

RIVERSIDE COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

- Employee salaries increased by 8.02 percent or \$10.1 million from the 2014-2015 fiscal year and employee benefits increased by 14.1 percent or \$5.78 million. The increase in salaries is primarily due to a contractual salary increase of 3.0 percent for all permanent employees, a contractual salary increase of 3.5 percent for part-time faculty, and a COLA increase of 1.02 percent for full-time and permanent part-time employees, scheduled salary step increases, employee reclassifications, and an increase in the number of positions. The increase in benefit costs is primarily due to increases in health and welfare benefit costs, an increase of 1.85 percent in CalSTRS and 0.76 percent CalPERS employer contributions, and the establishment of an OPEB rate of 0.3 percent; in addition to fixed charges associated with the increased number of positions discussed above.
- During the 2015-2016 fiscal year, the District provided over \$76.4 million in financial aid to students, representing a decrease of 1.2 percent over the \$77.3 million in fiscal year 2014-2015. 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.

(Amounts in thousands)

Federal Pell Grants (PELL)	\$ 43,640
Federal Supplement Education Opportunity Grant (FSEOG)	1,071
Federal Direct Student Loans (Direct Loans)	3,760
Federal Work Study Program (FWS)	1,084
State of California Cal Grant B (CALG-B)	3,895
California Community College Board of Governor's Fee Wavier	22,936
Total Financial Aid Provided to Students	<u>\$ 76,386</u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
U.S. DEPARTMENT OF DEFENSE				
Procurement Technical Assistance For Business Firms	12.002		\$ 279,374	\$ -
U.S. DEPARTMENT OF JUSTICE				
Bulletproof Vest Partnership	16.607		1,782	-
U.S. DEPARTMENT OF LABOR				
WORKFORCE INVESTMENT ACT				
Pass through from Chaffey Community College				
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282	TC-26434-14- 60-A-6	513,106	-
NATIONAL SCIENCE FOUNDATION				
Research and Development Cluster				
National Center of Excellence for Logistics and Supply Chain Technology	47.076		667,443	143,314
Flying with Swallows: Improve STEM Education at MVC	47.076		42,760	-
Total Research and Development Cluster			710,203	143,314
SMALL BUSINESS ADMINISTRATION				
Pass through from California State University, Fullerton				
Auxiliary Services Corporation				
Tri-Tech Small Business Development Center	59.037	S-5871-RCCD	390,059	-
Pass through from California Community Colleges Chancellor's Office				
CA State Trade Export	59.061	F15-0075	111,726	-
Total Small Business Administration			501,785	-
U.S. DEPARTMENT OF VETERANS AFFAIRS				
Veterans Services	64.117		9,996	-
U.S. DEPARTMENT OF EDUCATION				
TRIO Cluster:				
Student Support Services Program	84.042A		968,883	-
Upward Bound Program	84.047A		1,193,170	-
Upward Bound Program - Math & Science	84.047M		271,702	-
Subtotal TRIO Cluster			2,433,755	-

[1] Pass-Through Identifying Number not available.

(Continued)

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
U.S. DEPARTMENT OF EDUCATION, Continued				
Student Financial Assistance Cluster:				
Federal Supplement Education Opportunity Grant (FSEOG)	84.007		\$ 1,070,673	\$ -
FSEOG Administrative	84.007		64,713	-
Federal Direct Student Loans (Direct Loans)	84.268		3,760,265	-
Federal Work Study Program (FWS)	84.033		1,084,238	-
Federal Work Study Administrative	84.033		65,921	-
Federal Pell Grants (PELL)	84.063		43,639,541	-
Federal Pell Administrative	84.063		60,500	-
Subtotal Student Financial Assistance Cluster			49,745,851	-
HIGHER EDUCATION ACT				
Title V - Accelerating Pathways to Graduation and Transfer	84.031S		139,249	-
Title V - Moreno Valley College Title V Corrections Scenario Training	84.031S		9,860	-
Title V - Higher Education Institutional Aid	84.031S		125,379	72,265
Title V - HIS Pathways to Excellence	84.031S		661,506	-
Title V - Answering the Call	84.031S		100,680	-
Title V - HIS Stem and Articulation	84.031C		494,154	-
MVC Technology Access Project	84.031C		782,107	-
CAREER AND TECHNICAL EDUCATION ACT				
Passed through from California Community Colleges Chancellor's Office				
Career and Technical Education, Title I-B Regional Consortia Desert	84.048	15-150-006	218,649	-
Career and Technical Education, Title I-C	84.048	15-C01-45	1,025,267	-
Career and Technical Education Transitions	84.048A	15-112-045	100,314	-
REHABILITATION ACT				
Pass through from California Department of Rehabilitation Workability	84.126A	29287	235,716	-
Pass through from Riverside County Superintendent of Schools				
College Connection II	84.377	C-1005009	73,184	-
Total U.S. Department of Education			56,145,671	72,265

[1] Pass-Through Identifying Number not available.

(Continued)

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass through from California Community Colleges Chancellor's Office				
Temporary Assistance to Needy Families (TANF)	93.558	[1]	\$ 188,917	\$ -
Foster & Kinship Care Education Program (FKCE)	93.658	[1]	58,929	-
Pass through from Yosemite Community College District				
Early Childhood Study - Consortium Grant	93.575	15-16-4165	24,338	-
Pass through from Riverside County Superintendent of Schools				
Independent Living Skills - Emancipation Services	93.674	C-1005010	25,550	-
Total U.S. Department of Health and Human Services			297,734	-
U.S. DEPARTMENT OF HOMELAND SECURITY				
Pass through from the City of Riverside Office of Emergency Management				
Riverside Urban Area Security Initiative	97.008	[1]	1,672	-
Total Expenditures of Federal Awards			\$ 58,461,323	\$ 215,579

[1] Pass-Through Identifying Number not available.

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2016

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
GENERAL FUND			
Basic Skills	\$ 494,027	\$ 365,475	\$ 859,502
Proposition 39 Clean Energy	67,099	-	67,099
Enrollment Growth for ADN-RN	406,187	-	406,187
Extended Opportunity Program and Services (EOPS)	1,979,121	-	1,979,121
CARE	229,638	-	229,638
EOPS Special Project Set-Aside	107,285	-	107,285
SSSP Special Project Set-Aside	849,629	-	849,629
Board Financial Assistance Program	1,407,840	-	1,407,840
Instructional Equipment	1,163,585	210,050	1,373,635
Student Success & Support Program	6,430,868	935,300	7,366,168
Student Equity	3,608,172	1,141,586	4,749,758
Staff Development	-	2,788	2,788
AB 86 Adult Education Consortium Planning	540,527	191,351	731,878
Puente Project	1,500	-	1,500
Foster Care Education Program	68,813	-	68,813
SFAP Fiscal Coordination	508,660	-	508,660
Middle College High School	99,000	42,425	141,425
GO-Biz	87,708	17,874	105,582
Staff Diversity	11,079	4,056	15,135
Disabled Student Programs and Services (DSPS)	2,903,082	-	2,903,082
Active Minds Mental Health Education & Awareness	-	1,225	1,225
Deputy Sector Navigator	672,500	152,755	825,255
First 5 Riverside Access & Quality Initiative	163,017	-	163,017
Riverside County Foster Youth Emancipation	76,751	-	76,751
Song Brown PA Workforce Training Program	67,973	50,786	118,759
Song Brown 14/16	-	110,297	110,297
Song Brown RN Special Program 13-15	-	22,933	22,933
Song Brown PA Base Funding	-	84,395	84,395
Song Brown RN Education	325,000	-	325,000
Upward Bound Math & Science Vista Del Lago	-	-	-
Upward Bound TRIO - AUSD	-	-	-
Upward Bound - Centennial High School	-	-	-
Upward Bound - Corona High School	-	-	-
Foster Parent Pre-Training	130,735	-	130,735
Commercial Sexual Exploitation of Children	3,750	-	3,750
California Career Pathways Trust	6,348,133	-	6,348,133
California Community Colleges Student Mental Health Program	-	3,498	3,498

See accompanying note to supplementary information.

Program Revenues					
Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
\$ 896,417	\$ -	\$ -	\$ (430,617)	\$ 465,800	\$ 465,800
54,127	12,706	-	-	66,833	66,833
373,692	32,495	-	-	406,187	406,187
1,979,121	-	(18,708)	-	1,960,413	1,960,413
229,638	-	(2,989)	-	226,649	226,649
92,285	-	-	(19,268)	73,017	73,017
849,629	-	-	(638,867)	210,762	210,762
1,407,840	-	(5,111)	-	1,402,729	1,402,729
1,373,635	-	-	(222,926)	1,150,709	1,150,709
7,366,168	-	-	(1,767,268)	5,598,900	5,598,900
4,749,758	-	-	(1,827,389)	2,922,369	2,922,369
2,788	-	-	(2,788)	-	-
724,645	-	-	(514,319)	210,326	210,326
-	1,500	-	-	1,500	1,500
29,794	44,321	-	-	74,115	74,115
-	14,244	-	-	14,244	14,244
82,025	35,046	-	-	117,071	117,071
53,983	48,409	-	-	102,392	102,392
14,172	-	-	(2,219)	11,953	11,953
2,904,187	-	-	-	2,904,187	2,904,187
-	1,225	-	-	1,225	1,225
65,670	695,222	-	-	760,892	760,892
126,506	22,324	-	-	148,830	148,830
51,167	25,481	-	-	76,648	76,648
11,256	55,673	-	-	66,929	66,929
87,797	22,500	-	-	110,297	110,297
22,933	-	-	-	22,933	22,933
(14,865)	38,126	-	-	23,261	23,261
113,210	38,888	-	(8,859)	143,239	143,239
4,619	-	-	-	4,619	4,619
1,906	-	-	-	1,906	1,906
2,059	-	-	-	2,059	2,059
1,639	-	-	-	1,639	1,639
68,594	45,911	-	-	114,505	114,505
2,500	-	-	(860)	1,640	1,640
6,427,734	-	-	(3,506,912)	2,920,822	2,920,822
3,498	-	-	-	3,498	3,498

(Continued)

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2016

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
GENERAL FUND, Continued			
CalWORKs Community College Set-Aside	\$ 100,000	\$ 41,480	\$ 141,480
CalWORKs	894,707	-	894,707
CTE Enhancement Funds	-	2,743,229	2,743,229
Full Time Student Success	991,331	-	991,331
CHILD DEVELOPMENT FUND			
Campus Child Care Tax Bailout	73,597	-	73,597
STUDENT FINANCIAL AID FUND			
Cal Grant B	3,927,226	-	3,927,226
Total State Programs			

See accompanying note to supplementary information.

Program Revenues					
Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
\$ 141,480	\$ -	\$ -	\$ (5,576)	\$ 135,904	\$ 135,904
862,642	32,065	(1,614)	-	893,093	893,093
2,347,351	284,492	-	-	2,631,843	2,631,843
991,331	-	-	(148,931)	842,400	842,400
73,597	-	-	-	73,597	73,597
3,927,226	274	(32,887)	-	3,894,613	3,894,613
<u>\$ 38,503,754</u>	<u>\$ 1,450,902</u>	<u>\$ (61,309)</u>	<u>\$ (9,096,799)</u>	<u>\$ 30,796,548</u>	<u>\$ 30,796,548</u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION JUNE 30, 2016

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

Total Fund Balance and Retained Earnings:

General Funds	\$ 42,500,366
Special Revenue Funds	1,801,610
Capital Outlay Projects	10,563,735
Debt Service Funds	14,432,801
Proprietary Fund	5,181,160
Fiduciary Funds	<u>1,357,856</u>

**Total Fund Balances and Retained Earnings -
All District Funds**

\$ 75,837,528

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:

606,898,893

Accumulated depreciation is:

(154,547,999)

452,350,894

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

(1,253,002)

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

(4,959,138)

The net change in proportionate share of net pension liability as of the measurement date is not recognized as an expenditure under the modified accrual basis, but is recognized on the accrual basis over the expected remaining service life of members receiving pension benefits.

(7,282,667)

The difference between the projected and actual earnings on pension plan investments are not recognized on the modified accrual basis, but are recognized on the accrual basis as an adjustment to pension expense.

(8,914,506)

The differences between expected and actual experience in the measurement of the total pension liability are not recognized on the modified accrual basis, but are recognized on the accrual basis over the expected average remaining service life of members receiving pension benefits.

1,279,248

The changes of assumptions are not recognized as an expenditure under the modified accrual basis, but are recognized on the accrual basis over the expected average remaining service life of members receiving pension benefits.

(2,974,597)

Contributions to pension plans made subsequent to the measurement date were recognized as expenditures on the modified accrual basis, but are not recognized on the accrual basis.

12,215,438

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

Deferred charge on refunding at year end amounted to:

10,274,078

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION, Continued JUNE 30, 2016

Long-term obligations at year end consist of:

Bonds payable	\$ 278,433,176
Capital leases payable	16,932
Compensated absences and load banking	3,384,596
Retirement incentive plans	5,413,277
Other postemployment benefits (OPEB)	10,697,890
Aggregate net pension liability	137,435,471

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

4,423,858

Less compensated absences already recorded in funds

(1,368,248) \$ (438,436,952)

Total Net Position

\$ 88,136,324

See accompanying note to supplementary information.



Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

VALUE THE DIFFERENCE

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

Board of Trustees
Riverside Community College District
Riverside, California

Report on Compliance for Each Major Federal Program

We have audited Riverside Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2016. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2016.

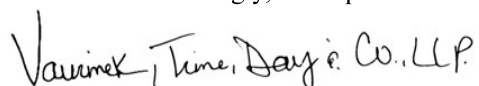
Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Riverside, California
November 28, 2016

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SUMMARY OF AUDITOR'S RESULTS FOR THE YEAR ENDED JUNE 30, 2016

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

Identification of major Federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.007, 84.033, 84.063, 84.268</u>	<u>Student Financial Assistance Cluster</u>
<u>84.042A, 84.047A, 84.047M</u>	<u>TRIO Custer</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,753,840</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

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

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

None reported.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2016

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

Financial Statement Findings

None reported.

Federal Awards Findings

None reported.

State Awards Findings

None reported.