



RIVERSIDE COMMUNITY
COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2008

RIVERSIDE COMMUNITY COLLEGE DISTRICT
TABLE OF CONTENTS
JUNE 30, 2008

FINANCIAL SECTION

Independent Auditors' Report	2
Management's Discussion and Analysis	4
Basic Financial Statements	
Statements of Net Assets	13
Statements of Revenues, Expenses, and Changes in Net Assets	14
Statements of Cash Flows	15
Discretely Presented Component Unit - Riverside Community College District Foundation	
Statements of Financial Position	18
Statements of Activities	19
Statements of Cash Flows	20
Notes to Financial Statements	22

SUPPLEMENTARY INFORMATION

District Organization	52
Schedule of Expenditures of Federal Awards	53
Schedule of Expenditures of State Awards	56
Schedule of Workload Measures for State General Apportionment - Annual/Actual Attendance	58
Reconciliation of Annual Financial and Budget Report (CCFS-311) with Fund Financial Statements	59
Reconciliation of Governmental Fund Balance Sheets to the Statement of Net Assets	60
Note to Supplementary Information	61

INDEPENDENT AUDITORS' REPORTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	63
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	65
Report on State Compliance	67

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditors' Results	70
Financial Statement Findings and Recommendations	71
Federal Awards Findings and Questioned Costs	72
State Awards Findings and Questioned Costs	73
Summary Schedule of Prior Audit Findings	75

RIVERSIDE COMMUNITY COLLEGE DISTRICT
TABLE OF CONTENTS
JUNE 30, 2008

ADDITIONAL SUPPLEMENTARY INFORMATION

Governmental Funds	
Balance Sheets - (Unaudited)	81
Statements of Revenues, Expenditures, and Changes in Fund Balance - (Unaudited)	82
Proprietary Funds	
Balance Sheets - (Unaudited)	83
Statements of Revenues, Expenses, and Changes in Retained Earnings - (Unaudited)	84
Statements of Cash Flows - (Unaudited)	85
Fiduciary Funds	
Balance Sheets - (Unaudited)	86
Statements of Revenues, Expenditures, and Changes in Fund Balance - (Unaudited)	87
Note to Additional Supplementary Information	88

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Riverside Community College District
Riverside, California

We have audited the accompanying basic financial statements of the business-type activities of the Riverside Community College District (the District) as of and for the years ended June 30, 2008 and 2007, and its discretely presented component unit, the Riverside Community College District Foundation, as listed in the Table of Contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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. 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 audits provide 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 business-type activities of the Riverside Community College District and its discretely presented component unit as of June 30, 2008 and 2007, and the respective changes in financial position and cash flows, for the years 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 November 14, 2008, 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 is important for 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 Governmental Accounting Standards Board. 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 81 through 88 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.



Rancho Cucamonga, California
November 14, 2008

RIVERSIDE COMMUNITY COLLEGE

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, 2008. 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, 2008. Please read it in conjunction with the District's financial statements, which immediately follow this section. Responsibility for the completeness and accuracy of this information rests with District management.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Riverside Community College District's financial statements are presented in accordance with Governmental Accounting Standards Board Statements (GASB) No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and No. 35, *Basic Financial Statements - and Management Discussion and Analysis - for Public College and Universities*. These statements allow for the presentation of financial activity and results of operations which focuses on the District as a whole. The entity-wide financial statements present the overall results of operations whereby all of the District's activities are consolidated into one total versus the traditional presentation by fund type. The focus of the Statement of Net 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 with revenues and expenses categorized as operating and nonoperating, and expenses are reported by natural classification. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

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

FINANCIAL HIGHLIGHTS

- The District's primary funding source is 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 2007-2008 fiscal year, total reported FTES were 27,011 as compared to 23,967 in the 2006-2007 fiscal year. The District's credit FTES was fully funded except for 141 Credit FTES for fiscal year 2007-2008 and was fully funded for fiscal year 2006-2007.
- Several construction and modernization projects at the District's three campuses resulted in completed buildings, building improvements, and improvements to sites of \$32,970,042 in the 2007-2008 fiscal year. The projects, listed below, are funded both through State construction revenues and through the District's voter approved general obligation bond, Measure C.

Parking Structure - Riverside
Stokoe Innovative Learning Center
Emergency Phones Installation Project
Modular Redistribution Project - Norco
Tech B Booster Unit Project - Riverside
Quad Terrace Project - Riverside

Modular Redistribution Project - Moreno Valley
PBX Operations Center Project - Riverside
Roofing Projects - Riverside
Carpeting and Flooring Projects - Norco and Riverside
Bradshaw Building Concrete Work



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RIVERSIDE COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

- Costs for employee salaries increased by 8.53 percent or \$8.7 million from the 2006-2007 fiscal year, and costs associated with employee benefits increased by 7.19 percent or \$1.6 million. The increase in salaries is primarily due to COLA of 4.53 percent, scheduled salary step increases, employee reclassifications and an increased number of categorically funded positions. The increase in the benefit costs is due to rising costs of health and welfare benefits paid on behalf of both current employees and retirees.
- During the 2007-2008 fiscal year, the District provided almost \$25.5 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 as shown below.

Federal Pell Grants (PELL)	\$15,339,252
Federal Supplement Education Opportunity Grant (FSEOG)	716,869
Federal Family Education Loans (FFEL)	1,976,657
Federal Work Study Program (FWS)	784,390
Federal Academic Competitiveness Grant (ACG)	6,875
State of California Cal Grant B (CALG-B)	1,525,620
State of California Cal Grant C (CALG-C)	85,239
California Community College Board of Governor's Fee Wavier	<u>5,032,822</u>
Total Financial Aid Provided to Students	<u>\$25,467,724</u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

THE DISTRICT AS A WHOLE

Net Assets

Table 1

(Amounts in thousands)

	2008	2007	Change	2006	Change
ASSETS					
Current Assets					
Cash and investments	\$ 150,191	\$ 162,395	\$ (12,204)	\$ 80,321	\$ 69,870
Accounts receivable (net)	23,186	21,120	2,066	12,326	10,860
Other current assets	148	162	(14)	89	59
Total Current Assets	<u>173,525</u>	<u>183,677</u>	<u>(10,152)</u>	<u>92,736</u>	<u>80,789</u>
Other noncurrent assets	949	1,017	(68)	-	949
Capital assets (net)	190,938	172,156	18,782	143,102	47,836
Total Assets	<u>\$365,412</u>	<u>\$356,850</u>	<u>\$ 8,562</u>	<u>\$235,838</u>	<u>\$ 129,574</u>
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	\$ 25,699	\$ 22,225	\$ 3,474	\$ 15,041	\$ 10,658
Amounts held in trust for others	2,166	2,043	123	1,034	1,132
Current portion of long-term obligations	8,372	9,183	(811)	7,239	1,133
Total Current Liabilities	<u>36,237</u>	<u>33,451</u>	<u>2,786</u>	<u>23,314</u>	<u>12,923</u>
Long-Term Obligations	148,619	153,936	-	68,597	80,022
Total Liabilities	<u>184,856</u>	<u>187,387</u>	<u>2,786</u>	<u>91,911</u>	<u>92,945</u>
NET ASSETS					
Invested in capital assets	127,166	106,844	20,322	110,337	16,829
Restricted	34,874	43,892	(9,018)	33,590	1,284
Unrestricted	18,516	18,727	(211)	-	18,516
Total Net Assets	<u>\$180,556</u>	<u>\$169,463</u>	<u>\$ 11,093</u>	<u>\$143,927</u>	<u>\$ 36,629</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, 2008

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)

	2008	2007	Change	2006	Change
Operating Revenues					
Tuition and fees	\$ 12,494	\$ 12,923	\$ (429)	\$ 14,294	\$ (1,800)
Grants and contracts	36,934	31,814	5,120	29,617	7,317
Other operating revenues	98	2	96	-	98
Total Operating Revenues	<u>49,526</u>	<u>44,739</u>	<u>4,787</u>	<u>43,911</u>	<u>5,615</u>
Operating Expenses					
Salaries and benefits	135,211	124,868	10,343	112,642	22,569
Supplies and maintenance	53,690	47,700	5,990	37,831	15,859
Depreciation	5,918	5,166	752	5,115	803
Total Operating Expenses	<u>194,819</u>	<u>177,734</u>	<u>17,085</u>	<u>155,588</u>	<u>39,231</u>
Loss on Operations	<u>(145,293)</u>	<u>(132,995)</u>	<u>(12,298)</u>	<u>(111,677)</u>	<u>(33,616)</u>
Nonoperating Revenues					
State apportionments	89,611	88,437	1,174	68,270	21,341
Property taxes	43,895	43,101	794	43,803	92
State revenues	4,288	4,529	(241)	4,689	(401)
Net investment income	8,125	4,170	3,955	4,030	4,095
Net interest expense	(7,840)	(3,516)	(4,324)	(3,036)	(4,804)
Other nonoperating revenues	11,399	12,190	(791)	6,080	5,319
Gain (Loss) on disposal of assets	(390)	-	(390)	8,752	(9,142)
Total Nonoperating Revenue	<u>149,088</u>	<u>148,911</u>	<u>177</u>	<u>132,588</u>	<u>16,500</u>
Other Revenues					
State and local capital income	7,298	9,620	(2,322)	5,270	2,028
Net Increase in Net Assets	<u>\$ 11,093</u>	<u>\$ 25,536</u>	<u>\$ (14,443)</u>	<u>\$ 26,181</u>	<u>\$ (15,088)</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 increased slightly as did State apportionments.

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.

Interest income of \$8.1 million was off set by interest expense of \$7.8 million. The interest income is primarily the result of cash held in the Riverside County Treasury. Interest income is up approximately \$3.5 million over the 2006-2007 fiscal year. Interest income and expenses have increased over fiscal year 2006-2007 due to the Series C General Obligation Bond issuance in late June 2007, and the majority of the issuance has been in the Riverside County Treasury during fiscal year 2007-2008.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

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, 2008:

	Salaries and Employee Benefits	Supplies, Material, and Other Expenses and Services	Equipment, Maintenance, and Repairs	Depreciation	Total
Instructional activities	\$ 65,765,774	\$ 3,865,892	\$ 2,814,116	\$ -	\$ 72,445,782
Academic support	35,400,897	15,258,329	905,475	-	51,564,701
Student services	14,946,563	1,648,556	323,534	-	16,918,653
Plant operations and maintenance	6,173,866	3,908,410	474,797	-	10,557,073
Instructional support services	4,472,223	374,850	370,278	-	5,217,351
Community services and economic development	1,671,848	923,945	76,682	-	2,672,475
Ancillary services and auxiliary operations	6,707,754	2,817,415	142,859	-	9,668,028
Student aid	-	18,458,245	-	-	18,458,245
Physical property and related acquisitions	72,750	1,182,297	144,435	-	1,399,482
Unallocated depreciation	-	-	-	5,917,666	5,917,666
Total	<u>\$135,211,675</u>	<u>\$ 48,437,939</u>	<u>\$ 5,252,176</u>	<u>\$ 5,917,666</u>	<u>\$194,819,456</u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

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	\$124,867,904	\$ 43,460,615	\$ 4,239,456	\$ 5,165,636	\$177,733,611

Changes in Cash Position

Table 4

(Amounts in thousands)

	2008	2007	Change	2006	Change
Cash Provided by (Used in)					
Operating activities	\$ (135,546)	\$ (125,332)	\$ (10,214)	\$ (104,666)	\$ (30,880)
Noncapital financing activities	134,532	130,134	4,398	124,019	10,513
Capital financing activities	(18,167)	73,275	(91,442)	(26,489)	8,322
Investing activities	6,976	3,999	2,977	4,007	2,969
Net Increase (Decrease) in Cash	(12,205)	82,076	(94,281)	(3,129)	(9,076)
Cash, Beginning of Year	162,396	80,320	82,076	83,449	78,947
Cash, End of Year	<u>\$ 150,191</u>	<u>\$ 162,396</u>	<u>\$ (12,205)</u>	<u>\$ 80,320</u>	<u>\$ 69,871</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, the 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, 2008

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the District had \$190,938,137 in a broad range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2007, the District's net capital assets were \$172,155,534. 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	\$ 84,991,875	\$ 21,432,362	\$ (32,375,488)	\$ 74,048,749
Buildings and land improvements	110,665,575	32,970,042	(428,419)	143,207,198
Equipment and vehicles	19,669,005	3,063,215	(291,868)	22,440,352
Subtotal	215,326,455	57,465,619	(33,095,775)	239,696,299
Accumulated depreciation	(43,170,921)	(5,917,666)	330,425	(48,758,162)
	<u>\$ 172,155,534</u>	<u>\$ 51,547,953</u>	<u>\$ (32,765,350)</u>	<u>\$ 190,938,137</u>

Obligations

At the end of the 2007-2008 fiscal year, the District had \$151,354,238 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.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

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	\$159,139,934	\$ 593,201	\$ (8,378,897)	\$151,354,238
Other liabilities	3,978,721	2,784,740	(1,126,689)	5,636,772
Total Long-Term Obligations	<u>\$163,118,655</u>	<u>\$ 3,377,941</u>	<u>\$ (9,505,586)</u>	<u>\$156,991,010</u>
Amount due within one year				<u>\$ 8,372,155</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 2007-2008 fiscal year on June 17, 2008.

The District's final revised budget for the unrestricted General Fund anticipated that expenditures would exceed revenue by \$7.9 million. The actual results for the year showed revenues exceeded expenditures by \$2.5 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 83.68 percent of the total unrestricted sources of revenues received within the General Fund. The District increased reported FTES during fiscal year 2007-2008. 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.

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.

BASIC FINANCIAL STATEMENTS

RIVERSIDE COMMUNITY COLLEGE DISTRICT

STATEMENTS OF NET ASSETS JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,711,773	\$ 2,748,567
Investments - Unrestricted	36,942,057	36,582,869
Investments - Restricted	110,536,702	123,064,078
Accounts receivable	22,538,827	20,634,115
Student accounts receivable, net	648,152	485,867
Prepaid expenses	60,348	73,137
Deferred cost on issuance	67,802	67,802
Stores inventories	19,353	21,310
Total Current Assets	<u>173,525,014</u>	<u>183,677,745</u>
Noncurrent Assets		
Deferred cost on issuance - noncurrent portion	949,227	1,017,029
Nondepreciable capital assets	74,048,749	84,991,875
Depreciable capital assets, net of depreciation	116,889,388	87,163,659
Total Noncurrent Assets	<u>191,887,364</u>	<u>173,172,563</u>
TOTAL ASSETS	<u>365,412,378</u>	<u>356,850,308</u>
LIABILITIES		
Current Liabilities		
Accounts payable	14,567,402	13,477,156
Accrued interest payable	2,806,625	1,122,959
Deferred revenue	5,023,107	4,794,287
Claims liability	3,302,565	2,831,205
Amounts held in custody on behalf of others	2,165,652	2,042,870
Compensated absences payable - current portion	1,046,309	620,886
Bonds payable - current portion	6,385,000	8,040,000
Lease obligations - current portion	14,674	17,195
Other long-term obligations - current portion	926,172	504,619
Total Current Liabilities	<u>36,237,506</u>	<u>33,451,177</u>
Noncurrent Liabilities		
Compensated absences payable - noncurrent portion	1,562,349	1,707,857
Bonds payable - noncurrent portion	137,622,557	143,414,386
Net debt premium	7,346,681	7,685,578
Lease obligations - noncurrent portion	41,576	56,250
Other long-term obligations - noncurrent portion	2,045,692	1,071,884
Total Noncurrent Liabilities	<u>148,618,855</u>	<u>153,935,955</u>
TOTAL LIABILITIES	<u>184,856,361</u>	<u>187,387,132</u>
NET ASSETS		
Invested in capital assets, net of related debt	127,165,585	106,843,923
Restricted for:		
Debt service	15,362,003	17,618,543
Capital projects	12,516,469	21,070,311
Other activities	6,995,880	5,202,943
Unrestricted	18,516,080	18,727,456
TOTAL NET ASSETS	<u>\$ 180,556,017</u>	<u>\$ 169,463,176</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, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
OPERATING REVENUES		
Student Tuition and Fees	\$ 17,220,116	\$ 18,278,142
Less: Scholarship discount and allowance	(4,726,243)	(5,354,970)
Net tuition and fees	<u>12,493,873</u>	<u>12,923,172</u>
Grants and Contracts, noncapital:		
Federal	25,132,430	19,939,276
State	11,801,545	11,874,851
Other Operating Revenues	98,054	1,631
TOTAL OPERATING REVENUES	<u>49,525,902</u>	<u>44,738,930</u>
OPERATING EXPENSES		
Salaries	110,676,431	101,977,931
Employee benefits	24,535,244	22,889,973
Supplies, materials, and other operating expenses and services	48,437,939	43,460,615
Equipment, maintenance, and repairs	5,252,176	4,239,456
Depreciation	5,917,666	5,165,636
TOTAL OPERATING EXPENSES	<u>194,819,456</u>	<u>177,733,611</u>
OPERATING LOSS	<u>(145,293,554)</u>	<u>(132,994,681)</u>
NONOPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	89,611,058	88,436,441
Local property taxes levied for general purposes	32,330,029	29,604,089
Local property taxes levied for capital debt	11,565,586	13,496,402
State taxes and other revenues	4,287,522	4,529,367
Investment income	7,445,762	4,170,219
Interest expense on capital related debt	(7,839,793)	(3,928,624)
Investment income on capital asset-related debt, net	679,403	412,550
Deletion of capital assets	(389,862)	-
Other nonoperating revenue	11,398,245	12,190,417
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>149,087,950</u>	<u>148,910,861</u>
INCOME BEFORE OTHER REVENUES AND EXPENSES	<u>3,794,396</u>	<u>15,916,180</u>
State revenues, capital	7,298,445	9,619,978
TOTAL INCOME BEFORE OTHER REVENUES AND EXPENSES	<u>7,298,445</u>	<u>9,619,978</u>
CHANGE IN NET ASSETS	<u>11,092,841</u>	<u>25,536,158</u>
NET ASSETS, BEGINNING OF YEAR	<u>169,463,176</u>	<u>143,927,018</u>
NET ASSETS, END OF YEAR	<u>\$ 180,556,017</u>	<u>\$ 169,463,176</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, 2008 AND 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 12,208,973	\$ 12,715,382
Federal grants and contracts	8,297,410	7,720,570
State grants and contracts	11,831,167	12,419,336
Drawdowns of Federal direct student aid	16,847,386	12,218,706
Disbursement of Federal direct student aid	(16,847,386)	(12,218,706)
Payments to vendors for supplies and services	(34,692,449)	(34,010,246)
Payments to or on behalf of employees	(133,412,121)	(125,095,809)
Other operating receipts	220,836	918,005
Net Cash Flows From Operating Activities	(135,546,184)	(125,332,762)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State apportionments	89,646,982	87,997,324
Property taxes - nondebt related	32,391,969	28,572,601
State taxes and other apportionments	3,288,415	1,810,325
Other nonoperating	9,204,648	11,753,823
Net Cash Flows From Noncapital Financing Activities	134,532,014	130,134,073
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(23,818,870)	(32,486,516)
Proceeds from sale of general obligation bonds	-	92,816,967
Proceeds from issuance of capital leases	-	138,445
State revenue, capital projects	7,298,445	9,619,978
Property taxes - related to capital debt	11,565,586	13,496,402
Principal paid on capital debt	(8,396,092)	(6,547,837)
Interest paid on capital debt	(6,156,127)	(3,928,624)
Interest received on capital asset-related debt	679,403	412,550
Accreted interest on general obligation bonds	593,201	838,247
Deferred cost on issuance	67,802	(1,084,831)
Net Cash Flows From Capital Financing Activities	(18,166,652)	73,274,781
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from investments	6,975,840	3,999,020
Net Cash Flows From Investing Activities	6,975,840	3,999,020
NET CHANGE IN CASH AND CASH EQUIVALENTS	(12,204,982)	82,075,112
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	162,395,514	80,320,402
CASH AND CASH EQUIVALENTS, END OF YEAR	\$150,190,532	\$162,395,514

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, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	\$ (145,293,554)	\$ (132,994,681)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:		
Depreciation and amortization expense	5,917,666	5,165,636
Changes in Operating Assets and Liabilities:		
Receivables, net	(153,449)	(34,249)
Stores inventories	1,957	7,606
Prepaid expenses	12,789	(12,417)
Accounts payable and other accrued liabilities	1,941,559	(328,752)
Deferred revenue	228,820	1,817,435
Funds held for others	122,782	1,009,241
Compensated absences	1,675,246	37,419
Total Adjustments	<u>9,747,370</u>	<u>7,661,919</u>
Net Cash Flows From Operating Activities	<u><u>\$ (135,546,184)</u></u>	<u><u>\$ (125,332,762)</u></u>

CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:

Cash in banks	\$ 2,711,773	\$ 2,748,567
Unrestricted cash in county treasury	36,942,057	36,582,869
Restricted cash in county treasury	110,536,702	123,064,078
Total Cash and Cash Equivalents	<u><u>\$ 150,190,532</u></u>	<u><u>\$ 162,395,514</u></u>

NON CASH TRANSACTIONS

On behalf payments for benefits	\$ 2,824,786	\$ 2,720,297
Deletion of capital assets	389,862	-
	<u><u>\$ 3,214,648</u></u>	<u><u>\$ 2,720,297</u></u>

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

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

DISCRETELY PRESENTED COMPONENT UNIT RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION STATEMENTS OF FINANCIAL POSITION JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents		
Unrestricted	\$ 61,852	\$ 213,063
Restricted	1,972,479	1,344,588
Accounts receivable	267	7,129
Unconditional promises to give	72,607	149,260
Total Current Assets	<u>2,107,205</u>	<u>1,714,040</u>
Noncurrent Assets		
Investments - restricted	2,739,990	3,242,131
Long-term unconditional promises to give, net of allowance	276,585	170,879
Total Noncurrent Assets	<u>3,016,575</u>	<u>3,413,010</u>
Total Assets	<u>\$ 5,123,780</u>	<u>\$ 5,127,050</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 181,470	\$ 113,900
Refundable advances	77,148	150,000
Total Current Liabilities	<u>258,618</u>	<u>263,900</u>
Long-Term Obligations		
Long-term obligation to Riverside Community College District	610,870	421,368
Total Long-Term Obligations	<u>610,870</u>	<u>421,368</u>
Total Liabilities	<u>869,488</u>	<u>685,268</u>
NET ASSETS		
Unrestricted		
Undesignated	214,419	206,088
Board designated	(912,392)	(586,644)
Total Unrestricted	<u>(697,973)</u>	<u>(380,556)</u>
Temporarily restricted	2,018,794	1,977,541
Permanently restricted	2,933,471	2,844,797
Total Net Assets	<u>4,254,292</u>	<u>4,441,782</u>
Total Liabilities and Net Assets	<u>\$ 5,123,780</u>	<u>\$ 5,127,050</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, 2008 AND 2007**

	2008			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUES				
Donations	\$ 38,274	\$ 629,173	\$ 197,254	\$ 864,701
In-kind donations				
Donated assets	21,044	-	-	21,044
Donated material	50,146	-	-	50,146
Donated services	406,859	-	-	406,859
Assets released from restrictions	702,196	(628,425)	(73,771)	-
Total Revenues	<u>1,218,519</u>	<u>748</u>	<u>123,483</u>	<u>1,342,750</u>
EXPENSES				
Operating expenses	694,564	-	-	694,564
Program expenses	714,132	-	-	714,132
Fundraising expenses	133,856	-	-	133,856
Total Expenses	<u>1,542,552</u>	<u>-</u>	<u>-</u>	<u>1,542,552</u>
OTHER INCOME (EXPENSE)				
Realized gain (loss) on sale of investments	138	70	1,583	1,791
Unrealized gains	(8,122)	(2,018)	(92,867)	(103,007)
Interest and dividends income	5,887	62,676	67,306	135,869
Interest expense	(22,341)	-	-	(22,341)
Transfers	31,054	(20,223)	(10,831)	-
Total Other Income (Expense)	<u>6,616</u>	<u>40,505</u>	<u>(34,809)</u>	<u>12,312</u>
CHANGE IN NET ASSETS	(317,417)	41,253	88,674	(187,490)
NET ASSETS, BEGINNING OF YEAR	(380,556)	1,977,541	2,844,797	4,441,782
NET ASSETS, END OF YEAR	<u>\$ (697,973)</u>	<u>\$2,018,794</u>	<u>\$2,933,471</u>	<u>\$ 4,254,292</u>

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

2007

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 181,871	\$ 641,114	\$ 238,598	\$ 1,061,583
104,075	-	-	104,075
43,734	-	-	43,734
390,231	-	-	390,231
754,328	(699,569)	(54,759)	-
<u>1,474,239</u>	<u>(58,455)</u>	<u>183,839</u>	<u>1,599,623</u>
445,069	-	-	445,069
1,082,902	-	-	1,082,902
194,076	-	-	194,076
<u>1,722,047</u>	<u>-</u>	<u>-</u>	<u>1,722,047</u>
(67)	(1,042)	(4,345)	(5,454)
4,420	68,416	285,409	358,245
1,633	25,274	105,434	132,341
(14,635)	-	-	(14,635)
25,461	64,842	(90,303)	-
<u>16,812</u>	<u>157,490</u>	<u>296,195</u>	<u>470,497</u>
(230,996)	99,035	480,034	348,073
(149,560)	1,878,506	2,364,763	4,093,709
<u>\$ (380,556)</u>	<u>\$ 1,977,541</u>	<u>\$ 2,844,797</u>	<u>\$ 4,441,782</u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT

DISCRETELY PRESENTED COMPONENT UNIT RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (187,490)	\$ 348,073
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities		
Unrealized (gain) loss	103,007	(358,245)
Changes in Assets and Liabilities		
(Increase) decrease in accounts receivable	6,862	(7,129)
Increase in unconditional promises to give	(24,876)	(45,947)
Increase (decrease) in accounts payable	67,570	40,059
Increase in refundable advances	(72,852)	-
Net Cash Flows From Operating Activities	<u>(107,779)</u>	<u>(23,189)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	399,134	(1,033,570)
Proceeds from sale of investments	-	1,706,447
Net Cash Flows From Investing Activities	<u>399,134</u>	<u>672,877</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of debt	189,502	244,331
Collections of contributions restricted for long-term purposes	(632,068)	(655,190)
Net Cash Flows From Investing Activities	<u>(442,566)</u>	<u>(410,859)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(151,211)	238,829
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	213,063	(25,766)
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 61,852</u>	<u>\$ 213,063</u>

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

NOTES TO FINANCIAL STATEMENTS

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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 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. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government, the District, and the following component units:

- **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 from the Foundation's Business Office at 4800 Magnolia Avenue, Riverside, California 92506.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

- **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. A majority of the Corporation's Board of Directors either serves by reason of their position in the District or is appointed by the District's Board of Trustees. The financial activity has been "blended" or consolidated within the financial statements as the District as if the activity was the District's. Within the other supplementary information section of the report, the activity is included as the Riverside Community College District Development Corporation Fund as a Special Revenue Fund of the District. Individually prepared financial statements are not prepared for the Corporation.

The following entities do not meet the above criteria for inclusion as component units of the District. Additional information is included in Note 14 to the financial statements.

Public Entity Risk Pools and Joint Powers Authorities (JPAs) The District is associated with four JPAs. These organizations do not meet the criteria for inclusion as component units of the District. Additional information is presented in Note 14 to the financial statements. These organizations are:

- **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. This presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. 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 material 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.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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.

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 System'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. The District has not elected to apply FASB pronouncements after that date. 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 System'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 represented balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

Investments

In accordance with GASB Statement No. 31, *Accounting and 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, 2008 AND 2007

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 \$277,779 and \$208,229 for the years ended June 30, 2008 and 2007, respectively.

Prepaid Expenses

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

Stores Inventories

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

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction-in-progress, buildings, leasehold improvements, and equipment. The District maintains an initial unit cost capitalization threshold of \$5,000. 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 to buildings and land that significantly increase the value or extend the useful life of the asset 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.

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; vehicles, 5 to 10 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, 2008 AND 2007

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. Net assets may be restricted for capital projects, debt repayment, and/or educational programs.

None of the District's restricted net assets have resulted from enabling legislation adopted by the District.

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.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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.

Operating Revenues and Expenses

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

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 California State Teachers' Retirement System (CalSTRS) and the California Public Employees Retirement Systems (CalPERS) on behalf of all community colleges in California.

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, 2008 AND 2007

Property Taxes

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

The voters of the District passed a General Obligation Bond in 2004 for the acquisition, construction, and remodeling of District capital assets. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are billed and collected as noted above and remitted to the District when collected. The property taxes collected for the repayment of the debt for the years ended June 30, 2008 and 2007, were \$11,565,586 and \$13,496,402, respectively.

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, 2008 and 2007, the District distributed \$1,976,657 and \$1,254,931 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.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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:

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 Pronouncements

In July 2004, GASB issued GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This Statement will require local governmental employers who provide other postemployment benefits (OPEB) as part of the total compensation offered to employees to recognize the expense and related liabilities (assets) in the government-wide financial statements of net assets and activities. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of State and local governmental employers.

Current financial reporting practices for OPEB generally are based on pay-as-you-go financing approaches. They fail to measure or recognize the cost of OPEB during the periods when employees render the services or to provide relevant information about OPEB obligations and the extent to which progress is being made in funding those obligations.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

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 will be required to implement the provisions of this Statement for the fiscal year ended June 30, 2009. The District has had an actuarial evaluation performed and is in the process of determining the impact the implementation of this Statement will have on the government-wide statement of net assets and activities.

In June 2005, GASB issued GASB Statement No. 47, *Accounting for Termination Benefits*. GASB Statement No. 47 addresses accounting for both voluntary and involuntary termination benefits. For termination benefits that affect an employer's obligations for defined benefit OPEB, the provisions of GASB Statement No. 47 should be applied simultaneously with the requirements of GASB Statement No. 45. GASB Statement No. 45 is effective in three phases, with implementation required for Phase 1 governments in periods beginning after December 15, 2006. For all other termination benefits, including those that affect an employer's obligations for defined benefit pension benefits, GASB Statement No. 47 is effective for financial statements for periods beginning after June 15, 2005. Earlier application of GASB Statement No. 47 is encouraged. The District will be required to implement the provisions of this Statement for fiscal year ended June 30, 2009.

In May 2007, GASB issued Statement No. 50, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*. This Statement more closely aligns the financial reporting requirements for pensions with those for OPEB and, in doing so, enhances information disclosed in notes to financial statements or presented as RSI by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 27, *Accounting for Pensions by State and Local Governmental Employers*, to conform with requirements of Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, and No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This Statement is effective for periods beginning after June 15, 2007, except for requirements related to the use of the entry age actuarial cost method for the purpose of reporting a surrogate funded status and funding progress of plans that use the aggregate actuarial cost method, which are effective for periods for which the financial statements and RSI contain information resulting from actuarial valuations as of June 15, 2007, or later.

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to those intangible assets, as applicable. Such guidance should be applied in addition to the existing authoritative guidance for capital assets. The requirements of this Statement are effective for financial statements beginning after June 15, 2009. The provisions of this Statement generally are required to be applied retroactively. For governments that were classified as Phase 1 or Phase 2 governments for the purpose of implementing Statement No 34, retroactive reporting is required for intangible assets acquired in fiscal years ending after June 30, 1980, except for those considered to have indefinite useful lives as of the effective date of this Statement and those that would be considered internally generated.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

In November 2007, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value and other information that they currently present for other investments reported at fair value. The guidance in this Statement is effective for financial statements for reporting periods beginning after June 15, 2008.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement is intended to improve how State and local governments report information about derivative instruments, financial arrangements used by governments to manage specific risks or make investments, in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements and is effective for financial statements for reporting periods beginning after June 15, 2009.

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.

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 Treasurer also holds investments in a separate investment agreement account other than the County Pooled Investment noted above on behalf of the District. Funds in this investment agreement are strictly related to the District's general obligation bonds.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

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, 2008, consist of the following:

Cash on hand and in banks	\$ 2,661,773
Cash in revolving	50,000
Investments	147,478,759
Total Deposits and Investments	<u>\$ 150,190,532</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, 2008 AND 2007**

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
County Pooled Investment	\$ 147,521,524	1.22*
Total	<u>\$ 147,521,524</u>	

* 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, 2008.

Investment Type	Minimum Legal Rating	Rating June 30, 2008	Fair Market Value
County Pooled Investment	Not Required	Aaa	\$ 147,521,524
Total			<u>\$ 147,521,524</u>

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, 2008, the District's bank balance of \$1,842,567 was exposed to custodial credit risk because it was uninsured and collateralized at 110 percent of balance over \$100,000 with securities held by the pledging financial institution's trust department or agent, but not in the name of the District. Of the \$1,842,567 exposed to custodial credit risk, \$1,372,428 relates to funds of the associated students.

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, 2008, \$147,478,759 is invested in the Riverside County Treasurer's Pooled Investment Fund. The Pooled Investment Fund is currently rated Aaa by Moody's Investor Services.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

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>2008</u>	<u>2007</u>
Federal Government		
Categorical aid	\$ 2,057,793	\$ 2,066,629
State Government		
Apportionment	5,572,690	5,576,162
Categorical aid	5,327,060	4,842,898
Lottery	1,978,201	1,393,603
Local Sources		
Interest	1,209,174	739,252
Property taxes	3,619,567	3,681,507
Riverside Community College District Foundation	390,556	506,630
Riverside County Redevelopment Agency	1,145,600	618,459
Other local sources	1,238,186	1,208,975
Total	<u>\$ 22,538,827</u>	<u>\$ 20,634,115</u>
Student receivables	\$ 925,931	\$ 694,096
Less allowance for bad debt	<u>(277,779)</u>	<u>(208,229)</u>
Student receivables, net	<u>\$ 648,152</u>	<u>\$ 485,867</u>
Total receivables, net	<u>\$ 23,186,979</u>	<u>\$ 21,119,982</u>

Discretely Presented Component Unit

The Foundation's accounts receivables consist primarily of donations and unconditional promises to give. The Foundation routinely analyzes the collectability of the outstanding balance and has provided for the determined valuation.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2008, 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	52,489,178	21,432,362	32,375,488	41,546,052
Total Capital Assets Not Being Depreciated	<u>84,991,875</u>	<u>21,432,362</u>	<u>32,375,488</u>	<u>74,048,749</u>
Capital Assets Being Depreciated				
Land improvements	5,135,661	583,476	-	5,719,137
Buildings and improvements	105,529,914	32,386,566	428,419	137,488,061
Furniture and equipment	19,669,005	3,063,215	291,868	22,440,352
Total Capital Assets Being Depreciated	<u>130,334,580</u>	<u>36,033,257</u>	<u>720,287</u>	<u>165,647,550</u>
Total Capital Assets	<u>215,326,455</u>	<u>57,465,619</u>	<u>33,095,775</u>	<u>239,696,299</u>
Less Accumulated Depreciation				
Land improvements	4,454,024	150,340	-	4,604,364
Buildings and improvements	25,635,147	3,413,776	38,557	29,010,366
Furniture and equipment	13,081,750	2,353,550	291,868	15,143,432
Total Accumulated Depreciation	<u>43,170,921</u>	<u>5,917,666</u>	<u>330,425</u>	<u>48,758,162</u>
Net Capital Assets	<u>\$172,155,534</u>	<u>\$ 51,547,953</u>	<u>\$ 32,765,350</u>	<u>\$190,938,137</u>

Depreciation expense for the year was \$5,917,666.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

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.

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	2008	2007
Accrued payroll and benefits	\$ 986,197	\$ 865,664
Apportionment	3,994,280	3,961,828
State categorical programs	217,153	593,691
Construction payables	6,146,806	4,875,545
Vendor payables	2,994,940	2,538,587
Other	228,026	641,841
Total	<u>\$ 14,567,402</u>	<u>\$ 13,477,156</u>

Discretely Presented Component Unit

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

NOTE 7 - DEFERRED REVENUE

Deferred revenue at consisted of the following:

	<u>2008</u>	<u>2007</u>
Federal financial assistance	\$ 20,427	\$ -
State categorical aid	2,294,711	2,041,810
Enrollment fees	752,650	849,448
Theater subscriptions	300,275	326,092
Health and liability self-insurance	1,088,938	1,091,256
Summer community education fees	123,000	123,482
Other local	443,106	362,199
Total	<u>\$ 5,023,107</u>	<u>\$ 4,794,287</u>

NOTE 8 - INTERFUND TRANSACTIONS

Interfund Receivables and Payable (Due To/Due From)

Interfund receivables and payables consist of amounts due for cost allocation. The balances result from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund receivable and payable balances at June 30, 2008 and 2007, have been eliminated in the consolidation process for financial statement presentation.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers between funds of the District have been eliminated in the consolidation process.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

NOTE 9 - LONG-TERM OBLIGATIONS

Long-Term Obligations Summary

The changes in the District's long-term obligations during the 2008 fiscal year consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
Bonds Payable					
General obligation bonds, Series A and B	\$ 5,020,000	\$ -	\$1,545,000	\$ 3,475,000	\$ -
General obligation bonds, Refunding Bond 2005	56,434,356	593,201	475,000	56,552,557	1,260,000
Net unamortized debt premium	4,868,611	-	162,837	4,705,774	-
General obligation bonds, Series 2007 C	90,000,000	-	6,020,000	83,980,000	5,125,000
Net unamortized debt premium	2,816,967	-	176,060	2,640,907	-
Total Bonds Payable	159,139,934	593,201	8,378,897	151,354,238	6,385,000
Other Liabilities					
Compensated absences	2,328,743	279,915	-	2,608,658	1,046,309
Capital leases	73,445	-	17,195	56,250	14,674
Golden Handshake	927,706	2,261,880	916,229	2,273,357	916,229
Load banking	648,827	242,945	193,265	698,507	9,943
Total Other Liabilities	3,978,721	2,784,740	1,126,689	5,636,772	1,987,155
Total Long-Term Obligations	\$ 163,118,655	\$ 3,377,941	\$9,505,586	\$156,991,010	\$8,372,155

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
Bonds Payable					
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	71,967,557	93,655,214	6,482,837	159,139,934	8,040,000
Other Liabilities					
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	3,867,857	859,761	748,897	3,978,721	1,142,730
Total Long-Term Obligations	\$ 75,835,414	\$94,514,975	\$7,231,734	\$163,118,655	\$9,182,730

Description of Debt

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local property tax collections. The capital lease payments are made by the other special revenue fund. The compensated absences are made by the fund for which the employees' salaries are paid from. The District's General Fund makes payments for the Golden Handshake and load banking obligations.

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, 2008, the principal outstanding was \$3,475,000.

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.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

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.

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 three to five 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, 2008, the principal outstanding was \$56,552,557, and net unamortized debt premium was \$4,705,774.

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, 2008
Deferred loss on refunding	\$ (3,391,923)
Debt issue costs	(774,957)
Debt premium	8,872,654
Net unamortized debt premium	<u>\$ 4,705,774</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, 2008, the principal outstanding was \$83,980,000 and unamortized premium and issuance costs of \$2,640,907 and \$1,017,029, 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, 2008 AND 2007**

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds	Issued	Accreted	Redeemed	Bonds
				Outstanding July 1, 2007		Interest Addition		Outstanding June 30, 2008
2004	2030	4.00%-5.25%	\$ 55,205,000	\$ 5,020,000	\$ -	\$ -	\$ 1,545,000	\$ 3,475,000
2005	2025	3.00%-5.00%	68,181,109	56,434,356	-	593,201	475,000	56,552,557
2007	2033	4.00%-5.00%	90,000,000	90,000,000	-	-	6,020,000	83,980,000
				<u>\$ 151,454,356</u>	<u>\$ -</u>	<u>\$ 593,201</u>	<u>\$ 8,040,000</u>	<u>\$ 144,007,557</u>

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

Fiscal Year	Interest to		Total
	Principal	Maturity	
2009	\$ -	\$ 146,075	\$ 146,075
2010	-	146,075	146,075
2011	-	146,075	146,075
2012	500,000	136,075	636,075
2013	620,000	113,675	733,675
2014-2018	1,845,000	220,056	2,065,056
2019-2023	135,000	120,157	255,157
2024-2028	240,000	71,663	311,663
2029-2030	135,000	7,562	142,562
Total	<u>\$ 3,475,000</u>	<u>\$ 1,107,413</u>	<u>\$ 4,582,413</u>

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

Fiscal Year	Principal	Accreted Interest	Current	Total
			Interest to Maturity	
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	1,451,507	378,493	2,310,500	4,140,500
2013	1,192,658	822,342	2,298,250	4,313,250
2014-2018	10,183,392	3,961,608	11,164,625	25,309,625
2019-2023	25,090,000	-	6,933,750	32,023,750
2024-2025	14,140,000	-	723,750	14,863,750
Total	<u>\$ 56,552,557</u>	<u>\$ 5,162,443</u>	<u>\$ 30,741,162</u>	<u>\$ 92,456,162</u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

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>
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	-	3,425,500	3,425,500
2014-2018	-	17,127,500	17,127,500
2019-2023	-	17,127,500	17,127,500
2024-2028	24,080,000	15,392,250	39,472,250
2029-2033	44,430,000	4,796,750	49,226,750
Total	<u>\$ 83,980,000</u>	<u>\$ 72,528,975</u>	<u>\$ 156,508,975</u>

Capital Leases

The District has utilized capital leases purchase agreements to primarily purchase equipment. The current lease purchase agreement in the amount of \$56,250 will be paid through 2012.

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

<u>Year Ending June 30,</u>	<u>Lease Payment</u>
2009	\$ 17,195
2010	17,195
2011	17,195
2012	12,228
Total	<u>63,813</u>
Less: Amount Representing Interest	7,563
Present Value of Minimum Lease Payments	<u>\$ 56,250</u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

NOTE 10 - 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 California Public Employees' Retirement System (CalPERS) 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 California State Teachers' Retirement System (CalSTRS) 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 2008 fiscal year, the District provided insurance premium benefits to 38 retired employees with total expenditures of \$887,972.

NOTE 11 - 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, 2008, 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 2007-2008, 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.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

Coverage provided by the following JPAs for property and liability and workers' compensation is as follows:

<u>Insurance Program / JPA Name</u>	<u>Type of Coverage</u>	<u>Limits</u>
Schools Excess Liability Fund (SELF)	Workers' Compensation	\$ 350,000
Schools Excess Liability Fund (SELF)	Excess Workers' Compensation	\$ 5,000,000
Alliance of Schools for Cooperative Insurance Program (ASCIP)	Property and Liability	\$ 5,000,000

Employee Medical Benefits

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

If the employee elects not to enroll for health insurance coverage from one of the carriers provided by the District, such employee must provide evidence of other health insurance coverage.

- Medical - The employee has a choice of Kaiser Permanente, Health Net, or the RCCD Plan. The employee may elect to change carriers once per year during open enrollment. Normally, such election shall be effective October 1 of each year.
- Dental - Delta insurance coverage for employees and dependents shall be provided by the District. All employees shall participate in the program.
- Life Insurance - The District provides a \$50,000 life insurance policy by a carrier designated by the District. All employees shall participate in this life insurance program.

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

Claims Liability

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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 approximate aggregate liabilities for the District from July 1, 2006 to June 30, 2008:

	Self- Insurance
Liability Balance, July 1, 2006	\$ 2,476,763
Claims and changes in estimates	2,223,055
Claims payments	(1,868,613)
Liability Balance, June 30, 2007	2,831,205
Claims and changes in estimates	2,389,945
Claims payments	(1,918,585)
Liability Balance, June 30, 2008	\$ 3,302,565
Assets available to pay claims at June 30, 2008	<u>\$ 8,352,713</u>

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.

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

CalSTRS

Plan Description

The District contributes to CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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 CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2007-2008 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's total contributions to CalSTRS for the fiscal years ended June 30, 2008, 2007, and 2006, were \$5,207,094, \$5,000,706, and \$4,399,919, respectively, and equal 100 percent of the required contributions for each year.

Other Information

Under CalSTRS 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 CalSTRS totaling \$1,721,089 for early retirement incentives granted to terminated employees.

CalPERS

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. 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, CA 95811.

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 2007-2008 was 9.306 percent of annual payroll. The District's contributions to CalPERS for fiscal years ending June 30, 2008, 2007, and 2006, were \$3,003,354, \$2,702,097, and \$2,330,410, respectively, and equaled 100 percent of the required contributions for each year.

On-Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS which amounted to \$2,824,786, \$2,720,297, and \$2,408,236 (4.517 percent) of salaries subject to CalSTRS for the years ending June 30, 2008, 2007, and 2006, respectively. A contribution to CalPERS was not required for the year ended June 30, 2008. 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, 2008 AND 2007

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 San Diego County Office of Education Fringe Benefit Consortium 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 CalSTRS, but whose salaries would otherwise be subject to Social Security tax. Benefit provisions and other requirements are established by District management based on agreements with various bargaining units. PARS is a defined contribution qualified retirement plan under Section 401 (a) of the Internal Revenue Code.

The minimum total contribution is 7.5 percent of employees' salaries, of which the employee contributes the total 7.5 percent. District employees are covered under PARS Number 763 as of June 30, 2008. Total contributions to the plan amounted to \$636,980.

NOTE 13 - 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, 2008.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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, 2008.

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
2009	\$ 1,026,926
2010	216,339
2011	53,226
Total	<u>\$ 1,296,491</u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

Construction Commitments

As of June 30, 2008, 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 Modernization	\$ 18,819,396	\$ 339,739	Fiscal Year 08-09
Nursing/Science Project	3,045,933	71,478,134	Fiscal Year 11-12
Moreno Valley Phase III	645,284	18,964,998	Fiscal Year 11-12
Norco Industrial Technology Facility Project	8,543,598	22,088,228	Fiscal Year 09-10
Riverside School of the Arts - Planning	186,339	2,213,661	Fiscal Year 12-13
P.E. Phase II	184,431	6,200	Fiscal Year 10-11
Food Service Remodel - Riverside	185,394	859,874	Fiscal Year 08-09
Food Service Remodel - Moreno Valley	104,097	1,852,518	Fiscal Year 08-09
ECS Secondary Effects - Moreno Valley	233,074	55,845	Fiscal Year 08-09
Hot Water Loop/Boiler Replacement - Moreno Valley	869,848	21,448	Fiscal Year 08-09
NORESCO Utility Retrofit	5,598,651	577,443	Fiscal Year 08-09
Student Support Center - Norco	822,625	19,171,875	Fiscal Year 11-12
Modular Redistribution Project - Ben Clark	869,469	2,464,593	Fiscal Year 08-09
Network Operations Center	69,646	55,904	Fiscal Year 09-10
Aquatic Project - Riverside	154,190	13,876,935	Fiscal Year 11-12
Soccer Field - Norco	218,586	4,397,894	Fiscal Year 08-09
Wall Paper Removal and Painting Project	314,172	39,626	Fiscal Year 09-10
	<u>\$ 40,864,733</u>	<u>\$ 158,464,915</u>	

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

NOTE 14 - 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.

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.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

During the year ended June 30, 2008, the District made payments of \$325,389, \$1,182,864, \$7,432, and \$413,643 to SELF, RCCSSIPE, REEP, and ASCIP, respectively.

SUPPLEMENTARY INFORMATION

RIVERSIDE COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION JUNE 30, 2008

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. James L. Buysse ⁽¹⁾	Interim Chancellor
Dr. Ray Maghroori	Vice Chancellor, Academic Affairs
Mr. Aaron Brown ⁽²⁾	Interim Vice Chancellor, Administration and Finance
Ms. Melissa Kane	Vice Chancellor, Diversity and Human Resources
Dr. Debbie DiThomas	Interim Vice Chancellor of Student Services/Operations

⁽¹⁾ Vice Chancellor, Administration and Finance as of July 1, 2008

⁽²⁾ Associate Vice Chancellor, Finance as of July 1, 2008

Dr. Irving Hendrick, Interim Chancellor as of July 1, 2008

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
Hispanic Serving Institutions Education Grants		
Water Quality Research	10.223	\$ 96,135
Pass through California Department of Education (CDE)		
Child and Adult Care Food Program	10.558	18,615
Total U.S. Department of Agriculture		<u>114,750</u>
U.S. DEPARTMENT OF DEFENSE		
Procurement Assistance Center (PAC)	12.002	170,021
U.S. DEPARTMENT OF LABOR		
WORKFORCE INVESTMENT ACT		
Pass through from the County of Riverside (EDA)		
Title I Community College Education Assistance Center	17.258	182,752
Pass through California Department of Education (CDE)		
Child Development - Careers Projects	17.258	120,008
Pass through from California Community College Chancellor's Office		
California Transportation and Logistics Institute (CaTLI)	17.269	17,602
Total U.S. Department of Labor		<u>320,362</u>
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA)		
NASA Artificial Neural Network (ANN)	43.000	1,989
Pass through from California Institute of Technology		
Cal Tech Jet Propulsion Laboratory Student Employment	43.000	3,754
Total NASA		<u>5,743</u>
NATIONAL SCIENCE FOUNDATION		
Advanced Technological Education (ATE)	47.076	81,025
SMALL BUSINESS ADMINISTRATION		
Pass through from California State University, Fullerton		
Auxiliary Services Corporation		
Small Business Development Center	59.037	216,176
U.S. DEPARTMENT OF VETERANS AFFAIRS		
Veteran Outreach Program - Administration	64.000	6,293
U.S. DEPARTMENT OF EDUCATION		
Financial Aid Cluster		
Federal Supplement Education Opportunity Grant (FSEOG)	84.007	716,869
FSEOG Administrative	84.007	43,093
Federal Family Education Loans (FFEL)	84.032	1,976,657
Federal Work Study Program (FWS)	84.033	784,390
Federal Work Study Administrative	84.033	36,612
Federal Pell Grants (PELL)	84.063	15,339,252
Federal Pell Administrative	84.063	40,439
Academic Competitiveness Grant (ACG)	84.375	6,875
Subtotal Financial Aid Cluster		<u>18,944,187</u>

(Continued)

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Federal Expenditures
TRIO Cluster		
Student Support Services Program	84.042	\$ 230,714
Talent Search Program - Norco	84.044	8,300
Talent Search Program - Moreno Valley	84.044	54,215
Upward Bound Program	84.047	578,274
Subtotal TRIO Cluster		871,503
HIGHER EDUCATIONAL ACT		
Strengthening Institutions - Hispanic Serving Institutions	84.031S	845,209
Strengthening Institutions - Hispanic Serving Institutions	84.031S	625,314
Strengthening Institutions - Hispanic Serving Institutions	84.031S	387,941
Pass through from Chaffey Community College Title V - Higher Educational Institutional Aid	84.031S	244,411
Fund for Improvement of Post-Secondary Education (FIPSE)	84.116B	25,176
Business and International Education Projects - Title VI	84.153A	20,877
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) - Passport Plus	84.334A	76,719
Child Care Access Means Parents in School (CCAMPIS)	84.335A	126,893
Pass through from University of California, Riverside Teacher Quality Enhancement Grants	84.336	120,606
Literacy (CASTL)	84.336B	41,986
VOCATIONAL AND TECHNICAL EDUCATION ACT		
Passed through from California Community College Chancellor's Office Career and Technical Education, Title I-B Regional Consortia Desert	84.048	150,812
Career and Technical Education, Title I-C	84.048	925,367
Technical Preparation Regional Coordination	84.243	314,716
Title II, Technical Preparation	84.243	205,957
Success by Design - A Demonstration Model for Institutional Partnerships Serving Out-of-School Youth	84.353A	155,863
REHABILITATION ACT		
Pass through from Riverside County Department of Rehabilitation Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	222,461
Total U.S. Department of Education		24,305,998

(Continued)

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Nurse Education, Practice, and Retention	93.359	\$ 368,596
Adoption Assistance	93.659	4,118
Pass through from California Department of Health Services		
Medical Assistance Program (MAA)	93.778	80,881
Pass through from California Community College Chancellor's Office		
Temporary Assistance to Needy Families (TANF)	93.558	99,474
Foster Care Education Program	93.658	84,934
Pass through from Yosemite Community College		
Early Childhood Study - Consortium Grant	93.575	21,116
Pass through from Riverside County Department of Public Social Services		
Independent Living Skills - Emancipation	93.674	1,111,242
Pass through from California Community College Foundation		
Independent Living Program	93.674	9,843
Total U.S. Department of Health and Human Services		<u>1,780,204</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
Pass through from the California Community College Foundation		
Americorps	94.006	108,515
Total Federal Expenditures		<u><u>\$ 27,109,087</u></u>

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2008**

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
GENERAL FUND			
Board Financial Assistance Program (BFAP)	\$ 97,589	\$ -	\$ 97,589
Basic Skills Reappropriation	-	179,359	179,359
Basic Skills and Immigrant Education	-	580,585	580,585
Basic Skills/ESL 2007-2008	677,465	-	677,465
Part Time Faculty Insurance	14,768	-	14,768
Part Time Faculty Office Hours	135,677	-	135,677
Part Time Faculty Compensation	1,083,773	-	1,083,773
Homeowner Property Tax Relief	455,185	-	455,185
State Lottery	3,216,864	-	3,216,864
CA ETP Retraining III	4,564	-	4,564
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 2007-2009	200,000	-	200,000
Song Brown Nursing 2006-2008	165,042	3,581	168,623
Physician's Assistant Base	66,545	-	66,545
Nursing Capacity Building - Program Expansion	-	232,351	232,351
Nursing Capacity Building - Renovation	-	87,891	87,891
Nursing Capacity Building - Program Expansion	-	173,604	173,604
Extended Opportunity Program and Service - (EOPS)	796,347	-	796,347
Extended Opportunity Program and Service - (EOPS/CARE)	105,618	-	105,618
Board Financial Assistance Program (BFAP)	867,210	-	867,210
Telecommunication Technology Infrastructure Program - TCO	8,820	40,892	49,712
Instructional Equipment and Library Materials	404,192	179,537	583,729
TTIP Plan E - Library Automation	36,363	-	36,363
Matriculation Grant	1,752,515	-	1,752,515
Staff Development	-	114,082	114,082
Foster Care Education Program	64,291	-	64,291
Middle College High School	136,769	-	136,769
SBDC State CCCCCO	50,000	-	50,000
Economic Development - Center for Applied			
Computer Technology	205,000	-	205,000
IDRC Logistics/Mt SAC	9,000	1,413	10,413
Quick Start Partnership Long Beach	-	12,453	12,453

See accompanying note to supplementary information.

Program Revenues					
Cash Received	Accounts Receivable	Accounts Payable	Deferred Revenue	Total Revenue	Program Expenditures
\$ 97,589	\$ -	\$ -	\$ -	\$ 97,589	\$ 97,589
179,358	-	-	74,812	104,546	104,546
580,585	-	-	406,281	174,304	174,304
677,465	-	-	522,218	155,247	155,247
14,220	-	-	-	14,220	14,220
131,374	-	-	-	131,374	131,374
1,083,773	-	-	-	1,083,773	1,083,773
455,183	2	-	-	455,185	455,185
1,662,027	1,554,837	-	-	3,216,864	3,216,864
3,845	719	-	-	4,564	4,564
74,933	-	-	48,812	26,121	26,121
124,993	-	-	45,249	79,744	79,744
118,446	37,047	-	-	155,493	155,493
68,252	-	18	-	68,234	68,234
5,000	-	283	-	4,717	4,717
74,980	25,047	-	-	100,027	100,027
127,362	41,259	-	-	168,621	168,621
28,137	25,975	-	-	54,112	54,112
232,351	-	-	112,991	119,360	119,360
87,892	-	-	-	87,892	87,892
154,137	-	-	-	154,137	154,137
796,347	-	35,477	-	760,870	760,870
105,618	-	7,509	-	98,109	98,109
867,210	-	-	48,654	818,556	818,556
49,712	-	-	10,291	39,421	39,421
583,729	-	-	88,073	495,656	495,656
36,363	-	-	-	36,363	36,363
1,752,515	-	266	-	1,752,249	1,752,249
114,082	-	-	63,785	50,297	50,297
-	59,467	-	-	59,467	59,467
54,708	65,461	-	-	120,169	120,169
42,000	7,294	-	-	49,294	49,294
180,678	20,343	-	-	201,021	201,021
-	7,691	-	-	7,691	7,691
6,933	-	-	-	6,933	6,933

(Continued)

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2008**

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
Responsive Training Funds	\$ 222,487	\$ -	\$ 222,487
Economic Development - Center for International Staff Diversity	255,000	10,011	265,011
CACT HUB FP1	24,071	67,064	91,135
CITD HUB FP1	-	121,000	121,000
CACT HUB FP2	-	103,753	103,753
CITD HUB FP2	121,000	-	121,000
Disabled Student Program and Services - DSPS	121,000	-	121,000
Nursing Faculty Recruitment and Retention	1,913,586	-	1,913,586
Nursing Capacity Building - Program Expansion	-	266,573	266,573
Nursing Capacity Building - Renovation	451,635	-	451,635
CalWORKS	277,750	-	277,750
CalWORKS Community College Set-Aside	542,869	-	542,869
RCOE Zenith Mentoring Foster Youth/ILP	144,100	-	144,100
Equipment for Nursing and Allied Health Programs	20,000	-	20,000
Economic Development - CITD State Leadership	154,903	-	154,903
CA High School Exit Exam Prep	173,182	-	173,182
State Lottery	138,000	329,417	467,417
	507,812	-	507,812
CHILD DEVELOPMENT FUND			
Campus Child Care Tax Bailout	143,552	-	143,552
Child Nutrition Program	894	-	894
CAPITAL PROJECTS FUND			
National Science Building - Plan/Work drawings	1,300,000	-	1,300,000
Scheduled Maintenance	258,825	-	258,825
Quad Modernization State Construction	290,236	-	290,236
ECS Equipment Project - Norco	9,708	-	9,708
ECS Equipment Project - Moreno Valley	19,890	-	19,890
Norco Phase III	18,192,849	-	18,192,849
Quad Modernization Equipment Project	352,294	-	352,294
STUDENT FINANCIAL AID FUND			
Cal Grant B	1,642,953	-	1,642,953
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
\$ 186,889	\$ -	\$ -	\$ 30,693	\$ 156,196	\$ 156,196
182,211	51,355	-	-	233,566	233,566
91,135	-	-	73,917	17,218	17,218
101,640	-	4,406	-	97,234	97,234
84,393	-	15,434	-	68,959	68,959
101,640	-	-	37,937	63,703	63,703
101,640	-	-	2,380	99,260	99,260
1,911,943	1,643	-	-	1,913,586	1,913,586
266,573	-	-	207,440	59,133	59,133
451,635	-	-	274,681	176,954	176,954
277,750	-	-	143,334	134,416	134,416
542,869	-	25,510	-	517,359	517,359
144,100	-	92,066	-	52,034	52,034
-	17,772	-	-	17,772	17,772
154,903	-	-	35,641	119,262	119,262
145,582	23,478	-	-	169,060	169,060
167,929	-	-	67,522	100,407	100,407
-	507,812	-	-	507,812	507,812
143,552	-	-	-	143,552	143,552
685	209	-	-	894	894
57,638	499,619	-	-	557,257	557,257
261,753	-	-	-	261,753	261,753
218,774	25,624	-	-	244,398	244,398
9,707	-	-	-	9,707	9,707
19,862	-	-	-	19,862	19,862
1,524,657	4,328,517	-	-	5,853,174	5,853,174
352,294	-	-	-	352,294	352,294
1,642,953	4,090	36,184	-	1,610,859	1,525,620
-	-	-	-	-	85,239
<u>\$ 19,716,504</u>	<u>\$ 7,305,261</u>	<u>\$ 217,153</u>	<u>\$ 2,294,711</u>	<u>\$ 24,509,901</u>	<u>\$ 24,509,901</u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF WORKLOAD MEASURES FOR STATE
GENERAL APPORTIONMENT - ANNUAL/ACTUAL ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2008**

CATEGORIES	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Audited Data</u>
Credit Full-Time Equivalent Student (FTES)			
A. Summer Intersession (Summer 2007 only)			
1. Credit	2,577	-	2,577
B. Summer Intersession (Summer 2008 - Prior to July 1, 2008)			
1. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure			
(a) - Weekly Census Contact Hours	17,187	-	17,187
(b) - Daily Census Contact Hours	2,913	-	2,913
2. Actual Hours of Attendance			
(a) - Credit	1,603	-	1,603
3. Independent Study/Work Experience			
(a) - Weekly Census Procedure Courses	1,384	-	1,384
(b) - Daily Census Procedure Courses	1,145	-	1,145
Subtotal	<u>26,809</u>	<u>-</u>	<u>26,809</u>
Noncredit FTES			
A. Summer Intersession (Summer 2007 only)			
1. Noncredit	33	-	33
B. Summer Intersession (Summer 2008 - Prior to July 1, 2008)			
1. Noncredit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Actual Hours of Attendance			
(a) - Noncredit	169	-	169
2. Independent Study/Work Experience			
(a) - Noncredit Independent Study	-	-	-
Subtotal	<u>202</u>	<u>-</u>	<u>202</u>
Total FTES	<u>27,011</u>	<u>-</u>	<u>27,011</u>
Supplemental Information (subset of above information)			
In-Service Training Courses (FTES)			919
Basic Skills Courses			
1. Noncredit			-
2. Credit			2,134
Total Basic Skills FTES			<u>2,134</u>
Comprehensive Center FTES			
1. Noncredit			1
2. Credit			12,323
Total Comprehensive Center FTES			<u>12,324</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, 2008**

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2008.

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEETS TO THE
STATEMENT OF NET ASSETS
JUNE 30, 2008**

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

Total Fund Balance and Due to Student Groups:

General Funds	\$ 25,796,898
Special Revenue Funds	237,891
Capital Outlay Projects	99,137,376
Debt Service Funds	18,168,628
Proprietary Fund	4,011,384
Fiduciary Funds	<u>2,165,652</u>

Total Fund Balance and Due to Student Groups

- All District Funds **\$ 149,517,829**

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	239,696,299	
Accumulated depreciation is	<u>(48,758,162)</u>	190,938,137

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

(2,165,652)

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.

(2,806,625)

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:		1,017,029
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Long-term obligations at year end consist of:

Bonds payable	151,354,238	
Capital leases payable	56,250	
Compensated absences	2,608,658	
Load banking	698,507	
Early retirement (Golden Handshake)	2,273,357	
Less compensated absences already recorded in funds	<u>(1,046,309)</u>	<u>(155,944,701)</u>

Total Net Assets

\$ 180,556,017

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2008

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
Career and Technical Education, Title IB Regional Consortia Desert	84.048	\$ 38,206
Independent Living Skills - Emancipation	93.674	70,090
Total Pass-Through		<u>\$ 108,296</u>

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.

INDEPENDENT AUDITORS' REPORTS



**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 the business-type activities of the Riverside Community College District (the District) for the years ended June 30, 2008 and 2007, and have issued our report thereon dated November 14, 2008. 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 Riverside Community College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of 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 November 14, 2008.

This report is intended solely for the information and use of the Board of Trustees, District Management, the California Community Colleges System'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
November 14, 2008



**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, 2008. 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, 2008.

Internal Control Over Compliance

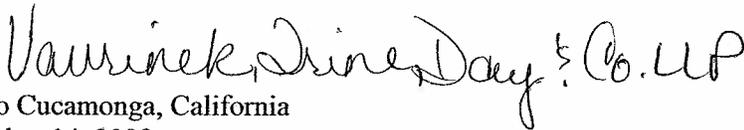
The management of Riverside Community College District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered Riverside 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.

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.

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.

Our consideration of internal control over compliance 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 compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, District Management, the California Community Colleges System'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
November 14, 2008



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 years ended June 30, 2008 and 2007, and have issued our report thereon dated November 14, 2008.

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 District Audit Manual (CDAM)*.

General Directive

Section 424: State General Apportionment Funding System

Administration

Section 435: Open Enrollment

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% 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, the Riverside Community College District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with the requirements described above which is disclosed in the accompanying schedule of findings and questioned costs as item 2008-1.

Riverside Community College District's response to the findings 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 of the Board of Trustees, Audit Committee, District Management, the California Community Colleges System'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.

Vaurinek, Irine, Day & Co., CP

Rancho Cucamonga, California
November 14, 2008

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2008**

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>None reported</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>No</u>
Identification of major programs	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.032, 84.033, 84.063, 84.375	Student Financial Aid Cluster
84.031S	Strengthening Institutions - Hispanic Serving Institution
84.048	Career and Technical Education, Title I, Parts B and C
93.674	Independent Living

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 813,273</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>Yes</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, 2008**

None reported.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008**

None reported.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2008

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

2008-1 Finding

Ineligible CalWORKs recipients were provided services.

Program: CalWORKs – Use of State and Federal TANF Funding

Award Year: 2007-2008

Questioned Costs: None could be determined.

Program Affected

CalWORKs

Criteria

- *Education Code* Sections 79200-79203 and 84759
- 2007-08 *Final Budget Summary*, Page 630, Item 6870-101-0001, Provision 15; and Page 646, Item 6870-111-0001, Provision 2.
http://www.documents.dgs.ca.gov/osp/GovernorsBudget/pdf/fbudsum_07.pdf
- Chancellor's Office CalWORKs Program Handbook Guidelines_2007-08
- *Clarification on CalWORKs Supplantation Prohibition*, Chancellor's Office Letter, March 13, 2006 (See Appendix M)

Condition

In our sample of 25 recipients for eligibility requirements, we noted eight CalWORKs recipients who did not have the proper eligibility documented through the County Welfare Department for each academic term the recipient was served.

Questioned Costs

None could be determined.

Isolated Instance or Systemic

Systemic - Once the initial eligibility determination is made by the County Welfare Department, on-going communication with the County is essential to ensure that a student remains in good standing. Eligibility determinations must be conducted at the beginning of each term to ensure students are eligible for services prior to receiving them.

Effect

Without the proper controls in place, unauthorized program costs and services provided to ineligible recipients could be reimbursed by the State program.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2008

Recommendation

We recommend that the District develop an independent, internal tracking process for student eligibility. Services provided through other College departments, like the Child Care Center, must be coordinated with the CalWORKs program office to also verify a student's ongoing eligibility for services, academic progress, and to monitor programs expenses that are directly attributable to support for the identified CalWORKs eligible students.

District Response and Planned Corrective Actions

Our past practice was to rely on the student to provide the proper eligibility documentation. If the student failed to provide the documents, our clerical staff would contact the Riverside County Department of Public Social Service (DPSS) case manager and request the needed documentation. In many cases, the DPSS case manager would not follow through with our request.

To avoid this situation in the future, we have implemented the following practices:

1. Eligibility documentation must be provided by all new referrals at or before the CalWORKs student's first appointment with a counselor. Acceptable documentation includes a Notice of Action (NOA), a Department of Public Social Services generated referral for services, or a Department of Public Social Services Welfare-to-Work plan.
2. Each term (summer, fall, winter, and spring), Riverside Community College District creates a list of all CalWORKs students enrolled at the Riverside, Moreno Valley, or Norco campuses. This list is submitted electronically to Riverside County Department of Public Social Services for verification of eligibility. Riverside County Department of Public Social Services returns the list to RCC identifying those that are eligible. Students who are not eligible are not provided priority registration. Eligibility documentation is logged into our CalWORKs data base.
3. CalWORKs work study students are provided services based on a referral from Riverside County which includes verification of eligibility.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

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 AWARD FINDINGS

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

- (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.

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.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

Current Status

Implemented.

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

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.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

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.

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.

Current Status

Implemented.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

STATE AWARD FINDINGS

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.

Current Status

Implemented.

ADDITIONAL SUPPLEMENTARY INFORMATION

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**GOVERNMENTAL FUNDS
BALANCE SHEETS - (UNAUDITED)
JUNE 30, 2008**

	<u>General Unrestricted</u>	<u>General Restricted</u>
ASSETS		
Cash and cash equivalents	\$ 302,634	\$ 134,939
Investments	16,125,494	5,880,833
Accounts receivable	12,881,952	4,315,003
Due from other funds	40,563	823,205
Prepaid expenses	34,399	25,949
Stores inventories	-	-
Total Assets	<u><u>\$29,385,042</u></u>	<u><u>\$11,179,929</u></u>
 LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts payable	\$ 7,696,968	\$ 1,451,028
Due to other funds	1,675,059	10,901
Deferred revenue	1,211,997	2,722,120
Total Liabilities	<u><u>10,584,024</u></u>	<u><u>4,184,049</u></u>
 FUND EQUITY		
Fund Balances		
Reserved	34,399	6,995,880
Unreserved		
Designated	900,000	-
Undesignated	17,866,619	-
Total Fund Equity	<u><u>18,801,018</u></u>	<u><u>6,995,880</u></u>
Total Liabilities and Fund Equity	<u><u>\$29,385,042</u></u>	<u><u>\$11,179,929</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>	
\$ 15,656	\$ 28,815	\$ 16,252	\$ -	\$ -	\$ 498,296
138,509	77,757	-	98,757,224	18,168,628	139,148,445
37,822	30,530	-	5,736,992	-	23,002,299
29,253	528	-	789,966	-	1,683,515
-	-	-	-	-	60,348
19,353	-	-	-	-	19,353
<u>\$ 240,593</u>	<u>\$ 137,630</u>	<u>\$ 16,252</u>	<u>\$ 105,284,182</u>	<u>\$ 18,168,628</u>	<u>\$ 164,412,256</u>
\$ 80,832	\$ 75,233	\$ -	\$ 6,146,806	\$ -	\$ 15,450,867
467	-	-	-	-	1,686,427
-	52	-	-	-	3,934,169
<u>81,299</u>	<u>75,285</u>	<u>-</u>	<u>6,146,806</u>	<u>-</u>	<u>21,071,463</u>
19,353	-	-	-	-	7,049,632
-	-	-	-	18,168,628	19,068,628
139,941	62,345	16,252	99,137,376	-	117,222,533
<u>159,294</u>	<u>62,345</u>	<u>16,252</u>	<u>99,137,376</u>	<u>18,168,628</u>	<u>143,340,793</u>
<u>\$ 240,593</u>	<u>\$ 137,630</u>	<u>\$ 16,252</u>	<u>\$ 105,284,182</u>	<u>\$ 18,168,628</u>	<u>\$ 164,412,256</u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>General Unrestricted</u>	<u>General Restricted</u>
REVENUES		
Federal revenues	\$ 130,555	\$ 8,054,993
State revenues	93,385,259	10,452,582
Local revenues	46,540,738	5,507,175
Total Revenues	<u>140,056,552</u>	<u>24,014,750</u>
EXPENDITURES		
Current Expenditures		
Academic salaries	65,584,229	3,865,714
Classified salaries	29,253,643	8,326,698
Employee benefits	23,904,330	3,327,692
Books and supplies	2,274,926	1,702,627
Services and operating expenditures	13,854,480	3,688,322
Capital outlay	2,319,160	1,899,779
Debt service - principal	17,195	-
Debt service - interest and other	-	-
Total Expenditures	<u>137,207,963</u>	<u>22,810,832</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,848,589</u>	<u>1,203,918</u>
OTHER FINANCING SOURCES (USES)		
Operating transfers in	(939,808)	939,808
Operating transfers out	(1,166,930)	-
Other sources	9,747	-
Other uses	-	(350,789)
Total Other Financing Sources (Uses)	<u>(2,096,991)</u>	<u>589,019</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	751,598	1,792,937
FUND BALANCE, BEGINNING OF YEAR	18,049,420	5,202,943
FUND BALANCE, END OF YEAR	<u>\$ 18,801,018</u>	<u>\$ 6,995,880</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	
\$ -	\$ 99,496	\$ -	\$ -	\$ -	\$ 8,285,044
-	144,446	-	7,298,445	106,979	111,387,711
1,228,622	1,126,487	8	5,209,664	12,572,492	72,185,186
<u>1,228,622</u>	<u>1,370,429</u>	<u>8</u>	<u>12,508,109</u>	<u>12,679,471</u>	<u>191,857,941</u>
-	1,059,756	-	-	-	70,509,699
633,539	272,326	-	49,634	-	38,535,840
249,399	210,917	-	23,116	-	27,715,454
690,253	64,336	-	29,362	-	4,761,504
267,475	65,889	-	1,073,004	-	18,949,170
7,333	-	-	26,082,895	-	30,309,167
-	-	-	-	8,040,000	8,057,195
-	-	-	-	5,221,920	5,221,920
<u>1,847,999</u>	<u>1,673,224</u>	<u>-</u>	<u>27,258,011</u>	<u>13,261,920</u>	<u>204,059,949</u>
(619,377)	(302,795)	8	(14,749,902)	(582,449)	(12,202,008)
676,930	240,000	-	-	-	916,930
-	-	-	-	-	(1,166,930)
-	-	-	-	9,575	19,322
-	-	-	-	-	(350,789)
<u>676,930</u>	<u>240,000</u>	<u>-</u>	<u>-</u>	<u>9,575</u>	<u>(581,467)</u>
57,553	(62,795)	8	(14,749,902)	(572,874)	(12,783,475)
101,741	125,140	16,244	113,887,278	18,741,502	156,124,268
<u>\$ 159,294</u>	<u>\$ 62,345</u>	<u>\$ 16,252</u>	<u>\$ 99,137,376</u>	<u>\$ 18,168,628</u>	<u>\$ 143,340,793</u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**PROPRIETARY FUNDS
BALANCE SHEETS - (UNAUDITED)
JUNE 30, 2008**

	Internal Service Fund
ASSETS	
Cash and cash equivalents	\$ 22,399
Investments	8,330,314
Accounts receivable	84,564
Due from other funds	4,271
Total Assets	\$ 8,441,548
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Accounts payable	\$ 38,661
Deferred revenue	1,088,938
Claim liabilities	3,302,565
Total Liabilities	4,430,164
FUND EQUITY	
Retained earnings	4,011,384
Total Liabilities and Fund Equity	\$ 8,441,548

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, 2008

	<u>Internal Service Fund</u>
OPERATING REVENUES	
District premiums	\$ 5,943,253
OPERATING EXPENSES	
Classified salaries	235,561
Employee benefits	83,765
Books and supplies	4,618
Services and other operating expenditures	5,973,436
Capital outlay	33,140
Total Operating Expenses	<u>6,330,520</u>
Operating Income	<u>(387,267)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	331,326
Miscellaneous revenues	98,054
Operating transfers in	250,000
Total Nonoperating Revenues (Expenses)	<u>679,380</u>
NET INCOME	292,113
RETAINED EARNINGS, BEGINNING OF YEAR	<u>3,719,271</u>
RETAINED EARNINGS, END OF YEAR	<u>\$ 4,011,384</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, 2008**

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss	\$ (387,267)
Adjustments to Reconcile Change in Net Assets to Net Cash Flow Operating Activities	
Decrease in accounts receivable	20,957
Increase in due from other funds	(1,700)
Increase in accounts payable	11,551
Increase in claims liabilities	471,360
Decrease in deferred revenue	(2,657)
Net Cash Flows from Operating Activities	<u>112,244</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	331,326
Other nonoperating income	98,054
Transfers in	<u>250,000</u>
Net Cash Flows from Investing Activities	<u>679,380</u>
Net increase in cash and cash equivalents	791,624
Cash and cash equivalents - Beginning	<u>7,561,089</u>
Cash and cash equivalents - Ending	<u><u>\$ 8,352,713</u></u>
 CASH AND CASH EQUIVALENTS CONSISTS OF:	
Cash in banks	\$ 22,399
Cash in county pooled investment	8,330,314
	<u><u>\$ 8,352,713</u></u>

See accompanying note to additional supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**FIDUCIARY FUNDS
BALANCE SHEETS - (UNAUDITED)
JUNE 30, 2008**

	Associated Students Trust	Student Financial Aid	Total
ASSETS			
Cash and cash equivalents	\$ 2,146,202	\$ 44,876	\$ 2,191,078
Accounts receivable	31,526	68,590	100,116
Due from other funds	52,762	32,383	85,145
Total Assets	\$ 2,230,490	\$ 145,849	\$ 2,376,339
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	\$ 31,245	\$ 92,938	\$ 124,183
Due to other funds	33,593	52,911	86,504
Due to student groups	963,493	-	963,493
Total Liabilities	1,028,331	145,849	1,174,180
FUND EQUITY			
Fund Balances			
Unreserved			
Undesignated	1,202,159	-	1,202,159
Total Fund Equity	1,202,159	-	1,202,159
Total Liabilities and Fund Equity	\$ 2,230,490	\$ 145,849	\$ 2,376,339

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, 2008**

	Associated Students Trust	Student Financial Aid	Total
REVENUES			
Federal revenues	\$ -	\$ 16,847,386	\$ 16,847,386
State revenues	-	1,610,859	1,610,859
Local revenues	664,684	-	664,684
Total Revenues	<u>664,684</u>	<u>18,458,245</u>	<u>19,122,929</u>
EXPENDITURES			
Current Expenditures			
Services and operating expenditures	552,708	-	552,708
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>111,976</u>	<u>18,458,245</u>	<u>18,570,221</u>
OTHER FINANCING SOURCES (USES)			
Other uses	-	(18,458,245)	(18,458,245)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	111,976	-	111,976
FUND BALANCE, BEGINNING OF YEAR	<u>1,090,183</u>	-	<u>1,090,183</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,202,159</u>	<u>\$ -</u>	<u>\$ 1,202,159</u>

See accompanying note to additional supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTE TO ADDITIONAL SUPPLEMENTARY INFORMATION JUNE 30, 2008

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.