



RIVERSIDE COMMUNITY  
COLLEGE DISTRICT

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ANNUAL FINANCIAL REPORT

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**JUNE 30, 2007**

**RIVERSIDE COMMUNITY COLLEGE DISTRICT**  
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**JUNE 30, 2007**

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***FINANCIAL SECTION***

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Riverside Community College District  
Riverside, California

We have audited the accompanying basic financial statements of the Riverside Community College District (the District) as of and for the year ended June 30, 2007, and its aggregate discretely presented component unit, the Riverside Community College District Foundation. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the District as of June 30, 2006, were audited by other auditors, whose report dated October 27, 2006, was unqualified.

We did not audit the financial statements of the Riverside Community College District Foundation (the Foundation), which represents 100 percent of the assets, net assets, and revenue of the District's aggregate discretely presented component unit as of and for the year ended June 30, 2006. Those statements were audited by other auditors, whose report dated September 15, 2006, was unqualified.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Riverside Community College District and its discretely presented component unit, the Riverside Community College District Foundation, as of June 30, 2007, and the respective changes in financial position and cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2007, 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, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, as listed in the Table of Contents, is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. This supplementary information is the responsibility of the District's management. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Additional Supplementary Information on pages 80 through 87 has been presented at the request of District management for purposes of additional analysis. We have applied certain limited procedures consisting primarily of analysis and inquiry regarding presentation; however, we did not audit the information. Accordingly, we express no opinion on them.

*Wawrinek, Irine, Day & Co. LLP*

Rancho Cucamonga, California  
December 21, 2007

# RIVERSIDE COMMUNITY COLLEGE

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Moreno Valley • Norco • Riverside

## ***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, 2007. The report consists of three basic financial statements: the Statement of Net Assets; Statement of Revenues, Expenses, and Changes in Net Assets; 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, 2007. 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 focus of the Statement of Net Assets 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 Assets focuses on the costs of the District's operational activities, which are supported primarily by local property taxes and State apportionment revenues. 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 from apportionment received from the State of California. The primary basis of this apportionment is the calculation of Full Time Equivalent Students (FTES). During the 2006-2007 fiscal year, the reported FTES were 23,967 as compared to 26,323 in the 2005-2006 fiscal year. The District was fully funded for fiscal year 2006-2007 and fiscal year 2005-2006.
- Several construction and modernization projects at the District's three campuses resulted in completed buildings, building improvements, and improvements to sites of approximately \$1,348,883 in the 2006-2007 fiscal year. These projects are funded both through State construction revenues and through the District's voter approved general obligation bond, Measure C.
- Costs for employee salaries increased by 13.69 percent or \$12.2 million from the 2005-2006 fiscal year, and costs associated with employee benefits increased by 25.50 percent or \$5.8 million. The increase in salaries is primarily due to COLA of 5.92 percent plus a 2.0 percent negotiated labor contract increase. The increase in the benefit costs is due to continued rising costs of health and welfare benefits paid on behalf of both current employees and retirees.
- During the 2006-2007 fiscal year, the District provided almost \$19.0 million in financial aid to students attending classes at the three campuses. 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.
- The District issued \$90 million in general obligation bonds in June 2007 for construction and renovation projects and equipment throughout the District.



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# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2007

### THE DISTRICT AS A WHOLE

#### Net Assets

**Table 1**

(Amounts in thousands)

	2007	2006	Change	2005	Change
<b>ASSETS</b>					
Current Assets					
Cash and investments	\$ 162,396	\$ 80,321	\$ 82,075	\$ 83,449	\$ 78,947
Accounts receivable (net)	21,120	12,326	8,794	14,244	6,876
Other current assets	1,179	89	1,090	98	1,081
Total Current Assets	<u>184,695</u>	<u>92,736</u>	<u>91,959</u>	<u>97,791</u>	<u>86,904</u>
Capital Assets (net)	<u>172,155</u>	<u>143,102</u>	<u>29,053</u>	<u>117,294</u>	<u>54,861</u>
Total Assets	<u><u>\$356,850</u></u>	<u><u>\$235,838</u></u>	<u><u>\$121,012</u></u>	<u><u>\$215,085</u></u>	<u><u>\$141,765</u></u>
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable and accrued liabilities	\$ 22,225	\$ 15,041	\$ 7,184	\$ 13,597	\$ 8,628
Amounts held in trust for others	2,043	1,034	1,009	1,012	1,031
Current portion of long-term obligations	9,183	7,239	1,944	5,633	3,550
Total Current Liabilities	<u>33,451</u>	<u>23,314</u>	<u>10,137</u>	<u>20,242</u>	<u>13,209</u>
Long-Term Obligations	<u>153,936</u>	<u>68,597</u>	<u>-</u>	<u>77,097</u>	<u>76,839</u>
Total Liabilities	<u><u>187,387</u></u>	<u><u>91,911</u></u>	<u><u>10,137</u></u>	<u><u>97,339</u></u>	<u><u>90,048</u></u>
<b>NET ASSETS</b>					
Invested in capital assets	114,599	110,337	4,262	99,611	14,988
Restricted	36,137	33,590	2,547	18,135	18,002
Unrestricted	18,727	-	18,727	-	18,727
Total Net Assets	<u><u>\$169,463</u></u>	<u><u>\$143,927</u></u>	<u><u>\$ 25,536</u></u>	<u><u>\$117,746</u></u>	<u><u>\$ 51,717</u></u>

Cash and investments consist primarily of funds held in the Riverside County Treasury. The changes in our cash position are explained in the Statement of Cash Flows on pages 15 and 16.

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

### 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 Assets on page 14.

**Table 2**

(Amounts in thousands)

	2007	2006	Change	2005	Change
Operating Revenues					
Tuition and fees	\$ 12,923	\$ 14,294	\$ (1,371)	\$ 13,875	\$ (952)
Grants and contracts	31,814	29,617	2,197	29,539	2,275
Auxiliary sales and charges	2	-	2	-	2
Total Operating Revenues	<u>44,739</u>	<u>43,911</u>	<u>828</u>	<u>43,414</u>	<u>1,325</u>
Operating Expenses					
Salaries and benefits	124,868	112,642	12,226	102,016	22,852
Supplies and maintenance	47,700	37,831	9,869	37,153	10,547
Depreciation	5,166	5,115	51	4,144	1,022
Total Operating Expenses	<u>177,734</u>	<u>155,588</u>	<u>22,146</u>	<u>143,313</u>	<u>34,421</u>
Loss on Operations	<u>(132,995)</u>	<u>(111,677)</u>	<u>(21,318)</u>	<u>(99,899)</u>	<u>(33,096)</u>
Nonoperating Revenues					
State apportionments	88,437	68,270	20,167	62,048	26,389
Property taxes	43,101	43,803	(702)	35,674	7,427
State revenues	4,529	4,689	(160)	3,844	685
Net investment income	4,170	4,030	140	1,604	2,566
Net interest expense	(3,516)	(3,036)	(480)	(3,313)	(203)
Other nonoperating revenues	12,190	6,080	6,110	6,897	5,293
Total Nonoperating Revenue	<u>148,911</u>	<u>123,836</u>	<u>25,075</u>	<u>106,754</u>	<u>42,157</u>
Other Revenues					
State and local capital income	9,620	5,270	4,350	5,515	4,105
Gain (Loss) on disposal of assets	-	8,752	(8,752)	(9)	9
	<u>9,620</u>	<u>14,022</u>	<u>(4,402)</u>	<u>5,506</u>	<u>4,114</u>
Net Increase in Net Assets	<u>\$ 25,536</u>	<u>\$ 26,181</u>	<u>\$ (645)</u>	<u>\$ 12,361</u>	<u>\$ 13,175</u>

The District's primary revenue is from the State apportionment calculation which is comprised of three sources: local property taxes, student enrollment fees, and State apportionment. Property taxes levied and received from property within the County decreased and student resident enrollment fees decreased during the year from \$26 per unit to \$20 per unit. However, these decreases were offset by a corresponding increase in State apportionment revenues.

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

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2007

Interest income of \$4.6 million was off set by interest expense of \$3.9 million. The interest income is primarily the result of cash held in the Riverside County Treasury. Interest income is up approximately \$.5 million over the 2005-2006 fiscal year. Interest income and expenses have increased over fiscal year 2005-2006 due to the Series C GO Bond issuance in late June 2007.

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, 2007:

	Salaries and Employee Benefits	Supplies, Material, and Other Expenses and Services	Equipment, Maintenance, and Repairs	Depreciation	Total
Instructional activities	\$ 61,619,751	\$ 4,009,189	\$ 2,271,756	\$ -	\$ 67,900,696
Academic support	31,425,851	14,793,669	730,944	-	46,950,464
Student services	14,166,180	1,575,367	261,103	-	16,002,650
Plant operations and maintenance	5,770,803	3,725,775	383,083	-	9,879,661
Instructional support services	4,244,377	374,270	298,969	-	4,917,616
Community services and economic development	1,224,664	311,300	61,768	-	1,597,732
Ancillary services and auxiliary operations	6,349,764	2,614,357	115,220	-	9,079,341
Student aid	-	14,017,066	-	-	14,017,066
Physical property and related acquisitions	66,514	2,039,622	116,613	-	2,222,749
Unallocated depreciation	-	-	-	5,165,636	5,165,636
Total	<u>\$124,867,904</u>	<u>\$ 43,460,615</u>	<u>\$ 4,239,456</u>	<u>\$ 5,165,636</u>	<u>\$177,733,611</u>

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2007

Year ended June 30, 2006:

	Salaries and Employee Benefits	Supplies, Material, and Other Expenses and Services	Equipment, Maintenance, and Repairs	Depreciation	Total
Instructional activities	\$ 56,284,994	\$ 3,120,078	\$ 339,202	\$ -	\$ 59,744,274
Academic support	28,238,614	7,770,073	420,033	-	36,428,720
Student services	12,650,613	1,622,924	73,013	-	14,346,550
Plant operations and maintenance	5,134,222	3,272,285	188,517	-	8,595,024
Instructional support services	3,585,236	379,588	78,933	-	4,043,757
Community services and economic development	1,206,536	449,845	19,359	-	1,675,740
Ancillary services and auxiliary operations	5,541,356	2,427,118	484,442	-	8,452,916
Student aid	-	15,128,069	-	-	15,128,069
Physical property and related acquisitions	-	333,326	1,723,905	-	2,057,231
Unallocated depreciation	-	-	-	5,115,520	5,115,520
<b>Total</b>	<b>\$112,641,571</b>	<b>\$ 34,503,306</b>	<b>\$ 3,327,404</b>	<b>\$ 5,115,520</b>	<b>\$155,587,801</b>

### Changes in Cash Position

**Table 4**

(Amounts in thousands)

	2007	2006	Change	2005	Change
Cash Provided by (Used in)					
Operating activities	\$ (125,332)	\$ (104,666)	\$ (20,666)	\$ (89,229)	\$ (36,103)
Noncapital financing activities	143,630	124,019	19,611	104,651	38,979
Capital financing activities	59,778	(26,489)	86,267	48,102	11,676
Investing activities	3,999	4,007	(8)	2,657	1,342
Net Increase (Decrease) in Cash	82,075	(3,129)	85,204	66,181	15,894
Cash, Beginning of Year	80,320	83,449	(3,129)	17,268	63,052
Cash, End of Year	<u>\$ 162,395</u>	<u>\$ 80,320</u>	<u>\$ 82,075</u>	<u>\$ 83,449</u>	<u>\$ 78,946</u>

The Statement of Cash Flows on pages 15 and 16 provides information about our 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, students. The District depends upon this funding to continue the current level of operations.

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2007

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### *CAPITAL ASSET AND DEBT ADMINISTRATION*

#### **Capital Assets**

At June 30, 2007, the District had \$172,155,534 in a broad range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2006, the District's net capital assets were \$143,101,654. Major capital improvement projects are ongoing throughout the college campuses. These projects are primarily funded through State Construction Revenues and General Obligation Bonds. Projects are accounted for within our 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.

**Table 5**

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land and construction in progress	\$ 53,880,735	\$ 31,111,140	\$ -	\$ 84,991,875
Buildings and improvements	109,316,692	1,348,883	-	110,665,575
Equipment and vehicles	18,030,987	1,759,493	(121,475)	19,669,005
Subtotal	181,228,414	34,219,516	(121,475)	215,326,455
Accumulated depreciation	(38,126,760)	(5,165,636)	121,475	(43,170,921)
	<u>\$ 143,101,654</u>	<u>\$ 29,053,880</u>	<u>\$ -</u>	<u>\$ 172,155,534</u>

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2007

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### Obligations

At the end of the 2006-2007 fiscal year, the District had \$159,139,934 in General Obligation Bonds outstanding. These bonds are repaid annually in accordance with the obligation requirements through property tax assessments on property within the Riverside Community College District boundaries.

In addition to the above obligations, the District is obligated to employees of the District for vacation and load banking benefits and lease purchase agreements for equipment.

**Table 6**

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
General obligation bonds	\$ 71,967,557	\$ 93,655,214	\$ (6,482,837)	\$159,139,934
Other liabilities	3,867,857	859,761	(748,897)	3,978,721
Total Long-Term Obligations	<u>\$ 75,835,414</u>	<u>\$ 94,514,975</u>	<u>\$ (7,231,734)</u>	<u>\$163,118,655</u>
Amount due within one year				<u>\$ 9,182,730</u>

### ***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 2006-2007 fiscal year on June 19, 2007.

The District's final revised budget for the unrestricted General Fund anticipated that expenditures would exceed revenue by \$.9 million. The actual results for the year showed revenues exceeded expenditures by \$5.4 million.

### ***ECONOMIC FACTORS AFFECTING THE FUTURE OF THE RIVERSIDE COMMUNITY COLLEGE DISTRICT***

The economic position of the District is closely tied to the State of California as State apportionments and property taxes allocated to the District represent approximately 86.03 percent of the total unrestricted sources of revenues received within the General Fund. The District declined in reported FTES during fiscal year 2006-2007. The District continues to monitor enrollment and operating costs of the District to ensure ongoing financial stability and retain the reserve levels required by Board Policy and the State Chancellor's Office.

# **RIVERSIDE COMMUNITY COLLEGE DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2007**

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### ***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 4800 Magnolia Avenue, Riverside, California 92506.

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***BASIC FINANCIAL STATEMENTS***

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**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF NET ASSETS  
JUNE 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,748,567	\$ 2,755,296
Investments	159,646,947	77,565,106
Accounts receivable, net	21,119,982	12,326,465
Prepaid expenses	73,137	60,720
Deferred cost on issuance	1,084,831	-
Stores inventories	21,310	28,916
<b>Total Current Assets</b>	<u>184,694,774</u>	<u>92,736,503</u>
<b>Noncurrent Assets</b>		
Nondepreciable capital assets	84,991,875	53,880,735
Depreciable capital assets, net of depreciation	87,163,659	89,220,919
<b>Total Noncurrent Assets</b>	<u>172,155,534</u>	<u>143,101,654</u>
<b>TOTAL ASSETS</b>	<u>356,850,308</u>	<u>235,838,157</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	13,477,156	8,342,437
Accrued interest payable	1,122,959	1,246,044
Deferred revenue	4,794,287	2,976,852
Claims liability	2,831,205	2,476,763
Amounts held in trust on behalf of others	2,042,870	1,033,629
Compensated absences payable - current portion	620,886	516,535
Bonds payable - current portion	8,040,000	6,320,000
Lease obligations - current portion	17,195	-
Other long-term obligations - current portion	504,619	402,234
<b>Total Current Liabilities</b>	<u>33,451,177</u>	<u>23,314,494</u>
<b>Noncurrent Liabilities</b>		
Compensated absences payable - noncurrent portion	1,707,857	1,549,605
Bonds payable - noncurrent portion	143,414,386	60,616,109
Net debt premium	7,685,578	5,031,448
Lease obligations - noncurrent portion	56,250	-
Other long-term obligations - noncurrent portion	1,071,884	1,399,483
<b>Total Noncurrent Liabilities</b>	<u>153,935,955</u>	<u>68,596,645</u>
<b>TOTAL LIABILITIES</b>	<u>187,387,132</u>	<u>91,911,139</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	114,598,597	110,337,049
Restricted for:		
Debt service	17,618,543	11,820,288
Capital projects	13,315,637	21,769,681
Other activities	5,202,943	-
Unrestricted	18,727,456	-
<b>TOTAL NET ASSETS</b>	<u>\$ 169,463,176</u>	<u>\$ 143,927,018</u>

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

**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF REVENUES, EXPENSES,  
AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<b>OPERATING REVENUES</b>		
Student Tuition and Fees	\$ 18,278,142	\$ 20,369,130
Less: Scholarship discount and allowance	(5,354,970)	(6,074,796)
Net tuition and fees	<u>12,923,172</u>	<u>14,294,334</u>
Grants and Contracts, noncapital:		
Federal	19,939,276	21,480,732
State	11,874,851	8,136,160
Internal Service Sales and Charges	1,631	-
<b>TOTAL OPERATING REVENUES</b>	<u>44,738,930</u>	<u>43,911,226</u>
<b>OPERATING EXPENSES</b>		
Salaries	101,977,931	89,770,779
Employee benefits	22,889,973	22,870,792
Supplies, materials, and other operating expenses and services	43,460,615	34,503,306
Equipment, maintenance, and repairs	4,239,456	3,327,404
Depreciation	5,165,636	5,115,520
<b>TOTAL OPERATING EXPENSES</b>	<u>177,733,611</u>	<u>155,587,801</u>
<b>OPERATING LOSS</b>	<u>(132,994,681)</u>	<u>(111,676,575)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State apportionments, noncapital	88,436,441	68,269,940
Local property taxes	43,100,491	43,803,016
State taxes and other revenues	4,529,367	4,689,052
Investment income, net	4,170,219	4,029,786
Interest expense on capital related debt	(3,928,624)	(3,035,759)
Interest income on capital asset-related debt, net	412,550	-
Other nonoperating revenue	12,190,417	6,079,460
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>148,910,861</u>	<u>123,835,495</u>
<b>INCOME BEFORE OTHER REVENUES AND EXPENSES</b>	<u>15,916,180</u>	<u>12,158,920</u>
State revenues, capital	9,619,978	5,270,334
Gain on disposal of assets	-	8,751,971
<b>TOTAL INCOME BEFORE OTHER OTHER REVENUES AND EXPENSES</b>	<u>9,619,978</u>	<u>14,022,305</u>
<b>INCREASE IN NET ASSETS</b>	25,536,158	26,181,225
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>143,927,018</u>	<u>117,745,793</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 169,463,176</u>	<u>\$ 143,927,018</u>

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

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	<b>2007</b>	<b>2006</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 12,715,382	\$ 14,272,219
Federal grants and contracts	19,939,276	21,449,482
State grants and contracts	12,419,336	9,204,102
Payments to vendors for supplies and services	(46,228,952)	(37,310,057)
Payments to or on behalf of employees	(125,095,809)	(112,303,511)
Other operating receipts	918,005	22,019
<b>Net Cash Flows From Operating Activities</b>	<u>(125,332,762)</u>	<u>(104,665,746)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State apportionments	87,997,324	69,476,010
Property taxes	42,069,003	43,132,892
State taxes and other apportionments	1,810,325	5,451,091
Other nonoperating	11,753,823	5,958,900
<b>Net Cash Flows From Noncapital Financing Activities</b>	<u>143,630,475</u>	<u>124,018,893</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Purchase of capital assets	(32,486,516)	(31,207,601)
Proceeds from sale of capital assets	-	9,035,971
Proceeds from sale of general obligation bonds	93,793,659	
State revenue, capital projects	9,619,978	5,270,334
Principal paid on capital debt	(6,547,837)	(7,053,155)
Interest paid on capital debt	(3,928,624)	(2,492,040)
Interest received on capital asset-related debt	412,550	-
Deferred cost on issuance	(1,084,831)	-
Other expenses for capital financing activities, net	-	(41,876)
<b>Net Cash Flows From Capital Financing Activities</b>	<u>59,778,379</u>	<u>(26,488,367)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received from investments	3,999,020	4,006,792
<b>Net Cash Flows From Investing Activities</b>	<u>3,999,020</u>	<u>4,006,792</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	82,075,112	(3,128,428)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	80,320,402	83,448,830
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 162,395,514</u>	<u>\$ 80,320,402</u>

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

**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF CASH FLOWS, Continued  
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating Loss	\$ (132,994,681)	\$ (111,676,575)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation expense	5,165,636	5,155,520
Changes in Assets and Liabilities:		
Receivables, net	(34,249)	788,118
Inventories	7,606	2,776
Prepaid items	(12,417)	5,315
Accounts payable and other accrued liabilities	(328,752)	691,722
Deferred revenue	1,817,435	226,459
Funds held for others	1,009,241	22,019
Compensated absences	37,419	158,900
Total Adjustments	<u>7,661,919</u>	<u>7,050,829</u>
<b>Net Cash Flows From Operating Activities</b>	<u><u>\$ (125,332,762)</u></u>	<u><u>\$ (104,625,746)</u></u>

**CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:**

Cash in banks	\$ 2,748,567	\$ 2,755,296
Cash in county treasury	159,646,947	77,565,106
<b>Total Cash and Cash Equivalents</b>	<u><u>\$ 162,395,514</u></u>	<u><u>\$ 80,320,402</u></u>

**NON CASH TRANSACTIONS**

On behalf payments for benefits	<u><u>\$ 2,720,297</u></u>	<u><u>\$ 2,408,236</u></u> *
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\* Non cash transaction listed as note disclosure in prior year audit.

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

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***DISCRETELY PRESENTED COMPONENT UNIT  
RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION***

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**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**DISCRETELY PRESENTED COMPONENT UNIT  
RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents		
Unrestricted	\$ 26,954	\$ (25,766)
Restricted	1,530,697	689,398
Accounts receivable	7,129	-
Unconditional promises to give	149,260	162,847
Total Current Assets	<u>1,714,040</u>	<u>826,479</u>
Noncurrent Assets		
Investments - restricted	3,242,131	3,556,763
Long-term unconditional promises to give, net of allowance	170,879	111,345
Total Noncurrent Assets	<u>3,413,010</u>	<u>3,668,108</u>
Total Assets	<u>\$ 5,127,050</u>	<u>\$ 4,494,587</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 113,900	\$ 73,841
Refundable advances	150,000	150,000
Total Current Liabilities	<u>263,900</u>	<u>223,841</u>
Long-Term Obligations		
Long-term obligation to Riverside Community College District	421,368	177,037
Total Long-Term Obligations	<u>421,368</u>	<u>177,037</u>
Total Liabilities	<u>685,268</u>	<u>400,878</u>
 <b>NET ASSETS</b>		
Unrestricted		
Undesignated	206,088	41,051
Board designated	(586,644)	(190,611)
Total Unrestricted	<u>(380,556)</u>	<u>(149,560)</u>
Temporarily restricted	1,977,541	1,878,506
Permanently restricted	2,844,797	2,364,763
Total Net Assets	<u>4,441,782</u>	<u>4,093,709</u>
Total Liabilities and Net Assets	<u>\$ 5,127,050</u>	<u>\$ 4,494,587</u>

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

**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**DISCRETELY PRESENTED COMPONENT UNIT  
RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006**

	<b>2007</b>			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>REVENUES</b>				
Donations	\$ 181,871	\$ 641,114	\$ 238,598	\$ 1,061,583
In-kind donations				
Donated assets	104,075	-	-	104,075
Donated material	43,734	-	-	43,734
Donated services	390,231	-	-	390,231
Assets released from restrictions	754,328	(699,569)	(54,759)	-
Total Revenues	<u>1,474,239</u>	<u>(58,455)</u>	<u>183,839</u>	<u>1,599,623</u>
<b>EXPENSES</b>				
Operating expenses	445,069	-	-	445,069
Program expenses	1,082,902	-	-	1,082,902
Fundraising expenses	194,076	-	-	194,076
Total Expenses	<u>1,722,047</u>	<u>-</u>	<u>-</u>	<u>1,722,047</u>
<b>OTHER INCOME (EXPENSE)</b>				
Realized losses on sale of investments	(67)	(1,042)	(4,345)	(5,454)
Unrealized gains	4,420	68,416	285,409	358,245
Interest and dividends income	1,633	25,274	105,434	132,341
Interest expense	(14,635)	-	-	(14,635)
Transfers	25,461	64,842	(90,303)	-
Total Other Income (Expense)	<u>16,812</u>	<u>157,490</u>	<u>296,195</u>	<u>470,497</u>
<b>CHANGE IN NET ASSETS</b>	(230,996)	99,035	480,034	348,073
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>(149,560)</u>	<u>1,878,506</u>	<u>2,364,763</u>	<u>4,093,709</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ (380,556)</u>	<u>\$1,977,541</u>	<u>\$2,844,797</u>	<u>\$4,441,782</u>

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

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**2006**

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 89,975	\$ 408,532	\$ 238,467	\$ 736,974
19,008	-	-	19,008
28,151	-	-	28,151
197,817	-	-	197,817
796,362	(727,407)	(68,955)	-
<u>1,131,313</u>	<u>(318,875)</u>	<u>169,512</u>	<u>981,950</u>
288,191	-	-	288,191
790,703	-	-	790,703
202,920	-	-	202,920
<u>1,281,814</u>	<u>-</u>	<u>-</u>	<u>1,281,814</u>
-	-	-	-
700	40,264	113,459	154,423
431	24,814	69,921	95,166
(1,035)	-	-	(1,035)
-	-	-	-
<u>96</u>	<u>65,078</u>	<u>183,380</u>	<u>248,554</u>
(150,405)	(253,797)	352,892	(51,310)
845	2,132,303	2,011,871	4,145,019
<u>\$ (149,560)</u>	<u>\$ 1,878,506</u>	<u>\$ 2,364,763</u>	<u>\$ 4,093,709</u>

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## DISCRETELY PRESENTED COMPONENT UNIT RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 348,073	\$ (51,310)
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities		
Unrealized gain	(358,245)	(173,640)
Changes in Assets and Liabilities		
Increase in accounts receivable	(7,129)	-
Increase in unconditional promises to give	(45,947)	(756,478)
Increase (decrease) in accounts payable	40,059	(62,936)
Increase in refundable advances	-	150,000
Net Cash Flows From Operating Activities	<u>(23,189)</u>	<u>(894,364)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,033,570)	(905,096)
Proceeds from sale of investments	1,706,447	1,161,967
Net Cash Flows From Investing Activities	<u>672,877</u>	<u>256,871</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of debt	<u>244,331</u>	<u>722,249</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	894,019	84,756
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>663,632</u>	<u>578,876</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,557,651</u>	<u>\$ 663,632</u>
CASH AND CASH EQUIVALENTS CONSIST OF:		
Unrestricted cash	\$ 26,954	\$ (25,766)
Restricted cash	<u>1,530,697</u>	<u>689,398</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 1,557,651</u>	<u>\$ 663,632</u>

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

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***NOTES TO FINANCIAL STATEMENTS***

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# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

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### *NOTE 1 - ORGANIZATION*

The Riverside Community College District (the District) was established in 1916 as a political subdivision of the State of California and provides post secondary 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 campuses located within western Riverside County. While the District is a political subdivision of the State of California, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39.

### **Financial Reporting Entity**

The District has adopted GASB Statement No. 39, *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.

- **Riverside Community College District Foundation**

The Riverside Community College District Foundation (the Foundation) is a legally separate, tax-exempt organization. The Foundation acts primarily as a fundraising organization to provide grants and scholarships to students and support to employees, programs, and departments of the District. Although the District does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the District by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the District, the Foundation is considered a component unit of the District. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Foundation is a not-for-profit organization under Internal Revenue Code (IRS) Section 501(c)(3) that reports its financial results under Financial Accounting Standards Board (FASB) Statements. Most significant to the Foundation's operations and reporting model are FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*, and FASB Statement No. 117, *Financial Reporting for Not-For-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the District's financial reporting entity for these differences.

Financial statements for the Foundation can be obtained by calling the Foundation at (951) 222-8626.

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007 AND 2006

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- **Riverside Community College District Development Corporation**

The Riverside Community College District Development Corporation (the Corporation) is a legally separate organization component unit of the District. The Corporation was formed to provide financing and acquire assets for the District. The Board of Trustees of the Corporation is the same as the Board of Trustees of the District. 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.

The following entities do not meet the above criteria for inclusion as component units of the District. Additional information is included in Note 13 to the financial statements.

- **Joint Powers Agencies and Public Entity Risk Pools**

The District is associated with four joint powers agencies (JPAs). These organizations do not meet the criteria for inclusion as component units of the District. The JPAs are the Schools Excess Liability Fund (SELF), the Riverside Community College County Superintendent Self-Insurance Program for Employees (RCCCSSIPE), the Riverside Employers/Employees Plan (REEP), and the Alliance of Schools for Cooperative Insurance Program (ASCIP).

### ***NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

#### **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 and No. 38. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency and intra-fund transactions have been eliminated.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is 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, available means expected to be received within 90 days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain grants, entitlements, and donations. Revenue from State apportionments is generally recognized in the fiscal year in which it is apportioned from the State. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements.

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2007 AND 2006**

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The accounting policies of the District conform to accounting principles generally accepted in the United States of America (US GAAP) as applicable to colleges and universities, as well as those prescribed by the California Community Colleges Chancellor's Office. The District reports are based on all applicable GASB pronouncements, as well as applicable FASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. When applicable, certain prior year amounts have been reclassified to conform to current year presentation. The budgetary and financial accounts of the District are maintained in accordance with the State Chancellor's Office Budget and Accounting Manual.

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 and No. 38. The Business type activities model followed by the District requires the following components of the District's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements for the District as a whole including:
  - Statement of Net Assets
  - Statement of Revenues, Expenses, and Changes in Net Assets
  - Statement of Cash Flows
- 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 one year or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

### **Restricted Cash and Cash Equivalents**

Cash balances restricted by external sources such as grants and contracts are classified as restricted cash and cash equivalents in the Statement of Net Assets.

### **Investments**

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and for External Investment Pools*, investments are stated at fair value. Fair value is estimated based on published market prices at year-end. Investments for which there are no quoted market prices are not material.

# **RIVERSIDE COMMUNITY COLLEGE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006**

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### **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 \$208,229 for the year ended June 30, 2007.

### **Prepaid Expenditures**

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

### **Inventory**

Inventory consists 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. 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 estimated fair market value at the date of donation. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Major outlays for capital improvements are capitalized as construction-in-progress as the projects are constructed. Routine repairs and maintenance that do not extend the life of the building or equipment are charged as operating expenses in the year the expense is incurred.

Depreciation of capital assets is computed and recorded by 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.

### **Accrued Liabilities and Long-term Obligations**

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

### **Deferred Issuance Costs, Premiums, and Discounts**

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method.

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007 AND 2006

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### 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 entity-wide financial statements. The amounts have been recorded in 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.

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, 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.

### Deferred Revenue

Deferred 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 deferred revenue is removed from the combined balance sheet and revenue is recognized. Deferred revenues include (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 deferred revenue.

### Net Assets

GASB Statements No. 34 and No. 35 report equity as "Net Assets." Net assets are classified according to external donor restrictions or availability of assets for satisfaction of District obligations according to the following net asset categories:

**Invested in Capital Assets, Net of Related Debt:** Capital Assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

**Restricted - Expendable:** Net assets whose use by the District is subject to externally imposed constraints that can be fulfilled by actions of the District pursuant to those constraints or by the passage of time.

**Unrestricted:** Net assets that are not subject to externally imposed constraints. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are designated for special purposes.

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.

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

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### Operating Revenues and Expenses

**Classification of Revenues** - The District has classified its revenues as either operating or nonoperating according to the following criteria:

**Operating revenues** - Operating revenues include activities that have the characteristics of exchange transactions, such as, (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most Federal, State, and local grants and contracts, and (4) interest on institutional student loans.

**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 described in GASB Statement No. 34.

**Classification of Expenses** - Nearly all 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 and are recorded in the District's financial records when received.

### On-Behalf Payments

GASB Statement No. 24 requires direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees for another legally separate entity be recognized as revenues and expenditures by the employer entity. The State of California makes direct on-behalf payments to the State Teachers and the Public Employees Retirement Systems (STRS and PERS) on behalf of all community colleges in California. The amounts of on-behalf payments were \$2,720,297 and \$0 for STRS and PERS, respectively.

### 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.

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007 AND 2006

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### Property Tax

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

### Scholarship Discounts and Allowances

Student tuition and fee revenue is reported net of scholarship discounts and allowances in the Statement of Revenues, Expenditures, and Changes in Net Assets. 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. To the extent that fee waivers and discounts have been used to satisfy tuition and fee charges, the District has recorded a scholarship discount and allowance.

### Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, FSEOG Grants, Federal Work-Study, Academic Competitiveness Grants, and Federal Family Education Loan 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. These programs are audited in accordance with the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget's revised Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the related *Compliance Supplement*. During the year ended June 30, 2007 and 2006, the District distributed \$1,254,931 and \$1,308,429 in direct lending through the U.S. Department of Education. These amounts have not been included as revenues or expenses within the accompanying financial statements as the amounts were passed directly to qualifying students; however, the amounts are included on the Schedule of Expenditures of Federal Awards.

### Interfund Activity

Exchange transactions between funds of the District are reported as revenues and expenses within the Statement of Revenues, Expenses, and Changes in Net Assets. Flows of cash or goods from one fund to another without a requirement for repayment are recognized as interfund transfers within the District's fund financial statements. Amounts owing between funds for both exchange and non-exchange transactions are recorded as interfund receivables and payables within the District's fund financial statements. Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the entity-wide financial statements.

### Component Unit

The Riverside Community College District Foundation maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors. Accordingly, net assets and the changes in net assets are classified as follows:

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

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**Permanently Restricted Net Assets** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

**Temporarily Restricted Net Assets** - Net assets subject to donor-imposed stipulations that will be met by actions of the Foundation and/or the passage of time.

**Unrestricted Net Assets** - Net assets not subject to donor-imposed restrictions.

Revenues are reported as increases in the unrestricted net assets classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions for in-kind gifts from outside sources are recorded at their fair market value on the date of the donation.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Investments are reported at fair value based upon quoted market prices.

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and related California Franchise Tax Codes.

### **New Accounting Pronouncement**

**GASB Statement No. 45:** In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This statement establishes standards for the measurement, recognition and display of OPEB expense, expenditures and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports of State and local governmental employers. This statement generally provides for prospective implementation - that is, that employers set the beginning net OPEB obligation at zero as of the beginning of the initial year. The District is in the process of determining the impact the implementation of this statement will have on the government-wide statements of net assets and activities. This statement is effective for periods beginning after December 15, 2006, depending upon the size of the governmental entities' financial activity. The District will be implementing the requirements of this standard in the 2008-2009 fiscal year.

### **Comparative Financial Information**

Comparative financial information for the prior year has been presented for additional analysis; certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

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### *NOTE 3 - CASH AND INVESTMENTS*

#### **Policies and Practices**

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

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

**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007 AND 2006**

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**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

**Summary of Deposits and Investments**

Deposits and investments as of June 30, 2007, consist of the following:

Cash on hand and in banks	\$ 2,698,567
Cash in revolving	50,000
Investments	159,646,947
Total Deposits and Investments	<u>\$ 162,395,514</u>

**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 manages its exposure to interest rate risk by investing in the County Pool and County Pooled Investment Fund.

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

### 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	Fair Market Value	Maturity Date
Riverside County Treasurer - Investment agreement	\$ 12,581,216	8/31/2007
County Pooled Investment	146,894,282	1.14*
Total	\$ 159,475,498	

\* 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 County pool are rated Aaa by Moody's Investor Services as of June 30, 2007.

Investment Type	Minimum Legal Rating	Rating June 30, 2007	Fair Market Value
Riverside County Treasurer - Investment agreement	Not required	Aaa	\$ 12,581,216
County Pooled Investment	Not required	Aaa	146,894,282
Total			\$ 159,475,498

### Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2007, the District's bank balance of \$2,459,178 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

# **RIVERSIDE COMMUNITY COLLEGE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2007 AND 2006**

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### **Custodial Credit Risk - Investments**

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The cash held in the County Treasury is uncategorized and the fair value approximates carrying value are shown above in the credit risk schedule. Deposits with the County Treasury are not categories because they do not represent securities which exist in physical or book entry form. The deposits with the County Treasury are valued using the amortized cost method (which approximates fair value). The fair values are provided by the County Treasurer. As of June 30, 2007, \$147,052,205 is invested in the Riverside County Treasurer's Pooled Investment Fund. The Pooled Investment Fund is currently rated Aaa by Moody's Investor Services. The County Treasurer also holds \$12,594,742 in a separate investment account, XL Asset Funding Company, LLC. XL Asset Funding (XLAF) investment agreements are issued with a financial guaranty through their affiliate XL Capital Assurance Inc. With this guaranty, XLAF's investment agreements achieve a credit enhancement with a financial strength rating of Aaa by Moody's Investor Services. The District does not have a separate investment policy, but utilizes the investment policy of Riverside County Treasurer.

**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007 AND 2006**

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**NOTE 4 - ACCOUNTS RECEIVABLE**

Receivables for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

The accounts receivable are as follows:

	<u>2007</u>	<u>2006</u>
Federal Government		
Categorical aid	\$ 2,066,629	\$ 2,611,114
State Government		
Apportionment	5,576,162	1,175,217
Categorical aid	4,842,898	2,601,198
Lottery	1,393,603	897,935
Local Government		
Interest	739,252	568,053
Property taxes	3,681,507	2,650,019
Foundation	506,630	70,036
Riverside County Redevelopment	618,459	-
Other local sources	1,208,975	1,632,442
Total	<u>\$ 20,634,115</u>	<u>\$ 12,206,014</u>
Student receivables	\$ 694,096	\$ 172,073
Less allowance for bad debt	(208,229)	(51,622)
Student receivables, net	<u>\$ 485,867</u>	<u>\$ 120,451</u>
Total receivables, net	<u>\$ 21,119,982</u>	<u>\$ 12,326,465</u>

**Discretely Presented Component Unit**

The Foundation's accounts receivable consist primarily of donations and unconditional promises to give. In the opinion of management, all amounts have been deemed to be fully collectable.

**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007 AND 2006**

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the District for the fiscal year ended June 30, 2007, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$ 32,502,697	\$ -	\$ -	\$ 32,502,697
Construction in progress	21,378,038	31,111,140	-	52,489,178
Total Capital Assets Not Being Depreciated	<u>53,880,735</u>	<u>31,111,140</u>	<u>-</u>	<u>84,991,875</u>
Capital Assets Being Depreciated				
Land improvements	4,947,362	188,299	-	5,135,661
Buildings and improvements	104,369,330	1,160,584	-	105,529,914
Furniture and equipment	18,030,987	1,759,493	121,475	19,669,005
Total Capital Assets Being Depreciated	<u>127,347,679</u>	<u>3,108,376</u>	<u>121,475</u>	<u>130,334,580</u>
Total Capital Assets	<u>181,228,414</u>	<u>34,219,516</u>	<u>121,475</u>	<u>215,326,455</u>
Less Accumulated Depreciation				
Land improvements	4,342,272	111,752	-	4,454,024
Buildings and improvements	22,781,347	2,853,800	-	25,635,147
Furniture and equipment	11,003,141	2,200,084	121,475	13,081,750
Total Accumulated Depreciation	<u>38,126,760</u>	<u>5,165,636</u>	<u>121,475</u>	<u>43,170,921</u>
Net Capital Assets	<u>\$143,101,654</u>	<u>\$ 29,053,880</u>	<u>\$ -</u>	<u>\$172,155,534</u>

Depreciation expense for the year was \$5,165,636.

**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007 AND 2006**

Capital asset activity for the District for the fiscal year ended June 30, 2006, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 30,199,218	\$ 2,303,479	\$ -	\$ 32,502,697
Construction in progress	14,342,285	21,037,262	14,001,509	21,378,038
Total Capital Assets Not Being Depreciated	<u>44,541,503</u>	<u>23,340,741</u>	<u>14,001,509</u>	<u>53,880,735</u>
<b>Capital Assets Being Depreciated</b>				
Land improvements	4,660,871	286,491	-	4,947,362
Buildings and improvements	84,585,492	19,783,838	-	104,369,330
Furniture and equipment	16,657,556	1,798,040	424,609	18,030,987
Total Capital Assets Being Depreciated	<u>105,903,919</u>	<u>21,868,369</u>	<u>424,609</u>	<u>127,347,679</u>
Total Capital Assets	<u>150,445,422</u>	<u>45,209,110</u>	<u>14,426,118</u>	<u>181,228,414</u>
<b>Less Accumulated Depreciation</b>				
Land improvements	4,239,936	102,336	-	4,342,272
Buildings and improvements	19,983,918	2,797,429	-	22,781,347
Furniture and equipment	9,211,995	2,215,755	424,609	11,003,141
Total Accumulated Depreciation	<u>33,435,849</u>	<u>5,115,520</u>	<u>424,609</u>	<u>38,126,760</u>
Net Capital Assets	<u>\$117,009,573</u>	<u>\$ 40,093,590</u>	<u>\$ 14,001,509</u>	<u>\$143,101,654</u>

Depreciation expense for the year was \$5,115,520.

**NOTE 6 - ACCOUNTS PAYABLE**

Accounts payable for the District consisted of the following:

	2007	2006
Accrued payroll and benefits	\$ 865,664	\$ 1,127,213
Apportionment	3,961,828	-
Construction payables	4,875,545	3,142,545
Other governmental entities	-	913,928
Other	3,774,119	3,158,751
Total	<u>\$ 13,477,156</u>	<u>\$ 8,342,437</u>

**Discretely Presented Component Unit**

The accounts payable of Foundation consist primarily of amounts owed to vendors for supplies and services.

**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007 AND 2006**

**NOTE 7 - DEFERRED REVENUE**

Deferred revenue at consisted of the following:

	<u>2007</u>	<u>2006</u>
State categorical aid	\$ 2,041,810	\$ 476,606
Enrollment fees	849,448	897,463
Theater subscriptions	326,092	208,583
Other local	1,576,937	1,394,200
Total	<u>\$ 4,794,287</u>	<u>\$ 2,976,852</u>

**NOTE 8 - LONG-TERM OBLIGATIONS**

**Long-Term Obligations Summary**

The changes in the District's long-term obligations during the 2007 fiscal year consisted of the following:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>	<u>Due in One Year</u>
<b>Bonds Payable</b>					
General obligation bonds, Series A and B	\$ 9,520,000	\$ -	\$4,500,000	\$ 5,020,000	\$1,545,000
General obligation bonds, Refunding Bond 2005	57,416,109	838,247	1,820,000	56,434,356	475,000
Net unamortized debt premium	5,031,448	-	162,837	4,868,611	-
General obligation bonds, Series 2007 C	-	90,000,000	-	90,000,000	6,020,000
Net unamortized debt premium	-	2,816,967	-	2,816,967	-
Total Bonds Payable	<u>71,967,557</u>	<u>93,655,214</u>	<u>6,482,837</u>	<u>159,139,934</u>	<u>8,040,000</u>
<b>Other Liabilities</b>					
Compensated absences	2,066,140	262,603	-	2,328,743	620,886
Capital leases	-	138,445	65,000	73,445	17,195
Golden Handshake	1,144,395	248,959	465,648	927,706	463,853
Load banking	657,322	209,754	218,249	648,827	40,796
Total Other Liabilities	<u>3,867,857</u>	<u>859,761</u>	<u>748,897</u>	<u>3,978,721</u>	<u>1,142,730</u>
<b>Total Long-Term Obligations</b>	<u>\$75,835,414</u>	<u>\$94,514,975</u>	<u>\$7,231,734</u>	<u>\$ 163,118,655</u>	<u>\$9,182,730</u>

**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007 AND 2006**

The changes in the District's long-term obligations during the 2006 fiscal year consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
<b>Bonds Payable</b>					
General obligation bonds, Series A and B	\$13,270,000	\$ -	\$ 3,750,000	\$ 9,520,000	\$ 4,500,000
General obligation, Refunding Bond 2005	58,386,109	-	970,000	57,416,109	1,820,000
Net unamortized debt premium	5,194,285	-	162,837	5,031,448	-
<b>Total Bonds Payable</b>	<b>76,850,394</b>	<b>-</b>	<b>4,882,837</b>	<b>71,967,557</b>	<b>6,320,000</b>
<b>Other Liabilities</b>					
Compensated absences	1,632,748	433,392	-	2,066,140	516,535
Capital leases	2,170,318	-	2,170,318	-	-
Golden Handshake	1,525,859	-	381,464	1,144,395	381,465
Load banking	550,350	240,550	133,578	657,322	20,769
<b>Total Other Liabilities</b>	<b>5,879,275</b>	<b>673,942</b>	<b>2,685,360</b>	<b>3,867,857</b>	<b>918,769</b>
<b>Total Long-Term Obligations</b>	<b>\$82,729,669</b>	<b>\$ 673,942</b>	<b>\$ 7,568,197</b>	<b>\$ 75,835,414</b>	<b>\$ 7,238,769</b>

**Description of Debt**

**Bonded Debt**

**2004 General Obligation Bonds**

During March 2004, voters of the District authorized the issuance and sale of general obligation bonds in the amount of \$350,000,000. As a result of the authorization, General Obligation Bonds Series 2004A "Series A Bonds" and Series 2004B (federally taxable) "Series B Bonds" were issued in August 2004. At June 30, 2007, the principal outstanding was \$5,020,000.

Series A Bonds were issued in the aggregate principal amount of \$55,205,000 with interest rates ranging from 4 to 5.25 percent. Series A Bonds were used to finance the acquisition, construction, and modernization of property and school facilities, to refund outstanding certificates of participation (COPs), and to pay certain costs of the bond issue. The refunded COPs are considered defeased. This current refunding was undertaken to decrease total debt service payments over the next 13 years by \$2,762,260. The Series A Bonds are subject to optional and mandatory sinking fund redemption prior to maturity.

Series B Bonds were issued to advance refund the District's outstanding certificates of participation. The refunded COPs are considered defeased. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$2,298,036 and to obtain an economic gain of \$237,565. The Series B Bonds are not subject redemption prior to maturity.

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### JUNE 30, 2007 AND 2006

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The bonds are general obligations of the District. The Riverside County Board of Supervisors is obligated to levy ad valorem taxes upon all property within the District subject to taxation by the District for the payment of interest and principal on the bonds when due.

#### 2005 General Obligation Refunding Bonds

During May 2005, the District issued 2005 General Obligation Refunding Bonds with interest rates ranging from 3 to 5 percent. The bonds were issued as current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting \$5,755,644, and an aggregate principal debt service balance of \$56,434,356. The bonds mature through August 1, 2024. Principal and interest on the refunded debt will be paid until such time as they can be redeemed on August 1, 2014. At June 30, 2007, the principal outstanding was \$56,434,356, and net unamortized debt premium was \$4,868,611.

The bonds are being used to advance refund all or a portion of the outstanding principal amount of the District's General Obligation Bonds, Election of 2004, Series 2004A (the Refunding Bonds). The refunded bonds were the Series A general obligation bonds including the cost of issuance of the bonds except for \$3,745,000 of the debt. The refunded bonds are considered defeased. The bonds were issued as current interest bonds and capital appreciation bonds. Interest with respect to the current interest bonds accrues from the date of their delivery and is payable semiannually on February 1 and August 1 of each year.

Net debt premium consists of the following:

	June 30, 2007
Deferred loss on refunding	\$ 3,732,929
Debt issue costs	823,392
Debt premium	(9,424,932)
Net unamortized debt premium	<u>\$ (4,868,611)</u>

#### 2007 General Obligation Bonds

During June 2007, the District issued the 2007 General Obligation Bonds in the amount of \$90,000,000. The bonds mature beginning on August 1, 2007 through August 1, 2032, with interest yields ranging from 3.62 to 4.47 percent. At June 30, 2007, the principal outstanding was \$90,000,000 and unamortized premium and issuance costs of \$2,816,967 and \$1,084,831, respectively. Premium and issuance 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 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, 2007.

**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007 AND 2006**

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds		Accreted Interest		Bonds Outstanding June 30, 2007
				Outstanding July 1, 2006	Issued	Addition	Redeemed	
2004	2030	4.00%-5.25%	\$ 55,205,000	\$ 9,520,000	\$ -	\$ -	\$ 4,500,000	\$ 5,020,000
2005	2025	3.00%-5.00%	68,181,109	57,416,109	-	838,247	1,820,000	56,434,356
2007	2033	4.00%-5.00%	90,000,000	-	90,000,000	-	-	90,000,000
				<u>\$ 66,936,109</u>	<u>\$ 90,000,000</u>	<u>\$ 838,247</u>	<u>\$ 6,320,000</u>	<u>\$ 151,454,356</u>

The General Obligation Bonds, Series A and B mature through 2030 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2008	\$ 1,545,000	\$ 174,078	\$ 1,719,078
2009	-	146,075	146,075
2010	-	146,075	146,075
2011	-	146,075	146,075
2012	500,000	136,075	636,075
2013-2017	2,445,000	306,143	2,751,143
2018-2022	120,000	126,652	246,652
2023-2027	215,000	83,681	298,681
2028-2030	195,000	16,637	211,637
Total	<u>\$ 5,020,000</u>	<u>\$ 1,281,491</u>	<u>\$ 6,301,491</u>

The General Obligation Bonds, 2005 Refunding Bonds mature through 2025 as follows:

Fiscal Year	Principal	Accreted Interest	Current Interest to Maturity	Total
2008	\$ 475,000	\$ -	\$ 2,541,900	\$ 3,016,900
2009	1,260,000	-	2,503,275	3,763,275
2010	1,495,000	-	2,440,762	3,935,762
2011	1,740,000	-	2,366,250	4,106,250
2012	1,368,836	461,164	2,310,500	4,140,500
2013-2017	7,295,520	5,294,480	11,412,125	24,002,125
2018-2022	22,555,000	-	8,124,875	30,679,875
2023-2025	20,245,000	-	1,583,375	21,828,375
Total	<u>\$ 56,434,356</u>	<u>\$ 5,755,644</u>	<u>\$ 33,283,062</u>	<u>\$ 95,473,062</u>

**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007 AND 2006**

The General Obligation Bonds, Series 2007 C mature through 2033 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2008	\$ 6,020,000	\$ 2,504,842	\$ 8,524,842
2009	5,125,000	3,952,550	9,077,550
2010	5,160,000	3,746,850	8,906,850
2011	5,185,000	3,534,575	8,719,575
2012	-	3,425,500	3,425,500
2013-2017	-	17,127,500	17,127,500
2018-2022	-	17,127,500	17,127,500
2023-2027	15,340,000	16,377,750	31,717,750
2028-2032	52,170,000	7,211,750	59,381,750
2033	1,000,000	25,000	1,025,000
<b>Total</b>	<b><u><u>\$ 90,000,000</u></u></b>	<b><u><u>\$ 75,033,817</u></u></b>	<b><u><u>\$ 165,033,817</u></u></b>

**Capital Leases**

The District has utilized capital leases purchase agreements to primarily purchase equipment. The current lease purchase agreements in the amount of \$138,445 will be paid through 2012.

The District's liabilities on lease agreements with options to purchase are summarized below:

Balance, July 1, 2006	<u>Capital Lease</u>
Additions	\$ -
Payments	138,445
Balance, June 30, 2007	<u>65,000</u>
	<b><u><u>\$ 73,445</u></u></b>
<u>Year Ending June 30,</u>	<u>Lease Payment</u>
2008	\$ 17,195
2009	14,674
2010	14,674
2011	14,674
2012	12,228
<b>Total</b>	<u>73,445</u>
<b>Present Value of Minimum Lease Payments</b>	<b><u><u>\$ 73,445</u></u></b>

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

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### *NOTE 9 - POSTEMPLOYMENT BENEFITS*

The District provides medical, dental, and vision insurance coverage, as prescribed in the various employee union contracts, to retirees meeting plan eligibility requirements. Eligible employees retiring from the District may become eligible for these benefits when the requirements are met. The eligibility requirement for employees participating in Public Employees' Retirement System (PERS) is a minimum age of 55 and a minimum ten years of continuous service with the District. Additional age and service criteria may be required. The eligibility requirement for employees participating in State Teachers' Retirement System (STRS) is a minimum age of 60 with five years of service, or age 50 with 30 years of service. In addition, the District also has minimum continuous service requirements for retirement that range from three years to ten years and varies by employee class. The District recognizes expenditures for these post employment health benefits on a pay-as-you-go-basis as premiums are paid. During the 2007 fiscal year, the District provided insurance premium benefits to 70 retired employees with total expenditures of \$960,116.

### *NOTE 10 - RISK MANAGEMENT*

#### **Property and Liability**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year ending June 30, 2007, the District contracted with the Alliance of Schools for Cooperative Insurance Programs Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in the past year. There has not been a significant reduction in coverage from the prior year.

#### **Workers' Compensation**

For fiscal year 2006-2007, the District participated in the Schools Excess Liability Fund Joint Powers Authority (JPA), an insurance purchasing pool. The District is self insured for the first \$350,000 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.

#### **Claims Liabilities**

The District records an estimated liability for indemnity health care, 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 historical experience and internal actuarial analysis.

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

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### Unpaid Claims Liabilities

The fund 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 approximated aggregate liabilities for the District from June 30, 2006 to June 30, 2007.

	Self- Insurance
Liability Balance, June 30, 2006	\$ 2,476,763
Claims and changes in estimates	2,223,055
Claims payments	(1,868,613)
Liability Balance, June 30, 2007	<u>\$ 2,831,205</u>
Assets available to pay claims at June 30, 2007	<u><u>\$ 7,561,089</u></u>

### NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

#### STRS

##### Plan Description

All certificated employees and those employees meeting minimum standards adopted by the Board of Governors of the California Community Colleges and employed 50 percent or more of a full-time equivalent position participate in the Defined Benefit Plan (DB Plan). Part-time educators hired under a contract of less than 50 percent or on an hourly or daily basis without contract may elect membership in the Cash Balance Benefit Program (CB Benefit Program). Since January 1, 1999, both of these plans have been part of the State Teachers' Retirement System, a cost-sharing, multiple-employer contributory public employee retirement system. The State Teachers' Retirement Law (Part 13 of the *California Education Code*, Section 22000 et seq.) established benefit provisions for STRS. Copies of the STRS annual financial report may be obtained from the STRS Executive Office, 7667 Folsom Boulevard, Sacramento, California 95851.

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2007 AND 2006**

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The STRS, a defined benefit pension plan, provides retirement, disability, and death benefits, and depending on which component of the STRS the employee is in, post-retirement cost-of-living adjustments may also be offered. Employees in the DB Plan attaining the age of 60 with five years of credited California service (service) are eligible for "normal" retirement and are entitled to a monthly benefit of two percent of their final compensation for each year of service. Final compensation is generally defined as the average salary earnable for the highest three consecutive years of service. The plan permits early retirement options at age 55 or as early as age 50 with at least 30 years of service. While early retirement can reduce the two percent age factor used at age 60, service of 30 or more years will increase the percentage age factor to be applied. Disability benefits are generally the maximum of 50 percent of final compensation for most applicants. Eligible dependent children can increase this benefit up to a maximum of 90 percent of final compensation. After five years of credited service, members become 100 percent vested in retirement benefits earned to date. If a member's employment is terminated, the accumulated member contributions are refundable. The features of the CB Benefit Program include immediate vesting, variable contribution rates that can be bargained, guaranteed interest rates, and flexible retirement options. Participation in the CB Benefit Program is optional; however, if the employee selects the CB Benefit Program and their basis of employment changes to half time or more, the member will automatically become a member of the DB Plan.

### **Funding Policy**

Active members of the DB Plan are required to contribute eight percent of their salary while the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2006-2007 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The CB Benefit Program is an alternative STRS contribution plan for instructors. Instructors who choose not to sign up for the DB Plan or FICA may participate in the CB Benefit Program. The District contribution rate for the CB Benefit Program is always a minimum of four percent with the sum of the District and employee contribution always being equal or greater than eight percent.

### **Annual Pension Cost**

The District's total contributions to STRS for the fiscal years ended June 30, 2007, 2006, and 2005, were \$5,000,706, \$4,399,919, and \$3,850,938, respectively, and equal 100 percent of the required contributions for each year.

### **Other Information**

Under STRS law, certain early retirement incentives require the employer to pay the present value of the additional benefit which may be paid on either a current or deferred basis. The District has obligations to STRS totaling \$762,930 for early retirement incentives granted to terminated employees.

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

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### CalPERS

#### Plan Description

All full-time classified employees participate in the CalPERS, an agent multiple-employer contributory public employee retirement system that act as a common investment and administrative agent for participating public entities within the State of California. The Riverside Community College District is part of a "cost-sharing" pool with CalPERS. Employees are eligible for retirement as early as age 50 with five years of service. At age 55, the employee is entitled to a monthly benefit of 2.0 percent of final compensation for each year of service credit. Retirement compensation is reduced if the plan is coordinated with Social Security. Retirement after age 55 will increase the percentage rate to a maximum of 2.5 percent at age 63 with an increased rate. The plan also provides death and disability benefits. Retirement benefits fully vest after five years of credited service. Upon separation from the Fund, members' accumulated contributions are refundable with interest credited through the date of separation.

The Public Employees' Retirement Law (Part 3 of the *California Government Code*, Section 20000 et seq.) establishes benefit provisions for CalPERS. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

#### Funding Policy

Active plan members are required to contribute seven percent of their salary (seven percent of monthly salary over \$133.33 if the member participates in Social Security), and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The District's contribution rate to CalPERS for fiscal year 2006-2007 was 9.124 percent of annual payroll.

#### Annual Pension Cost

The District's contributions to CalPERS for fiscal years ending June 30, 2007, 2006, and 2005, were \$2,702,097, \$2,330,410, and \$2,291,598, respectively, and equaled 100 percent of the required contributions for each year.

#### On-Behalf Payments

The State of California makes contributions to STRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to STRS which amounted to \$2,720,297 (4.517 percent) of salaries subject to STRS. A contribution to CalPERS was not required for the year ended June 30, 2007. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006

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### **Deferred Compensation**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan, available to all District employees, permits 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 plan, 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 Riverside County Office of Education is the Financial Agent for the District.

### **Public Agency Retirement System (PARS)**

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 System (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 STRS, 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 Number 763 as of June 30, 2007. Total contributions to the plan amounted to \$690,735.

## ***NOTE 12 - 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, 2007.

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007 AND 2006

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### Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2007.

### 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
2008	\$ 1,578,637
2009	1,390,782
2010	1,270,784
2011	1,270,784
2012	1,069,000
Present Value of Minimum Lease Payments	<u>\$ 6,579,987</u>

**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007 AND 2006**

**Construction Commitments**

As of June 30, 2007, the District had the following commitments with respect to the unfinished capital projects:

CAPITAL PROJECT	Spent to Date	Estimated Construction Commitment	Expected Date of Completion
Quad Remodel	\$ 17,532,536	\$ 1,353,955	Fiscal Year 07/08
Nursing/Science Project	1,304,596	5,078,090	Fiscal Year 11/12
Moreno Valley Phase III	513,275	644,045	Fiscal Year 11/12
Norco - Phase III	1,188,255	7,136,460	Fiscal Year 09/10
Riverside School of the Arts	150,711	1,688,031	Fiscal Year 12/13
Parking Structure	20,875,517	20,897	Fiscal Year 07/08
Food Service Remodel - Riverside	25,813	557,257	Fiscal Year 08/09
Food Service Remodel - Moreno Valley	71,050	1,885,566	Fiscal Year 08/09
Center for Primary Education	5,275,631	3,402,618	Fiscal Year 07/08
ECS Secondary Effects Projects - Moreno Valley	227,674	12,571	Fiscal Year 08/09
Infrastructure Studies Projects	465,695	26,775	Fiscal Year 07/08
MV - Hot Water Loop - SPP 827	153,541	737,755	Fiscal Year 07/08
NORESCO Utility Retrofit	3,202,172	2,973,922	Fiscal Year 07/08
Modular Redistribution Project - Riverside	22,925	1,874,156	Fiscal Year 07/08
Modular Redistribution Project - Moreno Valley	50,049	1,398,720	Fiscal Year 07/08
Modular Redistribution Project - Norco	568,501	1,118,165	Fiscal Year 07/08
ECS Upgrade and Retrofit Project - Moreno Valley	26,912	19,341	Fiscal Year 07/08
ECS Upgrade and Retrofit Project - Norco	29,555	549,519	Fiscal Year 09/10
Norco Student Support Center	58,438	10,984,382	Fiscal Year 09/10
Modular Redistribution Project - Ben Clark	39,090	2,122,722	Fiscal Year 07/08
Aquatic Project - SPP 846	38,658	5,001,992	Fiscal Year 09/10
	<u>\$ 51,820,593</u>	<u>\$ 48,586,939</u>	

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

**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 Alliance of Schools for Cooperative Insurance Programs (ASCIP) 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.

# **RIVERSIDE COMMUNITY COLLEGE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2007 AND 2006**

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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, 2007, the District made payments of \$303,261, \$7,636, \$1,182,864, and \$452,274 to SELF, RCCSSIPE, REEP, and ASCIP, respectively.

### ***NOTE 14 - SUBSEQUENT EVENTS***

The District has adopted the Public Agency Retirement Services (PARS) 403(b) Supplementary Retirement Plan (SRP) effective July 1, 2007, for employees meeting certain eligibility requirements. The supplementary retirement plan has five annual payments of \$452,376, totaling \$2,261,880.

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***SUPPLEMENTARY INFORMATION***

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# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## DISTRICT ORGANIZATION JUNE 30, 2007

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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 is accredited by the Western Association of Schools and Colleges (WASC), which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

### BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Mary Figueroa	President	December 3, 2008
Virginia Blumenthal	Vice President	December 3, 2010
Janet Green	Secretary	December 3, 2010
Jose Medina	Member	December 3, 2010
Mark A. Takano	Member	December 3, 2008

### ADMINISTRATION

Dr. Salvatore G. Rotella <sup>(1)</sup>	Chancellor
Dr. Ray Maghroori	Vice Chancellor, Academic Affairs
Dr. James L. Buysse <sup>(2)</sup>	Vice Chancellor, Administration and Finance
Ms. Melissa Kane	Vice Chancellor, Diversity and Human Resources
Dr. Debbie DiThomas	Interim Vice Chancellor of Student Services/Operations

<sup>(1)</sup> Retired as of July 1, 2007

<sup>(2)</sup> Interim Chancellor as of July 1, 2007

**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
Hispanic Serving Institutions Education Grants		
Water Quality Research	10.223	\$ 56,788
Passed through California Department of Education (CDE)		
Child and Adult Care Food Program	10.558	15,736
Total U.S. Department of Agriculture		<u>72,524</u>
<b>U.S. DEPARTMENT OF COMMERCE</b>		
Market Developer Cooperator Program - CITD	11.112	41,665
<b>U.S. DEPARTMENT OF DEFENSE</b>		
Procurement Assistance Center (PAC)	12.002	156,877
<b>U.S. DEPARTMENT OF LABOR</b>		
<b>WORKFORCE INVESTMENT ACT</b>		
Passed through from the County of Riverside (EDA)		
Title I Community College Education Assistance Center	17.258	150,541
Passed through California Department of Education (CDE)		
Child Development - Careers Projects	17.258	130,203
Total U.S. Department of Labor		<u>280,744</u>
<b>NATIONAL SCIENCE FOUNDATION</b>		
Advanced Technological Education (ATE)	47.076	64,566
<b>SMALL BUSINESS ADMINISTRATION</b>		
Passed through from California State University, Fullerton		
Auxiliary Services Corporation		
Small Business Development Center	59.037	155,345
<b>U.S. DEPARTMENT OF VETERANS AFFAIRS</b>		
Veteran Outreach Program - Administration	64.000	4,225
<b>U.S. DEPARTMENT OF EDUCATION</b>		
<b>Financial Aid Cluster</b>		
Federal Supplement Education Opportunity Grant (FSEOG)	84.007	600,336
FSEOG Administrative	84.007	42,515
Federal Family Education Loans (FFEL)	84.032	1,254,931
Federal Work Study Program (FWS)	84.033	558,342
Federal Work Study Administrative	84.033	36,044
Federal Pell Grants (PELL)	84.063	11,073,381
Federal Pell Administrative	84.063	32,555
Academic Competitiveness Grant (ACG)	84.375	12,125
Total Financial Aid Cluster		<u>13,610,229</u>

See accompanying note to supplementary information.

**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2007**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Federal Expenditures
<b>HIGHER EDUCATIONAL ACT</b>		
Strengthening Institutions - Hispanic Serving Institutions	84.031S	\$ 314,137
Strengthening Institutions - Hispanic Serving Institutions	84.031S	344,929
Strengthening Institutions - Hispanic Serving Institutions	84.031S	489,812
Passed through from Chaffey Community College		
Title V - Higher Educational Institutional Aid	84.031S	381,583
Total Hispanic Serving Institutions		<u>1,530,461</u>
<b>TRIO Cluster</b>		
Student Support Services Program	84.042	248,573
Talent Search Program - Norco	84.044	181,499
Talent Search Program - Moreno Valley	84.044	158,299
Upward Bound Program	84.047	329,801
Total TRIO Cluster		<u>918,172</u>
Fund for Improvement of Post-Secondary Education (FIPSE)	84.116B	25,176
John F Kennedy Middle College High School		
Curriculum Development Initiative	84.116Z	11,829
Business and International Education Projects - Title VI	84.153A	60,210
Gaining Early Awareness and Readiness for Undergraduate		
Programs (GEAR UP) - Passport Plus	84.334A	315,968
Child Care Access Means Parents in School (CCAMPIS)	84.335A	73,417
Passed through from University of California, Riverside		
Teacher Quality Enhancement Grants	84.336	120,696
Total Higher Education Act		<u>3,055,929</u>
<b>VOCATIONAL AND TECHNICAL EDUCATION ACT</b>		
Passed through from California Community College Chancellor's Office		
Title I-C	84.048	1,378,475
Technical Preparation Regional Coordination	84.243	2,032
Success by Design - A Demonstration Model for		
Institutional Partnerships Serving Out-of-School Youth	84.353A	105,250
Total Vocational and Technical Education Act		<u>1,485,757</u>
<b>REHABILITATION ACT</b>		
Passed through from Riverside County Department of Rehabilitation		
Rehabilitation Services -		
Vocational Rehabilitation Grants to States	84.126	213,557
<b>ELEMENTARY AND SECONDARY EDUCATION ACT</b>		
Center for Primary Education - General Plan	84.215	(192)
Riverside School of Arts - Planning and Design Development	84.215K	325,803
Total Elementary and Secondary Education Act		<u>325,611</u>
Total U.S. Department of Education		<u>18,691,083</u>

See accompanying note to supplementary information.

**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2007**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Federal Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
Nurse Education, Practice, and Retention	93.359	\$ 229,659
Medical Assistance Program (MAA)	93.778	15,259
Pass-through from California Community College Chancellor's Office		
Temporary Assistance to Needy Families (TANF)	93.558	119,821
Foster Care Education Program	93.658	75,801
Pass-through from Yosemite Community College		
Early Childhood Study - Consortium Grant	93.575	29,898
Pass-through from Riverside County Department of Public Social Services		
Independent Living Program - Emancipation Services	93.674	1,053,412
Pass-through from California Community College Foundation		
Independent Living Program	93.674	10,200
Total U.S. Department of Health and Human Services		<u>1,534,050</u>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>		
Passed through from the Maricopa Community College		
Supporting Actions fro Engagement (SAFE)	94.005	18,429
Passed through from the California Community College Foundation		
Americorps	94.006	200,178
Total Corporation for National and Community Service		<u>218,607</u>
Total Federal Expenditures		<u>\$ 21,219,686</u>

See accompanying note to supplementary information.

**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007**

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
<b>GENERAL FUND</b>			
Board Financial Assistance Program (BFAP)	\$ 134,347	\$ -	\$ 134,347
Basic Skills	520,931	-	520,931
Basic Skills and Immigrant Education	600,698	-	600,698
Part Time Faculty Insurance	9,503	-	9,503
Part Time Faculty Office Hours	125,724	-	125,724
Part Time Faculty Compensation	1,083,773	-	1,083,773
Homeowner Property Tax Relief	451,465	-	451,465
Timber Tax Yield	5	-	5
State Tax Subventions	1,345	-	1,345
State Lottery	3,220,803	-	3,220,803
State Mandated Cost	80,176	-	80,176
Other State Revenues	10,898	-	10,898
CMTC ET Panel Sub-Contract	700	-	700
CA ETP Retraining III	16,539	-	16,539
Career/Tech	947,470	-	947,470
Career Exploration and Develop 7th and 8th Grade	149,853	-	149,853
CTE Strengthening Career Tech Ed SB 70	250,000	-	250,000
CTE Teacher Preparation Pipeline	296,116	-	296,116
Associate Degree Nursing Enroll Growth	68,252	-	68,252
California Articulation Number (CAN)	5,000	-	5,000
Song Brown Nursing 06/08	113,125	-	113,125
Physician's Assistant Base	69,836	-	69,836
Nursing Capacity Building - Program Expansion	-	127,700	127,700
Nursing Capacity Building - Renovation	-	198,984	198,984
Nursing Capacity Building - Program Expansion	438,645	-	438,645
Nursing Capacity Building - Renovation	277,750	-	277,750
Extended Opportunity Program and Service - (EOPS)	726,785	-	726,785
Extended Opportunity Program and Service - (EOPS/CARE)	88,323	-	88,323
Board Financial Assistance Program (BFAP)	889,379	-	889,379
Telecommunication Technology Infrastructure Program - TCO	10,595	44,533	55,128
Instructional Equipment and Library Materials	1,418,182	-	1,418,182
TTIP Plan E - Library Automation	36,363	-	36,363
Hazardous Substances Program	-	91,302	91,302
Matriculation Grant	1,494,345	-	1,494,345
Staff Development	119,065	-	119,065
Foster Care Education Program	65,012	-	65,012
Middle College High School	136,769	29,662	166,431

See accompanying note to supplementary information.

Program Revenues					
Cash Received	Accounts Receivable	Accounts Payable	Deferred Revenue	Total Revenue	Program Expenditures
\$ 134,347	\$ -	\$ -	\$ -	\$ 134,347	\$ 134,347
520,931	-	-	179,358	341,573	341,573
600,698	-	-	600,698	-	-
9,426	-	-	-	9,426	9,426
121,850	-	-	-	121,850	121,850
1,083,773	-	-	-	1,083,773	1,083,773
451,465	-	-	-	451,465	451,465
-	5	-	-	5	5
1,345	-	-	-	1,345	1,345
2,107,215	1,393,603	280,014	-	3,220,804	3,220,804
80,176	-	-	-	80,176	80,176
10,898	-	-	-	10,898	10,898
700	-	-	-	700	700
(1,354)	17,893	-	-	16,539	16,539
947,470	-	19,284	-	928,186	928,186
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
68,252	-	-	-	68,252	68,252
5,000	-	19	-	4,981	4,981
71,865	37,679	-	-	109,544	109,544
-	44,148	-	-	44,148	44,148
127,700	-	-	-	127,700	127,700
198,984	-	-	87,892	111,092	111,092
438,645	-	-	232,351	206,294	206,294
277,750	-	-	154,137	123,613	123,613
726,785	-	732	-	726,053	726,053
88,323	-	397	-	87,926	87,926
889,379	-	-	-	889,379	889,379
55,128	-	-	40,892	14,236	14,236
1,418,182	-	179,537	-	1,238,645	1,238,645
36,363	-	-	-	36,363	36,363
91,014	-	-	-	91,014	91,014
1,494,345	-	-	-	1,494,345	1,494,345
119,065	-	-	114,082	4,983	4,983
47,547	13,427	-	-	60,974	60,974
100,688	60,485	-	-	161,173	161,173

**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2007**

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
SBDC State CCCCCO	\$ 50,000	\$ -	\$ 50,000
Economic Development - Center for Applied			
Computer Technology	205,000	-	205,000
IDRC Logistics/Mt SAC	75,000	-	75,000
Quick Start Partnership Long Beach	45,000	-	45,000
Economic Development - Center for International			
Trade Development State Leadership	205,000	-	205,000
Staff Diversity	31,862	63,389	95,251
CACT HUB FP1	121,000	-	121,000
CITD HUB FP1	121,000	-	121,000
Disabled Student Program and Services - DSPS	1,775,456	-	1,775,456
Nursing Faculty Recruitment and Retention	307,340	-	307,340
CalWORKS	604,640	-	604,640
California High School Exit Exam Preparation	361,147	-	361,147
Economic Development - VTEA	-	50,000	50,000
Economic Development - CITD State Leadership	162,500	-	162,500
State Lottery	623,998	-	623,998
<b>CHILD DEVELOPMENT FUND</b>			
Campus Child Care Tax Bailout	-	-	-
Child Nutrition Program	-	-	-
<b>CAPITAL PROJECTS FUND</b>			
Scheduled Maintenance	1,118,499	-	1,118,499
Scheduled Maintenance	299,710	-	299,710
MLK Remodel Construction	-	18,404	18,404
Quad Modernization State Construction	-	8,167,234	8,167,234
ECS Equipment Project - Norco	-	19,982	19,982
ECS Equipment Project - Moreno Valley	-	42,650	42,650
Norco Phase III	386,000	-	386,000
Quad Modernization Equipment Project	367,000	-	367,000
<b>STUDENT FINANCIAL AID FUND</b>			
Cal Grant B	1,505,546	-	1,505,546
Cal Grant C	-	-	-
Total State Programs			

See accompanying note to supplementary information.

Program Revenues						
Cash Received	Accounts Receivable	Accounts Payable	Deferred Revenue	Total Revenue	Program Expenditures	
\$ 42,000	\$ 7,985	\$ -	\$ -	\$ 49,985	\$ 49,985	
172,200	24,311	-	-	196,511	196,511	
5,000	68,587	-	-	73,587	73,587	
10,145	26,401	-	-	36,546	36,546	
172,200	22,737	-	-	194,937	194,937	
95,251	-	-	67,064	28,187	28,187	
101,640	-	-	101,640	-	-	
101,640	-	-	84,393	17,247	17,247	
1,775,456	-	-	-	1,775,456	1,775,456	
307,341	-	-	266,574	40,767	40,767	
604,640	-	20,539	-	584,101	584,101	
144,459	-	-	112,729	31,730	31,730	
42,000	7,944	-	-	49,944	49,944	
136,575	26,000	75	-	162,500	162,500	
100,531	573,188	49,721	-	623,998	623,998	
137,337	-	-	-	137,337	137,337	
885	-	-	-	885	885	
1,118,499	-	-	-	1,118,499	1,118,499	
299,710	-	-	-	299,710	299,710	
3,880	-	-	-	3,880	3,880	
4,266,380	3,610,618	-	-	7,876,998	7,876,998	
5,854	4,420	-	-	10,274	10,274	
14,108	8,653	-	-	22,761	22,761	
-	273,151	-	-	273,151	273,151	
-	14,706	-	-	14,706	14,706	
1,504,986	560	43,373	-	1,462,173	1,394,790	
-	-	-	-	-	67,383	
<u>\$ 23,486,672</u>	<u>\$ 6,236,501</u>	<u>\$ 593,691</u>	<u>\$ 2,041,810</u>	<u>\$ 27,087,672</u>	<u>\$ 27,087,672</u>	

**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF WORKLOAD MEASURES FOR STATE  
GENERAL APPORTIONMENT - ANNUAL/ACTUAL ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2007**

<b>CATEGORIES</b>	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Audited Data</u>
<b>Credit Full-Time Equivalent Student (FTES)</b>			
A. Summer Intersession (Summer 2006 only)			
1. Credit	304	-	304
B. Summer Intersession (Summer 2007 - Prior to July 1, 2007)			
1. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure			
(a) - Weekly Census Contact Hours	16,502	-	16,502
(b) - Daily Census Contact Hours	2,703	-	2,703
2. Actual Hours of Attendance			
(a) - Credit	1,792	-	1,792
3. Independent Study/Work Experience			
(a) - Weekly Census Procedure Courses	1,559	-	1,559
(b) - Daily Census Procedure Courses	984	-	984
Subtotal	<u>23,844</u>	<u>-</u>	<u>23,844</u>
<b>Noncredit FTES</b>			
A. Summer Intersession (Summer 2006 only)			
1. Noncredit	22	-	22
B. Summer Intersession (Summer 2007 - Prior to July 1, 2007)			
1. Noncredit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Actual Hours of Attendance			
(a) - Noncredit	101	-	101
2. Independent Study/Work Experience			
(a) - Noncredit Independent Study	-	-	-
Subtotal	<u>123</u>	<u>-</u>	<u>123</u>
Total FTES	<u>23,967</u>	<u>-</u>	<u>23,967</u>
<b>Supplemental Information (subset of above information)</b>			
In-Service Training Courses (FTES)			1,077
<b>Basic Skills Courses</b>			
1. Noncredit			-
2. Credit			2,085
Total Basic Skills FTES			<u>2,085</u>
<b>Comprehensive Center FTES</b>			
1. Noncredit			1
2. Credit			11,929
Total Comprehensive Center FTES			<u>11,930</u>

See accompanying note to supplementary information.

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH FUND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2007

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

	<u>Capital Outlay Projects</u>
FUND BALANCE	
Balance, June 30, 2007, (CCFS-311)	\$ 114,351,575
Increase in:	
Accounts payable	<u>(464,297)</u>
 Balance, June 30, 2007, Fund Financial Statement	 <u><u>\$ 113,887,278</u></u>

See accompanying note to supplementary information.

**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEETS TO THE  
STATEMENT OF NET ASSETS  
JUNE 30, 2007**

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

**Total Fund Balance and Due to Student Groups:**

General Funds	\$ 23,252,363	
Special Revenue Funds	243,125	
Capital Outlay Projects	113,887,278	
Debt Service Funds	18,741,502	
Internal Service Funds	3,719,271	
Fiduciary Funds	2,042,870	

**Total Fund Balance and Due to Student Groups**

**- All District Funds**

**\$ 161,886,409**

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	215,326,455	
Accumulated depreciation is	<u>(43,170,921)</u>	172,155,534

Amounts held in trust on behalf of others (Trust and Agency Funds)

(2,042,870)

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

(1,122,959)

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

Cost of issuance at year end amounted to:		1,084,831
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Long-term obligations at year end consist of:

Bonds payable	159,139,934	
Capital leases payable	73,445	
Compensated absences	2,328,743	
Load banking	648,827	
Early retirement (Golden Handshake)	927,706	
Less compensated absences already recorded in funds	<u>(620,886)</u>	<u>(162,497,769)</u>

**Total Net Assets**

**\$ 169,463,176**

See accompanying note to supplementary information.

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2007

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### NOTE 1 - PURPOSE OF SCHEDULES

#### 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 the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

#### Subrecipients

Of the Federal expenditures presented in the schedule, the District provided Federal awards to subrecipients as follows:

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Amount Provided to Subrecipients
Independent Living Program	93.674	\$ 38,483

#### 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.

#### Schedule of Workload Measures for State General Apportionment - Annual/Actual Attendance

Full-Time Equivalent Students (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 are made to community college districts. This schedule provides information regarding the attendance of students throughout the District.

#### Reconciliation of Annual Financial and Budget Report with Fund Financial Statements

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

#### Reconciliation of the Governmental Fund Balance Sheets to the Statement of Net Assets

This schedule provides a reconciliation of the adjustments necessary to bring the District's fund financial statements, prepared on a modified accrual basis, to the accrual basis required under GASB Statement No. 35.

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***INDEPENDENT AUDITORS' REPORTS***

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**INDEPENDENT AUDITORS' 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 the financial statements of Riverside Community College District (the District) as of and for the year ended June 30, 2007, and have issued our report thereon dated December 21, 2007. We conducted our audits 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.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered Riverside Community College District's internal control over financial reporting as a basis for designing our auditing procedures 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 Riverside Community College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Riverside Community College District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

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

We noted certain matters that we reported to management of Riverside Community College District in a separate letter dated December 21, 2007.

This report is intended solely for the information and use of the Board of Trustees, District Management, the California Community Colleges Chancellor's Office, and the District's Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Rancho Cucamonga, California  
December 21, 2007



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees  
Riverside Community College District  
Riverside, California

**Compliance**

We have audited the compliance of Riverside Community College District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2007. Riverside Community College District's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of Riverside Community College District's management. Our responsibility is to express an opinion on Riverside Community College District's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Riverside Community College 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. Our audit does not provide a legal determination of Riverside Community College District's compliance with those requirements.

In our opinion, Riverside Community College District complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2007-1.

## Internal Control Over Compliance

The management of Riverside Community College District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered Riverside Community College District's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Riverside Community College District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in a district's internal control over compliance 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 noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2007-2 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected by the District's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

Riverside Community College District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Riverside Community College District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, District Management, the California Community Colleges Chancellor's Office, and the District's Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Maurine, June, Day & Co. LLP*

Rancho Cucamonga, California  
December 21, 2007



## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees  
Riverside Community College District  
Riverside, California

We have audited the financial statements of the Riverside Community College District (the District) for the year ended June 30, 2007, and have issued our report thereon dated December 21, 2007.

Our audit was made in accordance with auditing standards generally accepted in the United States of America and the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the following State laws and regulations in accordance with Section 400 of the Chancellor's Office's *California Community Colleges Contracted Audit Manual (CDAM)*.

### General Directive

Section 424: MIS Implementation - State General Apportionment Funding System

### Administration

Section 435: Open Enrollment

Section 436: Minimum Conditions - Standards of Scholarship

Section 437: Student Fee - Instructional Materials and Health Fees

Section 423: Apportionment of Instructional Service Agreements/Contracts

Section 425: Residency Determination for Credit Courses

Section 427: Concurrent Enrollment of K-12 Students in Community College Credit Courses

Section 432: Enrollment Fee

Section 421: Salaries of Classroom Instructors (50 percent Law)

Section 426: Students Actively Enrolled

Section 431: Gann Limit Calculation

## Student Services

Section 428: Use of Matriculation Funds

Section 433: CalWORKs - Use of State and Federal TANF Funding

## Facilities

Section 434: Scheduled Maintenance Program

Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, except for finding 2007-3 as described in the accompanying Schedule of State Award Findings and Questioned Costs, the Riverside Community College District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2007.

This report is intended solely for the information of the Board of Trustees, District Management, the California Community Colleges Chancellor's Office, the California Department of Finance, and the California Department of Education, and is not intended to be and should not be used by anyone other than these specified parties.



Rancho Cucamonga, California  
December 21, 2007

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2007**

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**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>Yes</u>
Identification of major program	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.032, 84.033, 84.063, 84.375	<u>Student Financial Aid Cluster</u>
84.031S	<u>Strengthening Institutions - Hispanic Serving Institution</u>
84.042, 84.044, 84.047	<u>TRIO Cluster</u>
93.674	<u>Independent Living Program</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 636,591</u>
Auditee qualified as low-risk auditee?	<u>No</u>

**STATE AWARDS**

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for State programs:	<u>Unqualified</u>

**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 2007**

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None reported.

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2007

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The following findings represent significant deficiencies and/or instances of noncompliance including questioned costs that are required to be reported by OMB Circular A-133.

### 2007-1 Finding - Compensation for Personal Services

**Program:** TRIO Cluster  
**CFDA No.** 84.042, 84.044, and 84.047  
**Award Year:** 2006-2007  
**Compliance Requirement:** Allowable Costs  
**Questioned Costs:** Approximately \$55,000

#### Programs Affected

U.S. Department of Education, Higher Education Act, TRIO Cluster, Student Support Services (CFDA #84.042), Talent Search (CFDA #84.044), and Upward Bound (CFDA #84.047)

#### Criteria

OMB Circular A-21, Cost Principles for Educational Institutions, Part J, General Provisions for Selected Items of Cost, No. 10, Compensation for Personal Services.

- c. (1) Plan Confirmation: Under this method, the distribution of salaries and wages of professorial and professional staff applicable to sponsored agreements is based on budgeted, planned, or assigned work activity, updates to reflect any significant changes in work distribution. A plan confirmation system used for salaries and wages charged directly or indirectly to sponsored agreements will meet the following standards:
  - (a) A system of budgeted, planned, or assigned work activity will be incorporated into the official records of the institution and encompass both sponsored and all other activities on an integrated basis. The system may include the use of subsidiary records.
  - (b) The system will reasonably reflect only the activity for which the employee is compensated by the institution (compensation for incidental work described in subsection a need not be included). Practices vary among institutions and within institutions as to the activity constituting a full workload. Hence, the system will reflect categories of activities expressed as a percentage distribution of total activities.
  - (c) The system will reflect activity applicable to each sponsored agreement and to each category needed to identify indirect and the function to which they are allocable.
  - (d) They system will provide for modification of an individual's salary or salary distribution commensurate with a significant change in the employee's work activity. Short-term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term, such as an academic period. Whenever it is apparent that a significant change in work activity that is directly or indirectly charged to sponsored agreements will occur or has occurred, the change will be documented over the signature of a responsible official an entered into system.

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2007

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- (e) At least annually a statement will be signed by the employee, principal investigator, or responsible official(s) using suitable means of verification that the work was performed, stating that salaries and wages charged to sponsored agreements as direct charges and to indirect cost are reasonable in relation to work performed.
- (f) The system will provide for independent internal evaluation to ensure the system's integrity and compliance with the above standards.

### **Condition**

During our testing procedures performed over the District's policies and procedures regarding compensation for personnel services, we noted that the District used the planned confirmation method for charging salaries to the TRIO program for employees. We also noted that the District's methods did not include an after the fact statement/confirmation from all employee or supervisor using suitable means of verification that payroll original planned and charged to the program was reasonable in relation to the work actually performed. We noted in our sample one employee at the Moreno Valley campus did not include an after the fact statement/confirmation working on TRIO program which total approximately \$55,000 for the year ended June 30, 2007.

### **Effect**

By not performing any certifications that the employees worked solely on that program for the period covered by the certification and/or supported by personnel activity reports or equivalent documentation which is an independent internal evaluation to ensure the system's integrity, the District may not be in compliance with allowable cost principles and applicable OMB cost circulars.

### **Cause**

Written guidance provided by cost allocation OMB Circulars over appropriate methodologies for allocation of time spent within a specific Federal program was not followed. Documentation requirements for the allocation were not maintained.

### **Questioned Costs**

Approximately \$55,000.

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2007

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### Recommendation

The District should review the requirements of the OMB A-21, *Cost Principles for Education Institutions* and develop specific written procedures that will provide documentation requirements for the allocation of salary and benefit costs to the program. Employee salaries that are charged to Federal programs must be supported by an independent internal evaluation such as periodic certifications that the employees worked solely on that program for the period covered by the certification and/or supported by personnel activity reports or equivalent documentation to ensure the salaries being charged to the various Federal programs are reasonable in relation to the work that is actually being performed. Various methodologies have been approved are available to substantiate the allocation of employee salaries, such as time study sampling, to help ensure that salaries are being allocation appropriately.

### District Response and Planned Corrective Actions

The Moreno Valley Trio Program ended as of November 30, 2007. The Grants and Contracts Office will continue to provide Federal grant Project Directors grant management/compliance training and advise them of the personal activity report requirements. The Grants and Contracts Office will implement a process by which Federal grant Project Directors will be sent periodic notifications instructing them of the need to complete and file the Time and Effort Certification. The process will include follow up by the Grants and Contracts Office to insure that the Federal grant Project Directors are compliant.

### 2007-2 Finding - Suspension or Debarment Certifications for Contracts between \$25,000 to \$100,000

**Program:** Hispanic Serving Institutions and Independent Living Program

**CFDA No.** 84.031S and 93.674

**Award Year:** 2006-2007

**Compliance Requirement:** Procurement, Suspension, and Debarment

**Questioned Costs:** None

### Programs Affected

**Higher Education Institutional Aid:** *U.S. Department of Education (DOE)*, Higher Education Act: Strengthening Institutions Hispanic Serving Institutions (CFDA 84.031S)

**Independent Living Program:** *U.S. Department Health and Human Services (HHS)*, (CFDA 93.674), Passed through from County of Riverside, Department of Public Social Services, Passed through from California Community College Foundation

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2007

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### Criteria

*Title 34 - Education, Part 80 - Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments - Sub-Part C - Pre-Award Requirements, Section 80.35*  
Subawards to debarred and suspended parties:

- Grantees and subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party, which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension."

OMB Circular A-110, Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations, Sub-Part C, Pre-Award Requirements, Section .33 Debarment and Suspension:

- Federal awarding agencies and recipients shall comply with the nonprocurement debarment and suspension common rule implementing E.O.s 12549 and 12689, "Debarment and Suspension." This common rule restricts subawards and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

### Condition

During procedures performed over suspension and debarment, we noted the standard contract template for the certification of potential contractor or subcontractor regarding debarment, suspension, and other ineligibility and voluntary exclusion indicates it must be completed by subcontractors/suppliers with a contract value over \$100,000 instead of \$25,000 as required by the Federal regulations. We also noted that the investigation of the Excluded Parties List System (EPLS) website was not performed for the subcontractor/supplier unless the contract value was over \$100,000.

### Effect

Without the proper controls in place, unauthorized program costs could be reimbursed by the Federal program.

### Cause

Written guidance provided by cost allocation OMB Circulars over debarment and suspension common rule implementing E.O.s 12549 and 12689, "Debarment and Suspension." This common rule restricts subawards and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities. No documentation for verifying this requirement was maintained.

### Questioned Costs

None.

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2007

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### **Recommendation**

We recommend the District review its policies and procedures to verify all vendors who are providing services to federally funded programs in excess of \$25,000 have verified that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity. The District should also update contract templates for all contract types that exceed \$25,000 to avoid a violation of the Executive Order 12549.

### **District Response and Planned Corrective Actions**

The Grants and Contract Office will provide information and training on Executive Order 12549 to Project Directors. Project Directors will be responsible for obtaining a letter of certification from vendors being paid from Federal grant awards. In addition, the Purchasing Office will ensure that wording contained in Executive Order 12549 is added to the standard contract terms and conditions.

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2007

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The following findings represent instances of noncompliance and/or questioned costs relating to State program laws and regulations.

### **2007-3 Finding - Student Health Fees (Section 437)**

#### **Criteria**

*Education Code* Sections 70902, 76355, and 76365

*CCR*, Title 5, Section 51012, Student Fees.

Student Fee Handbook published by Chancellor's Office for Community Colleges, October 2006.

#### **Condition**

We noted the following area of concern regarding student health fees:

The District did not disclose a clear process by which students claiming an exemption of the student health fee can follow to obtain such an exemption. Per conversations with District personnel, students who inquired about this fee were simply told that the fee is required by the State of California and cannot be waived. This information should be disclosed within the catalog or schedule of classes.

#### **Recommendation**

The District should review their Board approved policies and documentation of student health fees noted in the College's catalog or class schedules in order to ensure proper compliance with State regulations. The District should also ensure that the existence of the two statutory exemptions is communicated effectively to the students so that they will be aware of potential applicable exemptions. Furthermore, this fee is not required by the State of California, and the State gives the authority to make this fee mandatory to the District.

#### **District Response and Planned Corrective Actions**

The Riverside Community College 2007-2008 Catalog and the Winter 2008 and Summer 2008 Schedules of Classes have information about health fee exemptions. The language is being revised in the next publication cycle (Fall 2008 Schedule and 2008-2009 Catalog) to reflect the following verbiage regarding health services fees:

Students who depend on prayer for healing and students attending under an approved apprenticeship program are exempt from this fee. Students must apply for this waiver by submitting a health services fee waiver request and supporting documentation to the Health Services office. The health services fee waiver request form can be obtained from Admissions and Records.

There will be written and verbal training with the staff of Admissions and Records and the Health Services office on the procedures for handling student requests to waive the health services fee. This training will include informing students that the student health fee can be waived under the above circumstances. Staff will be notified of this procedure by email; the subject will be on the agenda for both the next Admissions and Records meeting and the next Health Services meeting.

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2007

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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 audit findings and questioned costs.

### FEDERAL AWARDS FINDINGS

#### 2006-1 Finding

##### Federal Program Information

U.S. Department of Education - Student Financial Aid Cluster - 84.007, 84.032, 84.033, and 84.063

##### Condition

Refund calculations were calculated incorrectly and some refunds were not returned to the Department of Education in a timely manner.

##### Criteria

When a recipient of Title IV grant or loan assistance withdraws from an institution, during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student's withdrawal date. The refund calculation is based on the number of days in a term and the date the student withdrew or dropped classes. Title IV refunds are required to be deposited or transferred to the Department of Education as soon as possible, but no later than 30 days after the date the institution determines that the student withdrew.

##### Questioned Costs

Unknown.

##### Context

We noted incorrect drop dates were used for several students during our testing of refund calculations. The date of determination used was the date that the refund calculation was performed instead of the date the last class was officially dropped in certain instances. In addition, we noted two drop reports that were run during Winter semester which listed students who had dropped during Fall semester. The refund calculations for these students were not performed timely.

##### Effect

The miscalculation of refunds resulted in an underpayment of funds to the Department of Education for several students selected for testing. The return of Title IV refunds were not made within the 30-day requirement in certain instances.

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2007

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### **Cause**

The calculation errors were due to backdating the drop dates in the computer and due to human error when determining the correct drop date. The date of determination error was due to not consistently selecting the appropriate determination date. The computer reports run during the Winter semester were done after determining a computer error had occurred in drop reports run during the Fall semester.

### **Recommendation**

We recommend a responsible individual within the Student Financial Services review the computer reports and computer programming in order to determine drop reports that include all Title IV students who dropped in the specified time period and that all computer programming is in accordance with Department of Education refund calculation requirements. We also recommend the Student Financial Services provide adequate training and supervision for staff responsible for refund calculations.

### **Current Status**

Implemented.

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***ADDITIONAL SUPPLEMENTARY INFORMATION***

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**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**GOVERNMENTAL FUNDS  
BALANCE SHEETS - (UNAUDITED)  
JUNE 30, 2007**

	<u>General Unrestricted</u>	<u>General Restricted</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 177,021	\$ 314,557
Investments	15,545,684	3,750,935
Accounts receivable	12,466,930	4,028,238
Due from other funds	68,193	992,388
Prepaid expenses	63,756	9,381
Stores inventories	-	-
<b>Total Assets</b>	<u><u>\$28,321,584</u></u>	<u><u>\$ 9,095,499</u></u>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 7,132,710	\$ 1,364,315
Due to other funds	1,963,490	1,513
Deferred revenue	1,175,964	2,526,728
<b>Total Liabilities</b>	<u><u>10,272,164</u></u>	<u><u>3,892,556</u></u>
<b>FUND EQUITY</b>		
Fund Balances		
Reserved	63,756	5,202,943
Unreserved		
Designated	900,000	-
Undesignated	17,085,664	-
<b>Total Fund Equity</b>	<u><u>18,049,420</u></u>	<u><u>5,202,943</u></u>
<b>Total Liabilities and Fund Equity</b>	<u><u>\$28,321,584</u></u>	<u><u>\$ 9,095,499</u></u>

See accompanying note to additional supplementary information.

<u>Special Revenue</u>			<u>Capital Project</u>	<u>Debt Service</u>	<u>Total Governmental Fund (Memorandum Only)</u>
<u>Food Service</u>	<u>Child Development</u>	<u>R.C.C.D. Development Corporation</u>	<u>Capital Outlay Projects</u>	<u>Bond Interest and Redemption</u>	
\$ 20,393	\$ 34,826	\$ 16,244	\$ -	\$ -	\$ 563,041
88,648	131,319	-	113,849,144	18,741,502	152,107,232
18,508	28,805	-	4,423,001	-	20,965,482
8,304	138	-	954,975	-	2,023,998
-	-	-	-	-	73,137
21,310	-	-	-	-	21,310
<u>\$ 157,163</u>	<u>\$ 195,088</u>	<u>\$ 16,244</u>	<u>\$ 119,227,120</u>	<u>\$ 18,741,502</u>	<u>\$ 175,754,200</u>
\$ 54,927	\$ 69,616	\$ -	\$ 5,339,842	\$ -	\$ 13,961,410
495	332	-	-	-	1,965,830
-	-	-	-	-	3,702,692
<u>55,422</u>	<u>69,948</u>	<u>-</u>	<u>5,339,842</u>	<u>-</u>	<u>19,629,932</u>
21,310	-	-	-	-	5,288,009
-	-	-	-	18,741,502	19,641,502
80,431	125,140	16,244	113,887,278	-	131,194,757
<u>101,741</u>	<u>125,140</u>	<u>16,244</u>	<u>113,887,278</u>	<u>18,741,502</u>	<u>156,124,268</u>
<u>\$ 157,163</u>	<u>\$ 195,088</u>	<u>\$ 16,244</u>	<u>\$ 119,227,120</u>	<u>\$ 18,741,502</u>	<u>\$ 175,754,200</u>

**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**GOVERNMENTAL FUNDS  
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2007**

	<b>General Unrestricted</b>	<b>General Restricted</b>
<b>REVENUES</b>		
Federal revenues	\$ 115,339	\$ 7,574,236
State revenues	92,352,718	10,735,973
Local revenues	43,860,112	4,905,242
<b>Total Revenues</b>	<u>136,328,169</u>	<u>23,215,451</u>
<b>EXPENDITURES</b>		
Current Expenditures		
Academic salaries	62,479,281	3,561,067
Classified salaries	26,381,646	7,695,017
Employee benefits	22,200,691	3,063,957
Books and supplies	2,093,875	1,815,779
Services and operating expenditures	13,901,169	3,340,879
Capital outlay	1,918,499	3,524,957
Debt service - principal	-	65,000
Debt service - interest and other	-	-
<b>Total Expenditures</b>	<u>128,975,161</u>	<u>23,066,656</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>7,353,008</u>	<u>148,795</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Operating transfers in	(969,025)	985,010
Operating transfers out	(976,930)	-
Other sources	3,522	138,445
Other uses	-	(344,159)
<b>Total Other Financing Sources (Uses)</b>	<u>(1,942,433)</u>	<u>779,296</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>5,410,575</u>	<u>928,091</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>12,638,845</u>	<u>4,274,852</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 18,049,420</u>	<u>\$ 5,202,943</u>

See accompanying note to additional supplementary information.

Special Revenue			Capital Project	Debt Service	Total Governmental Fund (Memorandum Only)
Food Service	Child Development	R.C.C.D Development Corporation	Capital Outlay Projects	Bond Interest and Redemption	
\$ -	\$ 30,995	\$ -	\$ -	\$ -	\$ 7,720,570
-	138,219	-	9,619,978	151,576	112,998,464
1,250,905	1,081,935	11	2,154,722	14,229,958	67,482,885
<u>1,250,905</u>	<u>1,251,149</u>	<u>11</u>	<u>11,774,700</u>	<u>14,381,534</u>	<u>188,201,919</u>
-	964,853	-	-	-	67,005,201
663,563	168,604	-	43,674	-	34,952,504
246,878	200,179	-	22,758	-	25,734,463
735,849	54,888	-	36,311	-	4,736,702
232,540	56,013	20	1,942,324	-	19,472,945
4,538	851	-	32,972,222	-	38,421,067
-	-	-	-	6,320,000	6,385,000
-	-	-	-	2,872,456	2,872,456
<u>1,883,368</u>	<u>1,445,388</u>	<u>20</u>	<u>35,017,289</u>	<u>9,192,456</u>	<u>199,580,338</u>
(632,463)	(194,239)	(9)	(23,242,589)	5,189,078	(11,378,419)
506,930	220,000	-	-	-	742,915
-	-	-	(15,985)	-	(992,915)
-	-	-	92,816,967	1,732,136	94,691,070
-	-	-	(1,732,136)	-	(2,076,295)
<u>506,930</u>	<u>220,000</u>	<u>-</u>	<u>91,068,846</u>	<u>1,732,136</u>	<u>92,364,775</u>
(125,533)	25,761	(9)	67,826,257	6,921,214	80,986,356
227,274	99,379	16,253	46,061,021	11,820,288	75,137,912
<u>\$ 101,741</u>	<u>\$ 125,140</u>	<u>\$ 16,244</u>	<u>\$ 113,887,278</u>	<u>\$ 18,741,502</u>	<u>\$ 156,124,268</u>

**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**PROPRIETARY FUNDS  
BALANCE SHEETS - (UNAUDITED)  
JUNE 30, 2007**

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	<b>Internal Service Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 21,374
Investments	7,539,715
Accounts receivable	105,521
Due from other funds	2,571
<b>Total Assets</b>	<b>\$ 7,669,181</b>
<b>LIABILITIES AND FUND EQUITY</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 27,110
Deferred revenue	1,091,595
Claim liabilities	2,831,205
<b>Total Liabilities</b>	<b>3,949,910</b>
<b>FUND EQUITY</b>	
Retained earnings	3,719,271
<b>Total Liabilities and Fund Equity</b>	<b>\$ 7,669,181</b>

See accompanying note to additional supplementary information.

**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**PROPRIETARY FUNDS  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN  
RETAINED EARNINGS - (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2007**

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	<u>Internal Service Fund</u>
<b>OPERATING REVENUES</b>	
District premiums	\$ 5,812,706
<b>OPERATING EXPENSES</b>	
Classified salaries	224,641
Employee benefits	89,667
Books and supplies	4,463
Services and other operating expenditures	4,525,727
Capital outlay	37,905
<b>Total Operating Expenses</b>	<u>4,882,403</u>
<b>Operating Income</b>	<u>930,303</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	305,731
Miscellaneous revenues	1,631
Operating transfers in	250,000
<b>Total Nonoperating Revenues (Expenses)</b>	<u>557,362</u>
<b>NET INCOME</b>	1,487,665
<b>RETAINED EARNINGS, BEGINNING OF YEAR</b>	<u>2,231,606</u>
<b>RETAINED EARNINGS, END OF YEAR</b>	<u><u>\$ 3,719,271</u></u>

See accompanying note to additional supplementary information.

**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**PROPRIETARY FUNDS  
STATEMENTS OF CASH FLOWS - (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2007**

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	<b>Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating Income	\$ 930,303
Adjustments to Reconcile Change in Net Assets to Net Cash Flow Operating Activities	
Increase in accounts receivable	(41,153)
Increase in due from other funds	(1,640)
Increase in accounts payable	27,110
Increase in claims liabilities	354,442
Increase in deferred revenue	32,327
Net Cash Flows from Operating Activities	<u>1,301,389</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	305,731
Other nonoperating income	1,631
Transfers in	250,000
Net Cash Flows from Investing Activities	<u>557,362</u>
Net increase in cash and cash equivalents	1,858,751
Cash and cash equivalents - Beginning	5,702,338
Cash and cash equivalents - Ending	<u><u>\$ 7,561,089</u></u>
<b>CASH AND CASH EQUIVALENTS CONSISTS OF:</b>	
Cash in banks	\$ 21,374
Cash in county pooled investment	7,539,715
	<u><u>\$ 7,561,089</u></u>

See accompanying note to additional supplementary information.

**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**FIDUCIARY FUNDS  
BALANCE SHEETS - (UNAUDITED)  
JUNE 30, 2007**

	<b>Associated Students Trust</b>	<b>Student Financial Aid</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,051,352	\$ 112,800	\$ 2,164,152
Accounts receivable	6,826	42,153	48,979
Due from other funds	36,592	12,523	49,115
<b>Total Assets</b>	<u>\$ 2,094,770</u>	<u>\$ 167,476</u>	<u>\$ 2,262,246</u>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 31,337	\$ 78,185	\$ 109,522
Due to other funds	20,563	89,291	109,854
Due to student groups	952,687	-	952,687
<b>Total Liabilities</b>	<u>1,004,587</u>	<u>167,476</u>	<u>1,172,063</u>
<b>FUND EQUITY</b>			
Fund Balances			
Unreserved			
Undesignated	1,090,183	-	1,090,183
<b>Total Fund Equity</b>	<u>1,090,183</u>	<u>-</u>	<u>1,090,183</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 2,094,770</u>	<u>\$ 167,476</u>	<u>\$ 2,262,246</u>

See accompanying note to additional supplementary information.

**RIVERSIDE COMMUNITY COLLEGE DISTRICT**

**FIDUCIARY FUNDS  
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2007**

	<b>Associated Students Trust</b>	<b>Student Financial Aid</b>	<b>Total</b>
<b>REVENUES</b>			
Federal revenues	\$ -	\$ 12,218,706	\$ 12,218,706
State revenues	-	1,462,173	1,462,173
Local revenues	595,841	-	595,841
<b>Total Revenues</b>	<u>595,841</u>	<u>13,680,879</u>	<u>14,276,720</u>
<b>EXPENDITURES</b>			
Current Expenditures			
Services and operating expenditures	557,848	-	557,848
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>37,993</u>	<u>13,680,879</u>	<u>13,718,872</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Other uses	18,561	(13,680,879)	(13,662,318)
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	56,554	-	56,554
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>1,033,629</u>	-	<u>1,033,629</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 1,090,183</u>	<u>\$ -</u>	<u>\$ 1,090,183</u>

See accompanying note to additional supplementary information.

# RIVERSIDE COMMUNITY COLLEGE DISTRICT

## NOTE TO ADDITIONAL SUPPLEMENTARY INFORMATION JUNE 30, 2007

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### *NOTE 1 - PURPOSE OF SCHEDULES*

#### **Fund Financial Statements**

The accompanying financial statements report the governmental, proprietary, and fiduciary fund activities of Riverside Community College District and are presented on the modified accrual basis of accounting. Therefore, some amounts presented in these financial statements may differ from amounts presented in, or used in, the preparation of the basic financial statements. The information is unaudited and is presented at the request of the District management.