Agenda Item (VIII-D-1)

Meeting	12/13/2016 - Regular
Agenda Item	Committee - Resources (VIII-D-1)
Subject	2015-2016 Independent Audit Report for the Riverside Community College District
College/District	District
Funding	N/A
Recommended Action	It is recommended that the Board of Trustees receive the Riverside Community College District's independent audit report for the year ended June 30, 2016 for the permanent file of the District.

Background Narrative:

In accordance with Education Code Section 84040(b), an independent audit of the District's 2015-2016 financial statements was performed by Vavrinek, Trine, Day & Co., LLP Certified Public Accountants (VTD). A representative of the firm will be available to present the report. Results of the audit are summarized below.

- Auditor's Opinion – The auditors have issued an unmodified opinion for the financial audit as of June 30, 2016.
- Audit Findings – There were no findings or questioned costs.
- Auditor's Required Communication – In accordance with the Statement on Auditing Standards No. 114, at the conclusion of the audit engagement VTD is required to communicate information to the Board of Trustees regarding their responsibility under United States Generally Accepted Auditing Standards. Attached for your information is the required communication.

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

Attachments:

12132016_RCCD Annual Financial Report FY15-16
12132016_VTD SAS 114 Letter

RIVERSIDE COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2016

RIVERSIDE COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS
JUNE 30, 2016

FINANCIAL SECTION

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

VALUE THE DIFFERENCE

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Riverside Community College District
Riverside, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Riverside Community College District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the 2015-2016 *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

19340 Jesse Lane, Suite 260 Riverside, CA 92508 Tel: 951.367.3000 www.vtdcpa.com Fax: 951.367.3010

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the District as of June 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 5 through 12, the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 64, the Schedule of the District's Proportionate Share of the Net Pension Liability on page 65, and the Schedule of District Contributions on page 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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* in considering the District's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co., LLP

Riverside, California
November 28, 2016

RCCD | RIVERSIDE COMMUNITY COLLEGE DISTRICT

MORENO VALLEY COLLEGE | NORCO COLLEGE | RIVERSIDE CITY COLLEGE

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, 2016. The report consists of three basic financial statements: the Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows and provides information about the District as a whole. This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2016. 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 Position is designed to be similar to the bottom line results of the District. This statement combines and consolidates current financial resources with capital assets and long-term obligations. The Statement of Revenues, Expenses, and Changes in Net Position focuses on the costs of the District's operational activities with revenues and expenses categorized as operating and nonoperating, and expenses are reported by natural classification. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

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

FINANCIAL HIGHLIGHTS

- The District's primary funding source is 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 2015-2016 fiscal year, total reported resident FTES were 28,682 as compared to 27,660 in the 2014-2015 fiscal year. Total unfunded credit FTES was 0 for fiscal year 2015-2016 and 620 for fiscal year 2014-2015.

- Several construction and modernization projects at the District's three colleges resulted in completed buildings, building improvements, and improvements to sites totaling $10,442,235 in the 2015-2016 fiscal year. The completed projects, listed below, are primarily funded through the District's voter approved General Obligation Bond, Measure C, State Construction Act funds, but also through Scheduled Maintenance funds.

  Culinary Arts Academy/District Offices – Centennial Plaza
  Coil School for the Arts – Centennial Plaza
  Campus-Wide HVAC Package Unit – Riverside City College
  Humanities 129 AV Upgrade – Moreno Valley College
  Roofing Projects, Buildings A & C – Norco College

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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	$ 76,386

RIVERSIDE COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

THE DISTRICT AS A WHOLE

Net Position

Table 1

(Amounts in thousands)

	2016	2015	Change
ASSETS			
Current Assets			
Cash and investments	$ 101,654	$ 74,617	$ 27,037
Accounts receivable (net)	12,491	12,037	454
Other current assets	139	133	6
Total Current Assets	114,284	86,787	27,497
Capital assets (net)	452,351	412,280	40,071
Total Assets	566,635	499,067	67,568
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	10,274	6,369	3,905
Deferred outflows of resources related to pensions	29,948	9,894	20,054
Total Deferred Outflows of Resources	40,222	16,263	23,959
Total Assets and Deferred Outflows of Resources	$ 606,857	$ 515,330	$ 91,527
Current Liabilities			
Accounts payable and accrued liabilities	$ 43,291	$ 36,016	$ 7,275
Current portion of long-term obligations	12,268	6,100	6,168
Total Current Liabilities	55,559	42,116	13,443
Long-Term Obligations	427,537	367,642	59,895
Total Liabilities	483,096	409,758	73,338
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	35,625	34,870	755
NET POSITION			
Net investment in capital assets	194,304	185,574	8,730
Restricted	16,272	28,793	(12,521)
Unrestricted	(122,440)	(143,665)	21,225
Total Net Position	88,136	70,702	17,434
Total Liabilities, Deferred Inflows and Net Position	$ 606,857	$ 515,330	$ 91,527

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Operating Results for the Year

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

Table 2

(Amounts in thousands)

	2016	2015	Change
Operating Revenues (Losses)			
Tuition and fees (net)	$ 16,619	$ 15,889	$ 730
Other operating revenues (losses)	(1)	14	(15)
Total Operating Revenues (Losses)	16,618	15,903	715
Operating Expenses			
Salaries and benefits	163,845	148,165	15,680
Supplies and maintenance	49,368	36,131	13,237
Student financial aid	54,315	55,306	(991)
Depreciation	16,624	16,396	228
Total Operating Expenses	284,152	255,998	28,154
Loss on Operations	(267,534)	(240,095)	(27,439)
Nonoperating Revenues			
State apportionments	107,436	96,089	11,347
Property taxes	49,316	44,546	4,770
State revenues	21,346	7,876	13,470
Federal and State grants and contracts	95,957	88,168	7,789
Net investment income	500	294	206
Net interest expense	(6,975)	(11,047)	4,072
Other nonoperating revenues	15,312	15,318	(6)
Total Nonoperating Revenue	282,892	241,244	41,648
Other Revenues (Losses)			
State capital income	2,168	1,845	323
Local capital income	(92)	424	(516)
Total Other Revenues (Losses)	2,076	2,269	(193)
Net Increase in Net Position	$ 17,434	$ 3,418	$ 14,016

The District's primary revenue sources are local property taxes, student enrollment fees, and State apportionment, which increased in fiscal year 2015-2016. Property taxes levied and received from property within the District's boundaries increased slightly during the year.

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

During 2015-2016, the District's interest income was $0.50 million and interest expense was $6.98 million. Interest income is primarily derived from cash held in the Riverside County Treasury. Interest income has increased approximately $0.21 million from the 2014-2015 fiscal year due to the increase general obligation bond funds held in the Riverside County Treasury. A decrease of $4.01 million in interest expense for the year is the result of refunding general obligation bond principal and slightly lower interest rates on that principal.

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, 2016:

(Amounts in thousands)

	Salaries and Employee Benefits	Supplies, Materials, and Other Operating Expenses and Services	Student Financial Aid	Depreciation	Total
Instructional activities	$ 78,176	$ 3,987	$ -	$ -	$ 82,163
Academic support	20,047	4,944	-	-	24,991
Student services	28,084	3,143	-	-	31,227
Plant operations and maintenance	7,117	3,342	-	-	10,459
Instructional support services	20,801	8,407	-	-	29,208
Community services and economic development	1,631	486	-	-	2,117
Ancillary services and auxiliary operations	7,988	1,879	-	-	9,867
Student aid	-	-	54,315	-	54,315
Physical property and related acquisitions	-	23,180	-	-	23,180
Unallocated depreciation	-	-	-	16,624	16,624
Total	$ 163,844	$ 49,368	$ 54,315	$ 16,624	$ 284,151

RIVERSIDE COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Changes in Cash Position

Table 4

(Amounts in thousands)

	2016	2015	Change
Cash Provided by (Used in)			
Operating activities	$ (237,886)	$ (216,833)	$ (21,053)
Noncapital financing activities	287,389	266,893	20,496
Capital financing activities	(22,849)	(58,038)	35,189
Investing activities	383	277	106
Net Increase (Decrease) in Cash	27,037	(7,701)	34,738
Cash, Beginning of Year	74,617	82,318	(7,701)
Cash, End of Year	$ 101,654	$ 74,617	$ 27,037

The Statement of Cash Flows on pages 16 and 17 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, 2016

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, the District had $606.9 million in a broad range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2016, the District's net capital assets were $452.4 million. Major capital improvement projects are ongoing throughout the District. These projects are primarily funded through State Construction Act revenues and District General Obligation Bonds. Projects are accounted for within the Construction in Progress account until the project is completed at which time the cost of the buildings and/or improvements will be recorded to the depreciable Buildings and Improvement category.

Table 5

(Amounts in thousands)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land and construction in progress	$ 101,511	$ 51,104	$ (8,056)	$ 144,559
Buildings and land improvements	405,956	10,442	-	416,398
Equipment and vehicles	42,796	3,205	(58)	45,943
Subtotal	550,263	64,751	(8,114)	606,900
Accumulated depreciation	(137,983)	(16,624)	58	(154,549)
	$ 412,280	$ 48,127	$ (8,056)	$ 452,351

We present more detailed information about our capital assets in Note 6 to the financial statements.

Obligations

At the end of the 2015-2016 fiscal year, the District had $282.9 million in general obligation bonds outstanding. These bonds are repaid in annual installments, in accordance with the obligation requirements for each debt issuance, by way of property tax assessments on property within the Riverside Community College District's boundaries.

The District is also obligated to employees of the District for vacation, load banking benefits, supplemental retirement income payments, and retiree health payments.

Lease purchase agreements for equipment have been entered into to finance certain capital assets.

Net Pension Liability (NPL)

At year-end, the District had a net pension liability of $137.4 million. The District has therefore recorded its proportionate share of net pension liabilities for CalSTRS and CalPERS.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Table 6

(Amounts in thousands)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
General obligation bonds	$ 239,416	$ 96,906	$ (53,465)	$ 282,857
Aggregate net pension obligation	120,526	16,910	-	137,436
Other liabilities	13,800	8,637	(2,925)	19,512
Total Long-Term Obligations	$ 373,742	$ 122,453	$ (56,390)	$ 439,805
Amount due within one year				$ 12,268

We present more detailed information about our long-term obligations in Note 10 to the financial statements.

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 2015-2016 fiscal year on June 21, 2016.

The District's final revised budget for the unrestricted General Fund anticipated that expenditures would exceed revenues by $4.55 million. The actual results for the year showed revenues exceeded expenditures by $21.9 million.

ECONOMIC FACTORS AFFECTING THE FUTURE OF THE RIVERSIDE COMMUNITY COLLEGE DISTRICT

The financial position of the District is closely tied to the economic position of the State of California since the District's largest source of general unrestricted revenue is State apportionment at 47.24 percent of total revenues. The District reported an increase of 1,022 FTES during fiscal year 2015-2016 resulting from an increase of course offerings. The District's fiscal year 2016-2017 unrestricted General Fund adopted budget anticipates revenue decreases of $1.58 million, expenditure increases of $18.73 million, and a Board-approved contingency of 5.0 percent. The District continues to manage enrollment and operating costs to ensure ongoing financial stability and to achieve reserve levels required by Board policy and the State Chancellor's Office.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Riverside Community College District at 3801 Market Street, Riverside, California 92501.

BASIC FINANCIAL STATEMENTS

RIVERSIDE COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION - PRIMARY GOVERNMENT
JUNE 30, 2016

ASSETS	
Current Assets	
Cash and cash equivalents	$ 1,659,471
Investments - unrestricted	51,097,592
Investments - restricted	48,897,426
Accounts receivable	11,743,810
Student accounts receivable, net	727,176
Due from fiduciary funds	20,142
Prepaid expenses	103,865
Inventories	34,859
Total Current Assets	114,284,341
Noncurrent Assets	
Nondepreciable capital assets	144,558,578
Depreciable capital assets, net of depreciation	307,792,316
Total Noncurrent Assets	452,350,894
TOTAL ASSETS	566,635,235
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	10,274,078
Deferred outflows of resources related to pensions	29,947,690
TOTAL DEFERRED OUTFLOW OF RESOURCES	40,221,768
LIABILITIES	
Current Liabilities	
Accounts payable	16,642,426
Accrued interest payable	4,959,138
Due to fiduciary funds	60,067
Unearned revenue	18,258,192
Claims liability	3,370,882
Compensated absences payable - current portion	1,368,248
Bonds payable - current portion	5,470,000
Lease obligations - current portion	16,932
Other long-term obligations - current portion	5,413,277
Total Current Liabilities	55,559,162
Noncurrent Liabilities	
Compensated absences and load banking payable - noncurrent portion	2,016,348
Bonds payable - noncurrent portion	266,283,633
Bond premium	11,103,401
Other postemployment benefits	10,697,890
Aggregate net pension obligation	137,435,471
Total Noncurrent Liabilities	427,536,743
TOTAL LIABILITIES	483,095,905
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	35,624,774
NET POSITION	
Net investment in capital assets	194,304,323
Restricted for:	
Debt service	9,473,663
Capital projects	434,276
Educational programs	6,364,154
Unrestricted	(122,440,092)
TOTAL NET POSITION	$ 88,136,324

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT FOR THE YEAR ENDED JUNE 30, 2016

OPERATING REVENUES (LOSSES)	
Student Tuition and Fees	$ 39,554,973
Less: Scholarship discount and allowance	(22,935,819)
Net tuition and fees	16,619,154
Other Operating Losses	(1,372)
TOTAL OPERATING REVENUES (LOSSES)	16,617,782
OPERATING EXPENSES	
Salaries	125,856,057
Employee benefits	37,988,740
Supplies, materials, and other operating expenses and services	43,077,297
Student financial aid	54,314,607
Equipment, maintenance, and repairs	6,290,685
Depreciation	16,623,899
TOTAL OPERATING EXPENSES	284,151,285
OPERATING LOSS	(267,533,503)
NONOPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	107,436,493
Federal grants	60,848,305
State grants	35,108,567
Local property taxes levied for general purposes	33,716,065
Local property taxes levied for capital debt	15,599,538
State taxes and other revenues	21,345,873
Investment income	466,839
Interest expense on capital related debt	(6,974,747)
Investment income on capital related debt, net	33,311
Other nonoperating revenue	15,311,613
TOTAL NONOPERATING REVENUES (EXPENSES)	282,891,857
INCOME BEFORE OTHER REVENUES (LOSSES)	15,358,354
OTHER REVENUES (LOSSES)	
State revenues, capital	2,167,968
Local revenues, capital	(92,217)
TOTAL OTHER REVENUES (LOSSES)	2,075,751
CHANGE IN NET POSITION	17,434,105
NET POSITION, BEGINNING OF YEAR	70,702,219
NET POSITION, END OF YEAR	$ 88,136,324

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 16,698,758
Payments to vendors for supplies and services	(39,826,833)
Payments to or on behalf of employees	(160,441,073)
Payments to students for Federal direct student aid	(49,819,077)
Payments to students for State direct student aid	(3,927,226)
Payments to students for Local direct student aid	(568,304)
Other operating receipts	(1,372)
Net Cash Flows From Operating Activities	(237,885,127)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State apportionments	105,647,439
Noncapital grants and contracts	95,956,872
Property taxes - non-debt related	49,315,603
State taxes and other apportionments	20,318,939
Other nonoperating	16,150,368
Net Cash Flows From Noncapital Financing Activities	287,389,221
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	(57,468,191)
Proceeds from sale of general obligation bonds	96,905,955
State revenue, capital projects	2,075,751
Principal paid on capital debt	(53,516,028)
Interest paid on capital debt	(6,974,747)
Interest received on capital related debt	33,311
Deferred charges on refunding	(3,904,891)
Net Cash Flows From Capital Financing Activities	(22,848,840)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received from investments	382,649
NET CHANGE IN CASH AND CASH EQUIVALENTS	27,037,903
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	74,616,586
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 101,654,489

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT, Continued
FOR THE YEAR ENDED JUNE 30, 2016

RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Loss	$ (267,533,503)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities:	
Depreciation	16,623,899
Changes in Operating Assets, Liabilities, Deferred Outflows, and Deferred Inflows:	
Accounts receivable	(181,337)
Inventories	(8,964)
Prepaid expenses	3,569
Accounts payable and other accrued liabilities	2,801,752
Unearned revenue	7,034,772
Compensated absences and load banking	75,856
Retirement Incentive Plans	4,567,217
Other postemployment benefits (OPEB)	1,120,497
Deferred outflows related to pensions	(20,053,921)
Aggregate net pension obligation	16,909,971
Deferred inflows related to pensions	755,065
Total Adjustments	29,648,376
Net Cash Flows From Operating Activities	$ (237,885,127)
CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:	
Cash in banks	$ 1,659,471
Unrestricted cash in county treasury	51,097,592
Restricted cash in county treasury	48,897,426
Total Cash and Cash Equivalents	$ 101,654,489
NON CASH TRANSACTIONS	
On behalf payments for benefits	$ 4,380,998

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016

	Trust
ASSETS	
Cash and cash equivalents	$ 2,364,455
Accounts receivable	227
Due from primary government	60,067
Total Assets	2,424,749
LIABILITIES	
Accounts payable	17,977
Due to primary government	20,142
Due to student groups	1,133,628
Total Liabilities	1,171,747
NET POSITION	
Unreserved	1,253,002
Total Net Position	$ 1,253,002

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

	Trust
ADDITIONS	
Local revenues	$ 914,339
DEDUCTIONS	
Books and supplies	744,429
Services and operating expenditures	232,389
Total Deductions	976,818
Change in Net Position	(62,479)
Net Position - Beginning	1,315,481
Net Position - Ending	$ 1,253,002

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, 2016

NOTE 1 - ORGANIZATION

The Riverside Community College District (the District) was established in 1916 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected five-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, capital project funds, and proprietary funds, but these budgets are managed at the department level. Currently, the District operates three colleges located within western Riverside County. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The District has adopted GASB Statement No. 61, *Determining Whether Certain Organizations are Component Units.* This statement amends GASB Statement No. 14, *The Financial Reporting Entity,* to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The basic criteria for including a component unit are (1) the economic resources held or received by the other entity are entirely or almost entirely for the direct benefit of the District, (2) the District is entitled to, or has the ability to otherwise access, a majority of the economic resources held or received by the other entity, and (3) the other entity's resources to which the District is entitled or has the ability to otherwise access are significant to the District. If any of these criteria are not met, the final criterion for including a component unit is whether the other entity is closely related to, or financially integrated with, the District. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government, the District, and the following component unit:

- **Riverside Community College District Development Corporation**

  The Riverside Community College District Development Corporation (the Corporation) is a legally separate organization and a component unit of the District. The Corporation was formed to provide financing and acquire assets for the District. A majority of the Corporation's Board of Directors either serves by reason of their position in the District or is appointed by the District's Board of Trustees. The financial activity has been "blended" or consolidated within the financial statements as the District as if the activity was the District's. Within the other supplementary information section of the report, the activity is included as the Riverside Community College District Development Corporation Fund as a Special Revenue Fund of the District. Individually prepared financial statements are not prepared for the Corporation. Condensed component unit information for the Corporation, the District's blended component unit, for the year ended June 30, 2016, is as follows:

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Condensed Statement of Net Position

ASSETS	
Cash and cash equivalents	$ 16,174
NET POSITION	
Restricted for:	
Capital projects	$ 16,174

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

OPERATING EXPENSES	
Supplies, materials, and other operating expenses and services	$ 70
OPERATING LOSS	(70)
NONOPERATING REVENUES	
Interest income	8
CHANGE IN NET POSITION	(62)
NET POSITION, BEGINNING OF YEAR	16,236
NET POSITION, END OF YEAR	$ 16,174

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37, No. 38, and No. 39. This presentation provides a comprehensive 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. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, operating revenues consist primarily of student fees and auxiliary activities through the bookstore and cafeteria.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain Federal and State grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent students (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State grants and entitlements are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

Operating expenses are incurred to provide instructional services including support costs, auxiliary services, and depreciation of capital assets. All other expenses not meeting this definition are reported as nonoperating. Expenses are recorded on the accrual basis as they are incurred; when goods are received or services are rendered.

The District reports are based on all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (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.

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments,* and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,* as amended by GASB Statements No. 37, No. 38, and No. 39. The business-type activities model followed by the District requires the following components of the District's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements for the District as a whole including:
  - Statements of Net Position - Primary Government
  - Statements of Revenues, Expenses, and Changes in Net Position - Primary Government
  - Statements of Cash Flows - Primary Government
  - Financial Statements for the Fiduciary Funds including:
    - Statements of Fiduciary Net Position
    - Statements of Changes in Fiduciary Net Position
- Notes to the Financial Statements

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include unrestricted cash with county treasury balances for purposes of the Statement of Cash Flows. Restricted cash and cash equivalents represent balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2016, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Restricted Assets

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

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at $162,226 for the year ended June 30, 2016.

Prepaid Expenses

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

Inventories

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

Capital Assets and Depreciation

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 15 to 50 years; improvements, 10 years; equipment, 3 to 8 years; vehicles, 5 to 10 years.

Accrued Liabilities and Long-term Obligations

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

Debt Issuance Costs, Premiums, and Discounts

Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs, are amortized over the life of the bonds using the straight-line method.

Deferred Charge on Refunding

Deferred charge on refunding is amortized using the straight-line method over the remaining life of the new debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt and for pension related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

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 current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid. The District also participates in "load-banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. The liability for this benefit is reported on the entity-wide financial statements.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is available to all full-time employees based on the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement Systems (CalPERS) criteria.

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized. Unearned revenue includes (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met are recorded as unearned revenue.

Noncurrent Liabilities

Noncurrent liabilities include bonds and notes payable, compensated absences, claims payable, capital lease obligations, retirement incentive plans, OPEB obligations, and aggregate net pension obligations with maturities greater than one year.

Net Position

GASB Statements No. 34 and No. 35 report equity as "Net Position" and represent the difference between assets and liabilities. The net position is classified according to imposed restrictions or availability of assets for satisfaction of District obligations according to the following net asset categories:

Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. To the extent debt has been incurred, but not yet expended for capital assets, such accounts are not included as a component of net investment in capital assets.

Restricted: Net position is reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Unrestricted: Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The entity-wide financial statements report $16,272,093 of restricted net position.

State Apportionments

Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year. When known and measurable, these recalculations and corrections are accrued in the year in which the FTES are generated.

Property Taxes

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

The voters of the District passed a General Obligation Bond in 2004 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected as noted above and remitted to the District when collected.

Scholarships, Discounts, and Allowances

Student tuition and fee revenue is reported net of scholarships, discounts, and allowances. Fee waivers approved by the Board of Governors are included within the scholarships, discounts, and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf.

Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, SEOG Grants, and Federal Work-Study programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. These programs are audited in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Interfund Activity

Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the Primary Government and Fiduciary Funds' financial statements, respectively.

Change in Accounting Principles

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application.* This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The District has implemented the provisions of this Statement as of June 30, 2016.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of State and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment to GASB Statement No. 27*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of GASB Statement No. 68. It also amends certain provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment to GASB Statement No. 25*, and GASB Statement No. 68 for pension plans and pensions that are within their respective scopes.

The provisions in this Statement, effective as of June 30, 2016, include the provisions for assets accumulated for purposes of providing pensions through defined benefit plans and the amended provisions of GASB Statements No. 67 and No. 68. The District has implemented these provisions as of June 30, 2016. The provisions in this Statement related to defined benefit pensions that are not within the scope of GASB Statement No. 68 are effective for periods beginning after June 15, 2016.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this Statement is to identify—in the context of the current

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of State and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.
This Statement supersedes GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The District has implemented the provisions of this Statement as of June 30, 2016.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants.* This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of GASB Statement No. 31, as amended.

This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures, for both the qualifying external investment pools and their participants, include information about any limitations or restrictions on participant withdrawals.

The District has implemented the provisions of this Statement as of June 30, 2016.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

New Accounting Pronouncements

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of State and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces GASB Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in GASB Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, No. 43, and No. 50, *Pension Disclosures*.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by State and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The requirements of this Statement are effective for financial statements for periods beginning after June 30, 2017. Early implementation is encouraged.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment to GASB Statement No. 27*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to State or local governmental employers whose employees are provided with such pensions.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Prior to the issuance of this Statement, the requirements of GASB Statement No. 68 applied to the financial statements of all State and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement.

This Statement amends the scope and applicability of GASB Statement No. 68 to exclude pensions provided to employees of State or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a State or local governmental pension plan; (2) is used to provide defined benefit pensions both to employees of State or local governmental employers and to employees of employers that are not State or local governmental employers; and (3) has no predominant State or local governmental employer (either individually or collectively with other State or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.
The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Early implementation is encouraged.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units—an amendment to GASB Statement No. 14.* The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of GASB Statement No. 14, *The Financial Reporting Entity*. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units—an amendment to GASB Statement No. 14*.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Early implementation is encouraged.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements.* The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Early implementation is encouraged.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

In March 2016, the GASB issued Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73.* The objective of this Statement is to address certain issues that have been raised with respect to GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment to GASB Statement No. 25*, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment to GASB Statement No. 27*, and GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information; (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes; and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Early implementation is encouraged.

NOTE 3 - DEPOSITS AND INVESTMENTS

Policies and Practices

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

Investment in County Treasury - 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 (ECS) 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, 2016

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Summary of Deposits and Investments

Deposits and investments as of June 30, 2016, consist of the following:

	Primary Government
Cash on hand and in banks	$ 1,609,471
Cash in revolving	50,000
Investments	99,995,018
Total Deposits and Investments	$ 101,654,489

	Fiduciary Funds
Cash on hand and in banks	$ 2,364,455

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Riverside County Investment Pool.

Specific Identification

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

Investment Type	Fair Market Value	Maturity Date*
Riverside County Investment Pool	$ 100,145,015	1.15

*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 investment in the County pool is not required to be rated. The District's investments in the Riverside County Investment Pool are rated AAA/V1 by Fitch Ratings Ltd. as of June 30, 2016.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2016, the District and fiduciary funds had bank balances of $1,887,984 and $2,442,458, respectively, totaling $4,330,442 of which $3,372,538 was exposed to custodial credit risk because it was uninsured and collateralized at 110 percent of balance over $250,000 with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 4 - FAIR VALUE MEASUREMENTS

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Riverside County Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

The District's fair value measurements are as follows at June 30, 2016:

Investment Type	Fair Value	Uncategorized
Riverside County Investment Pool	$ 100,145,015	$ 100,145,015

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

NOTE 5 - ACCOUNTS RECEIVABLE

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

The accounts receivable are as follows:

	Primary Government
Federal Government	
Categorical aid	$ 3,209,409
State Government	
Categorical aid	1,450,902
Lottery	3,124,242
Other State sources	986,485
Local Sources	
Interest	142,826
Property taxes	1,310,610
Riverside Community College District Foundation	146,164
Other local sources	1,373,172
Total	$ 11,743,810
Student receivables	$ 889,402
Less allowance for bad debt	(162,226)
Student receivables, net	$ 727,176
Total Receivables, Net	$ 12,470,986

	Fiduciary Funds
Other local	$ 227

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2016, 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	69,007,863	51,104,463	8,056,445	112,055,881
Total Capital Assets Not Being Depreciated	101,510,560	51,104,463	8,056,445	144,558,578
Capital Assets Being Depreciated				
Land improvements	13,491,755	216,676	-	13,708,431
Buildings and improvements	392,464,059	10,225,559	-	402,689,618
Furniture and equipment	42,795,924	3,204,784	58,442	45,942,266
Total Capital Assets Being Depreciated	448,751,738	13,647,019	58,442	462,340,315
Total Capital Assets	550,262,298	64,751,482	8,114,887	606,898,893
Less Accumulated Depreciation				
Land improvements	9,570,298	865,273	-	10,435,571
Buildings and improvements	91,991,146	13,237,498	-	105,228,644
Furniture and equipment	36,421,098	2,521,128	58,442	38,883,784
Total Accumulated Depreciation	137,982,542	16,623,899	58,442	154,547,999
Net Capital Assets	$ 412,279,756	$ 48,127,583	$ 8,056,445	$ 452,350,894

Depreciation expense for the year was $16,623,899.

Interest expense on capital related debt for the year ended June 30, 2016, was $11,394,775. Of this amount, $4,420,028 was capitalized.

The District was the beneficiary of an extensive bequest of Mine Okubo's estate, a Japanese-American artist, inclusive of paintings, works of art, reference materials, photographs, books, writings, letters, and printed material. The District took possession of the materials bequeathed from the estate of Ms. Okubo as of June 30, 2009. The District has included the collection and materials as priceless in the District's capital assets (non-depreciable assets). During the course of the next several years and as the District learns the collection's long-term historical value, the values will be added to the District's capital assets. As of June 30, 2016, the District has not recorded a value for the collection in the financial statements.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	Primary Government
Accrued payroll and benefits	$ 986,277
Apportionment	1,184,328
Federal categorical programs	301,430
State categorical programs	61,309
Construction payables	5,908,060
Vendor payables	8,201,022
Total	$ 16,642,426

	Fiduciary Funds
Vendor payables	$ 17,977

NOTE 8 - UNEARNED REVENUE

Unearned revenue consisted of the following:

	Primary Government
Federal financial assistance	$ 12,578
State categorical aid	9,096,799
Other state aid	3,598,790
RDA shift	1,126,439
Enrollment fees	1,972,962
Health and liability self-insurance	2,020,145
Other local	430,479
Total	$ 18,258,192

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the governmental funds and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2016, the amounts owed between the primary government and the fiduciary funds were $20,142 and $60,067, respectively.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2016 fiscal year, there were no transfers made between the primary government and the fiduciary funds.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10 - LONG-TERM OBLIGATIONS

Long-Term Obligations Summary

The changes in the District's long-term obligations during the 2016 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,					
Refunding Bond 2005	$ 2,764,133	$ 165,867	$ 2,930,000	$ -	$ -
Unamortized debt premium	427,618	-	427,618	-	-
General obligation bonds, Series 2007 C	44,430,000	-	44,430,000	-	-
Unamortized debt premium	1,408,484	-	1,408,484	-	-
General obligation bonds, Series 2010 D/D-1	112,652,802	753,584	375,000	113,031,386	570,000
Unamortized debt premium	1,459,247	-	58,176	1,401,071	-
General obligation bonds,					
Refunding Bonds 2014, Series A and B	71,770,000	-	615,000	71,155,000	3,780,000
Unamortized debt premium	4,503,962	-	372,741	4,131,221	-
General obligation bonds, Series 2015 E	-	46,152,247	1,570,000	44,582,247	1,020,000
Unamortized debt premium	-	179,460	7,452	172,008	-
Refunding Bonds 2015	-	43,920,000	935,000	42,985,000	100,000
Unamortized debt premium	-	5,734,797	335,696	5,399,101	-
Total Bonds Payable	239,416,246	96,905,955	53,465,167	282,857,034	5,470,000
Other Liabilities					
Compensated absences	2,605,594	177,584	-	2,783,178	1,368,248
Capital leases	67,793	-	50,861	16,932	16,932
Retirement Incentive Plans	846,060	5,413,277	846,060	5,413,277	5,413,277
Load banking	703,146	-	101,728	601,418	-
Other postemployment benefits (OPEB)	9,577,393	3,046,411	1,925,914	10,697,890	-
Aggregate net pension obligation	120,525,500	16,909,971	-	137,435,471	-
Total Other Liabilities	134,325,486	25,547,243	2,924,563	156,948,166	6,798,457
Total Long-Term Obligations	$ 373,741,732	$ 122,453,198	$ 56,389,730	$ 439,805,200	$ 12,268,457

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 General Fund. The compensated absences and net pension liability are paid by the fund for which the employees' salaries are paid from. The District's General Fund makes payments for the other postemployment benefits, retirement incentive plans, and load banking obligations.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Bonded Debt

2005 General Obligation Refunding Bonds

During May 2005, the District issued 2005 General Obligation Refunding Bonds in the amount of $58,386,109 with interest rates ranging from 3.00 to 5.00 percent. The bonds issued included $54,425,000 of current interest bonds and $3,961,109 of capital appreciation bonds, with the value of the capital appreciation bonds maturing to a principal balance of $10,555,000. The bonds mature through August 1, 2016. At June 30, 2016, the principal outstanding was paid in full.

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, 2016, the principal outstanding was paid in full.

2010 General Obligation Bonds

During December 2010, the District issued the 2010 General Obligation Bonds in the amount of $109,999,278. The bonds mature beginning on August 1, 2015 through August 1, 2040, with interest yields ranging from 2.36 to 5.53 percent. The bonds issued included $102,300,000 of current interest Build America Bonds (Series 2010D-1 Bonds) and $7,699,278 of capital appreciation tax-exempt bonds (Series 2010D Bonds), with the value of the capital appreciation bonds maturing to a principal balance of $15,920,000. At June 30, 2016, the principal balance outstanding was $113,031,386 and unamortized premium cost of $1,401,071. Premium costs are amortized over the life of the bonds as a component of interest expense on the bonds.

The District has designated the Series 2010D-1 Bonds as "Build America Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 (the Stimulus Act), the interest on which is not excluded from gross income for Federal income tax purposes, but is exempt from State of California personal income taxes. The District expects to receive a cash subsidy from the United States Treasury equal to 35 percent of the interest payable on such Series 2010D-1 Bonds. The District is obligated to make all payments of principal and interest on the Series 2010D-1 Bonds from the sources described in the official statement whether or not it receives cash subsidy payments pursuant to the Stimulus Act. Effective March 1, 2013, the subsidy percentage was reduced by 8.7 percent, to 26.3 percent as a result of sequestration by the Federal government. The sequestration percentage was again adjusted to 7.2 percent as of October 1, 2013, resulting in a semi-annual subsidy of $1,168,480. As of June 30, 2016, the sequestration percentage remains at 7.2 percent.

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

2014 General Obligation Refunding Bonds

During May 2014, the District issued the $73,090,000 2014 General Obligation Refunding Bonds, Series A and Series B (federally taxable) in the amounts of $29,130,000 and $43,960,000, respectively. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized to interest expense over the life of the liability. The refunding resulted in an economic gain of $4,105,270 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 5.81 percent.

Series A tax-exempt bonds have a final maturity to occur on August 1, 2027, with interest rates from 2.00 to 5.00 percent. The net proceeds of $34,006,704 (representing the principal amount of $29,130,000 plus premium on issuance of $4,876,704) from the issuance were used to advance refund a portion of the District's outstanding 2004 General Obligation Bonds, Series 2004A, advance refund a portion of the District's 2005 General Obligation Refunding Bonds, advance refund a portion of the 2004 General Obligation Bonds, Series 2007C, and pay the costs associated with the issuance of the refunding bonds. At June 30, 2016, the principal balance outstanding was $28,625,000. Unamortized premium received on issuance of the bonds amounted to $4,131,221 as of June 30, 2016.

Series B federally taxable bonds have a final maturity to occur on August 1, 2024, with interest rates from 0.40 to 3.61 percent. The proceeds of $43,960,000 from issuance were used to advance refund a portion of the District's outstanding 2005 General Obligation Refunding Bonds, and pay the costs associated with the issuance of the federally taxable bonds. At June 30, 2016, the principle balance outstanding was $42,530,000.

2004 General Obligation Bonds, Series 2015E

During July 2015, the District issued the 2015 General Obligation Bonds, Series E in the amount of $45,004,145. The bonds mature beginning on August 1, 2015 through August 1, 2039, with interest yields ranging from 3.81 to 5.05 percent. At June 30, 2016, the principal outstanding was $44,582,247 and unamortized premium cost of $172,008. Premium costs are amortized over the life of the bonds as a component of interest expense on the bonds.

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

2015 General Obligation Refunding Bonds

During July 2015, the District issued the 2015 General Obligation Refunding Bonds in the amount of $43,920,000. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized to interest expense over the life of the liability. The refunding resulted in an economic gain of $5,372,100 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 4.32 percent.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

The bonds have a final maturity to occur on August 1, 2032, with interest rates from 2.00 to 5.00 percent. The net proceeds of $49,654,797 (representing the principal amount of $43,920,000 plus premium on issuance of $5,734,797) from the issuance were used to advance refund a portion of the District's outstanding 2004 General Obligation Bonds, Series 2007C, advance refund the remaining balance of the District's 2005 General Obligation Refunding Bonds and pay the costs associated with the issuance of the refunding bonds. At June 30, 2016, the principal balance outstanding was $42,985,000. Unamortized premium received on issuance of the bonds amounted to $5,399,101 as of June 30, 2016.

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2015	Issued	Accreted Interest Addition	Redeemed	Bonds Outstanding June 30, 2016
2005	2016	3.00%-5.00%	$ 58,386,109	$ 2,764,133	$ -	$ 165,867	$ 2,930,000	$ -
2007	2033	3.62%-4.47%	90,000,000	44,430,000	-	-	44,430,000	-
2010	2041	2.36%-5.53%	109,999,278	112,652,802	-	753,584	375,000	113,031,386
2014	2028	0.40%-5.00%	73,090,000	71,770,000	-	-	615,000	71,155,000
2015	2039	3.81%-5.50%	45,004,145	-	45,004,145	1,148,102	1,570,000	44,582,247
2015	2032	2.00%-5.00%	43,920,000	-	43,920,000	-	935,000	42,985,000
				$ 231,616,935	$ 88,924,145	$ 2,067,553	$ 50,855,000	$ 271,753,633

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

Fiscal Year	Principal (Including accreted interest to date)	Accreted Interest	Current Interest to Maturity	Total
2017	$ 537,732	$ 32,268	$ 7,164,193	$ 7,734,193
2018	642,300	122,700	7,164,193	7,929,193
2019	724,832	245,168	7,164,193	8,134,193
2020	781,434	393,566	7,164,193	8,339,193
2021	886,110	473,890	7,164,193	8,524,193
2022-2026	7,158,978	3,546,022	35,820,965	46,525,965
2027-2031	-	-	35,820,965	35,820,965
2032-2036	36,580,000	-	30,916,867	67,496,867
2037-2041	65,720,000	-	12,252,346	77,972,346
Total	$ 113,031,386	$ 4,813,614	$ 150,632,108	$ 268,477,108

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

Fiscal Year	Principal	Interest to Maturity	Total
2017	$ 3,780,000	$ 2,533,067	$ 6,313,067
2018	4,085,000	2,478,070	6,563,070
2019	4,400,000	2,396,286	6,796,286
2020	4,770,000	2,284,479	7,054,479
2021	5,175,000	2,141,647	7,316,647
2022-2026	32,755,000	7,529,946	40,284,946
2027-2028	16,190,000	821,500	17,011,500
Total	$ 71,155,000	$ 20,184,995	$ 91,339,995

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

Fiscal Year	Principal (Including accreted interest to date)	Accreted Interest	Current Interest to Maturity	Total
2017	$ 1,020,000	$ -	$ 95,075	$ 1,115,075
2018	1,265,000	-	34,787	1,299,787
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022-2026	-	-	-	-
2027-2031	8,330,425	5,814,575	-	14,145,000
2032-2036	17,980,337	24,224,663	-	42,205,000
2037-2040	15,986,485	31,488,515	-	47,475,000
Total	$ 44,582,247	$ 61,527,753	$ 129,862	$ 106,239,862

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

Fiscal Year	Principal	Interest to Maturity	Total
2017	$ 100,000	$ 2,060,975	$ 2,160,975
2018	100,000	2,058,975	2,158,975
2019	100,000	2,056,975	2,156,975
2020	100,000	2,054,975	2,154,975
2021	100,000	2,052,975	2,152,975
2022-2026	500,000	10,222,375	10,722,375
2027-2031	29,935,000	8,044,250	37,979,250
2032-2033	12,050,000	311,838	12,361,838
Total	$ 42,985,000	$ 28,863,338	$ 71,848,338

Capital Leases

The District has utilized capital leases purchase agreements to primarily purchase equipment. The current lease purchase agreement in the amount of $16,932 will be paid through 2017.

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

Year Ending June 30,	Lease Payment
2017	$ 18,003
Less: Amount Representing Interest	1,071
Present Value of Minimum Lease Payments	$ 16,932

The equipment purchased through capital lease arrangements has been capitalized and is being depreciated over the estimated useful lives.

Equipment	$ 68,257
Less: Accumulated depreciation	(68,257)
Total	$ -

Amortization of the leased equipment under capital lease is included with depreciation expense.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Retirement Incentive Plans

The District has entered into various agreements with the Public Agency Retirement System (PARS) 403(b) Supplementary Retirement Plan, CalSTRS, and CalPERS to provide retirement incentives for qualifying employees. The incentives ranged from additional years of service credit to five annual payments equaling 80 percent of the employees final pay. As of June 30, 2016, the outstanding balance was $5,413,277.

Fiscal Year	
2017	$ 5,413,277

Compensated Absences

At June 30, 2016, the liability for compensated absences was $2,783,178.

Load Banking

At June 30, 2016, the liability for load banking was $601,418.

Other Postemployment Benefits (OPEB) Obligation

The District's annual required contribution for the year ended June 30, 2016, was $3,147,095, and contributions made by the District during the year were $1,925,914. Interest on the net OPEB obligation and adjustments to the annual required contribution were $478,870 and $(579,554), respectively, which resulted in an increase to the net OPEB obligation of $1,120,497. As of June 30, 2016, the net OPEB obligation was $10,697,890. See Note 11 for additional information regarding the OPEB obligation and the postemployment benefits plan.

Aggregate Net Pension Obligation

At June 30, 2016, the liability for the aggregate net pension obligation amounted to $137,435,471. See Note 13 for additional information.

NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

The District provides postemployment health care benefits for retired employees in accordance with approved Board policy.

Plan Description

The Riverside Community College District Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the District. The Plan provides medical and dental insurance benefits to eligible retirees and one dependent. Membership of the Plan consists of 71 retirees and beneficiaries currently receiving benefits and 907 active Plan members.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

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Contribution Information

The contribution requirements of Plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2015-2016, the District contributed $1,925,914 to the Plan, $1,567,044 of which was used for current premiums and $358,870 was the net contributions into the District's irrevocable trust with CalPERS.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the payments of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding costs) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution	$ 3,147,095
Interest on net OPEB obligation	478,870
Adjustment to annual required contribution	(579,554)
Annual OPEB cost (expense)	3,046,411
Contributions made	(1,925,914)
Increase in net OPEB obligation	1,120,497
Net OPEB obligation, beginning of year	9,577,393
Net OPEB obligation, end of year	$ 10,697,890

Trend Information

Trend information for the annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation is as follows:

Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
2014	$ 2,960,168	$ 1,159,902	39%	$ 7,844,898
2015	2,935,893	1,203,398	41%	9,577,393
2016	3,046,411	1,925,914	63%	10,697,890

RIVERSIDE COMMUNITY COLLEGE DISTRICT

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Funding Status and Funding Progress

The schedule of funding progress as of the most recent actuarial valuation is as follows:

Actuarial Accrued Liability (AAL)	$ 25,347,991
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 25,347,991
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll	N/A
UAAL as Percentage of Covered Payroll	N/A

The above noted actuarial accrued liability was based on the July 1, 2015, actuarial valuation. Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Other Postemployment Benefits Funding Progress, presented as required supplementary information, follows the notes to the financial statements and presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial values of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015, actuarial valuation, the unit credit cost method was used. Under this method, there are no liabilities dependent on salary, therefore, no salary increase rate is assumed. The actuarial assumptions include healthcare cost trend rate of seven percent trending down to an ultimate five percent increase. The UAAL is being amortized at a level dollar method. The remaining amortization period at June 30, 2016, was 29 years. The actuarial value of assets was not determined in this actuarial valuation. As of June 30, 2016, the District finances its OPEB contributions using a pay-as-you-go method as well as payroll subsidies deposited into an irrevocable trust with CalPERS. The trust was established in March 2016 and therefore was not a component of the July 1, 2015 actuarial valuation. At June 30, 2016, the irrevocable trust with CalPERS held assets in the amount of $358,870.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
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NOTE 12 - RISK MANAGEMENT

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts and liability; theft of, damage to and destruction of assets; errors and omissions and injuries to employees. The District obtains coverage for these risks as a member of various joint powers authorities or through the purchase of coverage from a risk retention group. The District has coverage up to $25,000,000 for liability and tort risks. This coverage is subject to a $250,000 self-insured retention. The District carries replacement coverage on its buildings and furniture and equipment with limits of $600,000,000 (total pool value) and exposures of $332,514,000 with a $50,000 self-insurance retention. A property and equipment audit performed by the Joint Powers Authority is used to identify the aforementioned exposures. However, claims against the property coverage would use current replacement value to respond to a covered event. Employee health benefits are covered by the employees enrolling in either one of two health maintenance organizations or in the District's self-insured health plan. The District's self-insured limit for the self-insured plan is $100,000, and it purchases insurance coverage for the excess claims. The District purchases coverage for the dental benefits from a joint powers authority.

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2016, the District contracted with the California Schools Risk Management (CSRM) Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2015-2016, the District participated in the California Schools Risk Management Fund Joint Powers Authority (JPA), an insurance purchasing pool. The District is self insured for the first $500,000 of each workers' compensation claim. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

Insurance Program / JPA Name	Type of Coverage	Limits
Self-Insured Certificate #7582 (California)	Workers' Compensation	$ 500,000
California Schools Risk Management (CSRM)	Excess Worker's Compensation	$ 1,000,000
California Schools Risk Management (CSRM)	General Liability	$ 500,000
Southern California Schools Risk Management (SCSRM)		$ 4,500,000
and Schools Excess Liability Fund (SELF)	Excess Liability	$ 25,000,000
California Schools Risk Management (CSRM)	Property	$ 600,000,000

RIVERSIDE COMMUNITY COLLEGE DISTRICT

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

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

Claims Liabilities

The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2014 to June 30, 2016:

	Self-Insurance
Liability Balance, July 1, 2014	$ 2,500,000
Claims and changes in estimates	9,930,923
Claims payments	(9,064,627)
Liability Balance, June 30, 2015	3,366,296
Claims and changes in estimates	7,672,710
Claims payments	(7,668,124)
Liability Balance, June 30, 2016	$ 3,370,882
Assets available to pay claims at June 30, 2016	$ 5,181,160

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 an actuarial valuation of its self-insured medical benefits, workers' compensation, and general liability programs.

Employee Medical Benefits

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

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

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- 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.

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of CalSTRS and classified employees are members of CalPERS.

For the fiscal year ended June 30, 2016, the District reported the net pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 89,023,018	$ 14,573,885	$ 21,078,114	$ 6,210,645
CalPERS	48,412,453	15,373,805	14,546,660	3,615,907
Total	$ 137,435,471	$ 29,947,690	$ 35,624,774	$ 9,826,552

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers' Retirement Plan (STRP) administered by CalSTRS. STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2014, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The STRP provides retirement, disability, and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
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The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2016, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	9.20%	8.56%
Required employer contribution rate	10.73%	10.73%
Required State contribution rate	7.12589%	7.12589%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2016, are presented above, and the District's total contributions were $7,559,706.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

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

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:		
District's proportionate share of net pension liability	$	89,023,018
State's proportionate share of net pension liability associated with the District		47,083,363
Total	$	136,106,381

The net pension liability was measured as of June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2015 and June 30, 2014, was 0.1322 percent and 0.1408 percent, respectively, resulting in a net decrease in the proportionate share of 0.0086 percent.

For the year ended June 30, 2016, the District recognized pension expense of $6,210,645. In addition, the District recognized pension expense and revenue of $3,647,135 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Pension contributions subsequent to measurement date	$	7,559,706	$	-
Net change in proportionate share of net pension liability		-		5,319,517
Differences between projected and actual earnings on pension plan investments		7,014,179		14,271,002
Differences between expected and actual experience in the measurement of the total pension liability		-		1,487,595
Total	$	14,573,885	$	21,078,114

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

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The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	$ (3,003,456)
2018	(3,003,456)
2019	(3,003,456)
2020	1,753,545
Total	$ (7,256,823)

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the 2014-2015 measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	$ (1,134,519)
2018	(1,134,519)
2019	(1,134,519)
2020	(1,134,519)
2021	(1,134,519)
Thereafter	(1,134,517)
Total	$ (6,807,112)

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

RIVERSIDE COMMUNITY COLLEGE DISTRICT

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CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary's investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are normally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation is based on the Teachers' Retirement Board of the California State Teachers' Retirement System (board) policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.50%
Private equity	12%	6.20%
Real estate	15%	4.35%
Inflation sensitive	5%	3.20%
Fixed income	20%	0.20%
Cash/liquidity	1%	0.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.60%)	$ 134,417,828
Current discount rate (7.60%)	89,023,018
1% increase (8.60%)	51,296,268

RIVERSIDE COMMUNITY COLLEGE DISTRICT

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California Public Employees' Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2014, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2014. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or age 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2016, are summarized as follows:

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.000%
Required employer contribution rate	11.847%	11.847%

RIVERSIDE COMMUNITY COLLEGE DISTRICT

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Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2016, are presented above, and the total District contributions were $4,655,732.

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

As of June 30, 2016, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $48,412,453. The net pension liability was measured as of June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2015 and June 30, 2014, was 0.3284 percent and 0.3371 percent, respectively, resulting in a net decrease in the proportionate share of 0.0087 percent.

For the year ended June 30, 2016, the District recognized pension expense of $3,615,907. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 4,655,732	$ -
Net change in proportionate share of net pension liability	-	1,963,150
Difference between projected and actual earnings on pension plan investments	7,951,230	9,608,913
Differences between expected and actual experience in the measurement of the total pension liability	2,766,843	-
Changes of assumptions	-	2,974,597
Total	$ 15,373,805	$ 14,546,660

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

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The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	$ (1,215,164)
2018	(1,215,164)
2019	(1,215,164)
2020	1,987,809
Total	$ (1,657,683)

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the 2014-2015 measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	$ (900,042)
2018	(900,042)
2019	(370,820)
Total	$ (2,170,904)

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.50%
Investment rate of return	7.50%
Consumer price inflation	2.75%
Wage growth	3.00%

RIVERSIDE COMMUNITY COLLEGE DISTRICT

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Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	51%	5.25%
Global fixed income	19%	0.99%
Private equity	10%	6.83%
Real estate	10%	4.50%
Inflation sensitive	6%	0.45%
Infrastructure and Forestland	2%	4.50%
Liquidity	2%	-0.55%

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.65%)	$ 78,795,299
Current discount rate (7.65%)	48,412,453
1% increase (8.65%)	23,147,085

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal years ended June 30, 2016, which amounted to $4,380,998 (7.12589 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the years ended June 30, 2016. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

Deferred Compensation

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

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

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

Public Agency Retirement System (PARS) - Alternate Retirement System

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

The District is a member of the Public Agency Retirement 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 Plan #763 as of June 30, 2016. Total contributions to the plan amounted to $697,847.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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 Southern California Schools Risk Management (SCSRM) Joint Powers Authorities (JPAs). The District pays annual premiums for its property liability, health, and workers' compensation coverage. The relationship between the District and the JPAs is such that they are not component units of the District for financial reporting purposes.

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

The District's share of year-end assets, liabilities, or fund equity has not been calculated. During the year ended June 30, 2016, the District made payments of $79,464, $35,000, $1,457,596, and $902,977 to SELF, RCCCSSIPE, REEP, and SCSRM, respectively.

NOTE 15 - 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, 2016.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial statements of the District at June 30, 2016.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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
2017	$ 311,707
2018	296,390
2019	21,842
2020	21,520
2021	8,455
Total	$ 659,914

Construction Commitments

As of June 30, 2016, the District had the following budgetary commitments with respect to the unfinished capital projects:

Project	Estimated Cost to Complete	Percent Complete	Estimated Completion
District - Swing Space - Market Street Properties	$ 136,712	84.22%	FY 16/17
Moreno Valley - Network Operations Center	402,581	86.69%	FY 16/17
Norco - Groundwater Monitoring Wells	322,173	39.71%	FY 16/17
Riverside City College Coil School for the Arts	5,568,126	85.53%	FY 16/17
Riverside City College Culinary Arts and District Office Building	499,144	98.51%	FY 16/17
Riverside City College Student Services Building	5,558,125	78.56%	FY 16/17
	$ 12,486,861		

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

REQUIRED SUPPLEMENTARY INFORMATION

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unit Credit Cost Method (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
July 1, 2011	$ -	$ 24,642,278	$ 24,642,278	0.00%	N/A	N/A
July 1, 2013	-	24,161,707	24,161,707	0.00%	N/A	N/A
July 1, 2015	-	25,347,991	25,347,991	0.00%	N/A	N/A

See accompanying note to required supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
CalSTRS		
District's proportion of the net pension liability	0.1322%	0.1408%
District's proportionate share of the net pension liability	$ 89,023,018	$ 82,251,502
State's proportionate share of the net pension liability associated with the District	47,083,363	49,667,008
Total	$ 136,106,381	$ 131,918,510
District's covered - employee payroll	$ 63,394,932	$ 62,691,527
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	140.43%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	74%	77%
CalPERS		
District's proportion of the net pension liability	0.3284%	0.3371%
District's proportionate share of the net pension liability	$ 48,412,453	$ 38,273,998
District's covered - employee payroll	$ 36,230,238	$ 35,391,662
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	133.62%	108.14%
Plan fiduciary net position as a percentage of the total pension liability	79%	83%

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

See accompanying note to required supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
CalSTRS		
Contractually required contribution	$ 7,559,706	$ 5,629,470
Contributions in relation to the contractually required contribution	7,559,706	5,629,470
Contribution deficiency (excess)	$ -	$ -
District's covered - employee payroll	$ 70,453,924	$ 63,394,932
Contributions as a percentage of covered - employee payroll	10.73%	8.88%
CalPERS		
Contractually required contribution	$ 4,655,732	$ 4,264,299
Contributions in relation to the contractually required contribution	4,655,732	4,264,299
Contribution deficiency (excess)	$ -	$ -
District's covered - employee payroll	$ 39,288,878	$ 36,230,238
Contributions as a percentage of covered - employee payroll	11.85%	11.77%

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

See accompanying note to required supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Other Postemployment Benefits (OPEB) Funding Progress

This schedule is intended to show trends about the funding progress of the District's actuarially determined liability for postemployment benefits other than pensions.

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net positions and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuation for either CalSTRS or CalPERS.

Changes in Assumptions

The CalSTRS plan rate of investment return assumption was not changed from the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.50 percent to 7.65 percent since the previous valuation.

SUPPLEMENTARY INFORMATION

RIVERSIDE COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION
JUNE 30, 2016

The Riverside Community College District was founded in 1916 and is comprised of an area of approximately 440 square miles located in the western portion of Riverside County. There were no changes in the boundaries of the District during the current year. The District's colleges are accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges (ACCJC, WASC), which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

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

BOARD OF TRUSTEES

MEMBER	OFFICE	TERM EXPIRES
Virginia Blumenthal	President	December 2018
Tracey Vackar	Secretary	December 2018
Mary Figueroa	Member	December 2016
Janet Green	Member	December 2018
Nathan Miller	Member	December 2016

DISTRICT ADMINISTRATION

Dr. Michael L. Burke, Ph.D.	Chancellor
Mr. Aaron Brown	Vice Chancellor, Business and Financial Services
Dr. Dennis Anderson	Interim, Vice Chancellor, Educational Services
Dr. Terri Hampton	Vice Chancellor, Human Resources and Employee Relations
Ms. Chris Carlson	Chief of Staff and Facilities Development

COLLEGE ADMINISTRATION

Dr. Wolde-Ab Isaac	President, Riverside City College
Dr. Monica L. Green	Interim President, Norco College
Dr. Irving Hendrick	Interim President, Moreno Valley College

The above information reflects organizational changes subsequent to June 30, 2016.

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 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 Entitlements		
Program	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 Workforcce 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 - Centenial 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 Entitlements		
Program	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
$ 38,503,754	$ 1,450,902	$ (61,309)	$ (9,096,799)	$ 30,796,548	$ 30,796,548

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT
FOR THE YEAR ENDED JUNE 30, 2016

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2015 only)			
1. Noncredit	31.88	-	31.88
2. Credit	2,088.07	-	2,088.07
B. Summer Intersession (Summer 2016 - Prior to July 1, 2016)			
1. Noncredit	-	-	-
2. Credit	440.56	-	440.56
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	17,275.15	-	17,275.15
(b) Daily Census Contact Hours	2,796.32	-	2,796.32
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	50.92	-	50.92
(b) Credit	2,407.00	-	2,407.00
3. Alternative Attendance Accounting Procedure			
(a) Weekly Census Contact Hours	2,075.96	-	2,075.96
(b) Daily Census Contact Hours	1,516.58	-	1,516.58
D. Total FTES	28,682.44	-	28,682.44
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	410.44	-	410.44
H. Basic Skills Courses and Immigrant Education			
1. Noncredit	24.34	-	24.34
2. Credit	2,766.65	-	2,766.65

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2016

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 28,806,328	$ -	$ 28,806,328	$ 28,806,328	$ -	$ 28,806,328
Other	1300	28,839,561	-	28,839,561	28,839,561	-	28,839,561
Total Instructional Salaries		57,645,889	-	57,645,889	57,645,889	-	57,645,889
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	12,249,508	-	12,249,508
Other	1400	-	-	-	1,480,281	-	1,480,281
Total Noninstructional Salaries		-	-	-	13,729,789	-	13,729,789
Total Academic Salaries		57,645,889	-	57,645,889	71,375,678	-	71,375,678
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	24,914,732	-	24,914,732
Other	2300	-	-	-	1,688,887	-	1,688,887
Total Noninstructional Salaries		-	-	-	26,603,619	-	26,603,619
Instructional Aides							
Regular Status	2200	2,149,220	-	2,149,220	2,149,220	-	2,149,220
Other	2400	383,975	-	383,975	383,975	-	383,975
Total Instructional Aides		2,533,195	-	2,533,195	2,533,195	-	2,533,195
Total Classified Salaries		2,533,195	-	2,533,195	29,136,814	-	29,136,814
Employee Benefits	3000	18,540,196	-	18,540,196	38,182,663	-	38,182,663
Supplies and Material	4000	-	-	-	1,707,391	-	1,707,391
Other Operating Expenses	5000	-	-	-	15,475,025	-	15,475,025
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		78,719,280	-	78,719,280	155,877,571	-	155,877,571

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, Continued
FOR THE YEAR ENDED JUNE 30, 2016

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Exclusions							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ -	$ -	$ -	$ 1,224,908	$ -	$ 1,224,908
Student Health Services Above Amount Collected	6441	-	-	-	29,745	-	29,745
Student Transportation	6491	-	-	-	115	-	115
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	1,196,332	-	1,196,332
Objects to Exclude							
Rents and Leases	5060	-	-	-	996,687	-	996,687
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	2,815,737	-	2,815,737
Employee Benefits	3000	-	-	-	1,508,106	-	1,508,106
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	1,126	-	1,126
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	1,126	-	1,126

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, Continued
FOR THE YEAR ENDED JUNE 30, 2016

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ 53,217	$ -	$ 53,217
Capital Outlay							
Library Books	6000	-	-	-	-	-	-
Equipment	6300	-	-	-	-	-	-
Equipment - Additional	6400	-	-	-	-	-	-
Equipment - Replacement	6410	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		-	-	-	7,825,973	-	7,825,973
Total for ECS 84362, 50 Percent Law		$ 78,719,280	$ -	$ 78,719,280	$ 148,051,598	$ -	$ 148,051,598
Percent of CEE (Instructional Salary Cost/Total CEE)		53.17%		53.17%	100.00%		100.00%
50% of Current Expense of Education					$ 74,025,799		$ 74,025,799

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, 2016

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2016.

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

PROPOSITION 30 EDUCATION PROTECTION ACT (EPA) EXPENDITURE REPORT FOR THE YEAR ENDED JUNE 30, 2016

Activity Classification	**Object Code**				**Unrestricted**
EPA Proceeds:	8630				$ 23,568,130
Activity Classification	**Activity Code**	**Salaries and Benefits (Obj 1000-3000)**	**Operating Expenses (Obj 4000-5000)**	**Capital Outlay (Obj 6000)**	**Total**
Instructional Activities	1000-5900	$ 23,211,340	$ 356,790	$ -	$ 23,568,130
Total Expenditures for EPA		$ 23,211,340	$ 356,790	$ -	$ 23,568,130
Revenues Less Expenditures					$ -

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 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	1,357,856	
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.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2016

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

This schedule provides information about the District's organization, governing board members, and administration members.

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (Part 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of Build America Bonds, Federal Work Study Program and Medi-Cal Administrative Activities funds have been recorded in the current period as revenues that have not been expended as of June 30, 2016.

Description	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenses, and Changes in Net Position:		$ 60,848,305
Build America Bonds	N/A	(2,330,691)
Federal Work Study Program	84.033	(1,202)
Medi-Cal Administrative Activities	93.778	(55,089)
Total Expenditures of Federal Awards		$ 58,461,323

Schedule of Expenditures of State Awards

The accompanying Schedule of Expenditures of State Awards includes the State grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The information in this schedule is presented to comply with reporting requirements of the California State Chancellor's Office.

Schedule of Workload Measures for State General Apportionment

FTES is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds, including restricted categorical funding, are made to community college districts. This schedule provides information regarding the annual attendance measurements of students throughout the District.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2016

Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation

ECS 84362 requires the District to expend a minimum of 50 percent of the unrestricted General Fund monies on salaries of classroom instructors. This is reported annually to the State Chancellor's Office. This schedule provides a reconciliation of the amount reported to the State Chancellor's Office and the impact of any audit adjustments and/or corrections noted during the audit.

Reconciliation of Annual Financial and Budget Report (CCFS-311) With 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 District's internal fund financial statements.

Proposition 30 Education Protection Act (EPA) Expenditure Report

This schedule provides the District's summary of receipts and uses of the monies received through the EPA.

Reconciliation of Governmental Funds to the Statement of Net Position

This schedule provides a reconciliation of the adjustments necessary to bring the District's internal fund financial statements, prepared on a modified accrual basis, to the entity-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

INDEPENDENT AUDITOR'S REPORTS

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

VALUE THE DIFFERENCE

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Riverside Community College District
Riverside, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of Riverside Community College District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 28, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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Compliance and Other Matters

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

Purpose of This Report

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

Vavrinek, Trine, Day & Co., LLP

Riverside, California
November 28, 2016

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.

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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.

Vavrinek, Trine, Day & Co., LLP

Riverside, California
November 28, 2016

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

VALUE THE DIFFERENCE

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Riverside Community College District
Riverside, California

Report on State Compliance

We have audited Riverside Community College District's (the District) compliance with the types of compliance requirements as identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in November 2015 that could have a direct and material effect on each of the District's programs as noted below for the year ended June 30, 2016.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws and regulations, and the terms and conditions identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in November 2015.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in November 2015. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

Unmodified Opinion for Each of the Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2016.

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In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with State laws and regulations applicable to the following:

Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Instructional Service Agreements/Contracts
Section 424	State General Apportionment Funding System
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Concurrent Enrollment of K-12 Students in Community College Credit Courses
Section 429	Student Success and Support Program (SSSP)
Section 430	Schedule Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 438	Student Fees – Health Fees and Use of Health Fee Funds
Section 439	Proposition 39 Clean Energy
Section 440	Intersession Extension Programs
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged (TBA) Hours
Section 490	Proposition 1D State Bond Funded Projects
Section 491	Proposition 30 Education Protection Account Funds

The District does not offer an Intersession Extension Program; therefore, the compliance tests within this section were not applicable.

The District did not receive any funding through Proposition 1D State Bond Funded Projects; therefore, the compliance tests within this section were not applicable.

Vavrinek, Trine, Day & Co., LLP

Riverside, California
November 28, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

RIVERSIDE COMMUNITY COLLEGE DISTRICT

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

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

Identification of major Federal programs:

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

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

STATE AWARDS

Type of auditor's report issued on compliance for State programs:	Unmodified

RIVERSIDE COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2016

None reported.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

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

None reported.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

STATE 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.