Financial Statements
June 30, 2019

Riverside Community College District

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RIVERSIDE COMMUNITY COLLEGE DISTRICT

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Riverside Community College District
Riverside, 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 Riverside Community College District (the District) as of and for the year ended June 30, 2019, 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 2018-2019 *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, 2019, 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.

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 12, the Schedule of Changes in the District's Net OPEB Liability and Related Ratios on page 69, the Schedule of OPEB Investment Returns on page 70, the Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program on page 71, the Schedule of the District's Proportionate Share of the Net Pension Liability on page 72, and the Schedule of District Contributions for Pensions on page 73 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 26, 2019, 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.

Eide Bailly LLP

Riverside, California
November 26, 2019

USING THIS ANNUAL REPORT

The purpose of this annual report is to provide readers with information about the activities, programs, and financial condition of the Riverside Community College District (the District) as of June 30, 2019. The report consists of three basic financial statements: the 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, 2019. 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 District management.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Riverside Community College District's financial statements are presented in accordance with Governmental Accounting Standards Board Statements (GASB) No. 34, *Basic Financial Statements - and Management's 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 focuses 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 through the Student Centered Funding Formula (SCFF). Apportionment funding through the SCFF is based on 70 percent for Full-Time Equivalent Students (FTES), 20 percent for Supplemental metrics, and Student Success metrics. During the 2018-2019 fiscal year, total reported resident FTES were 29,974 as compared to 30,535 in the 2017-2018 fiscal year. The District has 859 unfunded credit FTES for fiscal year 2018-2019. The District realized $17.56 million more in FY 2018-2019 total computational apportionment revenue than was realized in FY 2017-2018, primarily as a result of the Supplemental and Student Success metrics achieved.

- Several scheduled maintenance projects at the District and its three colleges resulted in building and site improvements totaling $1,573,667 in the 2018-2019 fiscal year. Additionally, the District and its three colleges received $2,053,444 in Proposition 39 Clean Energy Jobs Act funding which resulted in building and site improvements during 2018-2019.

- Completed facility projects, listed below, are primarily funded through the Physical Plant and Instructional Support allocation from the State, the District's voter approved General Obligation Bond (Measure C), and one-time budget savings allocations.

  ADA Barrier Removal - District
  LED Conversion - Moreno Valley College
  Ben Clarke Training Center Fence Project - Moreno Valley College
  LED Conversion - Norco College
  Norco Parking Lot Paving and Striping - Norco College
  Noble Parking Lot - Riverside City College
  Campus Wide Accessibility Project - Riverside City College
  Student Services Building - Riverside City College

- Employee salaries increased by 9.31 percent or $13.5 million from the 2017-2018 fiscal year and employee benefits increased by 29.45 percent or $15.7 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 0.5 percent for part-time faculty; a COLA increase of 2.71 percent; scheduled salary step increases; employee reclassifications; and an increase in the number of positions. The increase in benefit costs is due to increases in health and welfare benefit costs; an increase of 1.85 percent in CalSTRS employer contributions; 2.53 percent CalPERS employer contributions; and fixed charge increases associated with the increased number of positions discussed above.

- During the 2018-2019 fiscal year, the District provided approximately $86.7 million in financial aid to students, representing an increase of 3.6 percent over the $83.8 million in fiscal year 2017-2018. 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)	$ 47,504,630
Federal Supplement Education Opportunity Grant (FSEOG)	1,421,923
Federal Direct Student Loans (Direct Loans)	3,626,412
Federal Work Study Program (FWS)	1,282,203
State of California Cal Grants B	9,487,454
California Community College Promise Grant	23,422,972
Total Financial Aid Provided to Students	$ 86,745,594

THE DISTRICT AS A WHOLE

Net Position

Table 1

	2019	2018	Change
ASSETS			
Current Assets			
Cash and investments	$ 167,268,838	$ 133,980,113	$ 33,288,725
Accounts receivable (net)	22,829,230	17,692,325	5,136,905
Other current assets	286,212	157,003	129,209
Total Current Assets	190,384,280	151,829,441	38,554,839
Capital assets (net)	420,304,241	429,548,028	(9,243,787)
Total Assets	610,688,521	581,377,469	29,311,052
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	7,842,356	8,636,776	(794,420)
Deferred outflows of resources related to pensions and OPEB	75,004,323	61,177,833	13,826,490
Total Deferred Outflows of Resources	82,846,679	69,814,609	13,032,070
Total Assets and Deferred Outflows of Resources	$ 693,535,200	$ 651,192,078	$ 42,343,122
Current Liabilities			
Accounts payable and other current liabilities	$ 94,646,818	$ 67,152,941	$ 27,493,877
Current portion of long-term obligations	7,781,560	7,073,716	707,844
Total Current Liabilities	102,428,378	74,226,657	28,201,721
Long-Term Obligations	534,490,854	512,267,025	22,223,829
Total Liabilities	636,919,232	586,493,682	50,425,550
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions and OPEB	16,080,455	17,238,691	(1,158,236)
NET POSITION			
Net investment in capital assets	172,376,828	178,793,863	(6,417,035)
Restricted	26,073,442	23,113,535	2,959,907
Unrestricted (deficit)	(157,914,757)	(154,447,693)	(3,467,064)
Total Net Position	40,535,513	47,459,705	(6,924,192)
Total Liabilities, Deferred Inflows and Net Position	$ 693,535,200	$ 651,192,078	$ 42,343,122

The District's components of assets, liabilities, and net position are noted on page 14.

Operating Results for the Year

The results of this year's operations for the District as a whole are reported in the Statement of Revenues, Expenses, and Changes in Net Position on page 15.

Table 2

	2019	2018	Change
Operating Revenues			
Tuition and fees (net)	$ 20,636,786	$ 20,645,851	$ (9,065)
Grants and contracts	87,549,924	67,573,811	19,976,113
Other operating revenues	10,315	10,212	103
Total Operating Revenues	108,197,025	88,229,874	19,967,151
Operating Expenses			
Salaries and benefits	227,612,338	198,426,634	29,185,704
Supplies, maintenance, and equipment	63,686,393	56,687,139	6,999,254
Student financial aid	65,992,904	63,492,406	2,500,498
Depreciation	18,113,053	17,803,097	309,956
Total Operating Expenses	375,404,688	336,409,276	38,995,412
Loss on Operations	(267,207,663)	(248,179,402)	(19,028,261)
Nonoperating Revenues (Expenses)			
State apportionments	133,929,082	114,799,282	19,129,800
Property taxes	55,768,686	54,642,122	1,126,564
Other state revenues	5,425,776	6,960,968	(1,535,192)
Federal and State financial aid grants	62,644,528	61,378,617	1,265,911
Net investment income	2,845,401	1,682,844	1,162,557
Net interest expense	(14,546,666)	(14,638,528)	91,862
Other nonoperating revenues	10,032,512	9,519,831	512,681
Total Nonoperating Revenue (Expenses)	256,099,319	234,345,136	21,754,183
Other Revenues (Losses)			
State capital income	4,184,152	3,213,350	970,802
Local capital income (losses)	-	(210,934)	210,934
Total Other Revenues (Losses)	4,184,152	3,002,416	1,181,736
Net Increase (Decrease) in Net Position	$ (6,924,192)	$ (10,831,850)	$ 3,907,658

The District's primary revenue sources are local property taxes, student enrollment fees, and State apportionment, which increased in fiscal year 2018-2019. Property taxes levied and received from property within the District's boundaries increased slightly during the year.

Grant and contract revenues relate primarily to student financial aid and to specific Federal and State grants received for programs serving the students and programs of the District. These grant and program revenues are restricted to allowable expenses related to the programs.

During 2018-2019, the District's investment income was $2.8 million and interest expense was $14.5 million. Interest income is primarily derived from cash held in the Riverside County Treasury. Investment income has increased approximately $1.2 million from the 2017-2018 fiscal year due to the interest yield on funds held in the Riverside County Investment Pool.

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:

Table 3

Year ended June 30, 2019:

	Salaries and Employee Benefits	Supplies, Materials, and Other Operating Expenses and Services	Student Financial Aid	Depreciation	Total
Instructional activities	$ 103,981,450	$ 6,246,802	$ -	$ -	$ 110,228,252
Academic support	30,700,281	16,279,785	-	-	46,980,066
Student services	40,589,438	5,877,634	-	-	46,467,072
Plant operations and maintenance	9,707,307	5,980,439	-	-	15,687,746
Instructional support services	29,757,587	20,001,982	-	-	49,759,569
Community services and economic development	2,501,709	636,347	-	-	3,138,056
Ancillary services and auxiliary operations	10,374,566	3,001,383	-	-	13,375,949
Student aid	-	-	65,992,904	-	65,992,904
Physical property and related acquisitions	-	5,662,021	-	-	5,662,021
Unallocated depreciation	-	-	-	18,113,053	18,113,053
Total	$ 227,612,338	$ 63,686,393	$ 65,992,904	$ 18,113,053	$ 375,404,688

Changes in Cash Position

Table 4

	2019	2018	Change
Cash Provided by (Used in)			
Operating activities	$ (214,302,934)	$ (221,828,653)	$ 7,525,719
Noncapital financing activities	249,582,936	230,563,709	19,019,227
Capital financing activities	(4,268,153)	(377,342)	(3,890,811)
Investing activities	2,276,876	1,302,671	974,205
Net Increase in Cash	33,288,725	9,660,385	23,628,340
Cash, Beginning of Year	133,980,113	124,319,728	9,660,385
Cash, End of Year	$ 167,268,838	$ 133,980,113	$ 33,288,725

The Statement of Cash Flows on pages 16 and 17 provides information about cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and its need for external financing. The District's primary operating receipts are student tuition and fees and Federal, State, and local grants and contracts. The primary operating expense of the District is the payment of salaries and benefits to faculty, administrators, and classified staff.

While State apportionment revenues and property taxes are the primary source of noncapital related revenue, the GASB accounting standards require that this source of revenue is shown as nonoperating revenue as it comes from the general resources of the State and not from the primary users of the college's programs and services, the students. The District depends upon this funding to continue the current level of operations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the District had $626.6 million in a broad range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2019, the District's net capital assets were $420.3 million. Major capital improvement projects are ongoing throughout the District. These projects are primarily funded through Physical Plant and Instructional Support and Proposition 39: Clean Energy revenues, and District General Obligation Bonds. Projects are accounted for within the Construction in Progress account until the project is completed at which time the cost of the buildings and/or improvements will be recorded to the depreciable Buildings and Improvement category.

Note 6 in the financial statements provides additional information on capital assets. A summary of capital assets is presented below.

Table 5

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Land and construction in progress	$ 92,408,285	$ 1,488,346	$ (58,723,152)	$ 35,173,479
Buildings and land improvements	476,473,643	64,937,233	-	541,410,876
Furniture and equipment	49,059,878	1,166,839	(185,719)	50,040,998
Subtotal	617,941,806	67,592,418	(58,908,871)	626,625,353
Accumulated depreciation	(188,393,778)	(18,113,053)	185,719	(206,321,112)
	$ 429,548,028	$ 49,479,365	$ (58,723,152)	$ 420,304,241

Obligations

At the end of the 2018-2019 fiscal year, the District had $272.0 million in general obligation bonds outstanding, including premium. These bonds are repaid in annual installments, in accordance with the obligation requirements for each debt issuance, by way of property tax assessments on property within the District's boundaries.

The District is also obligated to employees of the District for compensated absences, load banking benefits, and retiree health payments.

Aggregate Net Pension Liability (NPL)

At year-end, the District had an aggregate net pension liability of $221.6 million versus $195.5 last year, an increase of $26.1 or 13 percent. The District has therefore recorded its proportionate share of net pension liabilities for CalSTRS and CalPERS.

Note 10 in the financial statements provides additional information on long-term obligations. A summary of long-term obligations is presented below.

Table 6

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
General obligation bonds	$ 275,315,952	$ 2,946,215	$ (6,244,066)	$ 272,018,101
Aggregate net other postemployment benefits (OPEB) liability	44,444,588	5,404,205	(5,740,756)	44,108,037
Aggregate net pension obligation	195,467,973	26,169,228	-	221,637,201
Other liabilities	4,112,228	396,847	-	4,509,075
Total Long-Term Obligations	$ 519,340,741	$ 34,916,495	$ (11,984,822)	$ 542,272,414
Amount due within one year				$ 7,781,560

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revises its budget to provide for unanticipated changes in revenues and expenditures. The Board of Trustees adopted the final amendment to the budget for the 2018-2019 fiscal year on June 11, 2019.

The District's final revised budget for the unrestricted General Fund anticipated that expenditures would exceed revenues by $31.66 million. The actual results for the year showed revenues exceeded expenditures by $9.75 million.

ECONOMIC FACTORS AFFECTING THE FUTURE OF THE RIVERSIDE COMMUNITY COLLEGE DISTRICT

The financial position of the District is closely tied to the economic position of the State of California since the District's largest source of general unrestricted revenue is State apportionment at 48.52 percent of total revenues. The District reported a decrease of 561 FTES during fiscal year 2018-2019 resulting from the strategic decision to shift 1,332 FTES from Summer 2018 to FY 2017-2018 and realize additional apportionment in the amount of $7.11 million. Beginning in FY 2018-2019, the State of California adopted a new method for funding California community colleges, referred to as the Student Centered Funding Formula. The Student Centered Funding Formula shifts the emphasis of funding from solely on access through full-time equivalent students to a combination of access, equity and student success, with the equity component determined by the number of College Promise and Pell Grants awarded, and the student success component determined, among other aspects, by the number of degrees and certificates awarded. The District's fiscal year 2019-2020 unrestricted general fund adopted budget anticipates revenue increases of $15.4 million, expenditure increases of $21.2 million, and a Board-approved contingency of 5.0 percent. The District continues to manage enrollment and operating costs to ensure ongoing financial stability and to achieve reserve levels in excess of the required by Board policy and the State Chancellor's Office.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's 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 Riverside Community College District at 3801 Market Street, Riverside, California 92501.

BASIC FINANCIAL STATEMENTS

RIVERSIDE COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION - PRIMARY GOVERNMENT
JUNE 30, 2019

ASSETS	
Current Assets	
Cash and cash equivalents	$ 4,286,707
Investments - unrestricted	75,072,991
Investments - restricted	87,909,140
Accounts receivable	20,733,892
Student accounts receivable, net	2,064,500
Due from fiduciary funds	30,838
Prepaid expenses	255,338
Inventories	30,874
Total Current Assets	190,384,280
Noncurrent Assets	
Nondepreciable capital assets	35,173,479
Depreciable capital assets, net of depreciation	385,130,762
Total Noncurrent Assets	420,304,241
TOTAL ASSETS	610,688,521
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	7,842,356
Deferred outflows of resources related to pensions	74,389,793
Deferred outflows of resources related to OPEB	614,530
TOTAL DEFERRED OUTFLOWS OF RESOURCES	82,846,679
LIABILITIES	
Current Liabilities	
Accounts payable	16,484,304
Accrued interest payable	4,819,810
Due to fiduciary funds	26,500
Unearned revenue	67,934,007
Claims liability	5,382,197
Compensated absences payable	1,736,560
Bonds payable	6,045,000
Total Current Liabilities	102,428,378
Noncurrent Liabilities	
Compensated absences and load banking payable	2,772,515
Bonds payable	257,191,895
Bond premium	8,781,206
Aggregate net other postemployment benefits (OPEB) liability	44,108,037
Aggregate net pension liability	221,637,201
Total Noncurrent Liabilities	534,490,854
TOTAL LIABILITIES	636,919,232
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	15,242,683
Deferred inflows of resources related to OPEB	837,772
TOTAL DEFERRED INFLOWS OF RESOURCES	16,080,455
NET POSITION	
Net investment in capital assets	172,376,828
Restricted for:	
Debt service	14,049,421
Capital projects	2,057,098
Educational programs	9,746,350
Other activities	220,573
Unrestricted (deficit)	(157,914,757)
TOTAL NET POSITION	$ 40,535,513

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT FOR THE YEAR ENDED JUNE 30, 2019

OPERATING REVENUES	
Student Tuition and Fees	$ 44,059,758
Less: Scholarship discount and allowance	(23,422,972)
Net tuition and fees	20,636,786
Grants and Contracts, Noncapital:	
Federal	14,574,554
State	61,105,547
Local	11,869,823
Net grants and contracts, noncapital	87,549,924
Other Operating Revenues	10,315
TOTAL OPERATING REVENUES	108,197,025
OPERATING EXPENSES	
Salaries	158,738,735
Employee benefits	68,873,603
Supplies, materials, and other operating expenses and services	56,937,732
Student financial aid	65,992,904
Equipment, maintenance, and repairs	6,748,661
Depreciation	18,113,053
TOTAL OPERATING EXPENSES	375,404,688
OPERATING LOSS	(267,207,663)
NONOPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	133,929,082
Federal financial aid grants, noncapital	53,157,073
State financial aid grants, noncapital	9,487,455
Local property taxes levied for general purposes	39,562,556
Local property taxes levied for capital debt	16,206,130
State taxes and other revenues	5,425,776
Investment income	2,620,032
Interest expense on capital related debt	(14,546,666)
Investment income on capital related debt	225,369
Other nonoperating revenue	10,032,512
TOTAL NONOPERATING REVENUES (EXPENSES)	256,099,319
LOSS BEFORE OTHER REVENUES	(11,108,344)
OTHER REVENUES	
State revenues, capital	4,184,152
CHANGE IN NET POSITION	(6,924,192)
NET POSITION, BEGINNING OF YEAR	47,459,705
NET POSITION, END OF YEAR	$ 40,535,513

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

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 21,496,026
Payments to vendors for supplies and services	(63,923,760)
Payments to or on behalf of employees	(215,278,360)
Payments to students for scholarships and grants	(65,992,904)
Federal, State, and local grants and contracts, noncapital	109,385,749
Other operating receipts	10,315
Net Cash Flows From Operating Activities	(214,302,934)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State apportionments	133,600,304
Noncapital grants and contracts	62,644,528
Property taxes - non-debt related	39,562,556
State taxes and other apportionments	5,192,183
Other nonoperating	8,583,365
Net Cash Flows From Noncapital Financing Activities	249,582,936
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	(7,792,116)
State revenue, capital projects	4,184,152
Property taxes - related to capital debt	16,206,130
Principal paid on capital debt	(6,244,066)
Interest paid on capital debt	(13,793,837)
Interest received on capital related debt	225,369
Deferred charges on refunding	2,946,215
Net Cash Flows From Capital Financing Activities	(4,268,153)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received from investments	2,276,876
NET CHANGE IN CASH AND CASH EQUIVALENTS	33,288,725
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	133,980,113
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 167,268,838

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Loss	$ (267,207,663)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities:	
Depreciation	18,113,053
Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows:	
Accounts receivable	(2,888,593)
Inventories	(131)
Prepaid expenses	(129,078)
Accounts payable and other accrued liabilities	144,507
Unearned revenue	25,583,658
Compensated absences and load banking	396,847
Claims liability	836,515
Aggregate net other postemployment benefits (OPEB)	(336,551)
Deferred outflows of resources related to pensions and OPEB	(13,826,490)
Aggregate net pension obligation	26,169,228
Deferred inflows of resources related to pensions and OPEB	(1,158,236)
Total Adjustments	52,904,729
Net Cash Flows From Operating Activities	$ (214,302,934)
CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:	
Cash in banks	$ 4,286,707
Unrestricted cash in county treasury	75,072,991
Restricted cash in county treasury	87,909,140
Total Cash and Cash Equivalents	$ 167,268,838
NON CASH TRANSACTIONS	
On behalf payments for benefits	$ 11,830,924
Board of Governors fee waivers	23,422,972
	$ 35,253,896

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

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Retiree OPEB Trust	Associated Students Trust
ASSETS		
Cash and cash equivalents	$ -	$ 2,335,888
Investments	1,721,664	-
Due from primary government	-	26,500
Total Assets	1,721,664	2,362,388
LIABILITIES		
Accounts payable	-	46,326
Due to primary government	-	30,838
Due to student groups	-	1,274,123
Total Liabilities	-	1,351,287
NET POSITION		
Restricted for postemployment benefits other than pensions	1,721,664	-
Unrestricted	-	1,011,101
Total Net Position	$ 1,721,664	$ 1,011,101

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, 2019

	Retiree OPEB Trust	Associated Students Trust
ADDITIONS		
Interest and investment income	$ 191,351	$ -
District contributions	4,679,405	-
Other local revenues	-	897,926
Total Additions	4,870,756	897,926
DEDUCTIONS		
Benefit payments	4,315,779	-
Services and operating expenditures	2,718	1,070,184
Total Deductions	4,318,497	1,070,184
Change in Net Position	552,259	(172,258)
Net Position - Beginning of Year	1,169,405	1,183,359
Net Position - Ending of Year	$ 1,721,664	$ 1,011,101

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION

The Riverside Community College District (the District) was established in 1916 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 five-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, capital project funds, and proprietary funds, but these budgets are managed at the department level. Currently, the District operates three colleges located within western Riverside 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 basic criteria for including a component unit are (1) the economic resources held or received by the other entity are entirely or almost entirely for the direct benefit of the District, (2) the District is entitled to, or has the ability to otherwise access, a majority of the economic resources held or received by the other entity, and (3) the other entity's resources to which the District is entitled or has the ability to otherwise access are significant to the District. If any of these criteria are not met, the final criterion for including a component unit is whether the other entity is closely related to, or financially integrated with, the District. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government, the District, and the following component unit:

- **Riverside Community College District Development Corporation**

  The Riverside Community College District Development Corporation (the Corporation) is a legally separate organization and a component unit of the District. The Corporation was formed to provide financing and acquire assets for the District. A majority of the Corporation's Board of Directors either serves by reason of their position in the District or is appointed by the District's Board of Trustees. The financial activity has been "blended" or consolidated within the financial statements as the District as if the activity was the District's. Within the other supplementary information section of the report, the activity is included as the Riverside Community College District Development Corporation Fund as a Special Revenue Fund of the District. Individually prepared financial statements are not prepared for the Corporation. Condensed component unit information for the Corporation, the District's blended component unit, for the year ended June 30, 2019, is as follows:

Condensed Statement of Net Position

ASSETS	
Cash and cash equivalents	$ 16,190
NET POSITION	
Restricted for:	
Capital projects	$ 16,190

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

NONOPERATING REVENUES	
Interest income	$ 1
CHANGE IN NET POSITION	1
NET POSITION, BEGINNING OF YEAR	16,189
NET POSITION, END OF YEAR	$ 16,190

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, entitlements, 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 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's Discussion and Analysis for State and Local Governments,* and GASB Statement No. 35, *Basic Financial Statements and Management's 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:
  - Statements of Net Position - Primary Government
  - Statements of Revenues, Expenses, and Changes in Net Position - Primary Government
  - Statements 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 cash on hand, demand deposits, and short-term 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. Restricted cash and cash equivalents represent balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2019, 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.

Restricted Assets

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets represent investments required by debt covenants to be set aside by the District for the purpose of satisfying certain requirements of the bonded debt issuance.

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 $460,557 for the year ended June 30, 2019.

Prepaid Expenses

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

Inventories

Inventories consist primarily of cafeteria food and supplies held for resale to the students and faculty of the college. Inventories are stated at cost, utilizing the weighted average method. The cost is recorded as an expense as the inventory is consumed.

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, leasehold improvements, and equipment. The District maintains an initial unit cost capitalization threshold of $5,000 and an estimated useful life greater than one year. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure. Donated capital assets are recorded at acquisition value at the date of donation. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction in progress as the projects are constructed.

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, 15 to 50 years; improvements, 10 years; equipment, 3 to 8 years; vehicles, 5 to 10 years.

Accrued Liabilities and Long-term Obligations

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

Debt Premiums

Debt premiums are amortized over the life of the bonds using the straight-line method.

Deferred Charge on Refunding

Deferred charge on refunding is amortized using the straight-line method over the remaining life of the new debt or the life of the old 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, pension, and 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 and OPEB 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 and deferred inflows 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 District also participates in "load-banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. 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 available to all full-time employees based on the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement Systems (CalPERS) criteria.

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 are recorded as unearned revenue.

Noncurrent Liabilities

Noncurrent liabilities include bonds payable, bond premiums, compensated absences, load banking, the aggregate net OPEB liability, and aggregate net pension obligations 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 of net investment 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 $26,073,442 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 of Riverside 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 Riverside bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when the County notifies the District of the availability of the revenues.

The voters of the District passed a General Obligation Bond in 2004 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, FSEOG Grants, and 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 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 District has implemented the provisions of this Statement as of June 30, 2019.

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 District has implemented the provisions of this Statement as of June 30, 2019.

New Accounting Pronouncements

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 the 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 August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2020. 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

In accordance with the *Budget and Accounting Manual*, the District maintains substantially all of its cash in the County Treasury as part of the common investment pool. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. The County Treasurer also holds investments in a separate investment agreement account other than the County Pooled Investment noted above on behalf of the District. Funds in this investment agreement are strictly related to the District's general obligation bonds.

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, 2019, consist of the following:

	Primary Government
Cash on hand and in banks	$ 4,216,707
Cash in revolving	70,000
Investments	162,982,131
Total Deposits and Investments	$ 167,268,838

	Fiduciary Funds
Cash on hand and in banks	$ 2,335,888
Investments	1,721,664
Total Deposits and Investments	$ 4,057,552

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 investing in the Riverside County Investment Pool and mutual funds.

Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Book Value	Fair Market Value	Maturity Date*
Riverside County Investment Pool	$ 162,982,131	$ 163,642,527	1.06
Mutual Funds	1,721,664	1,721,664	N/A
Total	$ 164,703,795	$ 165,364,191	

*Weighted average of maturity in years.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the Riverside County Investment Pool are rated AAA/S1 by Fitch Ratings Ltd. as of June 30, 2019. The District's investments in Mutual Funds are not required to be rated, nor have they been rated as of June 30, 2019.

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 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, 2019, the District had bank balances of $6,819,246 exposed to custodial credit risk because it was uninsured, but collateralized at 110 percent of balance over $250,000 with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

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 Riverside 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, 2019:

Investment Type	Fair Value	Level 1 Inputs	Uncategorized
Riverside County Investment Pool	$ 163,642,527	$ -	$ 163,642,527
Mutual Funds	1,721,664	1,721,664	-
Total	$ 165,364,191	$ 1,721,664	$ 163,642,527

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

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2019, consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

The accounts receivable are as follows:

	Primary Government
Federal Government	
Categorical aid	$ 4,195,295
State Government	
Apportionment	328,778
Categorical aid	7,645,616
Lottery	1,514,853
Local Sources	
Interest	862,200
Property taxes	1,611,346
Self insurance	342,435
Other local sources	4,233,369
Total	$ 20,733,892
Student receivables	$ 2,525,057
Less allowance for bad debt	(460,557)
Student receivables, net	$ 2,064,500
Total Receivables, Net	$ 22,798,392

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Capital Assets Not Being Depreciated				
Land	$ 32,502,697	$ -	$ -	$ 32,502,697
Construction in progress	59,905,588	1,488,346	58,723,152	2,670,782
Total Capital Assets Not Being Depreciated	92,408,285	1,488,346	58,723,152	35,173,479
Capital Assets Being Depreciated				
Land improvements	15,342,154	2,821,463	-	18,163,617
Buildings and improvements	461,131,489	62,115,770	-	523,247,259
Furniture and equipment	49,059,878	1,166,839	185,719	50,040,998
Total Capital Assets Being Depreciated	525,533,521	66,104,072	185,719	591,451,874
Total Capital Assets	617,941,806	67,592,418	58,908,871	626,625,353
Less Accumulated Depreciation				
Land improvements	12,298,765	915,273	-	13,214,038
Buildings and improvements	133,357,150	15,249,465	-	148,606,615
Furniture and equipment	42,737,863	1,948,315	185,719	44,500,459
Total Accumulated Depreciation	188,393,778	18,113,053	185,719	206,321,112
Net Capital Assets	$ 429,548,028	$ 49,479,365	$ 58,723,152	$ 420,304,241

Depreciation expense for the year was $18,113,053.

The District was the beneficiary of an extensive bequest of Mine Okubo's estate, a Japanese-American artist, inclusive of paintings, works of art, reference materials, photographs, books, writings, letters, and printed material. The District took possession of the materials bequeathed from the estate of Ms. Okubo as of June 30, 2009. The District has included the collection and materials as priceless in the District's capital assets (non-depreciable assets). During the course of the next several years and as the District learns the collection's long-term historical value, the values will be added to the District's capital assets. As of June 30, 2019, the District has not recorded a value for the collection in the financial statements.

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2019, consisted of the following:

	Primary Government
Accrued payroll and benefits	$ 1,477,805
Apportionment	6,357,200
Federal categorical programs	3,993
State categorical programs	556,664
Construction payables	1,248,525
Vendor payables	6,840,117
Total	$ 16,484,304

	Fiduciary Funds
Vendor payables	$ 46,326

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2019, consisted of the following:

	Primary Government
Federal financial assistance	$ 28,611
State categorical aid	58,740,333
Scheduled maintenance	2,152,831
Enrollment fees	2,637,652
Health and liability self-insurance	2,764,900
Other local	1,609,680
Total	$ 67,934,007

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, respectively, 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, 2019, the amounts owed between the primary government and the fiduciary funds were $30,838 and $26,500, respectively.

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 2018-2019 fiscal year, there were no transfers made between the primary government and the fiduciary funds.

NOTE 10 - LONG-TERM OBLIGATIONS

Long-Term Obligations Summary

The changes in the District's long-term obligations during the 2019 fiscal year consisted of the following:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due in One Year
Bonds Payable					
General obligation bonds, Series 2010 D/D-1	$ 113,202,483	$ 699,481	$ 970,000	$ 112,931,964	$ 1,175,000
Unamortized debt premium	1,284,719	-	58,176	1,226,543	-
General obligation bonds, Refunding Bonds 2014, Series A and B	63,290,000	-	4,400,000	58,890,000	4,770,000
Unamortized debt premium	3,385,737	-	372,742	3,012,995	-
General obligation bonds, Series 2015 E	46,483,197	2,246,734	-	48,729,931	-
Unamortized debt premium	157,105	-	7,452	149,653	-
Refunding Bonds 2015	42,785,000	-	100,000	42,685,000	100,000
Unamortized debt premium	4,727,711	-	335,696	4,392,015	-
Total Bonds Payable	275,315,952	2,946,215	6,244,066	272,018,101	6,045,000
Other Liabilities					
Compensated absences	3,249,211	312,164	-	3,561,375	1,736,560
Load banking	863,017	84,683	-	947,700	-
Aggregate net other postemployment benefits (OPEB) liability	44,444,588	5,404,205	5,740,756	44,108,037	-
Aggregate net pension liability	195,467,973	26,169,228	-	221,637,201	-
Total Other Liabilities	244,024,789	31,970,280	5,740,756	270,254,313	1,736,560
Total Long-Term Obligations	$ 519,340,741	$ 34,916,495	$ 11,984,822	$ 542,272,414	$ 7,781,560

Description of Debt

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local property tax collections. The compensated absences and aggregate net pension liability are paid by the fund for which the employees' salaries are paid from. The District's General Fund makes payments for the aggregate net other postemployment benefits (OPEB) liability and load banking.

Bonded Debt

2010 General Obligation Bonds

During December 2010, the District issued the 2010 General Obligation Bonds in the amount of $109,999,278. The bonds mature beginning on August 1, 2015 through August 1, 2040, with interest yields ranging from 2.36 to 5.53 percent. The bonds issued included $102,300,000 of current interest Build America Bonds (Series 2010D-1 Bonds) and $7,699,278 of capital appreciation tax-exempt bonds (Series 2010D Bonds), with the value of the capital appreciation bonds maturing to a principal balance of $15,920,000. At June 30, 2019, the principal balance outstanding was $112,931,964 and unamortized premium cost of $1,226,543. Premium costs are amortized over the life of the bonds as a component of interest expense on the bonds.

The District has designated the Series 2010D-1 Bonds as "Build America Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 (the Stimulus Act), the interest on which is not excluded from gross income for Federal income tax purposes, but is exempt from State of California personal income taxes. The District expects to receive a cash subsidy from the United States Treasury equal to 35 percent of the interest payable on such Series 2010D-1 Bonds. The District is obligated to make all payments of principal and interest on the Series 2010D-1 Bonds from the sources described in the official statement whether or not it receives cash subsidy payments pursuant to the Stimulus Act. Effective March 1, 2013, the subsidy percentage was reduced by 8.7 percent, to 26.3 percent as a result of sequestration by the Federal government. The sequestration percentage was again adjusted to 7.2 percent as of October 1, 2013. As of June 30, 2019, the sequestration percentage was 6.2 percent, resulting in a semi-annual subsidy of $1,176,002.

The bonds are being used for the purposes of financing 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. The bonds are general obligations of the District payable solely from the proceeds of ad valorem property taxes. Interest with respect of the bonds accrues from the date of their delivery and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2015.

2014 General Obligation Refunding Bonds

During May 2014, the District issued the $73,090,000 2014 General Obligation Refunding Bonds, Series A and Series B (federally taxable) in the amounts of $29,130,000 and $43,960,000, respectively. 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 an economic gain of $4,105,270 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 5.81 percent.

Series A tax-exempt bonds have a final maturity to occur on August 1, 2027, with interest rates from 2.00 to 5.00 percent. The net proceeds of $34,006,704 (representing the principal amount of $29,130,000 plus premium on issuance of $4,876,704) from the issuance were used to advance refund a portion of the District's outstanding 2004 General Obligation Bonds, Series 2004A, advance refund a portion of the District's 2005 General Obligation Refunding Bonds, advance refund a portion of the 2004 General Obligation Bonds, Series 2007C, and pay the costs associated with the issuance of the refunding bonds. At June 30, 2019, the principal balance outstanding was $27,370,000. Unamortized premium received on issuance of the bonds amounted to $3,012,995 as of June 30, 2019.

Series B federally taxable bonds have a final maturity to occur on August 1, 2024, with interest rates from 0.40 to 3.61 percent. The proceeds of $43,960,000 from issuance were used to advance refund a portion of the District's outstanding 2005 General Obligation Refunding Bonds, and pay the costs associated with the issuance of the federally taxable bonds. At June 30, 2019, the principle balance outstanding was $31,520,000.

2015 General Obligation Bonds, Series 2015E

During July 2015, the District issued the 2015 General Obligation Bonds, Series E in the amount of $45,004,145. The bonds mature beginning on August 1, 2015 through August 1, 2039, with interest yields ranging from 3.81 to 5.05 percent. At June 30, 2019, the principal outstanding was $48,729,931 and unamortized premium cost of $149,653. Premium costs are amortized over the life of the bonds as a component of interest expense on the bonds.

The bonds are being used for the purposes of financing the costs of renovating, acquiring, construction, repairing, and equipping District buildings and to pay all legal, financial, and contingent costs in connection with the issuance of the bonds. The bonds are general obligations of the District payable solely from the proceeds of ad valorem property taxes. Interest with respect of the bonds accrues from the date of their delivery and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2015.

2015 General Obligation Refunding Bonds

During July 2015, the District issued the 2015 General Obligation Refunding Bonds in the amount of $43,920,000. 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 an economic gain of $5,372,100 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 4.32 percent.

The bonds have a final maturity to occur on August 1, 2032, with interest rates from 2.00 to 5.00 percent. The net proceeds of $49,654,797 (representing the principal amount of $43,920,000 plus premium on issuance of $5,734,797) from the issuance were used to advance refund a portion of the District's outstanding 2004 General Obligation Bonds, Series 2007C, advance refund the remaining balance of the District's 2005 General Obligation Refunding Bonds and pay the costs associated with the issuance of the refunding bonds. At June 30, 2019, the principal balance outstanding was $42,685,000. Unamortized premium received on issuance of the bonds amounted to $4,392,015 as of June 30, 2019.

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2018	Issued	Accreted Interest Addition	Redeemed	Bonds Outstanding June 30, 2019
2010	2041	2.36%-5.53%	$ 109,999,278	$ 113,202,483	$ -	$ 699,481	$ 970,000	$ 112,931,964
2014	2028	0.40%-5.00%	73,090,000	63,290,000	-	-	4,400,000	58,890,000
2015	2040	3.81%-5.05%	45,004,145	46,483,197	-	2,246,734	-	48,729,931
2015	2033	2.00%-5.00%	43,920,000	42,785,000	-	-	100,000	42,685,000
				$ 265,760,680	-	$ 2,946,215	$ 5,470,000	$ 263,236,895

The General Obligation Bonds, Series 2010 D/D1 mature through 2041 as follows:

Fiscal Year	Principal (Including accreted interest to date)	Accreted Interest	Current Interest to Maturity	Total
2020	$ 1,108,483	$ 66,517	$ 7,164,193	$ 8,339,193
2021	1,179,027	180,973	7,164,193	8,524,193
2022	1,388,260	171,740	7,164,193	8,724,193
2023	1,496,803	278,197	7,164,193	8,939,193
2024	1,573,125	401,875	7,164,193	9,139,193
2025-2029	3,886,266	1,508,734	35,820,965	41,215,965
2030-2034	16,840,000	-	34,611,845	51,451,845
2035-2039	56,080,000	-	20,784,017	76,864,017
2040-2041	29,380,000	-	2,101,737	31,481,737
Total	$ 112,931,964	$ 2,608,036	$ 129,139,529	$ 244,679,529

The General Obligation Bonds, 2014 Refunding Bonds, Series A and B mature through 2028 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2020	$ 4,770,000	$ 2,284,479	$ 7,054,479
2021	5,175,000	2,141,647	7,316,647
2022	5,635,000	1,966,891	7,601,891
2023	6,130,000	1,763,760	7,893,760
2024	6,675,000	1,533,011	8,208,011
2025-2028	30,505,000	3,087,784	33,592,784
Total	$ 58,890,000	$ 12,777,572	$ 71,667,572

The General Obligation Bonds, Series 2015 E mature through 2040 as follows:

Fiscal Year	Principal (Including accreted interest to date)	Accreted Interest	Total
2020	$ -	$ -	$ -
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025-2029	5,638,947	2,291,053	7,930,000
2030-2034	14,937,667	12,652,333	27,590,000
2035-2039	23,606,330	32,058,670	55,665,000
2040	4,546,987	8,093,013	12,640,000
Total	$ 48,729,931	$ 55,095,069	$ 103,825,000

The General Obligation Bonds, 2015 Refunding mature through 2033 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2020	$ 100,000	$ 2,054,975	$ 2,154,975
2021	100,000	2,052,975	2,152,975
2022	100,000	2,050,475	2,150,475
2023	100,000	2,047,475	2,147,475
2024	100,000	2,044,475	2,144,475
2025-2029	9,460,000	9,952,375	19,412,375
2030-2033	32,725,000	2,483,663	35,208,663
Total	$ 42,685,000	$ 22,686,413	$ 65,371,413

Compensated Absences

At June 30, 2019, the liability for compensated absences was $3,561,375.

Load Banking

At June 30, 2019, the liability for load banking was $947,700.

Aggregate Net Pension Obligation

At June 30, 2019, the liability for the aggregate net pension liability amounted to $221,637,201. See Note 12 for additional information.

Aggregate Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2019, the District reported an aggregate net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 43,140,724	$ 614,530	$ 837,772	$ (90,002)
Medicare Premium Payment (MPP) Program	967,313	-	-	(23,307)
Total	$ 44,108,037	$ 614,530	$ 837,772	$ (113,309)

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 the District management. Management of the trustee assets is vested with the California Employers' Retiree Benefit Trust.

Plan Membership

At June 30, 2019, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	108
Active employees	1,050
	1,158

California Employers' Retiree Benefit Trust (CERBT)

The CERBT OPEB 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 California Public Employees' Retirement System (CalPERS) as directed by the investment alternative choice selected by the District. 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.

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 agreements with the District, the Faculty Association (CCA/CTA/NEA), the local California School 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, CTA, CSEA, and the unrepresented groups. For fiscal year 2018-2019, the District contributed $4,679,405 to the Plan, of which $2,322,522 was used for current premiums and $2,356,883 was used to fund the OPEB Trust. Of this amount, $2,039,868 was disbursed as a reimbursement to the District for current year OPEB 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, 2019:

Asset Class	Target Allocation
Global Equity	40%
Fixed Income	43%
Treasury Inflation-Protected Securities (TIPS)	5%
Real Estate Investment Trusts (REITs)	8%
Commodities	4%

Rate of Return

For the year ended June 30, 2019, the annual money-weighed rate of return on investments, net of investment expense, was 18.03 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 $43,140,724 was measured as of June 30, 2019, 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, 2019, were as follows:

Total OPEB liability	$ 44,862,388
Plan fiduciary net position	(1,721,664)
District's net OPEB liability	$ 43,140,724
Plan fiduciary net position as a percentage of the total OPEB liability	3.84%

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 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	3.00 percent, average, including inflation
Investment rate of return	7.01 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	5.50 percent for medical; 5.00 percent for dental

The discount rate was based on the 20 year municipal bond rate.

Mortality rates were based on the 2015 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 actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actual experience study for the period July 1, 2017 to June 30, 2018.

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, 2019, (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Global Equity	7.01%
Fixed Income	7.01%
Treasury Inflation-Protected Securities (TIPS)	7.01%
Real Estate Investment Trusts (REITs)	7.01%
Commodities	7.01%

Discount Rate

The discount rate used to measure the total OPEB liability was 7.01 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 liability.

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, 2018	$ 44,623,373	$ 1,169,405	$ 43,453,968
Service cost	1,723,506	-	1,723,506
Interest	2,976,284	-	2,976,284
Differences between expected and actual experience	701,697	-	701,697
Contributions - employer	-	4,679,405	(4,679,405)
Net investment income	-	191,351	(191,351)
Changes of assumptions or other inputs	(846,693)	-	(846,693)
Benefit payments	(4,315,779)	(4,315,779)	-
Administrative expense	-	(2,718)	2,718
Net change in total OPEB liability	239,015	552,259	(313,244)
Balance at June 30, 2019	$ 44,862,388	$ 1,721,664	$ 43,140,724

The discount rate was changed from 6.73 percent to 7.01 percent since the previous valuation. The healthcare trend rate was changed from 6.0 percent to 5.5 percent since the previous valuation. There were no changes in benefit terms since the previous valuation.

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 (6.01%)	$ 46,251,484
Current discount rate (7.01%)	43,140,724
1% increase (8.01%)	40,269,413

Sensitivity of the Net OPEB Liability to Changes in the Healthcare 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 healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rates	Net OPEB Liability
1% decrease (4.5% for medical; 4.0% for dental)	$ 39,432,563
Current healthcare cost trend rate (5.5% for medical; 5.0% for dental)	43,140,724
1% increase (6.5% for medical; 6.0% for dental)	47,399,262

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of $(90,002). At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience in the measurement of the total OPEB liability	$ 614,530	$ -
Changes of assumptions	-	741,514
Difference between projected and actual earnings on OPEB plan investments	-	96,258
Total	$ 614,530	$ 837,772

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ (48,671)
2021	(48,671)
2022	(48,671)
2023	(22,292)
2024	(18,012)
Thereafter	(36,925)
	$ (223,242)

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, 2017 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.

Net OPEB Liability and OPEB Expense

At June 30, 2019, the District reported a liability of $967,313 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. 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 entities, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2018 and June 30, 2017, was 0.2527 percent and 0.2355, respectively, resulting in a net increase in the proportionate share of 0.0172 percent.

For the year ended June 30, 2019, the District recognized OPEB expense of $(23,307).

Actuarial Methods and Assumptions

The June 30, 2018 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total OPEB liability to June 30, 2018, using the assumptions listed in the following table:

Measurement Date	June 30, 2018	June 30, 2017
Valuation Date	June 30, 2017	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.87%	3.58%
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, 2017, 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 our 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 459 or an average of 0.27 percent of the potentially eligible population (171,593).

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, 2018, 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, 2018, is 3.87 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 3.87 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2018, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 0.29 percent from 3.58 percent as of June 30, 2017.

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 (2.87%)	$ 1,069,897
Current discount rate (3.87%)	967,313
1% increase (4.87%)	874,688

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 Medicare costs trend rates, as well as what the net pension liability would be if it were calculated using a Medicare cost trend rate that is one percent lower or higher than the current rate:

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 882,092
Current Medicare costs trend rates (3.7% Part A and 4.1% Part B)	967,313
1% increase (4.7% Part A and 5.1% Part B)	1,058,967

NOTE 11 - RISK MANAGEMENT

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts and liability; theft of, damage to and destruction of assets; errors and omissions and injuries to employees. The District obtains coverage for these risks as a member of various joint powers authorities or through the purchase of coverage from a risk retention group. The District has coverage up to $55,000,000 for liability and tort risks. This coverage is subject to a $100,000 self-insured retention. The District carries replacement coverage on its buildings and furniture and equipment with limits of $800,000,000 (total pool value) with a $50,000 self-insurance retention. A property and equipment audit performed by the Joint Powers Authority is used to identify the aforementioned exposures. However, claims against the property coverage would use current replacement value to respond to a covered event. Employee health benefits are covered by the employees enrolling in either one of two health maintenance organizations or in the District's self-insured health plan. The District's self-insured limit for the self-insured plan is $100,000, and it purchases insurance coverage for the excess claims. The District purchases coverage for the dental benefits from a joint powers authority.

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2019, the District contracted with the California Schools Risk Management (CSRM) Joint Powers Authority 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 2018-2019, the District participated in the California Schools Risk Management Fund 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 / JPA Name	Type of Coverage	Limits
California Schools Risk Management (CSRM)	Workers' Compensation	$ 500,000
California Schools Risk Management (CSRM)	Excess Worker's Compensation	$ 1,000,000
California Schools Risk Management (CSRM)	General Liability	$ 2,000,000
Schools Excess Liability Fund (SELF)	Excess Liability	$ 55,000,000
California Schools Risk Management (CSRM)	Property	$ 800,000,000

Rates are set through an annual calculation process. The District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of the claim's flow. The Board of Directors has the right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate costs of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience. The estimated liabilities are calculated using historical experience and internal actuarial analysis.

Claims Liabilities

The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2017 to June 30, 2019:

	Self-Insurance
Liability Balance, July 1, 2017	$ 3,574,629
Claims and changes in estimates	11,196,098
Claims payments	(10,225,045)
Liability Balance, June 30, 2018	4,545,682
Claims and changes in estimates	10,863,994
Claims payments	(10,027,479)
Liability Balance, June 30, 2019	$ 5,382,197
Assets available to pay claims at June 30, 2019	$ 13,268,163

The District records an estimated liability for indemnity healthcare, workers' compensation, torts, and other claims against the District. Claims liabilities are based on estimates of the ultimate cost of the reported claims including future claim adjustment expenses and an estimate for claims incurred, but not reported based on historical experience. The estimated liabilities are calculated using an actuarial valuation of its self-insured medical benefits, workers' compensation, and general liability programs.

Employee Medical Benefits

The District has contracted with Kaiser Permanente, and Health Net, and also offers the RCCD Self-Insured PPO Health Plan to provide employee medical benefits. The District provides health and welfare benefits to all full-time and permanent part-time employees (20 hours or more) and their dependents. Those employees working less than full-time will receive a pro-rata share of the benefit package. Employees in positions less than 20 hours per week do not receive any fringe benefits.

- Medical - The employee has a choice of Kaiser Permanente, Health Net, or the RCCD Self-Insured PPO Health Plan. The employee may elect to change carriers once per year during open enrollment. Normally, such election shall be effective October 1 of each year.

- Dental - Delta Dental insurance coverage for employees and dependents shall be provided by the District. All employees shall participate in the program.

- Life Insurance - The District provides a $50,000 life insurance policy by a carrier designated by the District. All employees shall participate in this life insurance program.

NOTE 12 - 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 the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2019, the District reported the net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense 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	$ 129,401,609	$ 44,889,275	$ 14,176,277	$ 16,205,361
CalPERS	92,235,592	29,500,518	1,066,406	18,256,177
Total	$ 221,637,201	$ 74,389,793	$ 15,242,683	$ 34,461,538

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, 2017, 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 nonemployer 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, 2019, 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%	10.205%
Required employer contribution rate	16.28%	16.28%
Required State contribution rate	9.828%	9.828%

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, 2019, are presented above, and the District's total contributions were $14,422,750.

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

At June 30, 2019, 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	$ 129,401,609
State's proportionate share of net pension liability associated with the District	74,088,473
Total	$ 203,490,082

The net pension liability was measured as of June 30, 2018. 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, 2018 and June 30, 2017, was 0.1408 percent and 0.1301 percent, respectively, resulting in a net increase in the proportionate share of 0.0107 percent.

For the year ended June 30, 2019, the District recognized pension expense of $16,205,361. In addition, the District recognized pension expense and revenue of $8,703,725 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 14,422,750	$ -
Net change in proportionate share of net pension liability	9,962,368	7,313,867
Differences between projected and actual earnings on the pension plan investments	-	4,982,780
Differences between expected and actual experience in the measurement of the total pension liability	401,269	1,879,630
Changes of assumptions	20,102,888	-
Total	$ 44,889,275	$ 14,176,277

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
2020	$ 1,081,902
2021	(785,057)
2022	(4,180,359)
2023	(1,099,266)
Total	$ (4,982,780)

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
2020	$ 3,641,013
2021	3,641,013
2022	3,641,012
2023	4,792,298
2024	4,363,849
Thereafter	1,193,843
Total	$ 21,273,028

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
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, 2018, 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%)	$ 189,558,214
Current discount rate (7.10%)	129,401,609
1% increase (8.10%)	79,525,946

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, 2017, 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, 2019, 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%	7.00%
Required employer contribution rate	18.062%	18.062%

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, 2019, are presented above, and the total District contributions were $9,077,528.

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $92,235,592. The net pension liability was measured as of June 30, 2018. 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, 2018 and June 30, 2017, was 0.3459 percent and 0.3150 percent, respectively, resulting in a net increase in the proportionate share of 0.0309 percent.

For the year ended June 30, 2019, the District recognized pension expense of $18,256,177. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 9,077,528	$ -
Net change in proportionate share of net pension liability	4,410,507	1,066,406
Differences between projected and actual earnings on the pension plan investments	756,538	-
Differences between expected and actual experience in the measurement of the total pension liability	6,046,628	-
Changes of assumptions	9,209,317	-
Total	$ 29,500,518	$ 1,066,406

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
2020	$ 2,751,698
2021	658,044
2022	(2,108,789)
2023	(544,415)
Total	$ 756,538

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 4.0 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 7,716,580
2021	7,421,640
2022	3,461,826
Total	$ 18,600,046

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of Scale MP-2016.

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	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

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%)	$ 134,290,611
Current discount rate (7.15%)	92,235,592
1% increase (8.15%)	57,344,933

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, 2019, which amounted to $6,192,077 (9.828 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, 2019. 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.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2018-2019 contribution on behalf of school employers of $2.246 billion for CalSTRS and $904 million for CalPERS. A proportionate share of these contributions has been recorded in these financial statements.

Deferred Compensation

The District offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and Section 457. The plans, available to all District employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or an unforeseeable emergency.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the Financial Agent, until paid or made available to the employee or other beneficiary.

The CalSTRS 403b Comply is the Financial Agent for the District.

Public Agency Retirement Services (PARS) - Alternate Retirement System

The Omnibus Budget Reconciliation Act of 1990 [Internal Revenue Code Section 3121 (b) (7) (F)] requires State and local public agencies to provide a retirement plan for all employees not covered under existing employer pension plans and/or Social Security.

The District is a member of the Public Agency Retirement Services (PARS), a multiple-employer retirement trust established in 1990 by a coalition of public employers. The plan covers the District's part-time, temporary, and other employees not covered under CalPERS or CalSTRS, but whose salaries would otherwise be subject to Social Security tax. Benefit provisions and other requirements are established by District management based on agreements with various bargaining units. PARS is a defined contribution qualified retirement plan under Section 401 (a) of the Internal Revenue Code.

The minimum total contribution is 7.5 percent of employees' salaries, of which the employee contributes the total 7.5 percent. District employees are covered under PARS Plan #763 as of June 30, 2019. Total contributions to the plan amounted to $802,450.

NOTE 13 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the School Excess Liability Fund (SELF), the Riverside Community College - County Superintendent Self-Insurance Program for Employees (RCCCSSIPE), the Riverside Employers/Employees Plan (REEP), and the Southern California Schools Risk Management (SCSRM) Joint Powers Authorities (JPAs). The District pays annual premiums for its property liability, health, and workers' compensation coverage. The relationship between the District and the JPAs is such that they are not component units of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, transactions between the JPAs and the District are included in these statements. Audited financial statements are available from the respective entities.

The District's share of year-end assets, liabilities, or fund equity has not been calculated. During the year ended June 30, 2019, the District made payments of $79,464, $27,600, $1,583,995, and $1,455,510 to SELF, RCCCSSIPE, REEP, and SCSRM, respectively.

NOTE 14 - 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 are 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, 2019.

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 statements of the District at June 30, 2019.

Operating Leases

The District has entered into various operating leases for buildings and equipment with lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date. Future minimum lease payments under these agreements are as follows:

Year Ending June 30,	Lease Payment
2020	$ 124,610
2021	121,068
2022	115,342
2023	105,773
Total	$ 466,793

Construction Commitments

As of June 30, 2019, the District had the following budgetary commitments with respect to the unfinished capital projects:

Project	Estimated Cost to Complete	Percent Complete	Estimated Completion
Moreno Valley College - Student Services	$ 10,332,379	6.07%	FY 2020-2021
District - IT Upgrade	727,797	87.87%	FY 2019-2020
Norco College - Self-Generation Incentive Program	82,874	97.34%	FY 2020-2021
	$ 11,143,050		

The projects are funded through a combination of general obligation bonds and capital project apportionments from the State Chancellor's Office, as well as private donations and redevelopment funding sources.

NOTE 15 - SUBSEQUENT EVENTS

On October 24, 2019, the District issued Election of 2004 General Obligation Bonds, Series 2019F in the amount of $39,995,000. The bonds are being issued to finance the acquisition, construction, modernization and equipping of District sites and facilities and to pay the costs associated with issuing the bonds. The bonds carry interest rates of 3.00 percent to 4.00 percent with semi-annual interest payments commencing on February 1, 2020. The bonds have a final maturity of August 1, 2039.

On October 24, 2019, the District issued 2019 General Obligation Refunding Bonds in the amount of $100,295,000. The bonds are being issued to advance refund the District's outstanding Election of 2004, Series 2010D-1 Build America Bonds and to pay the costs associated with issuing the bonds. The bonds carry interest rates of 3.00 percent to 4.00 percent with semi-annual interest payments commencing on February 1, 2020. The bonds have a final maturity of August 1, 2040.

REQUIRED SUPPLEMENTARY INFORMATION

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
Total OPEB Liability		
Service cost	$ 1,723,506	$ 1,751,284
Interest	2,976,284	2,928,661
Differences between expected and actual experience	701,697	-
Changes of assumptions	(846,693)	-
Benefit payments	(4,315,779)	(3,585,234)
Net changes in total OPEB liability	239,015	1,094,711
Total OPEB Liability - beginning	44,623,373	43,528,662
Total OPEB Liability - ending (a)	$ 44,862,388	$ 44,623,373
Plan fiduciary net position		
Contributions - employer	$ 4,679,405	$ 6,209,619
Net investment income	191,351	116,869
Benefit payments	(4,315,779)	(5,968,234)
Administrative expense	(2,718)	(2,197)
Net change in plan fiduciary net position	552,259	356,057
Plan fiduciary net position - beginning	1,169,405	813,348
Plan fiduciary net position - ending (b)	$ 1,721,664	$ 1,169,405
District's net OPEB liability - ending (a) - (b)	$ 43,140,724	$ 43,453,968
Plan fiduciary net position as a percentage of the total OPEB liability	3.84%	2.62%
Covered-employee payroll	$ 84,110,182	$ 85,823,805
District's net OPEB liability as a percentage of covered-employee payroll	51.29%	50.63%

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

See accompanying note to required supplementary information.

SCHEDULE OF OPEB INVESTMENT RETURNS
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
Annual money-weighted rate of return, net of investment expense	18.03%	4.51%

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

See accompanying note to required supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - MPP PROGRAM
FOR THE YEAR ENDED JUNE 30, 2019

Year ended June 30,	2019	2018
District's proportion of the net OPEB liability	0.2527%	0.2355%
District's proportionate share of the net OPEB liability	$ 967,313	$ 990,620
District's covered-employee payroll	N/A[1]	N/A[1]
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.40%	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.

See accompanying note to required supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
CalSTRS		
District's proportion of the net pension liability	0.1408%	0.1301%
District's proportionate share of the net pension liability	$ 129,401,609	$ 120,279,953
State's proportionate share of the net pension liability associated with the District	74,088,473	71,156,604
Total	$ 203,490,082	$ 191,436,557
District's covered-employee payroll	$ 81,232,301	$ 73,435,278
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	159.30%	163.79%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%
CalPERS		
District's proportion of the net pension liability	0.3459%	0.3150%
District's proportionate share of the net pension liability	$ 92,235,592	$ 75,188,020
District's covered-employee payroll	$ 45,678,186	$ 40,139,783
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	201.92%	187.32%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%

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

See accompanying note to required supplementary information.

2017	2016	2015
0.1386%	0.1322%	0.1408%
$ 112,090,120	$ 89,023,018	$ 82,251,502
63,810,906	47,083,363	49,667,008
$ 175,901,026	$ 136,106,381	$ 131,918,510
$ 70,453,924	$ 63,394,932	$ 62,691,527
159.10%	140.43%	131.20%
70%	74%	77%
0.3277%	0.3284%	0.3371%
$ 64,730,434	$ 48,412,453	$ 38,273,998
$ 39,298,827	$ 36,227,160	$ 35,391,662
164.71%	133.64%	108.14%
74%	79%	83%

SCHEDULE OF DISTRICT CONTRIBUTIONS FOR PENSIONS
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
CalSTRS		
Contractually required contribution	$ 14,422,750	$ 11,721,821
Contributions in relation to the contractually required contribution	14,422,750	11,721,821
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 88,591,830	$ 81,232,301
Contributions as a percentage of covered-employee payroll	16.28%	14.43%
CalPERS		
Contractually required contribution	$ 9,077,528	$ 7,094,279
Contributions in relation to the contractually required contribution	9,077,528	7,094,279
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 50,257,602	$ 45,678,186
Contributions as a percentage of covered-employee payroll	18.062%	15.531%

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

See accompanying note to required supplementary information.

2017	2016	2015
$ 9,238,158	$ 7,559,706	$ 5,629,470
9,238,158	7,559,706	5,629,470
$ -	$ -	$ -
$ 73,435,278	$ 70,453,924	$ 63,394,932
12.58%	10.73%	8.88%
$ 5,574,613	$ 4,655,732	$ 4,264,299
5,574,613	4,655,732	4,264,299
$ -	$ -	$ -
$ 40,139,783	$ 39,298,827	$ 36,227,160
13.888%	11.847%	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 the benefit terms since the previous valuation.

Changes of Assumptions **-** The plan rate of investment return assumption was changed from 6.73 percent to 7.01 percent since the previous valuation. The healthcare trend rate assumption was changed from 6.00 percent to 5.50 percent 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 3.58 percent to 3.87 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 **-** There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION
JUNE 30, 2019

The Riverside Community College District was founded in 1916 and is comprised of an area of approximately 440 square miles located in the western portion of Riverside 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 (ACCJC, WASC), which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

The District is currently comprised of three Colleges: Riverside City, Norco, and Moreno Valley Colleges.

BOARD OF TRUSTEES

MEMBER	OFFICE	TERM EXPIRES
Tracey Vackar	President	December 2022
Mary Figueroa	Vice President	December 2020
Bill Hedrick	Secretary	December 2020
Virginia Blumenthal	Member	December 2022
Jose Alcala	Member	December 2022

DISTRICT ADMINISTRATION

Dr. Wolde-Ab Isaac, Ph.D.	Chancellor
Mr. Aaron Brown	Vice Chancellor, Business and Financial Services
Dr. Susan Mills	Vice Chancellor, Educational Services and Strategic Planning
Dr. Terri Hampton	Vice Chancellor, Human Resources and Employee Relations
Ms. Rebeccah Goldware	Vice Chancellor, Institutional Advancement and Economic Development

COLLEGE ADMINISTRATION

Dr. Gregory Anderson	President, Riverside City College
Dr. Monica Green	Interim President, Norco College
Dr. Robin Steinback	President, Moreno Valley College

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

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		$ 303,428	$ -
U.S. DEPARTMENT OF JUSTICE				
Bulletproof Vest Partnership	16.607		2,017	-
U.S. DEPARTMENT OF LABOR				
Workforce Investment Act				
Passed through from Chaffey Community College				
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282	TC-26434-14-60-A-6	88,797	-
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Passed through from California State Library				
Career Vision	45.310	40-8862	18,000	-
Research and Development Cluster				
NATIONAL SCIENCE FOUNDATION				
GP-Impact: Geoscientist Development	47.050		10,824	-
Flying with Swallows: Improve STEM Education at MVC	47.076		26,694	-
STEM En Familia	47.076		408,360	-
Norco College Apprenticeship Program	47.076		72,802	-
The Information Assurance Auditing Project	47.076		34,829	-
National Center for Supply Chain Automation	47.076		830,596	118,476
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through from Regents of the University of California, Riverside				
Agents of Change for a Healthier Tomorrow	93.884	S-000834	16,200	-
Total Research and Development Cluster			1,400,305	118,476
SMALL BUSINESS ADMINISTRATION				
Passed through from California Department of Food and Agriculture				
CA State Trade Export	59.061	SBAHQ-17-IT-0010	117,286	-
U.S. DEPARTMENT OF VETERANS AFFAIRS				
Veterans Services	64.117		1,997	-

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

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				
Childcare Access Means Parents in School (CCAMPIS)	84.335A		$ 12,999	$ -
TRIO Cluster:				
Student Support Services Program	84.042A		1,644,820	-
Talent Search	84.044A		327,945	-
Upward Bound Program	84.047A		1,977,261	-
Upward Bound Program - Math & Science	84.047M		231,905	-
Subtotal TRIO Cluster			4,181,931	-
Student Financial Assistance Cluster:				
Federal Supplemental Education Opportunity Grant (FSEOG)	84.007		1,326,278	-
FSEOG Administrative	84.007		95,645	-
Federal Direct Student Loans (Direct Loans)	84.268		3,626,412	-
Federal Work Study Program (FWS)	84.033		1,203,237	-
Federal Work Study Administrative	84.033		78,966	-
Federal Pell Grants (PELL)	84.063		47,421,060	-
Federal Pell Administrative	84.063		83,570	-
Subtotal Student Financial Assistance Cluster			53,835,168	-
Higher Education Act				
Title V - Accelerating Pathways to Graduation and Transfer	84.031S		521,210	-
Title V - Moreno Valley College Corrections Scenario Training	84.031S		244,604	-
Title V - Moreno Valley College STEM Project	84.031S		1,257,520	-
Title V - STEM Engineering Pathways	84.031C		1,585,857	-
Passed through from University Enterprise Corporation at CSUSB				
Title V - Here to Career	84.031S	GT16146	42,066	-
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	13-156	219,995	-
Career and Technical Education, Title I-C	84.048A	18-C01-045	1,117,159	-
Career and Technical Education Transitions	84.048A	18-C01-045	104,004	-
Rehabilitation Act				
Passed through from California Department of Rehabilitation				
Workability	84.126A	29287	255,256	-
Total U.S. Department of Education			63,377,769	-

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

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 HEALTH AND HUMAN SERVICES				
Passed through from California Community Colleges Chancellor's Office				
Temporary Assistance for Needy Families (TANF)	93.558	[1]	$ 222,067	$ -
Foster & Kinship Care Education Program (FKCE)	93.658	[1]	52,013	-
Passed through from Yosemite Community College District				
Early Childhood Study - Consortium Grant	93.575	17-18-4165	23,409	-
Total U.S. Department of Health and Human Services			297,489	-
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Americorps Student Ambassador Program	94.006		4,419	-
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through from California Governor's Office of Emergency Services				
State Homeland Security Grant	97.067	[1]	25,042	-
Total Expenditures of Federal Awards			$ 65,636,549	$ 118,476

[1] Pass-Through Identifying Number not available.

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

	Program Entitlements		
Program	Current Year	Prior Year	Total Entitlement
AB 86 Adult Education Block Grant	$ 540,527	$ 567,440	$ 1,107,967
Adult Ed Program Data Block	-	26,112	26,112
Basic Skills	1,411,430	1,230,022	2,641,452
Board Financial Assistance Program	1,506,584	-	1,506,584
Cal Grant B	9,487,454	-	9,487,454
California Apprenticeship Initiative	499,593	649,379	1,148,972
California Career Pathways Trust	-	3,000,131	3,000,131
California College Promise (AB 19)	1,083,546	-	1,083,546
CalWORKs	1,189,782	-	1,189,782
CalWORKs Community College Set-Aside	100,000	9,312	109,312
Campus Safety and Sexual Assault	-	64,937	64,937
CARE	271,602	-	271,602
CCC Maker Implementation Grant with Sierra College	100,000	10,000	110,000
Certified Nursing Assistant Expansion	112,500	-	112,500
Community College Basic Skills and Student Outcomes Transformation	1,514,126	1,063,486	2,577,612
CTE Data Unlocked Initiative	-	100,000	100,000
Deputy Sector Navigator	35,000	52,957	87,957
Disabled Student Programs and Services (DSPS)	3,243,559	-	3,243,559
Early Childhood Education Center	5,000,000	-	5,000,000
Enrollment Growth for ADN-RN	421,970	-	421,970
EOPS Special Project Set Aside	900,000	191,342	1,091,342
Extended Opportunity Program and Services (EOPS)	1,996,770	-	1,996,770
Faculty and Staff Diversity	50,000	37,787	87,787
Faculty Entrepreneurship Champion Mini-Grant	7,500	-	7,500
Financial Aid Technology	412,124	-	412,124
Foster Care Education Program	66,110	-	66,110
Foster Parent Pre-Training	274,296	-	274,296
Go-Biz	137,030	-	137,030
Growing Inland Achievement (RCEC)	-	16,000	16,000
Guided Pathways	1,111,236	921,578	2,032,814
Hunger Free Campus Support Allocation	264,896	35,761	300,657
Innovation in Higher Education	491,258	378,096	869,354
Instructional Equipment	296,754	129,428	426,182
JFK Middle College HS Counseling	20,000	3,129	23,129
K-12 Strong Workforce Program	19,151,056	-	19,151,056
Mental Health Services	-	348,297	348,297
Mental Health Support	263,720	-	263,720
Middle College High School	100,000	-	100,000
New Workforce Development	1,000,000	-	1,000,000
Nextup (CAFYES)	2,198,250	802,770	3,001,020

See accompanying note to supplementary information.

Program Revenues					
Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
$ 1,107,967	$ -	$ -	$ (507,952)	$ 600,015	$ 600,015
26,112	-	-	-	26,112	26,112
2,641,452	-	-	(1,289,107)	1,352,345	1,352,345
1,506,584	-	(7,821)	-	1,498,763	1,498,763
9,487,454	-	-	-	9,487,454	9,487,454
127,013	46,843	-	-	173,856	173,856
300,132	-	-	-	300,132	300,132
1,083,546	-	-	(245,960)	837,586	837,586
1,189,782	-	(700)	-	1,189,082	1,189,082
(83,034)	198,897	(7,654)	-	108,209	108,209
64,937	-	-	(57,329)	7,608	7,608
271,602	-	(3,750)	-	267,852	267,852
20,135	89,865	-	-	110,000	110,000
112,500	-	-	(112,500)	-	-
(29,000)	2,523,470	-	-	2,494,470	2,494,470
50,000	-	-	(50,000)	-	-
15,484	60,000	-	-	75,484	75,484
3,243,559	-	-	-	3,243,559	3,243,559
5,000,000	-	-	(4,999,712)	288	288
421,970	-	-	(35,081)	386,889	386,889
3,500	329,985	(3,500)	-	329,985	329,985
1,989,390	-	(65)	-	1,989,325	1,989,325
87,787	-	-	(50,236)	37,551	37,551
7,500	-	(1,684)	-	5,816	5,816
412,124	-	-	(257,124)	155,000	155,000
66,110	-	(1,893)	-	64,217	64,217
203,526	33,336	(24,402)	-	212,460	212,460
-	32,297	-	-	32,297	32,297
-	16,000	-	-	16,000	16,000
2,032,814	-	-	(1,351,285)	681,529	681,529
300,657	-	(2,990)	(247,877)	49,790	49,790
1,922,426	-	-	(1,600,113)	322,313	322,313
426,182	-	-	(274,224)	151,958	151,958
3,129	20,000	(610)	-	22,519	22,519
19,151,056	-	-	(19,150,329)	727	727
138,297	20,503	-	(59,819)	98,981	98,981
263,720	-	-	(191,713)	72,007	72,007
-	100,000	-	-	100,000	100,000
1,000,000	-	-	(1,000,000)	-	-
3,001,020	-	(467,916)	-	2,533,104	2,533,104

SCHEDULE OF EXPENDITURES OF STATE AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

	Program Entitlements		
Program	Current Year	Prior Year	Total Entitlement
Proposition 39 Clean Energy	$ -	$ 194,551	$ 194,551
Industry Sector Program	100,000	-	100,000
Song Brown Registered Nursing	200,000	104,037	304,037
Song Brown RN Special Program	178,236	28,886	207,122
SSSP Special Project Set-Aside	-	4,337,665	4,337,665
Staff Development	119,725	2,788	122,513
Strong Workforce Program Local	3,841,647	4,712,616	8,554,263
Strong Workforce Program Regional	9,529,183	13,559,083	23,088,266
Student Equity	3,627,327	1,506,227	5,133,554
Student Health and Wellness	-	1,500	1,500
Student Success and Support Program	6,199,860	973,137	7,172,997
Student Success Completion Grant	4,350,237	-	4,350,237
UMOJA Community Education Foundation	92,543	-	92,543
Veteran Resource Center	135,767	2,047,185	2,182,952
Veteran Resource Center Vision for Success	100,000	-	100,000
Total State Programs			

See accompanying note to supplementary information.

Program Revenues					
Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
$ 193,004	$ -	$ -	$ -	$ 193,004	$ 193,004
100,000	-	-	-	100,000	100,000
179,037	20,898	(14,249)	-	185,686	185,686
24,435	59,391	-	(845)	82,981	82,981
38,124	4,030,197	-	-	4,068,321	4,068,321
122,513	-	-	(122,056)	457	457
8,547,229	-	(19,430)	(6,203,501)	2,324,298	2,324,298
23,088,265	-	-	(16,176,431)	6,911,834	6,911,834
5,138,582	-	-	(2,111,184)	3,027,398	3,027,398
1,500	-	-	(906)	594	594
7,172,997	-	-	(772,073)	6,400,924	6,400,924
3,591,200	-	-	-	3,591,200	3,591,200
32,000	60,543	-	(91,959)	584	584
2,182,952	-	-	(1,781,017)	401,935	401,935
-	3,391	-	-	3,391	3,391
$ 107,979,271	$ 7,645,616	$ (556,664)	$ (58,740,333)	$ 56,327,890	$ 56,327,890

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2019

CATEGORIES	* Revised Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2018 only)			
1. Noncredit	17.47	-	17.47
2. Credit	1,292.73	-	1,292.73
B. Summer Intersession (Summer 2019 - Prior to July 1, 2019)			
1. Noncredit	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	18,303.05	-	18,303.05
(b) Daily Census Contact Hours	2,603.22	-	2,603.22
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	112.83	-	112.83
(b) Credit	2,162.99	-	2,162.99
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	3,018.65	-	3,018.65
(b) Daily Census Procedure Courses	2,462.94	-	2,462.94
D. Total FTES	29,973.88	-	29,973.88
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	535.54	-	535.54
H. Basic Skills Courses and Immigrant Education			
1. Noncredit	52.68	-	52.68
2. Credit	1,127.96	-	1,127.96

*Annual report was revised as of October 28, 2019.

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2019

		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
<u>**Academic Salaries**</u>							
Instructional Salaries							
Contract or Regular	1100	$ 34,624,271	$ -	$ 34,624,271	$ 34,624,271	$ -	$ 34,624,271
Other	1300	36,532,526	-	36,532,526	36,532,526	-	36,532,526
Total Instructional Salaries		71,156,797	-	71,156,797	71,156,797	-	71,156,797
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	15,191,517	-	15,191,517
Other	1400	-	-	-	2,932,724	-	2,932,724
Total Noninstructional Salaries		-	-	-	18,124,241	-	18,124,241
Total Academic Salaries		71,156,797	-	71,156,797	89,281,038	-	89,281,038
<u>**Classified Salaries**</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	30,302,865	-	30,302,865
Other	2300	-	-	-	2,209,924	-	2,209,924
Total Noninstructional Salaries		-	-	-	32,512,789	-	32,512,789
Instructional Aides							
Regular Status	2200	2,326,723	-	2,326,723	2,326,723	-	2,326,723
Other	2400	424,790	-	424,790	424,790	-	424,790
Total Instructional Aides		2,751,513	-	2,751,513	2,751,513	-	2,751,513
Total Classified Salaries		2,751,513	-	2,751,513	35,264,302	-	35,264,302
Employee Benefits	3000	26,758,094	-	26,758,094	53,920,603	-	53,920,603
Supplies and Material	4000	-	-	-	1,874,201	-	1,874,201
Other Operating Expenses	5000	-	-	-	16,631,065	-	16,631,065
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		100,666,404	-	100,666,404	196,971,209	-	196,971,209

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, CONTINUED FOR THE YEAR ENDED JUNE 30, 2019

		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							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ -	$ -	$ -	$ 562,744	$ -	$ 562,744
Student Health Services Above Amount Collected	6441	-	-	-	30,246	-	30,246
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	1,762,027	-	1,762,027
Objects to Exclude							
Rents and Leases	5060	-	-	-	1,077,483	-	1,077,483
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	3,730,063	-	3,730,063
Employee Benefits	3000	-	-	-	1,489,780	-	1,489,780
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

		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	$ -	$ -	$ -	$ -	$ -	$ -
Capital Outlay							
Library Books	6000	-	-	-	-	-	-
Equipment	6300	-	-	-	-	-	-
Equipment - Additional	6400	-	-	-	-	-	-
Equipment - Replacement	6410	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		-	-	-	8,652,343	-	8,652,343
Total for ECS 84362, 50 Percent Law		$ 100,666,404	$ -	$ 100,666,404	$ 188,318,866	$ -	$ 188,318,866
Percent of CEE (Instructional Salary Cost/Total CEE)		53.46%		53.46%	100.00%		100.00%
50% of Current Expense of Education					$ 94,159,433		$ 94,159,433

See accompanying note to supplementary information.

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2019.

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

PROPOSITION 30 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT
FOR THE YEAR ENDED JUNE 30, 2019

Activity Classification	Object Code			Unrestricted	
EPA Revenue:	8630				$ 29,539,879
Activity Classification	**Activity Code**	**Salaries and Benefits (Obj 1000-3000)**	**Operating Expenses (Obj 4000-5000)**	**Capital Outlay (Obj 6000)**	**Total**
Instructional Activities	1000-5900	$ 29,179,970	$ 359,909	$ -	$ 29,539,879
Revenues Less Expenditures					$ -

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Total Fund Balance and Retained Earnings:		
General Funds	$ 62,935,825	
Special Revenue Funds	2,353,319	
Capital Outlay Projects	6,555,798	
Debt Service Funds	18,869,231	
Proprietary Fund	7,885,966	
Student Financial Aid Fund	220,573	
Total Fund Balances and Retained Earnings - All District Funds		**$ 98,820,712**
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:	626,625,353	
Accumulated depreciation is:	(206,321,112)	420,304,241
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.		(4,819,810)
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	23,500,278	
Net change in proportionate share of net pension liability	14,372,875	
Differences between projected and actual earnings on pension plan investments	756,538	
Differences between expected and actual experience in the measurement of the total pension liability	6,447,897	
Changes of assumptions	29,312,205	
Total Deferred Outflows of Resources Related to Pensions		74,389,793
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	(8,380,273)	
Differences between projected and actual earnings on pension plan investments	(4,982,780)	
Differences between expected and actual experience in the measurement of the total pension liability	(1,879,630)	
Total Deferred Inflows of Resources Related to Pensions		(15,242,683)

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION, CONTINUED
JUNE 30, 2019

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 differences between expected and actual experience in the measurement of the total OPEB liability		$ 614,530
Deferred inflows of resources related to OPEB 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 OPEB at year-end consist of:		
Differences between projected and actual earnings on OPEB plan investments	$ (96,258)	
Changes of assumptions	(741,514)	(837,772)
Total Deferred Inflows of Resources Related to OPEB		
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.		7,842,356
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term obligations at year-end consist of:		
Bonds payable	260,252,279	
Compensated absences and load banking	4,509,075	
Aggregate net other postemployment benefits (OPEB) liability	44,108,037	
Aggregate net pension liability	221,637,201	
In addition, the District has issued 'capital appreciation' general obligation bonds. The accretion of interest unmatured on the general obligation bonds to date is:	11,765,822	
Less compensated absences already recorded in funds	(1,736,560)	(540,535,854)
Total Net Position		**$ 40,535,513**

See accompanying note to supplementary information.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2019

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

This schedule provides information about the District's organization, governing board members, and administration members as of June 30, 2019.

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 following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenses, and Changes in Net Position, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of Build America Bonds, Federal Work Study Program, and Medi-Cal Administrative Activities funds that have been recorded in the current period as revenues that have not been expended as of June 30, 2019. In addition, Title V, Federal Pell Grants and Federal Supplemental Education Opportunity Grant (FSEOG) funds that in the previous period were recorded as revenues but were unspent. These unspent balances have been expended in the current period.

Description	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenses, and Changes in Net Position:		$ 67,731,627
Build America Bonds	N/A	(2,346,990)
Title V	84.031S	358
Federal Pell Grants	84.063	355,489
Federal Supplemental Education Opportunity Grant (FSEOG)	84.007	130,386
Federal Work Study Program	84.033	(124,928)
Medi-Cal Administrative Activities	93.778	(109,393)
Total Expenditures of Federal Awards		$ 65,636,549

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.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2019

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.

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.

Independent Auditor's Reports

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
Riverside Community College District
Riverside, 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 Riverside Community College District (the District) as of and for the year ended June 30, 2019, 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 26, 2019.

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.

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*.

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.

Eide Bailly LLP

Riverside, California
November 26, 2019

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
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, 2019. 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.

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, 2019.

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. 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.

Eide Bailly LLP

Riverside, California
November 26, 2019

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Riverside Community College District
Riverside, California

Report on State Compliance

We have audited Riverside Community College District's (the District) compliance with the types of compliance requirements as identified in the 2018-2019 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, 2019.

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 2018-2019 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

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, 2019.

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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 Activities Funded From Other Sources
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 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 439	Proposition 39 Clean Energy Fund
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 reports no Apportionment for Activities Funded From Other Sources; 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.

Eide Bailly LLP

Riverside, California
November 26, 2019

Schedule of Findings and Questioned Costs

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2019

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?	None reported
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?	No

Identification of major Federal programs:

CFDA Numbers	Name of Federal Program or Cluster
84.007, 84.033, 84.063, 84.268	Student Financial Assistance Cluster
84.031C, 84.031S	Title V - Accelerating Pathways to Graduation and Transfer, Title V - Moreno Valley College Corrections Scenario Training Project, Title V - Moreno Valley College STEM Project, Title V - STEM Engineering Pathways, Title V - Here to Career

Dollar threshold used to distinguish between Type A and Type B programs:	$ 1,969,096
Auditee qualified as low-risk auditee?	Yes
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, 2019

None reported.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

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.

CPAs & BUSINESS ADVISORS

Board of Trustees
Riverside Community College District
Riverside, California

We have audited the financial statements of the business-type activities and the aggregate remaining fund information of Riverside Community College District (the District) for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated July 18, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 2 to the financial statements. 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 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 District's financial statements were:

> Management's estimate of the claims liability is based on actuarial evidence provided by an actuary. We evaluated the key factors and assumptions used to develop the estimates for the claims liability in determining that it is reasonable in relation to the financial statements taken as a whole.
>
> Management's estimate of the aggregate net other postemployment benefit (OPEB) liability is based on actuarial evidence provided by an actuary. We evaluated the key factors and assumptions used to develop the estimates for the OPEB liability in determining that it is reasonable in relation to the financial statements taken as a whole.
>
> In addition, management's estimate of the aggregate net pension obligation and associated accounts is based on actuarial evidence provided by the pension plan sponsors. We evaluated the key factors and assumptions used to develop the estimates for pension obligation, pension cost, and both deferred inflows and outflows of resources in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no corrected or uncorrected misstatements of the financial statements.

Disagreements 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 auditor's 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 November 26, 2019.

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 District's 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.

Other Audit Findings or Issues

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

<u>Other Matters</u>

We applied certain limited procedures to the required supplementary information (RSI), which supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information as listed on the table of contents of the Annual Financial Report, which accompanies the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Eide Bailly LLP

Riverside, California
November 26, 2019