovekin Parking/Tennis Project - Riverside	4,351,724	4,351,724	-	4,351,724
Food Services "grab-n-go" Facility Project - Riverside	81,372	81,372	-	81,372
Master Plan Updates - District Wide	1,259,800	708,909	352,724	1,061,633
Swing Space - Market Street Properties	737,303	737,303	-	737,303
Groundwater Monitoring Wells - Norco	211,149	211,148	-	211,148
Emergency Phone Project - Moreno Valley	341,582	341,582	-	341,582
Self-Generation Incentive Program - Norco	3,110,000	3,027,126	-	3,027,126
Physicians Assistant Laboratory Remodel - Moreno Valley	49,191	49,191	-	49,191
Visual & Performing Arts Center - Norco	114,000	114,000	-	114,000
Audio Visual Upgrade and Lighting Project - Moreno Valley	134,457	134,457	-	134,457
Mechanical Upgrade Project - Moreno Valley	660,245	660,245	-	660,245
Cellular Repeater Booster System - Riverside	25,000	-	18,879	18,879
Student Services Project - Moreno Valley	11,000,000	-	-	-
Coil School for the Arts - Riverside	24,280,001	25,736,075	-	25,736,075
Coil School for the Arts - Parking Structure	1,456,076	-	-	-
Total Capital Outlay	347,056,472	318,444,137	1,999,033	320,443,170
Series A Refunding Escrow	57,686,474	57,686,474	-	57,686,474
COPS Payoffs	11,582,875	11,582,873	-	11,582,873
Costs of issuance	2,839,859	3,026,475	-	3,026,475
Debt service	1,926,402	2,835,612	-	2,835,612
Election costs	98,238	98,236	-	98,236
Total Other Financing Uses	74,133,848	75,229,670	-	75,229,670
TOTALS	\$ 421,190,320	\$ 393,673,807	\$ 1,999,033	\$ 395,672,840

See independent auditor's report



CliftonLarsonAllen LLP
CLAconnect.com

October 9, 2018

The Board of Trustees
The Measure C Citizens' Bond Oversight Committee
Riverside Community College District
Riverside, California

We have audited the financial statements of the General Obligation Bond Funded Capital Outlay Projects of Riverside Community College District for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were accruals of receivables and liabilities. We evaluated that these estimates are reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures. The financial statement disclosures are neutral, consistent, and clear.

Riverside Community College District
October 9, 2018
Page 2

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our financial and performance audits.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements

Disagreement with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the audit report. We are pleased to report that no such disagreements arose during the course of our audit

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 9, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants related to the General Obligation Bond Funded Capital Outlay Projects.

Significant Issues Discussed with Management Prior to Engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District’s auditors. However, these

Riverside Community College District
October 9, 2018
Page 3

discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Restriction on Use

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

Closing

We will be pleased to respond to any questions you have about the foregoing. If you would like any information or would like to discuss any of the matters raised, please do not hesitate to contact Renee Graves at (626) 857-7300. We appreciate the opportunity to continue to be of service to Riverside Community College District.

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

CliftonLarsonAllen LLP
Glendora, California