



**Board of Trustees - Regular Meeting
Board of Trustees Governance Committee,
Teaching and Learning Committee, Planning and
Operations Committee, Facilities Committee and
Resources Committee
Tuesday, December 04, 2012 6:00 PM
Center for Student Success, Room 217, Norco
College, 2001 Third Street, Norco, CA 92860**

ORDER OF BUSINESS

Pledge of Allegiance

Anyone who wishes to make a presentation to the Board on an agenda item is requested to please fill out a "REQUEST TO ADDRESS THE BOARD OF TRUSTEES" card, available from the Public Affairs Officer. However, the Board Chairperson will invite comments on specific agenda items during the meeting before final votes are taken. Please make sure that the Secretary of the Board has the correct spelling of your name and address to maintain proper records. Comments should be limited to five (5) minutes or less.

Anyone who requires a disability-related modification or accommodation in order to participate in any meeting should contact the Chancellor's Office at (951) 222-8801 as far in advance of the meeting as possible.

Any public records relating to an open session agenda item that is distributed within 72 hours prior to the meeting is available for public inspection at the Riverside Community College District Chancellor's Office, Suite 210, 1533 Spruce Street, Riverside, California, 92507 or online at www.rccd.edu/administration/board.

- I. COMMENTS FROM THE PUBLIC
Board invites comments from the public regarding any matters within the jurisdiction of the Board of Trustees. Due to the Ralph M. Brown Act, the Board cannot address or respond to comments made under Public Comment.
- II. PUBLIC HEARING (NONE)
- III. CHANCELLOR'S REPORT
 - A. [Chancellor's Communications](#)
Information Only
- IV. BOARD COMMITTEE REPORTS
 - A. Governance (None)
 - B. Teaching and Learning
 - 1. [Proposed Curricular Changes](#)
The Committee to review the proposed curricular changes for inclusion in the college catalogs and the schedule of class offerings.
 - C. Planning and Operations
 - 1. [Contract Amendment of the Go-Pass Transportation Fee for Moreno Valley College students with the Riverside Transit Agency](#)
The Committee to review the contract amendment of the Go-Pass Transportation Fee Contract for Moreno Valley College students with the Riverside Transit Agency.

2. [Update on District Strategic Planning Process Information Only](#)

D. Resources

1. [Tentative Project Budget and Borrowing of Measure C for Pathways to Excellence \(Title V\) Engagement Center Renovation Project at Martin Luther King High Technology Center](#)
The Committee to review the Pathways to Excellence Engagement Center renovation project at Riverside City College; a project budget in the amount of \$365,345; and the borrowing of Measure C funds in the amount of \$227,056 while awaiting annual reimbursement from the U.S. Department of Education.
2. [2011-2012 Independent Audit Report for the Riverside Community College District](#)
The Committee to review the Riverside Community College District's independent audit report for the year ended June 30, 2012 for the permanent file of the District.
3. [2011-2012 Independent Audit Report for the Riverside Community College District Foundation](#)
The Committee to review the Riverside Community College District Foundation's independent audit report for the year ended June 30, 2012 for the permanent file of the District.
4. [Agreements for Client Services with Brokerage Concepts, Inc. D/B/A Healthnow Administrative Services, and for Shared Advantage Plus by and between California Physicians' Service D/B/A Blue Shield of California and Riverside Community College District](#)
The Committee to review an agreement for client services with Brokerage Concepts, Inc. D/B/A Healthnow Administrative Services; and an agreement for Shared Advantage Plus by and between California Physicians' Service D/B/A Blue Shield of California and Riverside Community College District effective January 1, 2013 in the amount of \$119,070 on current plan enrollment.

E. Facilities

1. [Professional Services Agreement for ADA Transition Plan Implementation \(Phase I\) Project at Riverside City College With Inland Inspections and Consulting](#)
The Committee to review the agreement with Inland Inspections and Consulting in the amount of \$129,960 for Division of State Architect inspection services for the ADA Transition Plan Implementation (Phase I) project at Riverside City College.
2. [Construction Management Services Agreement for Student Services Building with Bernards Builders Management Services](#)
The Committee to review the construction management services agreement with Bernards Builders Management Services in an amount not to exceed \$1,181,338.00 and the contracting services of Construction Management Multiple Prime contracting for the Student Services Building project at Riverside City College.
3. [Progress Update for Multimedia and Arts Center and Facilities Master Plan Information Only](#)

- V. OTHER BUSINESS (NONE)
- VI. CLOSED SESSION (NONE)
- VII. ADJOURNMENT



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[Agenda Item](#)

Agenda Item (III-A)

Meeting 12/4/2012 - Committee/Regular Board

Agenda Item Chancellor's Report (III-A)

Subject Chancellor's Communications

College/District District

Information Only

Background Narrative:

Chancellor will share general information to the Board of Trustees, including federal, state and local interests and District information.

Prepared By: Greg Gray, Chancellor
Kathy Tizcareno, Administrative Assistant

Attachments:



Agenda Item (IV-B-1)

Meeting	12/4/2012 - Committee/Regular Board
Agenda Item	Committee - Teaching and Learning (IV-B-1)
Subject	Proposed Curricular Changes
College/District	District
Funding	N/A
Recommended Action	It is recommended that the Board of Trustees approve the proposed curricular changes for inclusion in the college catalogs and in the schedule of class offerings.

Background Narrative:

Presented for the Board's review and consideration are proposed curricular changes. The District Curriculum Committee and the administration have reviewed the attached proposed curricular changes and recommend their adoption by the Board of Trustees.

Prepared By: Ray Maghroori, Provost/Vice Chancellor, Educational Services
Sylvia Thomas, Associate Vice Chancellor, Educational Services

Attachments:

[December 2012 backup1](#)

Title	College
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1. New Stand Alone Courses:

The following course will enhance skills taught in the Basic Correctional Academy ADJ C1D and will provide students with updates on case-law, federal liability and policy and procedures of handling gangs and suicidal inmates. It will also reinforce training techniques in Defensive Tactics that were learned in the Basic Correctional Academy:

ADJ-C22	Advanced Corrections Training	M
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The following course will provide the students with in-depth analysis of critical incidents and the opportunity to formulate solutions through scenarios:

ADJ-D4B	Dispatcher Role in Critical Incidents Advanced	M
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The following course will enhance skills taught in the Basic Dispatch Course and will explore in-depth laws and regulations required of dispatchers regarding domestic violence and sexual assault:

ADJ-D7A	Dispatcher Domestic Violence and Sexual Assault	M
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The following course is being proposed as a complementary course to ENG-35, Women in Literature.

ENG-34	Literature by Women	R
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The following courses are designed to meet the new standards of the Accreditation Review Commission on Education for Physician Assistants (ARC-PA):

PHT-22A	Clinical Anatomy, Physiology, and Pathophysiology	M
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PHT-22B	Clinical Anatomy, Physiology, and Pathophysiology	M
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The following course is being created to fulfill transfer requirements for Sociology majors to four-year institutions and will be an elective option in the Associate in Arts in Sociology for transfer degree:

SOC-25	Introduction to the Sociology of Sex and Gender	R
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2. New Courses:

The following course is being proposed to provide students in the honors program with an appropriate course in the biological sciences. Currently, there are no honors level courses offered in the discipline:

BIO-1H	Honors General Biology	MNR
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The following courses are proposed to address repeatability and to align the topics into skill levels. They are replacing JOU-52:

JOU-52A	Newspaper Editing: Beginning	R
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JOU-52B	Newspaper Editing: Intermediate	R
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JOU-52C	Newspaper Editing: Advanced	R
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JOU-52D	Newspaper Editing: Executive	R
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3. Course Inclusions:

Norco would like to offer these courses as part of the Study Abroad curriculum. In addition, World Languages discipline members have noticed a growing interest for Chinese in area high schools:

CHI-1	Mandarin Chinese 1	N
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CHI-2	Chinese 2	N
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CHI-11	Culture and Civilization	N
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Title	College
The following courses are being included in the MVC inventory due to Title IV regulations prohibiting students from receiving federal financial aid more than 2 times for a course in which they have earned a passing grade. By incorporating these courses into the catalog, the college will be able to cover the student demand for choral singing:	
MUS-6 Music Theory III	M
MUS-29 Concert Choir	M
MUS-71 College Chorus	M
MUS-72 Group Keyboarding Skills	M
MUS-83 Advanced Chamber Choir	M

4. Major Course Modifications:

The following course is cross-listed with CAT-55 and is being updated to link Student Learning Outcomes (SLOs) and add sample assignments:

ACC-55 Applied Accounting/Bookkeeping	MNR
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The following course is being updated to change the title, change hours from 4 hours lecture and 4 hours lab to 8 hours lecture, advisory skills, update course description, sample assignments and course materials:

ADJ-D4A Dispatcher Role Critical Incidents	M
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The following course is being modified to change the title from Level I Modular Academy, the hours from 246 hours lecture and 205 hours laboratory to 285 hours lecture and 177 hours laboratory, the units from 17 to 18.5, the limitation on enrollment as well as course content, and sample assignments:

ADJ-R1C Regular Basic Course, Modular Format, Module I Training	M
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The following course is being modified to update SLOs, methods of evaluation, methods of instruction, course materials and to add sample assignments:

AMY-2B Anatomy and Physiology II	MNR
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The following course is being modified to update SLOs, course content, course materials and add sample assignments:

AMY-10 Survey of Human Anatomy and Physiology	MNR
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The following course are being modified to update advisory skills, SLOs, course content, methods of evaluation, methods of instruction, course materials as well as to add sample assignments:

BIO-11 Introduction to Molecular and Cellular Biology	MNR
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The following courses are being modified to update SLOs, course content, course materials and to add sample assignments:

BUS-10 Introduction to Business	MNR
BUS-18A Business Law I	MNR

The following course is being modified to update the course description, SLOs, course content, add sample assignments and update course materials:

BUS-20 Business Mathematics	MNR
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The following course is being modified to update SLOs, course content, course materials and to add sample assignments:

BUS-22 Management Communications	MNR
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	Title	College
BUS-40	International Business-Principles	R
BUS-43	International Business-Marketing	R
The following course is proposed to update the title, course description, SLOs and course material:		
BUS-46	International Business-Introduction to Importing/Exporting	R
This course has been updated to remove advisory, update course content, SLOs, course materials and add sample assignments:		
BUS-48	International Management	R
This course is proposed to change the title, as well as update SLOs, methods of instruction, methods of evaluation, course materials and to add sample assignments:		
BUS-51	Principles of Electronic-Commerce	MR
The following course is proposed to update the title, course description, SLOs and course materials:		
BUS-87	Purchasing and Supply Management	N
The following course is cross-listed with ACC-55 and is being updated to link SLOs and add sample assignments:		
CAT-55	Applied Accounting/Bookkeeping	MR
The following courses are being modified to update course materials and SLOs:		
CIS-20	Systems Analysis and Design	MR
CSC-20	Systems Analysis and Design	R
The following courses are being proposed to update the course content as part of the Course Alignment Project.		
EAR-20	Child Growth and Development	MNR
EAR-24	Introduction to Curriculum	MNR
The following courses are being modified to update course materials and tie SLOs to the GESLOs:		
ENG-1A	English Composition	MNR
ENG-1AH	Honors English Composition	MNR
The following course is being modified to update SLOs and course materials:		
FTV-73	Introduction to Pro Tools Digital Audio Recording	R
The following courses are being modified to update SLOs, course materials and add sample assignments:		
MAG-53	Human Relations	NR
MAG-54	Employee Labor Relations	NR
MAG-60	Introduction to Hospitality Management	R
MKT-40	Advertising	NR
MKT-42	Retail Management	MNR
The following course is being modified to update course materials and add sample assignments:		
MAT-63	Arithmetic	MNR

Title	College
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The following course is proposed to update the course description, course content, methods of instruction, methods of evaluation, sample assignments and course materials:

MUS-19	Music Appreciation	MNR
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The following course is proposed to update the course title, description, advisory skills, SLOs, course content, methods of instruction, methods of evaluation, sample assignments and course materials:

MUS-20	Great Composers and Music Masterpieces before 1820	MR
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The following course is proposed to update the course description, advisory skills, SLOs, course content, methods of instruction, methods of evaluation, sample assignments and course materials:

MUS-21	Great Composers and Music Masterpieces After 1820	MR
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The following course is being modified to update course description, SLOs, course materials as well as to add sample assignments:

PSY-1	General Psychology	MNR
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The following course is proposed to update the course title, description, addition of prerequisite of PSY-1, advisory skills, SLOs, course content, methods of evaluation, sample assignments and course materials:

PSY-2	Biological Psychology	MNR
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The following courses are being modified to update course descriptions, course content, SLOs, methods of instruction and evaluation, and course materials as well as add sample assignments:

PSY-33	Theories of Personality	MNR
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PSY-35	Abnormal Psychology	MNR
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5. Course Exclusions:

The following course has never been offered at Moreno Valley or Norco and they do not have faculty to teach International Business:

BUS-43	International Business-Marketing	MN
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BUS-40	International Business-Principles	M
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BUS-46	International Business-Introduction to Importing/Exporting	M
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BUS-48	International Management	M
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The following course was offered once in 07 but cancelled due to low enrollment:

CHE-10	Chemistry for Everyone	M
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The following course has never been offered at Moreno Valley. It is cross-listed with PHS-17 which is being deleted:

CHE-17	Introduction to the Development of Modern Science	M
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6. Course Deletions:

Toyota Corporation has changed their program design and requested that the program go from one year to two years, add additional faculty, provide administrative assistance to the program, cap incoming cohort class at 18 students, and many other parameters which RCC is unable to comply with thus the removal of the program and courses:

AUT-63	Toyota Electrical Systems Mastery	R
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AUT-64	Toyota Brakes and Suspension	R
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AUT-65A	Toyota Manual Transmissions and Transaxles	R
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	Title	College
AUT-65B	Toyota Automatic Transmissions and Transaxles	R
AUT-66	Toyota Climate Control Systems	R
AUT-67	Toyota Fuel Systems II	R

After a detailed discussion among the faculty staff and program director we have decided to delete this course from our program because we feel that it does not provide employment for our students:

CUL-200	Culinary Work Experience	R
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The following course is no longer needed for Mentor program and has not been offered it for many years:

EAR-39	Mentor Seminar	MNR
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The following courses have the same content as MAN 56 which is taught more often:

ENE-61	Computer Aided Design and Computer Aided Manufacturing	N
MAC-61	Computer Aided Design and Computer Aided Manufacturing	N

The following courses have never been offered:

MAN-91C	Manufacturing Fundamentals for Apprenticeship	N
MAN-92B	Survey of Electronic Sensors	N

The following course has not been offered in over ten years:

MAN-93C	Survey of Electronic Sensors	N
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MOV has never offered it and RIV hasn't offered it since winter 2009. It is cross-listed with CHE-17 which will remain in the MOV and RIV catalogs:

PHS-17	Introduction to the Development of Modern Science	MR
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7. Modification to State/Locally approved Certificate/Degrees:

The following certificate/degree is being modified to increase the units from 34.5 to 39 units to 36-39 due to the increased units in one of the courses:

Administration of Justice-Law Enforcement (see attachment A)	M
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The following certificate/degree is being modified to remove the CUL-200 course which is no longer beneficial to students in regards to future employment:

Culinary Arts (see attachment B)	R
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ATTACHMENT A
RIVERSIDE COMMUNITY COLLEGE DISTRICT
PROGRAM OUTLINE of RECORD

Modification

College: M

Administration of Justice/Law Enforcement
MAS563/MCE563

PROGRAM PREREQUISITE: None.

SHORT DESCRIPTION OF PROGRAM

This program focuses on the criminal justice system, its organizational components and processes, as well as its legal and public policy contexts. This includes instruction in criminal law and policy, police and correction systems organization, the administration of justice and the judiciary, and public attitudes regarding criminal justice issues. The program prepares individuals to perform the duties of police and public security officers, including patrol and investigative activities, traffic control, crowd control and public relations, witness interviewing, evidence collection and management, basic crime prevention methods, weapon and equipment operation and maintenance, report preparation and other routine law enforcement responsibilities. Potential occupations include local police officers, deputy sheriffs, transit or railroad police; state police and highway patrol officers, fish and game wardens, or park rangers; or federal special agents, investigators and marshals.

PROGRAM LEARNING OUTCOMES

Upon successful completion of this program, students should be able to:

- Analyze the various aspects of police work
- Identify minimum competencies in police functions of most frequent occurrence
- Apply laws of arrest, search and seizure, documentation of evidence and patrol procedures in a variety of scenarios and environments
- Compare and contrast basic techniques for evaluating and analyzing occupationally hazardous situations and selection of the appropriate response or procedure
- Compare and contrast the concepts of uniformity in police practices and procedures.

Required Courses (36-39 units)	Units
ADJ-B1B Basic Peace Officer Training Academy	39
or	
Reserve Training Module Format	36
ADJ-R1A2 Level III Modular Academy Training	6.5
ADJ-R1B Level II Reserve Officer Training	11
ADJ-R1C Regular Basic Course, Modular Format, Module 1 Training	18.5
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Total Units:	36-39

Associate in Science Degree

The Associate in Science Degree in Administration of Justice Law Enforcement will be awarded upon completion of the degree requirements, including general education and other graduation requirements as described in the college catalog

ATTACHMENT B
RIVERSIDE COMMUNITY COLLEGE DISTRICT
PROGRAM OUTLINE of RECORD

College: R

CULINARY ARTS

AS561/CE561

PROGRAM PREREQUISITE: None.

SHORT DESCRIPTION OF PROGRAM

This program prepares individuals to provide professional chef and related hospitality services in restaurants and other commercial food establishments. This includes instruction in recipe and menu planning, preparing and cooking of foods, supervising and training kitchen assistants, the management of food supplies and kitchen resources, including cost and inventory controls, aesthetics of food preparation and presentation, as well as training in a wide variety of cuisines and culinary techniques.

PROGRAM LEARNING OUTCOMES

Upon successful completion of this program, students should be able to:

- Demonstrate learned customer service, wait staffing and point-of-sale system knowledge in a working dining room setting.
- Employ proper safety and sanitation principles to the receiving, storage, preparation, and service of food.
- Formulate menus utilizing menu design techniques, conversions of written recipes, and calculations of food costing and menu pricing.
- Demonstrate practical and theoretical knowledge of classical and contemporary cooking methods for both hot food and baking/pastry arts.
- Demonstrate practical knowledge of classical knife cuts.
- Apply learned cooking methods to international cuisines.
- Demonstrate proficiency in piping skills, mold usage, plate presentation, and other artistic techniques used in the garde manger kitchen as well as hot food, cold food and pastry presentations.

<u>Required Courses (26 units)</u>		<u>Units</u>
CUL-36	Introduction to Culinary Arts	8
CUL-37	Intermediate Culinary Arts	8
CUL-38	Advanced Culinary Arts	8
Electives	(Choose from list below)	2
<u>Elective Courses (2 units)</u>		<u>Units</u>
CUL-20	Fundamentals of Baking	2
CUL-22	Cake Decorating I	2
Total Units:		26

Associate in Science Degree

The Associate in Science Degree in Culinary Arts will be awarded upon completion of the degree requirements, including general education and other graduation requirements as described in the college catalog



Agenda Item (IV-C-1)

Meeting	12/4/2012 - Committee/Regular Board
Agenda Item	Committee - Planning and Operations (IV-C-1)
Subject	Contract Amendment of the Go-Pass Transportation Fee for Moreno Valley College students with the Riverside Transit Agency
College/District	Moreno Valley
Funding	Student Transportation Fees
Recommended Action	Recommended that the Board of Trustees approve the contract amendment of the Go Pass Transportation Fee Contract for Moreno Valley College students with the Riverside Transit Agency.

Background Narrative:

Since the implementation of the Go-Pass Transportation Fee for Moreno Valley College students in Fall 2010, students from the Ben Clark Training Center (BCTC) were questioning the payment of this mandatory fee. The issues identified included the lack of opportunity to vote in the Spring 2010 election at the BCTC site and no direct benefit of the transit service. In middle Spring 2011, at the direction of the college president, college staff discussed with Riverside Transit Agency staff to explore flexibility to require payment of the fee by BCTC students and provide site transit service. The Riverside Transit Agency indicated there was no flexibility possible and there was no immediate plans to offer direct transit service to the BCTC site. In the academic year 2011/2012, discussions were held among the students and the administration to review the transit service provided. The Associated Students of Moreno Valley College (ASMVC) conducted a student survey with the majority of the students indicating an interest to eliminate the Go-Pass Transportation Fee. Subsequently, ASMVC placed this matter on the General Student Body Elections on May 1st and May 2nd, 2012 for the student body to vote; the final result was to remove the Go-Pass Transportation Fee effective Spring 2013.

During the late summer, as a result of concern of eliminating this transit service, the new leadership of ASMVC met with Riverside Transit Agency representatives and held more discussions with students and staff. On October 2, 2012, official communication was received from ASMVC to proceed to amend the Go-Pass Transportation Fee contract for Moreno Valley College students, effective Spring 2013. The current contract allows Moreno Valley College to withdraw its involvement with a 30 day notification. Riverside City College will continue to provide the Go-Pass Transportation service.

Prepared By: Sandra Mayo, President, Moreno Valley College
Greg Sandoval, Vice President, Student Services

Attachments:

[RTA contract backup](#)
[Current RTA contract](#)
[RTA Agency Communication Message](#)
[Amendment to RTA Contract](#)

May 22, 2012

Dr. Harris, Acting President
Moreno Valley College

Dr. Sandoval, Vice President
Student Services
Moreno Valley College

Dr. Harris and Dr. Sandoval,

This communication is from the Associated Students of Moreno Valley College, Student Senators Allan Malapitan and Tyrell Yorke. As members of the Student Senate Ad-Hoc Committee, we were charged with the "Go Pass Transportation Fee" initiative. This initiative started fall 2010 with unhappy students who purchase parking permits and pay the mandatory transportation fee and do not utilize the bus. In the fall 2011, we distributed fliers to the student body to ascertain their interest to "keep" the fee or have it "removed". Students submitted petitions requesting removal of this fee, (approximately 400 of them). In the spring of 2012, we surveyed the student body asking the question of the fee to "keep it" or have it "removed". As a result of the survey, students indicated to have the Mandatory Transportation Fee be "removed". This item needed to be "voted on" by the student body. On Tuesday, May 1 and Wednesday, May 2, 2012, as a part of the General Student Body Elections, the Moreno Valley College Student Body voted to have the Mandatory Transportation Fee "removed". We are requesting that the process start to discontinue charging Moreno Valley College Students this Mandatory Transportation Fee effective fall 2012. However, the Associated Students of Moreno Valley College are interested in speaking with representatives from RTA to discuss other options for our student bus riders.

Respectfully submitted,

Allan Malapitan, Senator
Tyrell Yorke, Senator
Ad Hoc Committee Chair
Kushang Patel, Student Body President
Kelly Denstitt, Chief Justice, Student Supreme Court

ASMC STUDENT GOVERNMENT ELECTION RESULTS

For 2012-2013

Total Votes Cast- 430

***Voided Ballots- 84**

No ID numbers/ Names
 Not enrolled in school
 Home college other than Moreno Valley
 Did Not Vote to "keep: or "remove" Transportation Fee

President/Vice President-

Charmaine Williams and Allan Malapitan- 271

Senators-

Michelle Christenson- 132
 Constance Hardin- 93
 Robert Quintana- 121
 Catherine Russo- 98
 Cesar Torres- 4

Mandatory Transportation Fee-

Keep it- 164
 Remove it- 175
 *Void- 84

Approved For Posting
 Student Activities Office

MAY 07 2012

Submitted by Kelly Denstitt, Chief Justice

Moreno Valley College
 RCCD




**Go-Pass Transportation Fee Text
Moreno Valley College Student E-mails
April 2012**

On Tuesday, May 1 and Wednesday, May 2, 2012 the Moreno Valley College Student Government will be having its annual Student Body Elections for 2012 – 2013. You will have the opportunity to vote for the Student Body President, Vice President and Student Senators. Additionally, as a result of the “Go Pass Transportation Survey” the ballot will include an option to “Remove” the Mandatory Transportation Fee or “Keep it”.

Voting Booths will be located on the Lions Den Patio from 9 am – 2 pm and 4 pm – 6 pm. 2-Voting Booths will also be at the Ben Clark Training Center, on the Law Side and on the Fire/EMS site on Wednesday ONLY, May 2nd from 11 am – 2 pm.

Please come out and support your student body by voting and receive a “goodie”.

Grand Total of RTA GoPass Transportation Survey Results

Surveys Taken: 607
Remove it: 369
Keep it: 238

<u>College/Center</u>	<u>Total Votes Cast</u>	<u>Keep It</u>	<u>Remove It</u>
Moreno Valley College	311 (282 valid)	192	90
Ben Clark	351 (325 valid)	46	279
GRAND TOTALS	607 votes	238	369

Student ID Number _____

Moreno Valley College
Go Pass Transportation Fee Survey Spring 2012

-Registered Moreno Valley College and Riverside City College students must present their Photo ID card to an RTA driver to ride the bus for FREE.

-Transportation fees for Summer, Fall and Spring are:

- \$5.50: over 6 units
- \$5.00: 6 units and under

Moreno Valley College and Riverside City College students registered in one or more units can ride anywhere RTA travels for free.

1) How many times per month do you ride the bus?

- a. never (0) b. rarely (1-5) c. often (6-15) d. frequently (15+)

Students are charged a Transportation Fee at the time they register for classes at Moreno Valley College and Riverside City College; *these fees cannot be waived.*

2) If your car breaks down, what would be your form of transportation?

- a. get a ride b. RTA bus c. walk d. other _____

Travel on RTA begins the first day of the term for **registered** students; registering after the term begins will delay bus riding privileges.

3) Do you ride the bus for reasons other than transportation to school?

- a. yes b. no

If you have not registered for classes or are on a waitlist, your Photo ID card will **not** work on the bus and you will **not** be able to ride for free.

4) If the Transportation Fee was removed, how should Moreno Valley College accommodate bus riders?

5) Would you be more likely to ride the bus if gas prices further increase?

- a. yes b. no

6) Did you know about the benefits of the Transportation Fee (i.e. access to the RTA routes)?

- a. yes b. no

7) Would you like the mandatory Transportation fee to stay in place or be removed?

- a) Keep it b. Remove it

8) Additional Comments:



RIVERSIDE COMMUNITY COLLEGE
4800 MAGNOLIA AVENUE, RIVERSIDE, CA 92506

Contract #: C-0003226

Fiscal Year:2010-2011

Contract number must appear on all packages and documents.

Vendor: 16069 RIVERSIDE TRANSIT AGENCY 1825 THIRD ST RIVERSIDE, CA 92507	Buyer: MELISSA GRIFFITH Phone: (951) 222-8864 Fax: (951) 222-8022 Payment Terms: NET30 Terms & Conditions: SEE REVERSE. FOB: Contact Name:KATHY TIZCARENO Contact Phone:951-222-8804
Phone: Fax:	
Deliver on or Before: Ship To: STUDENT SERVICES & OPERATIONS 1533 SPRUCE STREET 2ND FLOOR RIVERSIDE, CA 92507	Bill To: RIVERSIDE COMMUNITY COLLEGE DISTRICT ATTN: ACCOUNTS PAYABLE 4800 MAGNOLIA AVE. RIVERSIDE, CA 92506
Fax: 951.222.8028	Fax: 951-222-8021
Originators: KATHRYN TIZCARENO (A0002781)	

Item Number	Total												
1. AGREEMENT Description: FOR: COLLEGE GO-PASS REVENUE AGREEMENT NO. 10-035 (RCC & MORENO VALLEY STUDENTS' BUS PASSES) 11-DZA-1000-0-6490-0514-5650 0.000 11-FZA-1000-0-6490-0514-5650 0.000	425,000.00												
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COLLEGE GO-PASS REVENUE AGREEMENT NO. 10-035

BETWEEN

RIVERSIDE TRANSIT AGENCY

AND

RIVERSIDE COMMUNITY COLLEGE DISTRICT

THIS AGREEMENT is made and entered into this 17th day of August, 2010, by and between the Riverside Transit Agency, 1825 Third St., Riverside, CA 92507, a joint powers AGENCY of the state of California (hereinafter referred to as "AGENCY") and The Riverside Community College District (hereinafter referred to as "COLLEGE").

WITNESSETH:

In consideration of the services to be rendered by AGENCY and the compensation to be paid therefore by COLLEGE, as herein set forth, the parties agree as follows:

ARTICLE 1. STATEMENT OF WORK AND PAYMENT

- A. COLLEGE agrees to provide its students with cards that contain magnetic encoding that is readable by the AGENCY'S bus fareboxes. The AGENCY must approve the proposed card(s) ensuring compatibility with its bus fareboxes.
- B. AGENCY shall allow any eligible COLLEGE student to ride all of AGENCY'S fixed route and commuter services at no charge during the period of this agreement.
 - a. This program shall not apply to Dial-A-Ride services.
 - b. An eligible COLLEGE student shall be defined as any COLLEGE student who meets the following criteria:
 - i. Possesses their own current, valid COLLEGE identification card bearing the approved magnetic stripe.
 - ii. Is currently registered for more than 0 (zero) units during the current term or


RTA


RCC

who, although not registered for the winter term, met all eligibility requirements at the end of the term immediately preceding the winter term. Where the word “term” is used in this document, it refers to the fall, winter, spring or summer academic terms of COLLEGE, unless used in the context of the terms of this Agreement.

- iii. Is a student whose home campus is ~~Moreno Valley or~~ Riverside, and who has paid the transportation fee.
 - c. Students who are eligible for the program at the end of the fall term can ride at no charge during the winter term. No Transportation Fee will be charged for students attending college during the winter term.
 - d. The free ride period for students who were eligible during the previous term, but who do not meet the eligibility criteria for the following term, shall end at the conclusion of the “last day to add most full term classes” period of the following term as listed in the RCCD Academic Calendar.
 - e. Eligible students attempting to ride without their current, valid COLLEGE identification card will have to pay the full fare depending on the service and rider type as approved by the RTA Board of Directors.
 - f. Any student who withdraws from the COLLEGE or decreases their number of units to zero (0) shall no longer be eligible for the program regardless of fee payment.
 - g. COLLEGE identification cards and their accompanying AGENCY bus ridership privileges are not transferable to another person.
 - h. COLLEGE will designate all students whose registered home campus is the Norco Campus with a visually unique identification card as ~~the Norco Campus~~ is not party to this Agreement.
 - i. Only a student’s most recently issued student identification card shall be valid; all others are null and void.
- C. COLLEGE may, at its own volition, cause to be displayed on its premises such

or the Moreno Valley Campus

both Moreno Valley and Norco Campuses are

advertising matter as may be supplied by AGENCY.

- D. COLLEGE shall properly file and maintain all printed material and time schedules supplied by AGENCY and shall to the best of its ability furnish to the public complete and accurate information in accordance therewith.
- E. COLLEGE shall render Registered Student reports to AGENCY in spreadsheet format containing the student numbers of all registered students for the term, the number of the last student identification card issued to each student and the number of units each student is currently carrying to provide the basis for AGENCY to establish program eligibility and prevent fraud. These reports shall be emailed to AGENCY no less than once a week on the same day of each week.
- F. COLLEGE shall work with AGENCY to implement and enforce measures to discourage and prevent fraudulent use of the RCCD student cards on RTA vehicles.
- G. COLLEGE shall pay AGENCY \$5.50 (five dollars and fifty cents) for every student who registers for over 6 (six) units and \$5.00 (five dollars) for every student who registers for 6 (six) units and under for, or during, each of the following terms; fall, spring and summer. This fee is payable to AGENCY unless the student withdraws or decreases their number of units prior to COLLEGE'S refund deadline. The per student / per term fee shall not apply to students registering for the winter.
- H. In order to capture all student-paid transportation fees, COLLEGE shall provide payment to AGENCY as follows:
 - 1. For the Fall and Spring terms – one check shall be cut the first Monday after the add/drop period ends for classes beginning at the start of those terms; one check shall be cut the first Monday after the add/drop period ends for the eight-week classes that begin in the middle of those terms; one check shall be cut after the first week of the following term; and one check shall be cut after the close of the fiscal year, which ends on June 30. All checks shall be mailed within 10 business days and shall include a copy of the general ledger.

2. For the Summer term – one check will be cut thirty (30) days after the end of the term. The check shall be mailed within 10 business days and shall include a copy of the general ledger.
- I. AGENCY shall, on a monthly basis, provide COLLEGE reports documenting the actual bus usage of holders of COLLEGE cards. This report will be included with the monthly invoice.

ARTICLE 2. INDEPENDENT CONTRACTOR

- A. COLLEGE is an independent contractor and not a beneficiary or employee of AGENCY within the meaning of any Workers' Compensation law, or any law which would entitle benefits arising out of any state or federal unemployment or old age fund or similar law, or any right or privilege extended by AGENCY to its employees. COLLEGE has no power to bind AGENCY, by contract or otherwise, except as herein provided as to the sale of public transportation.
- B. AGENCY is an independent contractor and not a beneficiary or employee of COLLEGE within the meaning of any Workers' Compensation law, or any law which would entitle benefits arising out of any state or federal unemployment or old age fund or similar law, or any right or privilege extended by COLLEGE to its employees. AGENCY has no power to bind COLLEGE, by contract or otherwise, except as herein provided as to the sale of public transportation.

ARTICLE 3. INDEMNITY

- A. COLLEGE shall be responsible for such COLLEGE cards held by it and shall indemnify and hold the AGENCY harmless from any loss whatsoever to such COLLEGE cards and monies, whether occasioned by theft or otherwise.
- B. COLLEGE shall defend, indemnify and hold AGENCY, its officers, agents and employees harmless from and against any and all liability, loss, expense (including

reasonable attorney's fees), or claims for injury or damages arising out of the performance of this agreement but only in proportion to and to the extent such liability, loss expense, attorney's fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of COLLEGE, its officers, agents, or employees.

- C. AGENCY shall defend, indemnify and hold COLLEGE, its officers, agents and employees harmless from and against any and all liability, loss, expense (including reasonable attorney's fees), or claims for injury or damages arising out of the performance of this agreement but only in proportion to and to the extent such liability, loss expense, attorney's fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of AGENCY, its officers, agents, or employees.

ARTICLE 4. INSPECTION OF RECORDS

- A. COLLEGE shall permit an authorized representative of AGENCY, during business hours, to examine, inspect and audit all records and accounts pertaining to this program and this Agreement. COLLEGE shall make such items readily accessible, upon reasonable notice, to AGENCY during COLLEGE'S performance hereunder and for a period of four (4) years from the date of final payment to AGENCY hereunder.
- B. AGENCY shall permit an authorized representative of COLLEGE, during business hours, to examine, inspect and audit all records and accounts pertaining to this program and this Agreement. AGENCY shall make such items readily accessible, upon reasonable notice, to COLLEGE during AGENCY'S performance hereunder and for a period of four (4) years from the date of final payment from COLLEGE hereunder.

ARTICLE 5. ASSIGNMENT


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This Agreement shall not be assigned or transferred by COLLEGE without AGENCY'S prior written consent. The cards provided by COLLEGE to its students may not be assigned, transferred or used by any person other than the individual who received the card. In the event of dissolution of COLLEGE PASS program, this agreement shall terminate at the option of AGENCY.

ARTICLE 6. MODIFICATION

No modification of this Agreement shall be effective unless made in writing and signed by both parties.

ARTICLE 7. TERM

This Agreement shall be effective beginning August 23, 2010 and shall continue in full force and effect until August 22, 2015, or until canceled by either party upon written notice to the other party at least thirty (30) days prior to the effective date thereof. This agreement may be extended and or renewed by mutual agreement, but must be confirmed in writing to the parties in Article 10. Notification.

ARTICLE 8. TERMINATION

- A. COLLEGE shall pay AGENCY its payment for all student transportation fees collected by COLLEGE up to the date of termination. Thereafter AGENCY shall have no further claims against COLLEGE under Agreement.
- B. AGENCY may terminate this Agreement at any time for its convenience or for COLLEGE'S default if COLLEGE breaches any material provision of this Agreement and fails to cure such breach within ten (10) calendar days of receipt of written notice from AGENCY. If AGENCY so terminates for default, then COLLEGE shall pay AGENCY its payment for all student transportation fees collected by COLLEGE up to the date of termination. That payment shall be provided in full to AGENCY within thirty (30) calendar days of receipt of the notice of termination.
- C. COLLEGE may terminate this Agreement at any time for AGENCY'S default if

 
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AGENCY breaches any material provision of this Agreement and fails to cure such breach within ten (10) calendar days of receipt of written notice from COLLEGE. If COLLEGE so terminates for default, then COLLEGE shall pay AGENCY its payment for all student transportation fees collected by COLLEGE up to the date of termination. That payment shall be provided in full to AGENCY within thirty (30) calendar days of receipt of the notice of termination.

- D. COLLEGE may terminate this Agreement with thirty (30) days written notice to AGENCY if the student body and the Board of Trustees vote to repeal the Transportation Fee.
- E. It is understood that significant rerouting, rescheduling, discontinuance, or other such changes in service may defeat the purpose of this agreement. In such event, COLLEGE may terminate this agreement for convenience. If COLLEGE so terminates, then COLLEGE shall pay AGENCY its payment for all student transportation fees collected by COLLEGE up to the date of termination.

ARTICLE 9. SCHEDULING

No provision of this Agreement shall be construed to require AGENCY to continue to operate any bus service to or from the facility of COLLEGE or elsewhere during the term of this Agreement, and it is expressly agreed that the AGENCY shall incur no liability to COLLEGE by reason of any rerouting, rescheduling, discontinuance, or other changes in bus or other transit services operated by the AGENCY. In the event that AGENCY does find the need to reroute, reschedule, discontinue or otherwise make changes in bus or other transit services operated by AGENCY that would affect the students of COLLEGE, when possible AGENCY will provide at least thirty (30) days notice to COLLEGE of such change.

ARTICLE 10. NOTIFICATION

All notices hereunder and communications with respect to this Agreement shall be effective upon the mailing thereof by electronic, registered, or certified mail, return receipt requested, postage prepaid, and addressed as follows:

To COLLEGE:
Riverside Community College District
Ruth W. Adams, Esq., General Counsel
4800 Magnolia Ave.
Riverside, CA 92506
951-222-8001

To AGENCY:
Riverside Transit Agency
1825 Third St.
Riverside, CA 92507
ATTENTION: Vince Rouzaud
951-565-5180

ARTICLE 11. COMPLETE AGREEMENT

- A. This Agreement and documents incorporated herein constitute the complete and exclusive statement of the terms of the Agreement between AGENCY and COLLEGE and it supersedes all prior representations, understandings, and communications regarding the services provided hereunder. The invalidity in whole or in part of any provision of this Agreement shall not affect the validity of other provisions. AGENCY'S failure to insist in any one or more instances upon the performance of any term or terms of this Agreement shall not be construed as a waiver or relinquishment of AGENCY'S right to such performance or to future performance of such a term or terms, and COLLEGE'S obligation in respect thereto shall continue in full force and effect. Both parties agree time shall be of the essence under this agreement.
- B. Similarly, COLLEGE'S failure to insist in any one or more instances upon the performance of any term or terms of this Agreement shall not be construed as a waiver or relinquishment of COLLEGE'S right to such performance or to future performance of such a term or terms, and AGENCY'S obligation in respect thereto shall continue in full force and effect.
- C. Changes hereto shall not be binding upon AGENCY except when specifically confirmed in writing by an authorized member of AGENCY'S Purchasing Department. The

issuance of information, advice, approvals, or instructions by AGENCY'S technical personnel or other representatives shall be deemed expressions of personal opinions only and shall not affect AGENCY'S and COLLEGE'S rights and obligations hereunder.

- D. Similarly, changes hereto shall not be binding upon COLLEGE except when specifically confirmed in writing, approved by COLLEGE'S Board of Trustees, and signed by COLLEGE'S Vice Chancellor, Administration and Finance. The issuance of information, advice, approvals, or instructions by COLLEGE'S technical personnel or other representatives shall be deemed expressions of personal opinions only and shall not affect COLLEGE'S and AGENCY'S rights and obligations hereunder.

ARTICLE 12. GOVERNING LAW AND VENUE

The laws of the State of California, without regard to any conflicts of law provisions, shall govern any action or claim arising out of this agreement. The parties agree that the venue for any action or claim arising out of or related to this agreement shall be Riverside County. If any action or claim concerning this agreement is brought by a third party, the parties agree to use their best efforts to obtain a change of venue to Riverside County.

ARTICLE 13. FORCE MAJEURE

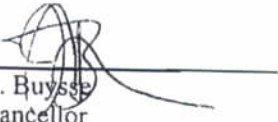
Either party shall be excused from performing its obligations under this Agreement during the time and to the extent that it is prevented from performing by an unforeseeable cause beyond its control including, but not limited to: any incidence of fire, flood; acts of God; commandeering of material, products, plants or facilities by the federal, state or local government; national fuel shortage; or a material act of omission by the other party; when satisfactory evidence of such cause is presented to the other party, and provided further that such nonperformance is unforeseeable, beyond the control and is not due to the fault or negligence of the party not performing.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the

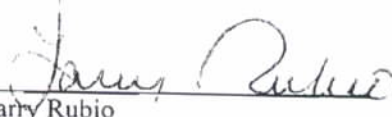

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day and year first above written.

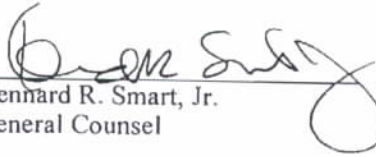
RIVERSIDE COMMUNITY
COLLEGE DISTRICT:

By 
James L. Buysse
Vice Chancellor
Administration and Finance

RIVERSIDE TRANSIT AGENCY:

By 
Larry Rubio
Chief Executive Officer

APPROVED AS TO FORM:

By 
Kennard R. Smart, Jr.
General Counsel



Associated Students of Moreno Valley College
16130 Lasselle Street, Moreno Valley California 92551
Ph: (951) 571-6268 * Fax: (951) 571-6152

September 26, 2012

Dr. Sandra Mayo, President
Moreno Valley College


Dr. Greg Sandoval, Vice President of Student Services
Moreno Valley College

This communication is from the Associated Students of Moreno Valley College (ASMVC) regarding the contract between Moreno Valley College and the Riverside Transit Agency (RTA). On Tuesday, May 1, 2012 and Wednesday, May 2, 2012, as a part of the General Student Body Elections, the Moreno Valley College Student Body voted to have the Mandatory Transportation Fee "removed". We, the Associated Students of Moreno Valley College with its constituents, requested that the process start to discontinue charging Moreno Valley College Students this Mandatory Transportation Fee effective Spring 2013.

On Wednesday, August 1, 2012, we, the Associated Students of Moreno Valley College alongside Administrators and Staff members met with representatives from the RTA. We, ASMVC have concluded that the contract between MVC and RTA be cancelled. Please see attached supporting documents for your reference in moving forward with this endeavor.

Respectfully Submitted,


Charmaine Williams
ASMVC President


Allan Malapitan
ASMVC Vice President

Student Activities Office, 16130 Lasselle Street, Moreno Valley, California, 92551
Ph: (951) 571-6105 Alt: (951) 571-6268 Fax: (951) 571-6152 asmvpres@rcc.edu ** asvpmv@rcc.edu
<http://www.mvc.edu/services/asmv> ** <http://www.facebook.com/ASMorenoValleyCollege>

Sandoval, Greg

Subject: RE: [External Sender] MVC Go Pass program

From: Eric Ustation [<mailto:eustation@riversidetransit.com>]

Sent: Wednesday, November 21, 2012 10:47 AM

To: Haeckel, Michelle

Subject: [External Sender] MVC Go Pass program

Good morning Michelle. Below is the email I would appreciate you sending on my behalf to the Board of Trustees. Please let me know if any additional information is needed. I would also appreciate it if you could confirm receipt of this email by way of email response.

Thank you and have a tremendous Thanksgiving,
Eric

Greetings Trustees, my name is Eric Ustation and I am the Government Affairs Representative for the Riverside Transit Agency (RTA).

It is my understanding that there will be an item before the Board at your December meeting dealing with the discontinuation of the Go Pass program at Moreno Valley College, which became an issue based off a student election in April that voted down the program at the campus. RTA believes that the Go Pass program benefits many students by providing unlimited rides on our fixed route buses each semester for a very nominal fee. We would hate to see the program disappear. In fact, the program continues to grow in popularity and now over 20% of Moreno Valley College students have utilized the Go Pass program this semester.

I would greatly appreciate it if you could call me at your convenience so we may further discuss the matter and how the Go Pass program is a great benefit to not only Moreno Valley College, but also the Riverside Community College District as a whole. I can be reached at (951) 565-5250, or at eustation@riversidetransit.com if email communication is preferred.

Thank you in advance and I look forward to hearing from you soon.

Eric Ustation

Government Affairs Representative
Riverside Transit Agency
1825 Third Street
Riverside, CA 92507
951-565-5250

AMENDMENT TO COLLEGE GO-PASS REVENUE AGREEMENT NO. 10-035

This document amends the original agreement between the Riverside Community College District and Riverside Transit Agency, which was approved by the Board of Trustees on April 20, 2010.

The agreement is hereby amended as follows:

Paragraph B.b.iii. shall now read as follows: Is a student whose home campus is Riverside, and who has paid the transportation fee.

Paragraph B.h. shall now read as follows: COLLEGE will designate all students whose registered home campus is the Moreno Valley Campus or the Norco Campus with a visually unique identification card as neither campus is a party to this Agreement.

All other terms and conditions of the original agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date written below.

RIVERSIDE COMMUNITY COLLEGE
DISTRICT

RIVERSIDE TRANSIT AGENCY

By: _____
James L. Buysse, Vice Chancellor,
Administration and Finance

By: _____
Larry Rubio
Chief Executive Officer

Dated: _____

Dated: _____



Agenda Item (IV-C-2)

Meeting	12/4/2012 - Committee/Regular Board
Agenda Item	Committee - Planning and Operations (IV-C-2)
Subject	Update on District Strategic Planning Process
College/District	District
Information Only	

Background Narrative:

The Riverside Community College's District Strategic Plan, 2008-2012, was approved by the Board of Trustees on October 21, 2008. This plan was developed when RCCD was a single-college, multi-campus district, prior to the approval of independent college status for Moreno Valley and Norco. The plan was intended to be resilient and flexible enough to adjust to and address future issues.

Recognizing the significant changes that have taken place in the District during the last three years, the District Strategic Planning Committee is now engaged in the process of updating the plan based on an assessment of the existing plan and a new environmental scan. This report provides an overview of the process as of early December 2012. A full report will be presented to the Board in January 2013 and presentation of the updated District Strategic Plan will be presented in April 2013.

Prepared By: Ray Maghroori, Provost/Vice Chancellor, Educational Services
Sylvia Thomas, Associate Vice Chancellor, Educational Services
David Torres, Dean, Institutional Research

Attachments:

[District Strategic Planning Process Updated](#)

District Strategic Planning Process Update

Beginning in April 2001, Riverside Community College District undertook the task of identifying, evaluating and implementing a strategic planning model for the District. Since then, the district strategic plan (and its associated planning process) has gone through changes and evaluation, both in response to the evolving planning process as well as in direct response to the structural changes associated with the conversion of a one-college , multi-campus district to a three-college structure.

The District's current strategic plan was approved by the Board of Trustees on October 21, 2008. This plan was developed prior the independent college status of Moreno Valley and Norco. The plan was intended to facilitate the transition to a multi-college structure and yet be flexible enough to address the issues that were not anticipated in 2008.

Recognizing the importance of the strategic planning process, the associate vice chancellor for institutional effectiveness was given the responsibility for providing leadership for the strategic planning process. She provided updates to the Board in October 2009 and again in October 2010. A report covering two years (2011 and 2012) will be presented to the Board in January 2013.

The District's strategic plan adopted in 2008 included 6 themes. These were:

- Student Access
- Student Success
- Service to the Community
- System Effectiveness
- Financial Resource Development
- Organizational and Professional Development

In fall 2009, at the request of District's new chancellor, the Strategic Planning Committee approved an additional theme: Green Initiatives. Thus, the last strategic planning update to the Board included updates regarding seven themes.

The District's Norco and Moreno Valley colleges became independently accredited colleges on July 1, 2009. As part of their accreditation process each of these colleges developed its own strategic plans.

Given the above changes and evolution, Chancellor Gray requested that the District engage in a substantive and comprehensive process to review and update its Strategic Plan, which would be a plan that is specific to the District's new structure. Based upon this directive from the Chancellor, the Strategic Planning Committee requested that the District commission a comprehensive external environmental scan which would then guide the development of the new strategic plan for the District.

In July 2012, the District asked Dr. Esteban Soriano, a leading strategic planning consultant to prepare an external environmental scan for the District. Furthermore, he facilitated the process for examining and updating the Districts' strategic plan. Dr. Soriano's External Scan was presented to the District Strategic Planning Committee in September. He will present the Board with summary of his finding in April 2013. In addition to the external scan report, the Board will be presented with report regarding District's new strategic plan which has been designated as the Centennial Plan, which will cover 2013-2016.

As of the last week, the preparation of Centennial Plan has gone through the following processes:

The Making of Centennial Strategic Plan

Wednesday, April 4, 2012. In a memo to DSPC members, Chancellor Gray wrote: "In 2007, the District and Board approved the RCCD Strategic Plan (2008-12). It is now time to revisit the District plan in preparation for the issuance of an RCCD Centennial Strategic Plan covering 2012-2016. Any sound and useful strategic plan is predicated on a shared understanding and commitment to the institution's vision, mission, and values."

Friday, May 4, 2012. At the monthly meeting of the DSPC, Chancellor Gray reiterated his intention to revise the District's strategic plan. He pointed out that RCCD will be 100 years old in 2016. Thus, it is appropriate for the District to embark on preparing a new strategic plan, known as the RCCD Centennial Plan. Chancellor Gray pointed out the current DSP was developed when RCCD was beginning to make a transition from a multi-campus district to a multi-college District and thus a review of the DSP was in order. Subcommittee were formed to discuss review District's values, vision, and mission.

Friday, June 4, 2012. DSPC met and discussed revisions to the District's mission, vision and values. The committee felt that an External Environmental Scan could assist with the process. Additionally, the committee requested that the District would also conduct an SWOT (strengths, weaknesses, opportunities, threats) analysis on the external scan to support the Strategic Plan. Chancellor Gray agreed with the recommendation to hire a consultant to conduct the process and assist with the preparation of the Strategic Plan.

Tuesday, July 8, 2012. Vice Chancellor Maghroori invited Dr. Esteban Soriano, an expert in community college strategic planning, to serve as consultant to the District Strategic Planning Committee and prepare an external scan for the District.

Friday, August 31, 2012. The District's Strategic Planning Committee's membership includes a wide range of constituencies, including college strategic planning chairs, college presidents, college senate presidents, CSEA, students and confidential representative.

Friday, September 14, 2012. The District Strategic Planning Committee (DSPC) met at RCC's Culinary Academy to hear Dr. Soriano's External Scan.

Friday, September 28. District Strategic Planning Committee convened at RCC's Culinary Academy all day to discuss the implication of RCCD's External Scan and identify RCCD's Strategic Plan themes. The

afternoon was devoted to a SWOTS (strengths, weaknesses, opportunities, threats, and *strategies*) analysis examining the impact of the external scan findings on RCCD's Strategic Plan themes.

Friday, October 12, 2012. DSPC met to discuss goals related to District's revised strategic themes. Dr. Soriano facilitated discussion and committee members decided on District's goals.

Tuesday, October 16, Chancellor Gray sent copies of the draft prepared at the DSPC meeting on October 12, 2012 to the DSPC members for their comments and input.

Wednesday, October 24, 2012, Chancellor Gray sent a draft of the revised District Strategic Plan to DSPC members, asking them to share it with their committees and colleagues.

Friday, October 26, 2012, Chancellor Gray sent out copies of the District's Strategic Plan to the entire RCCD community, inviting comments and suggestions.

Friday, November 9, 2013. The committee met and discussed various recommendations it had received from committees and individuals throughout the District. After considerable discussion, the committee revised the text of the strategic plan and it approved of the November 9, 2012 District Strategic Plan edition.

Wednesday, November 14, 2012. Chancellor Gray submitted the November 9th, edition of the District Strategic Plan to the entire RCCD community for their review and comment. In addition, the plan was also submitted specifically to the following groups:

- Moreno Valley Senate President
- Norco Senate President
- Riverside Senate President
- CSEA President
- Confidential Representative
- CTA President
- Moreno Valley Student Association President
- Norco Student Association President
- Riverside Student Association President
- Student Trustee
- Moreno Valley Academic Planning Council
- Norco Academic Planning Council

- Riverside Academic Planning Council
- Moreno Valley College President
- Norco College President
- Riverside College President
- Management Leadership Association President

Comments and responses from the above groups, along with those from the entire district will be reviewed by the District Strategic Planning Committee in March 2013. A final copy of the plan will be brought to the Board in April 2013.



Agenda Item (IV-D-1)

Meeting	12/4/2012 - Committee/Regular Board
Agenda Item	Committee - Resources (IV-D-1)
Subject	Tentative Project Budget and Borrowing of Measure C for Pathways to Excellence (Title V) Engagement Center Renovation Project at Martin Luther King High Technology Center
College/District	Riverside
Funding	Title V Hispanic Serving Institutions (HSI) Grant and College Allocated Measure C Funds
Recommended Action	It is recommended the Board of Trustees approve: (1) the Pathways to Excellence Engagement Center renovation project at Riverside City College; (2) a project budget in the amount of \$365,345; and (3) the borrowing of Measure C funds in the amount of \$227,056 for the Pathways to Excellence Engagement Center renovation project while awaiting annual reimbursement from the U.S. Department of Education.

Background Narrative:

Riverside City College was successful in obtaining a Title V, Hispanic Serving Institutions (HSI) grant beginning in the 2011-2012 academic year. The purpose of the grant is to develop pathways toward completion (certificate, degree or transfer) and engage students and faculty to increase the success rates of Hispanic and low-income students. The scope of the project requires the remodeling of 4,516 square feet of space in MLK to establish an Engagement Center that includes study spaces, a computer lab, and classroom space to support at-risk students. The Engagement Center will also serve as a faculty professional development center where faculty may receive training on classroom technology. The Riverside City College Strategic Planning process has determined the most cost-effective way of achieving this objective is to renovate portions of the Martin Luther King Jr. High-Technology Center (MLK) to make it more accessible and easier to navigate the various student services provided in each of its three floors. The \$365,345 budget allocated in the Title V HSI grant is awarded over a five-year period. Year 1 of the construction budget has been released in the amount of \$73,069. A Grant Award Notification letter has been received for Year 2, indicating the budgeted amount of \$65,220 is available to the grant. The remaining construction budget in the amount of \$227,056 (for years 3 through 5) will be released annually over the remaining term of the five-year grant. To ensure that the renovation project stays on track and the objectives of the grant are met, it is requested that the board approve the borrowing of Measure C funds in the amount of \$227,056 to complete the remodel. This amount will be repaid by the U.S. Department of Education through reimbursement requests over the next three years of the grant. Title V HSI grant proposal attached for the Board's review and consideration.

Prepared By: Cynthia Azari, President, Riverside City College
Wolde-Ab Isaac, Vice President, Academic Affairs
Shelagh Camak, Executive Dean, Workforce & Resource Development

Attachments:

[RCC Title V Abstract](#)

ABSTRACT

Riverside City College (RCC), Riverside, CA, is a dynamic, diverse, **public, two-year community college** that has served California’s “Inland Empire” for almost 100 years. The service area, part of the 14th largest metropolitan area in the US, has experienced rapid population growth (26.5%) since 2000, including a growing Latino population; the City of Riverside is home to almost 150,000 Mexican-American citizens (43.2%), the largest concentration in the Inland Empire. Serving **23,865 students, including 8,854 Latino students, in fall 2009**, Riverside City College (RCC) provides over 100 Associate’s degrees, transfer Degrees and career certificates. RCC is governed by a Board of Trustees and is accredited by the Western Association of Schools and Colleges.

Reflecting service area characteristics, **RCC students (38.7% Latino**, 65.4% traditional aged, 58.4% female) are typically first-generation college students (70.7%), receiving need-based financial aid (37%), underprepared upon entry (85.3%), and part-time (68.3%). More than 90% of RCC’s **234 faculty** members hold master’s or doctoral degrees; 13% are Latino; 53% are female; and 63% have been at RCC less than 10 years.

Significant Problems and Weaknesses: Fewer than half (47.7%) of RCC students are achieving successful educational outcomes within six years, that number is declining, and rates for Latino students are worse (<40%). Low course success (62%), low course completion (<65%), low student engagement, and low Fall-to-Fall persistence (<45%) indicate that **students need more comprehensive support than the College is providing**. However, limited resources, caught in California’s “cash crisis”, inhibit institutional ability to develop a comprehensive model for student engagement to increase persistence and completion.

Proposed Solution: To address these problems, Riverside City College requests funding for *Senderos a Excelencia: Pathways to Excellence*. This Activity has three interdependent components designed to (1) *Engage RCC Students* with intensive exploration of students’ skills, interests, and abilities as they relate to career pathways in Business/Career-Technical, STEM, Liberal Arts/Humanities and intensive academic planning (first-semester Pathway Plans, Student Education Plans, Pathway Advising); (2) *Engage RCC Faculty* and Staff with professional development in strategies to support students who are Hispanic, low-income/at-risk, and/or transferring to four-year degrees and in interacting with and teaching students in virtual environments; and (3) bring these groups together in *Physical and Virtual Engagement Centers* that promote connections and collaboration among students and Faculty, using collaborative technologies to open new lines of communication and increase persistence and graduation rates.

Total Funds Requested for Five Years = \$3,180,317

Description	Total
Heavy Renovation (demolition, partitions, walls, electrical systems)	\$108,370
Light Renovation (floors, ceiling tile, painting, reference counter, signage, cleanup, dust control & disposal)	\$88,150
Wiring (communications & security)	\$21,000
Fees (architect, project management, structural, electrical engineers, documentation, contractor, construction testing/inspection)	\$128,914
Escalation (7%)	\$18,911
Total Estimated Cost	\$365,345



Agenda Item (IV-D-2)

Meeting	12/4/2012 - Committee/Regular Board
Agenda Item	Committee - Resources (IV-D-2)
Subject	2011-2012 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 reports for the year ended June 30, 2012 for the permanent file of the District.

Background Narrative:

In accordance with Education Code Section 84040(b), an independent audit of the District's 2011-2012 financial statements was performed by Vavrinek, Trine, Day & Co., LLP Certified Public Accountants (VTD). A copy of the report is attached. A representative of the firm will be available to present the report at the December 4, 2012, Committee meeting. Results of the audit are summarized below.

Auditor's Opinion

The auditor has issued an unqualified opinion for the financial audit; an excerpt of which follows:

Financial Audit – "In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Riverside Community College District and its discretely presented component unit as of June 30, 2012 and 2011, and the respective changes in financial position and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America."

Current Year Audit Findings

There are two current year audit findings as summarized on page 84 and in detail on pages 86 through 88 of the accompanying audit report. In all other respects, the District was found compliant with Federal and State requirements.

Prior Year Audit Findings

The recommendations regarding prior year audit findings were implemented, albeit with one exception. These matters are discussed on pages 89 through 97.

Auditor's Required Communication – Audit Completion

In accordance with Statement on Auditing Standards No. 114, at the conclusion of the audit engagement the audit firm, VTD, is required to communicate information to the Board of Trustees regarding its responsibilities under United States Generally Accepted Auditing Standards and OMB Circular A-133, concerning significant accounting policies, accounting estimates, significant audit adjustments and uncorrected misstatements, disagreements with management, consultation with other independent accountants, issues discussed prior to retention of independent auditors and difficulties encountered in performing the audit. Also attached for your information is the required communication issued by VTD.

Prepared By: Jim Buysse, Vice Chancellor, Administration & Finance
Aaron Brown, Associate Vice Chancellor, Finance
Bill Bogle, Controller

Attachments:

[12042012_VTD Audit Findings](#)
[12042012_RCCD Annual Financial Report](#)



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

VALUE THE DIFFERENCE

To the Board of Trustees
Riverside Community College District
Riverside, California

We have audited the basic financial statements of Riverside Community College District (the District) for the year ended June 30, 2012, and have issued our report thereon dated November 26, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities Under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the District's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major Federal programs for the purpose of expressing an opinion on the District's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the District's compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 2 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year.

To the Board of Trustees
Riverside Community College District
Page 2

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the cost of capital assets net of accumulated depreciation. Depreciation is the recognition of the use of the capital assets over time. Conditions may exist that result in assets having a longer or shorter useful life than is reflected within these statements. We evaluated the key factors and assumptions used to develop depreciation in determining that it is reasonable in relation to the financial statements taken as a whole. This information is disclosed in Note 5 to the financial statements.

Additionally, the estimate of the future costs of postemployment benefits provided to retirees is based upon current information about the District's employees, benefit plans, and health care rates. These factors are considered by the actuary in determining both the estimated liability and the current year required contribution to the plan. Note 11 to the financial statements provides additional information about the actuarial methods and assumptions, and the Required Supplementary Information provides the schedule of progress toward funding this liability.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

Disagreements With Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 26, 2012.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

To the Board of Trustees
Riverside Community College District
Page 3

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

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

Vaurinek, Tine, Day & Co., LLP.

Riverside, California
November 26, 2012



RIVERSIDE COMMUNITY
COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2012 AND 2011

RIVERSIDE COMMUNITY COLLEGE DISTRICT

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FINANCIAL SECTION



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

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Riverside Community College District
Riverside, California

We have audited the accompanying basic financial statements of Riverside Community College District (the District) as of and for the years ended June 30, 2012 and 2011, and its discretely presented component unit Riverside Community College District Foundation (the Foundation) as listed in the Table of Contents as of and for the year ended June 30, 2011. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the Foundation which represents 100 percent of the assets, net assets, and revenues of the District's aggregate discretely presented component unit as of June 30, 2012, and for the year then ended. Those statements were audited by other auditors whose report dated November 6, 2012, thereon has been furnished to us and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the basic financial statements referred to above present fairly, in all material respects, the financial position of Riverside Community College District and its discretely presented component unit as of June 30, 2012 and 2011, and the respective changes in financial position and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 16 to the financial statements, the State of California continues to suffer the effects of a recessionary economy, which directly impacts the funding formula of Riverside Community College District.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the supplementary information, such as Management's Discussion and Analysis on pages 4 through 11 and the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 60, 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.

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

Vaurinek, Time, Day & Co., LLP.

Riverside, California
November 26, 2012

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, 2012. The report consists of three basic financial statements: the Statement of Net Assets; Statement of Revenues, Expenses, and Changes in Net Assets; and Statement of Cash Flows and provides information about the District as a whole. This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2012. Please read it in conjunction with the District's financial statements, which immediately follow this section. Responsibility for the completeness and accuracy of this information rests with District management.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Riverside Community College District's financial statements are presented in accordance with Governmental Accounting Standards Board Statements (GASB) No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and No. 35, *Basic Financial Statements - and Management Discussion and Analysis - for Public College and Universities*. These statements allow for the presentation of financial activity and results of operations which focuses on the District as a whole. The entity-wide financial statements present the overall results of operations whereby all of the District's activities are consolidated into one total versus the traditional presentation by fund type. The focus of the Statement of Net Assets is designed to be similar to the bottom line results of the District. This statement combines and consolidates current financial resources with capital assets and long-term obligations. The Statement of Revenues, Expenses, and Changes in Net Assets focuses on the costs of the District's operational activities with revenues and expenses categorized as operating and nonoperating, and expenses are reported by natural classification. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

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

FINANCIAL HIGHLIGHTS

- The District's primary funding source is from apportionment received from the State of California. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). During the 2011-2012 fiscal year, total reported resident FTES were 25,858 as compared to 29,149 in the 2010-2011 fiscal year. Total unfunded credit FTES was 1,097 for fiscal year 2011-2012 and 2,258 for fiscal year 2010-2011.
- Several construction and modernization projects at the District's three colleges resulted in completed buildings, building improvements, and improvements to sites totaling \$95,408,776 in the 2011-2012 fiscal year. The projects, listed below, are funded both through State construction revenues and through the District's voter approved General Obligation Bond, Measure C.

Nursing Science Building - Riverside
Wheelock Gymnasium Seismic Retrofit - Riverside
Quad Basement Remodel - Riverside

March Dental Education Center - Moreno Valley
Citrus Savings and Loan Gallery - District
Allied Health Redistribution - Moreno Valley

RIVERSIDE COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION)

JUNE 30, 2012 AND 2011

- Employee salaries decreased by 8.17 percent or \$9.3 million from the 2010-2011 fiscal year and employee benefits increased by 2.17 percent or \$.7 million. The decrease in salaries is primarily due to a District-wide hiring freeze for full-time employees and a supplementary retirement plan (SRP) offer enacted in fiscal year 2011-2012. In addition, the use of part-time faculty decreased because of an apportionment reduction which resulted in fewer class section offerings during the academic year. The increase in benefit costs is primarily due to the aforementioned supplementary retirement plan (SRP) offer and an increase in health and welfare benefits.
- During the 2011-2012 fiscal year, the District provided over \$60.4 million in financial aid to students attending classes at the three colleges. This aid was provided in the form of grants, scholarships, loans, and tuition reductions funded through the Federal government, State Chancellor's Office, and local funding as shown below.

Federal Pell Grants (PELL)	\$ 38,096,698
Federal Supplement Education Opportunity Grant (FSEOG)	667,101
Federal Direct Student Loans (Direct Loans)	4,295,924
Federal Work Study Program (FWS)	636,832
State of California Cal Grant B (CALG-B)	1,814,345
State of California Cal Grant C (CALG-C)	64,458
California Community College Board of Governor's Fee Wavier	14,870,480
Total Financial Aid Provided to Students	<u>\$ 60,445,838</u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION)
JUNE 30, 2012 AND 2011**

THE DISTRICT AS A WHOLE

Net Assets

Table 1

(Amounts in thousands)

	2012	2011	Change	2010	Change
ASSETS					
Current Assets					
Cash and investments	\$ 110,626	\$ 161,776	\$ (51,150)	\$ 85,170	\$ 25,456
Accounts receivable (net)	48,272	52,590	(4,318)	45,126	3,146
Other current assets	237	236	1	298	(61)
Total Current Assets	<u>159,135</u>	<u>214,602</u>	<u>(55,467)</u>	<u>130,594</u>	<u>28,541</u>
Other noncurrent assets	1,541	1,623	(82)	814	727
Capital assets (net)	<u>335,581</u>	<u>301,606</u>	<u>33,975</u>	<u>247,976</u>	<u>87,605</u>
Total Assets	<u>496,257</u>	<u>517,831</u>	<u>(21,574)</u>	<u>379,384</u>	<u>116,873</u>
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	35,100	42,785	(7,685)	36,753	(1,653)
Current portion of long-term obligations	<u>8,592</u>	<u>7,101</u>	<u>1,491</u>	<u>9,523</u>	<u>(931)</u>
Total Current Liabilities	<u>43,692</u>	<u>49,886</u>	<u>(6,194)</u>	<u>46,276</u>	<u>(2,584)</u>
Long-Term Obligations	<u>250,264</u>	<u>250,959</u>	<u>(695)</u>	<u>137,554</u>	<u>112,710</u>
Total Liabilities	<u>293,956</u>	<u>300,845</u>	<u>(6,889)</u>	<u>183,830</u>	<u>110,126</u>
NET ASSETS					
Invested in capital assets	180,204	181,872	(1,668)	154,937	25,267
Restricted	21,943	27,176	(5,233)	35,121	(13,178)
Unrestricted	154	7,938	(7,784)	5,496	(5,342)
Total Net Assets	<u>\$ 202,301</u>	<u>\$ 216,986</u>	<u>\$ (14,685)</u>	<u>\$ 195,554</u>	<u>\$ 6,747</u>

The District's components of assets, liabilities, and net assets are noted on page 13.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION)

JUNE 30, 2012 AND 2011

Operating Results for the Year

The results of this year's operations for the District as a whole are reported in the Statement of Revenues, Expenses, and Changes in Net Assets on page 14.

Table 2

(Amounts in thousands)

	2012	2011	Change	2010	Change
Operating Revenues					
Tuition and fees (net)	\$ 13,820	\$ 14,248	\$ (428)	\$ 15,133	\$ (1,313)
Other operating revenues	3	2	1	54	(51)
Total Operating Revenues	13,823	14,250	(427)	15,187	(1,364)
Operating Expenses					
Salaries and benefits	137,923	146,574	(8,651)	143,753	(5,830)
Supplies and maintenance	41,668	31,623	10,045	31,635	10,033
Student financial aid	45,575	51,888	(6,313)	36,424	9,151
Depreciation	11,833	11,095	738	8,481	3,352
Total Operating Expenses	236,999	241,180	(4,181)	220,293	16,706
Loss on Operations	(223,176)	(226,930)	3,754	(205,106)	(18,070)
Nonoperating Revenues					
State apportionments	88,517	100,149	(11,632)	93,478	(4,961)
Property taxes	36,803	36,033	770	37,963	(1,160)
State revenues	4,814	5,078	(264)	4,901	(87)
Federal and State grants and contracts	67,186	74,535	(7,349)	57,468	9,718
Net investment income	1,331	1,622	(291)	2,133	(802)
Net interest expense	(15,265)	(12,287)	(2,978)	(7,313)	(7,952)
Other nonoperating revenues	12,175	12,877	(702)	15,632	(3,457)
Loss on disposal of assets	(11)	(22)	11	-	(11)
Total Nonoperating Revenue	195,550	217,985	(22,435)	204,262	(8,712)
Other Revenues					
State capital income	12,941	30,377	(17,436)	9,851	3,090
Net Increase (Decrease) in Net Assets	\$ (14,685)	\$ 21,432	\$ (36,117)	\$ 9,007	\$ (23,692)

The District's primary revenue sources are local property taxes, student enrollment fees, and State apportionment. Property taxes levied and received from property within the District's boundaries increased slightly during the year. State apportionments decreased due to a decline in funded enrollment as a result of State budget cuts.

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 (REQUIRED SUPPLEMENTARY INFORMATION)

JUNE 30, 2012 AND 2011

During 2011-2012, the District's interest income was \$1.3 million and interest expense was \$15.3 million. Interest income is primarily derived from cash held in the Riverside County Treasury. Interest income has decreased approximately \$0.3 million from the 2010-2011 fiscal year due to significantly lower interest rates and the State's apportionment deferral strategy passed along to community colleges. An increase in the General Obligation Bond principal resulting from the Series 2010 D issuance in November 2010 has resulted in increased interest expense for the year.

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, 2012:

(Amounts in thousands)

	Salaries and Employee Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Depreciation	Total
Instructional activities	\$ 64,973	\$ 4,532	\$ -	\$ -	\$ 69,505
Academic support	36,714	16,669	-	-	53,383
Student services	16,514	2,855	-	-	19,369
Plant operations and maintenance	6,674	5,212	-	-	11,886
Instructional support services	5,232	659	-	-	5,891
Community services and economic development	1,239	523	-	-	1,762
Ancillary services and auxiliary operations	6,193	2,993	-	-	9,186
Student aid	-	-	45,575	-	45,575
Physical property and related acquisitions	385	8,225	-	-	8,610
Unallocated depreciation	-	-	-	11,833	11,833
Total	\$ 137,924	\$ 41,668	\$ 45,575	\$ 11,833	\$ 237,000

RIVERSIDE COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION)

JUNE 30, 2012 AND 2011

Year ended June 30, 2011:

	Salaries and Employee Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Depreciation	Total
Instructional activities	\$ 68,846	\$ 5,445	\$ -	\$ -	\$ 74,291
Academic support	40,622	13,651	-	-	54,273
Student services	16,593	1,947	-	-	18,540
Plant operations and maintenance	7,067	4,194	-	-	11,261
Instructional support services	5,193	580	-	-	5,773
Community services and economic development	1,435	526	-	-	1,961
Ancillary services and auxiliary operations	6,438	3,254	-	-	9,692
Student aid	-	-	51,887	-	51,887
Physical property and related acquisitions	380	2,027	-	-	2,407
Unallocated depreciation	-	-	-	11,095	11,095
Total	<u>\$ 146,574</u>	<u>\$ 31,624</u>	<u>\$ 51,887</u>	<u>\$ 11,095</u>	<u>\$ 241,180</u>

Changes in Cash Position

Table 4

(Amounts in thousands)

	2012	2011	Change	2010	Change
Cash Provided by (Used in)					
Operating activities	\$ (211,183)	\$ (210,238)	\$ (945)	\$ (182,881)	\$ (28,302)
Noncapital financing activities	201,311	212,464	(11,153)	186,206	15,105
Capital financing activities	(42,709)	72,875	(115,584)	(34,796)	(7,913)
Investing activities	1,431	1,505	(74)	2,190	(759)
Net Increase (Decrease) in Cash	(51,150)	76,606	(127,756)	(29,281)	(21,869)
Cash, Beginning of Year	161,776	85,170	76,606	114,451	47,325
Cash, End of Year	<u>\$ 110,626</u>	<u>\$ 161,776</u>	<u>\$ (51,150)</u>	<u>\$ 85,170</u>	<u>\$ 25,456</u>

The Statement of Cash Flows on pages 15 and 16 provides information about our cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and its need for external financing. The District's primary operating receipts are student tuition and fees and Federal, State, and local grants and contracts. The primary operating expense of the District is the payment of salaries and benefits to faculty, administrators, and classified staff.

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION)

JUNE 30, 2012 AND 2011

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the District had \$423.2 million in a broad range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2012, the District's net capital assets were \$335.6 million. Major capital improvement projects are ongoing throughout the college campuses. These projects are primarily funded through State Construction Revenues and District General Obligation Bonds. Projects are accounted for within our Construction in Progress account until the project is completed at which time the cost of the buildings and/or improvements will be recorded to the depreciable Buildings and Improvement category.

Table 5

(Amounts in thousands)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land and construction in progress	\$ 111,515	\$ 42,737	\$ (96,292)	\$ 57,960
Buildings and land improvements	234,990	95,409	-	330,399
Equipment and vehicles	31,047	3,964	(202)	34,809
Subtotal	377,552	142,110	(96,494)	423,168
Accumulated depreciation	(75,946)	(11,833)	191	(87,588)
	<u>\$ 301,606</u>	<u>\$ 130,277</u>	<u>\$ (96,303)</u>	<u>\$ 335,580</u>

Obligations

At the end of the 2011-2012 fiscal year, the District had \$243.1 million in General Obligation Bonds outstanding. These bonds are repaid in annual installments, in accordance with the obligation requirements, 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, and retirement payments.

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION)
JUNE 30, 2012 AND 2011**

Table 6

(Amounts in thousands)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
General obligation bonds	\$ 244,440	\$ 1,436	\$ (2,727)	\$ 243,149
Other liabilities	11,463	4,386	(3,282)	12,567
Total Long-Term Obligations	<u>\$ 255,903</u>	<u>\$ 5,822</u>	<u>\$ (6,009)</u>	<u>\$ 255,716</u>
 Amount due within one year				 <u>\$ 5,452</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revises its budget to provide for unanticipated changes in revenues and expenditures. The Board of Trustees adopted the final amendment to the budget for the 2011-2012 fiscal year on June 18, 2012.

The District's final revised budget for the unrestricted General Fund anticipated that expenditures would exceed revenue by \$6.5 million. The actual results for the year showed revenues exceeded expenditures by \$6.0 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 67.72 percent. The District reported a large decrease in total reported FTES during fiscal year 2011-2012. Due to significant declines in State apportionment funding in fiscal years 2011-2012 and 2012-2013, the District offered fewer sections to reduce costs and the number of unfunded FTES. The District's fiscal year 2012-2013 adopted budget incorporated budget strategies to mitigate projected budget shortfall totaling \$14.3 million. The District continues to monitor enrollment and operating costs of the District to ensure ongoing financial stability and retain the reserve levels required by Board Policy and the State Chancellor's Office.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Riverside Community College District at 4800 Magnolia Avenue, Riverside, California 92506.

BASIC FINANCIAL STATEMENTS

RIVERSIDE COMMUNITY COLLEGE DISTRICT

STATEMENTS OF NET ASSETS - PRIMARY GOVERNMENT JUNE 30, 2012 AND 2011

	2012	2011
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,243,741	\$ 499,351
Investments - unrestricted	1,333,557	9,314,247
Investments - restricted	108,048,997	151,962,589
Accounts receivable	47,912,606	52,224,808
Student accounts receivable, net	331,086	365,368
Due from fiduciary funds	28,742	29,519
Prepaid expenses	107,561	73,350
Deferred cost on issuance	99,156	101,551
Inventories	29,791	31,336
Total Current Assets	159,135,237	214,602,119
Noncurrent Assets		
Deferred cost on issuance - noncurrent portion	1,541,226	1,623,318
Nondepreciable capital assets	57,959,748	111,514,319
Depreciable capital assets, net of depreciation	277,620,424	190,091,534
Total Noncurrent Assets	337,121,398	303,229,171
TOTAL ASSETS	496,256,635	517,831,290
LIABILITIES		
Current Liabilities		
Accounts payable	15,032,228	19,986,265
Short-term borrowing	8,960,000	11,710,000
Accrued interest payable	6,371,623	5,922,703
Due to fiduciary funds	38,159	48,154
Deferred revenue	4,698,014	5,118,264
Claims liability	3,140,000	2,156,829
Compensated absences payable - current portion	1,498,186	1,206,283
Bonds payable - current portion	2,635,000	2,330,000
Lease obligations - current portion	33,913	44,576
Other long-term obligations - current portion	1,284,856	1,363,515
Total Current Liabilities	43,691,979	49,886,589
Noncurrent Liabilities		
Compensated absences payable - noncurrent portion	1,090,966	1,408,075
Bonds payable - noncurrent portion	232,889,196	234,088,275
Net debt premium	7,624,866	8,021,939
Lease obligations - noncurrent portion	108,593	140,412
Other long-term obligations - noncurrent portion	8,550,056	7,299,880
Total Noncurrent Liabilities	250,263,677	250,958,581
TOTAL LIABILITIES	293,955,656	300,845,170
NET ASSETS		
Invested in capital assets, net of related debt	180,204,231	181,872,460
Restricted for:		
Debt service	5,279,651	5,940,516
Capital projects	7,891,527	8,908,267
Educational programs	8,771,829	12,327,354
Unrestricted	153,741	7,937,523
TOTAL NET ASSETS	\$ 202,300,979	\$ 216,986,120

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS - PRIMARY GOVERNMENT
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES		
Student Tuition and Fees	\$ 28,691,148	\$ 25,422,048
Less: Scholarship discount and allowance	(14,870,480)	(11,174,056)
Net tuition and fees	<u>13,820,668</u>	<u>14,247,992</u>
Other Operating Revenues	<u>2,794</u>	<u>1,941</u>
TOTAL OPERATING REVENUES	<u>13,823,462</u>	<u>14,249,933</u>
OPERATING EXPENSES		
Salaries	105,022,839	114,372,496
Employee benefits	32,900,152	32,201,817
Supplies, materials, and other operating expenses and services	31,269,625	30,321,355
Student financial aid	45,575,301	51,887,584
Equipment, maintenance, and repairs	10,397,955	1,301,734
Depreciation	<u>11,833,261</u>	<u>11,094,650</u>
TOTAL OPERATING EXPENSES	<u>236,999,133</u>	<u>241,179,636</u>
OPERATING LOSS	<u>(223,175,671)</u>	<u>(226,929,703)</u>
NONOPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	88,517,209	100,148,696
Federal grants	57,390,248	64,571,078
State grants	9,795,854	9,963,513
Local property taxes levied for general purposes	24,351,264	25,217,503
Local property taxes levied for capital debt	12,451,654	10,815,265
State taxes and other revenues	4,814,300	5,078,096
Investment income	1,292,122	1,552,553
Interest expense on capital related debt	(15,264,865)	(12,287,170)
Investment income on capital related debt, net	38,544	69,374
Loss on disposal of capital assets	(10,513)	(21,909)
Other nonoperating revenue	<u>12,174,187</u>	<u>12,877,617</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>195,550,004</u>	<u>217,984,616</u>
LOSS BEFORE OTHER REVENUES	<u>(27,625,667)</u>	<u>(8,945,087)</u>
OTHER REVENUES		
State revenues, capital	<u>12,940,526</u>	<u>30,377,255</u>
CHANGE IN NET ASSETS	(14,685,141)	21,432,168
NET ASSETS, BEGINNING OF YEAR	<u>216,986,120</u>	<u>195,553,952</u>
NET ASSETS, END OF YEAR	<u>\$ 202,300,979</u>	<u>\$ 216,986,120</u>

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 14,054,074	\$ 14,130,640
Short-term borrowings	(2,750,000)	690,000
Payments to vendors for supplies and services	(39,968,023)	(29,975,138)
Payments to or on behalf of employees	(136,946,669)	(143,197,856)
Payments to students for Federal direct student aid	(43,696,556)	(49,943,309)
Payments to students for State direct student aid	(1,878,745)	(1,944,275)
Other operating receipts	2,794	1,941
Net Cash Flows From Operating Activities	<u>(211,183,125)</u>	<u>(210,237,997)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State apportionments	81,559,205	97,308,958
Federal grants and contracts	59,575,682	63,345,722
State grants and contracts	8,852,242	10,221,544
Property taxes - non-debt related	24,513,244	25,385,465
State taxes and other apportionments	12,722,803	(396,424)
Other nonoperating	14,087,527	16,599,056
Net Cash Flows From Noncapital Financing Activities	<u>201,310,703</u>	<u>212,464,321</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(51,625,122)	(60,803,033)
Proceeds from sale of general obligation bonds	-	111,844,693
Proceeds from issuance of capital leases	-	176,088
State revenue, capital projects	12,940,526	30,377,255
Property taxes - related to capital debt	12,451,654	10,815,265
Principal paid on capital debt	(2,769,555)	(7,315,835)
Interest paid on capital debt	(15,264,865)	(12,287,170)
Interest received on capital related debt	38,544	69,374
Accreted interest on general obligation bonds	1,435,921	841,477
Deferred cost on issuance	84,487	(843,444)
Net Cash Flows From Capital Financing Activities	<u>(42,708,410)</u>	<u>72,874,670</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from investments	1,430,940	1,504,704
NET CHANGE IN CASH AND CASH EQUIVALENTS	(51,149,892)	76,605,698
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	161,776,187	85,170,489
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 110,626,295</u>	<u>\$ 161,776,187</u>

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF CASH FLOWS - PRIMARY GOVERNMENT, Continued
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	\$ (223,175,671)	\$ (226,929,703)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities:		
Depreciation and amortization expense	11,833,261	11,094,650
Changes in Operating Assets and Liabilities:		
Student receivables, net	34,282	8,607
Inventories	1,545	(9,154)
Prepaid expenses	(34,211)	134,720
Accounts payable and other accrued liabilities	1,240,905	1,581,508
Deferred revenue	520,453	(88,834)
Compensated absences	(99,672)	195,858
Supplementary Retirement Plan (SRP)	202,782	1,399,113
Other postemployment benefits (OPEB)	1,043,201	1,685,238
Short-term borrowings	(2,750,000)	690,000
Total Adjustments	<u>11,992,546</u>	<u>16,691,706</u>
Net Cash Flows From Operating Activities	<u>\$ (211,183,125)</u>	<u>\$ (210,237,997)</u>
 CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:		
Cash in banks	\$ 1,243,741	\$ 499,351
Unrestricted cash in county treasury	1,333,557	9,314,247
Restricted cash in county treasury	108,048,997	151,962,589
Total Cash and Cash Equivalents	<u>\$ 110,626,295</u>	<u>\$ 161,776,187</u>
 NON CASH TRANSACTIONS		
On behalf payments for benefits	\$ 3,132,192	\$ 2,721,709
Loss on disposal of capital assets	10,513	21,909
	<u>\$ 3,142,705</u>	<u>\$ 2,743,618</u>

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF FIDUCIARY NET ASSETS
 JUNE 30, 2012 AND 2011**

	2012	2011
	Trust	Trust
ASSETS		
Cash and cash equivalents	\$ 1,877,595	\$ 2,000,087
Accounts receivable, net	1,171	12,557
Due from primary government funds	38,159	48,154
Total Assets	<u>1,916,925</u>	<u>2,060,798</u>
LIABILITIES		
Accounts payable	48,474	65,210
Due to primary government funds	28,742	29,519
Due to student groups	991,095	971,508
Total Liabilities	<u>1,068,311</u>	<u>1,066,237</u>
NET ASSETS		
Unreserved	848,614	994,561
Total Net Assets	<u>\$ 848,614</u>	<u>\$ 994,561</u>

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	2012	2011
	Trust	Trust
ADDITIONS		
Local revenues	\$ 614,011	\$ 688,812
DEDUCTIONS		
Books and supplies	371,377	334,707
Services and operating expenditures	245,507	270,635
Capital outlay	111,896	-
Total Deductions	<u>728,780</u>	<u>605,342</u>
OTHER FINANCING USES		
Other uses	(31,178)	(18,944)
Change in Net Assets	(145,947)	64,526
Net Assets - Beginning	994,561	930,035
Net Assets - Ending	<u>\$ 848,614</u>	<u>\$ 994,561</u>

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

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**DISCRETELY PRESENTED COMPONENT UNIT
RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents		
Unrestricted	\$ 503,002	\$ 636,646
Restricted	869,218	1,316,324
Accounts receivable	1,600	10,078
Unconditional promises to give	538,155	370,615
Prepaid expense	2,000	-
Total Current Assets	<u>1,913,975</u>	<u>2,333,663</u>
Noncurrent Assets		
Investments - restricted	4,804,265	3,488,505
Long-term unconditional promises to give, net of allowance	91,381	-
Total Noncurrent Assets	<u>4,895,646</u>	<u>3,488,505</u>
Total Assets	<u>\$ 6,809,621</u>	<u>\$ 5,822,168</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 67,539	\$ 201,829
Refundable advance	113,592	-
Promises to give to others	452,779	1,009,708
Total Current Liabilities	<u>633,910</u>	<u>1,211,537</u>
Total Liabilities	<u>633,910</u>	<u>1,211,537</u>
 NET ASSETS		
Unrestricted		
Undesignated	(189,192)	(1,094,968)
Board designated	15,669	16,287
Total Unrestricted	<u>(173,523)</u>	<u>(1,078,681)</u>
Temporarily restricted	1,239,303	1,917,636
Permanently restricted	5,109,931	3,771,676
Total Net Assets	<u>6,175,711</u>	<u>4,610,631</u>
Total Liabilities and Net Assets	<u>\$ 6,809,621</u>	<u>\$ 5,822,168</u>

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**DISCRETELY PRESENTED COMPONENT UNIT
RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUES				
Donations	\$ 361,936	\$ 586,289	\$ 1,413,012	\$ 2,361,237
In-kind donations				
Donated assets	21,431	-	-	21,431
Donated material	31,904	-	-	31,904
Donated services	515,683	-	-	515,683
Miscellaneous revenue	-	-	-	-
Total Revenues	<u>930,954</u>	<u>586,289</u>	<u>1,413,012</u>	<u>2,930,255</u>
Assets released from restriction	<u>1,432,579</u>	<u>(1,266,923)</u>	<u>(165,656)</u>	<u>-</u>
Total Revenues and Reclassifications	<u>2,363,533</u>	<u>(680,634)</u>	<u>1,247,356</u>	<u>2,930,255</u>
EXPENSES				
Operating expenses	576,325	-	-	576,325
Program expenses	876,378	-	-	876,378
Fundraising expenses	8,246	-	-	8,246
Total Expenses	<u>1,460,949</u>	<u>-</u>	<u>-</u>	<u>1,460,949</u>
OTHER INCOME (EXPENSE)				
Realized gain (loss) on sale of investments	(1,083)	(1,082)	(41,137)	(43,302)
Unrealized gain on investments	1,299	1,299	49,365	51,963
Interest and dividends income	2,358	2,084	82,671	87,113
Interest expense	-	-	-	-
Total Other Income (Expense)	<u>2,574</u>	<u>2,301</u>	<u>90,899</u>	<u>95,774</u>
CHANGE IN NET ASSETS	<u>905,158</u>	<u>(678,333)</u>	<u>1,338,255</u>	<u>1,565,080</u>
NET ASSETS, BEGINNING OF YEAR AS PREVIOUSLY STATED	(1,078,681)	1,917,636	3,771,676	4,610,631
PRIOR PERIOD ADJUSTMENTS	-	-	-	-
NET ASSETS, BEGINNING OF YEAR AS RESTATED	<u>(1,078,681)</u>	<u>1,917,636</u>	<u>3,771,676</u>	<u>4,610,631</u>
NET ASSETS, END OF YEAR	<u>\$ (173,523)</u>	<u>\$ 1,239,303</u>	<u>\$ 5,109,931</u>	<u>\$ 6,175,711</u>

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

2011			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 24,079	\$ 692,317	\$ 174,993	\$ 891,389
19,935	-	-	19,935
21	-	-	21
532,137	-	-	532,137
889,800	-	-	889,800
<u>1,465,972</u>	<u>692,317</u>	<u>174,993</u>	<u>2,333,282</u>
<u>1,149,341</u>	<u>(1,035,256)</u>	<u>(114,085)</u>	<u>-</u>
<u>2,615,313</u>	<u>(342,939)</u>	<u>60,908</u>	<u>2,333,282</u>
753,106	-	-	753,106
1,008,290	-	-	1,008,290
3,332	-	-	3,332
<u>1,764,728</u>	<u>-</u>	<u>-</u>	<u>1,764,728</u>
362	271	8,411	9,044
19,052	13,853	437,452	470,357
3,933	2,950	91,434	98,317
(5,915)	-	-	(5,915)
<u>17,432</u>	<u>17,074</u>	<u>537,297</u>	<u>571,803</u>
<u>868,017</u>	<u>(325,865)</u>	<u>598,205</u>	<u>1,140,357</u>
(886,990)	2,243,501	3,173,471	4,529,982
<u>(1,059,708)</u>	<u>-</u>	<u>-</u>	<u>(1,059,708)</u>
<u>(1,946,698)</u>	<u>2,243,501</u>	<u>3,173,471</u>	<u>3,470,274</u>
<u>\$ (1,078,681)</u>	<u>\$ 1,917,636</u>	<u>\$ 3,771,676</u>	<u>\$ 4,610,631</u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**DISCRETELY PRESENTED COMPONENT UNIT
RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,565,080	\$ 1,140,357
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities		
Unrealized gain on investments	(51,963)	(470,353)
Contribution of restricted donations	(1,413,012)	(1,071,857)
Provision for doubtful accounts	2,930	-
Forgiveness of debt income	-	(889,800)
(Increase) decrease in:		
Accounts receivable	8,478	4,672
Prepaid expenses	(2,000)	-
Unrestricted unconditional promises to give	272,584	11,721
Increase (decrease) in:		
Accounts payable	(134,290)	(4,741,862)
Refundable advance	113,592	-
Net Cash Flows From Operating Activities	<u>361,399</u>	<u>(6,017,122)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,309,232)	(147,780)
Proceeds from sale of investments	45,435	105,826
Net Cash Flows From Investing Activities	<u>(1,263,797)</u>	<u>(41,954)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in long-term unconditional promises to give	(91,381)	426,226
Payments on promises to give to others	(556,929)	(50,000)
Collections of restricted contributions	1,417,064	1,498,083
Net Cash Flows From Financing Activities	<u>768,754</u>	<u>1,874,309</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(133,644)	(4,184,767)
UNRESTRICTED CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>636,646</u>	<u>4,821,413</u>
UNRESTRICTED CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 503,002</u>	<u>\$ 636,646</u>
REQUIRED DISCLOSURE		
Interest paid	<u>\$ -</u>	<u>\$ 5,915</u>

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

NOTES TO FINANCIAL STATEMENTS

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

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. 39.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The District has adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This statement amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government, the District, and the following component units:

- **Riverside Community College District Foundation**

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

The Foundation is a not-for-profit organization under Internal Revenue Code (IRC) Section 501(c)(3) that reports its financial results in accordance with Financial Accounting Standards Codifications. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the District's financial reporting entity for these differences.

Complete financial statements for the Foundation can be obtained from the Foundation's Business Office at 4800 Magnolia Avenue, Riverside, California 92506.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

- **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.

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.

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 student (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.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

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

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

Cash and Cash Equivalents

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

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2012 and 2011, 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 are classified on the Statement of Net Assets because their use is limited by enabling legislation, applicable bond covenants, and other laws of other governments. Also, resources have been set aside to satisfy certain requirements of the bonded debt issuance and to fund certain capital asset projects.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

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 \$82,771 and \$91,342 for the years ended June 30, 2012 and 2011, respectively.

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.

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.

Deferred Issuance Costs, Premiums, and Discounts

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

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The amounts have been recorded in the fund from which the employees, who have accumulated the leave, are paid. The District also participates in "load-banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, 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.

Deferred Revenue

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

Noncurrent Liabilities

Noncurrent liabilities include bonds and notes payable, compensated absences, claims payable, capital lease obligations, and OPEB obligations with maturities greater than one year.

Net Assets

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

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

Restricted - Expendable: Net assets whose use by the District is subject to externally imposed constraints that can be fulfilled by actions of the District pursuant to those constraints or by the passage of time. Net assets may be restricted for capital projects, debt repayment, and/or educational programs.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

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

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

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 \$21,943,007 of restricted net assets.

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 billed and collected as noted above and remitted to the District when collected.

Board of Governors Grants (BOGG) and Fee Waivers

Student tuition and fee revenue is reported net of allowances and fee waivers approved by the Board of Governors through BOGG fee waivers in the Statement of Revenues, Expenses, and Changes in Net Assets. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf. To the extent that fee waivers have been used to satisfy tuition and fee charges, the District has recorded a scholarship discount and allowance.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, FSEOG Grants, Federal Work-Study, and Federal Direct Student Loan programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. These programs are audited in accordance with the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget's revised Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the related *Compliance Supplement*. During the years ended June 30, 2012 and 2011, the District distributed \$4,295,924 and \$4,357,631, respectively, in direct lending through the U.S. Department of Education.

On Behalf Payments

GASB Statement No. 24 requires direct on behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees for another legally separate entity be recognized as revenues and expenditures by the employer entity. The State of California makes direct on behalf payments to CalSTRS on behalf of all community colleges in California.

Estimates

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

Interfund Activity

Interfund transfers and interfund receivables and payables are eliminated within the primary government funds during the consolidation process in the entity-wide financial statements.

Foundation Financial Statement Presentation

The Riverside Community College District Foundation presents its financial statements in accordance with Statement of Financial Accounting Codifications. Under these reporting requirements, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the codification, the Foundation does not use fund accounting.

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

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

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

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

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

Investments are reported at fair value in accordance with FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*.

New Accounting Pronouncements

From time to time, the Governmental Accounting Standards Board will issue additional guidance on the accounting and reporting for financial transactions affecting governmental entities. The following is a summary of the most recent pronouncements which will impact future reporting or accounting requirements for the District. The full text of the following statements, along with implementation guides, may be found on the GASB website: www.gasb.org.

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*.

This Statement modifies and amends certain requirements for inclusion and reporting of component units in the financial reporting entity. Guidance is provided for both blended and discretely presented component units. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Earlier implementation is encouraged. Management does not believe the implementation of this Statement will materially impact the reporting of the District or related component units for the June 30, 2013, financial statements.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included within other pronouncements issued on or before November 30, 1989, which does not conflict or contradict the GASB pronouncements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier implementation is encouraged. The provisions of this Statement are required to be applied retroactively for all periods presented. Management is in the process of determining the impact to the District reporting for the June 30, 2013, financial statements.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier implementation is encouraged. Management does not believe the implementation of this Statement will materially impact the reporting of the District for the June 30, 2013, financial statements.

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier implementation is encouraged. Management does not believe the implementation of this Statement will materially impact the reporting of the District for the June 30, 2014, financial statements.

In March 2012, GASB issued Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*.

The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, GASB Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier implementation is encouraged. Management does not believe the implementation of this Statement will materially impact the reporting of the District for the June 30, 2014, financial statements.

In June 2012, GASB issued Statements No. 67, *Financial Reporting for Pension Plans*, and No. 68, *Accounting and Financial Reporting for Pensions - an amendment of Statement No. 27*.

The primary objective of these Statements is to improve accounting and financial reporting by State and local governments for pensions. It also improves information provided by State and local governmental employers about financial support for pensions that is provided by other entities. This Statement and Statement No. 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement - determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. This Statement is effective for fiscal years beginning after June 15, 2014. Earlier implementation is encouraged. Management is in the process of determining the impact of both GASB Statements No. 67 and No. 68 on the June 30, 2015, financial statements.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

Comparative Financial Information

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

NOTE 3 - 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, 2012 AND 2011

General Authorizations

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

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

Summary of Deposits and Investments

Deposits and investments as of June 30, 2012, consist of the following:

Cash on hand and in banks	<u>Primary Government</u> \$ 1,193,741
Cash in revolving	50,000
Investments	<u>109,382,554</u>
Total Deposits and Investments	<u>\$ 110,626,295</u>
Cash on hand and in banks	<u>Fiduciary Funds</u> \$ 1,877,595

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Pool and County Pooled Investment Fund.

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:

<u>Investment Type</u>	<u>Fair Market Value</u>	<u>Maturity Date</u>
Riverside County Investment Pool	<u>\$ 109,513,443</u>	1.18*

*Weighted average of maturity in years.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the County pool are rated Aaa by Fitch Ratings Ltd. as of June 30, 2012.

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Rating June 30, 2012</u>	<u>Fair Market Value</u>
Riverside County Investment Pool	Not Required	Aaa	<u>\$ 109,513,443</u>

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. 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, 2012, the District and fiduciary funds had bank balances of \$1,426,543 and \$2,037,623, respectively, totaling \$3,464,166 of which \$2,510,581 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.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The cash held in the County Treasury is uncategorized and the fair value approximates carrying value are shown above in the credit risk schedule. Deposits with the County Treasury are not categories because they do not represent securities which exist in physical or book entry form. The deposits with the County Treasury are valued using the amortized cost method (which approximates fair value). The fair values are provided by the County Treasurer. As of June 30, 2012, \$109,382,554 is invested in the Riverside County Treasurer's Pooled Investment Fund. The Pooled Investment Fund is currently rated Aaa by Fitch Ratings Ltd.

NOTE 4 - ACCOUNTS RECEIVABLE

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

The accounts receivable are as follows:

	<u>Primary Government</u>	
	<u>2012</u>	<u>2011</u>
Federal Government		
Categorical aid	\$ 4,860,532	\$ 6,868,214
FEMA	-	174,843
State Government		
Apportionment	32,195,723	24,203,536
Categorical aid	2,181,720	2,197,640
Other State sources	4,885,258	12,777,841
Local Sources		
Interest	108,606	247,424
Property taxes	1,154,855	1,316,835
Riverside Community College District Foundation	32,710	155,782
Riverside County Redevelopment Agency	93,213	1,208,503
Contributions from Foundation for Aquatics Complex	101,048	556,929
Other local sources	2,298,941	2,517,261
Total	<u>\$ 47,912,606</u>	<u>\$ 52,224,808</u>
Student receivables	\$ 413,857	\$ 456,710
Less allowance for bad debt	(82,771)	(91,342)
Student receivables, net	<u>\$ 331,086</u>	<u>\$ 365,368</u>
Total Receivables, Net	<u>\$ 48,243,692</u>	<u>\$ 52,590,176</u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2012, 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	79,011,622	42,736,962	96,291,533	25,457,051
Total Capital Assets Not Being Depreciated	<u>111,514,319</u>	<u>42,736,962</u>	<u>96,291,533</u>	<u>57,959,748</u>
Capital Assets Being Depreciated				
Land improvements	11,598,766	489,309	-	12,088,075
Buildings and improvements	223,391,830	94,919,467	-	318,311,297
Furniture and equipment	31,046,995	3,963,888	201,981	34,808,902
Total Capital Assets Being Depreciated	<u>266,037,591</u>	<u>99,372,664</u>	<u>201,981</u>	<u>365,208,274</u>
Total Capital Assets	<u>377,551,910</u>	<u>142,109,626</u>	<u>96,493,514</u>	<u>423,168,022</u>
Less Accumulated Depreciation				
Land improvements	5,773,770	402,927	-	6,176,697
Buildings and improvements	45,251,975	8,364,149	-	53,616,124
Furniture and equipment	24,920,312	3,066,185	191,468	27,795,029
Total Accumulated Depreciation	<u>75,946,057</u>	<u>11,833,261</u>	<u>191,468</u>	<u>87,587,850</u>
Net Capital Assets	<u>\$ 301,605,853</u>	<u>\$ 130,276,365</u>	<u>\$ 96,302,046</u>	<u>\$ 335,580,172</u>

Depreciation expense for the year was \$11,833,261.

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, 2012, the District has not recorded a value for the collection in the financial statements.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

Capital asset activity for the District for the fiscal year ended June 30, 2011, 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	45,860,319	58,949,478	25,798,175	79,011,622
Total Capital Assets Not Being Depreciated	78,363,016	58,949,478	25,798,175	111,514,319
Capital Assets Being Depreciated				
Land improvements	11,287,106	311,660	-	11,598,766
Buildings and improvements	194,617,048	28,774,782	-	223,391,830
Furniture and equipment	28,772,543	2,508,904	234,452	31,046,995
Total Capital Assets Being Depreciated	234,676,697	31,595,346	234,452	266,037,591
Total Capital Assets	313,039,713	90,544,824	26,032,627	377,551,910
Less Accumulated Depreciation				
Land improvements	5,362,378	411,392	-	5,773,770
Buildings and improvements	38,311,015	6,940,960	-	45,251,975
Furniture and equipment	21,390,557	3,742,298	212,543	24,920,312
Total Accumulated Depreciation	65,063,950	11,094,650	212,543	75,946,057
Net Capital Assets	\$ 247,975,763	\$ 79,450,174	\$ 25,820,084	\$ 301,605,853

Depreciation expense for the year was \$11,094,650.

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	Primary Government	
	2012	2011
Accrued payroll and benefits	\$ 754,074	\$ 924,063
Apportionment	2,838,589	1,804,406
Student financial aid grants	1,518,294	2,377,808
State categorical programs	131,712	336,469
Construction payables	5,637,842	11,444,871
Vendor payables	4,151,717	3,098,648
Total	\$ 15,032,228	\$ 19,986,265
	Fiduciary Funds	
	2012	2011
Vendor payables	\$ 48,474	\$ 65,210

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

NOTE 7 - SHORT-TERM BORROWING

At June 30, 2011, the District had outstanding Tax and Revenue Anticipation Notes in the amount of \$11,710,000 bearing interest of 2.50 percent. The notes were sold to supplement cash flow. Repayment requires that a percentage of principal and interest be deposited with the fiscal agent in July 2011 until 100 percent of the total principal and interest is due at maturity in October 31, 2011. The total outstanding Tax and Revenue Anticipation Notes of \$11,710,000 was paid in full to the fiscal agent on July 29, 2011.

At June 30, 2012, the District had outstanding Tax and Revenue Anticipation Notes in the amount of \$8,960,000 bearing interest of two percent. The notes were sold to supplement cash flow. Repayment requires that a percentage of principal and interest be deposited with the fiscal agent in July 2012 until 100 percent of the total principal and interest is due at maturity on December 31, 2012. The total outstanding Tax and Revenue Anticipation Notes of \$8,960,000 was paid in full to the fiscal agent on July 31, 2012.

	Outstanding Beginning of Year	Additions	Deletions	Outstanding End of Year
2010-2011 2.50% TRANS, Series L	\$ 11,710,000	\$ -	\$ 11,710,000	\$ -
2011-2012 2.00% TRANS, Series T	-	8,960,000	-	8,960,000
Total	<u>\$ 11,710,000</u>	<u>\$ 8,960,000</u>	<u>\$ 11,710,000</u>	<u>\$ 8,960,000</u>

NOTE 8 - DEFERRED REVENUE

Deferred revenue consisted of the following:

	Primary Government	
	2012	2011
Federal financial assistance	\$ 2,909	\$ -
State categorical aid	1,130,669	1,315,735
Other State aid	505,609	130,000
Enrollment fees	1,625,671	1,369,008
Theater subscriptions	168,849	259,682
Health and liability self-insurance	1,008,832	1,095,057
Community Learning in Partnership	-	758,546
Summer community education fees	56,794	23,500
Other local	198,681	166,736
Total	<u>\$ 4,698,014</u>	<u>\$ 5,118,264</u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

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, 2012, the amount owed between the government and the fiduciary funds were \$28,742 and \$38,159, 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.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

NOTE 10 - LONG-TERM OBLIGATIONS

Long-Term Obligations Summary

The changes in the District's long-term obligations during the 2012 fiscal year consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
Bonds Payable					
General obligation bonds, Series A	\$ 3,475,000	\$ -	\$ 500,000	\$ 2,975,000	\$ 620,000
General obligation bonds, Refunding Bond 2005	54,314,469	877,697	1,830,000	53,362,166	2,015,000
Net unamortized debt premium	4,217,262	-	162,837	4,054,425	-
General obligation bonds, Series 2007 C	68,510,000	-	-	68,510,000	-
Net unamortized debt premium	2,112,726	-	176,060	1,936,666	-
General obligation bonds, Series 2010 D/D-1	110,118,806	558,224	-	110,677,030	-
Net unamortized debt premium	1,691,951	-	58,176	1,633,775	-
Total Bonds Payable	244,440,214	1,435,921	2,727,073	243,149,062	2,635,000
Other Liabilities					
Compensated absences	2,614,358	-	25,206	2,589,152	1,498,186
Capital leases	184,988	-	42,482	142,506	33,913
Supplementary Retirement Plan (SRP)	4,497,847	1,940,014	1,737,232	4,700,629	1,284,856
Load banking	827,220	204,024	278,490	752,754	-
Other postemployment benefits (OPEB)	3,338,328	2,242,316	1,199,115	4,381,529	-
Total Other Liabilities	11,462,741	4,386,354	3,282,525	12,566,570	2,816,955
Total Long-Term Obligations	\$ 255,902,955	\$ 5,822,275	\$ 6,009,598	\$ 255,715,632	\$ 5,451,955

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

The changes in the District's long-term obligations during the 2011 fiscal year consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
Bonds Payable					
General obligation bonds, Series A	\$ 3,475,000	\$ -	\$ -	\$ 3,475,000	\$ 500,000
General obligation bonds, Refunding Bond 2005	55,212,992	841,477	1,740,000	54,314,469	1,830,000
Net unamortized debt premium	4,380,099	-	162,837	4,217,262	-
General obligation bonds, Series 2007 C	73,695,000	-	5,185,000	68,510,000	-
Net unamortized debt premium	2,288,786	-	176,060	2,112,726	-
General obligation bonds, Series 2010 D/D-1	-	110,118,806	-	110,118,806	-
Net unamortized debt premium	-	1,725,887	33,936	1,691,951	-
Total Bonds Payable	139,051,877	112,686,170	7,297,833	244,440,214	2,330,000
Other Liabilities					
Compensated absences	2,474,015	140,343	-	2,614,358	1,206,283
Capital leases	26,902	176,088	18,002	184,988	44,576
Supplementary Retirement Plan (SRP)	3,098,734	2,290,285	891,172	4,497,847	1,349,229
Load banking	771,705	325,010	269,495	827,220	14,286
Other postemployment benefits (OPEB)	1,653,090	2,262,462	577,224	3,338,328	-
Total Other Liabilities	8,024,446	5,194,188	1,755,893	11,462,741	2,614,374
Total Long-Term Obligations	\$ 147,076,323	\$ 117,880,358	\$ 9,053,726	\$ 255,902,955	\$ 4,944,374

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 are paid by the fund for which the employees' salaries are paid from. The District's General Fund makes payments for the postemployment benefits, Supplemental Retirement Plan, and load banking obligations.

Bonded Debt

2004 General Obligation Bonds

During March 2004, voters of the District authorized the issuance and sale of general obligation bonds in the amount of \$350,000,000. As a result of the authorization, General Obligation Bonds Series 2004A "Series A Bonds" and Series 2004B (federally taxable) "Series B Bonds" were issued in August 2004. At June 30, 2012, the principal outstanding was \$2,975,000.

Series A Bonds were issued in the aggregate principal amount of \$55,205,000 with interest rates ranging from 4.00 to 5.25 percent. Series A Bonds were used to finance the acquisition, construction, and modernization of property and school facilities, to refund outstanding certificates of participation (COPs), and to pay certain costs of the bond issue. The refunded COPs are considered defeased. This current refunding was undertaken to decrease total debt service payments by \$2,762,260. The Series A Bonds are subject to optional and mandatory sinking fund redemption prior to maturity.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2012 AND 2011**

Series B Bonds were issued to advance refund the District's outstanding certificates of participation. The refunded COPs are considered defeased. This advance refunding was undertaken to reduce total debt service payments by \$2,298,036 and to obtain an economic gain of \$237,565. The Series B Bonds have been paid in full.

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

2005 General Obligation Refunding Bonds

During May 2005, the District issued 2005 General Obligation Refunding Bonds 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, 2024. Principal and interest on the refunded debt will be paid until such time as they can be redeemed on August 1, 2014. At June 30, 2012, the principal outstanding was \$53,362,166, and net unamortized debt premium was \$4,054,425.

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

Net debt premium consists of the following:

	<u>June 30, 2012</u>
Deferred loss on refunding	\$ (2,027,899)
Debt issue costs	(581,218)
Debt premium	6,663,542
Net unamortized debt premium	<u>\$ 4,054,425</u>

2007 General Obligation Bonds

During June 2007, the District issued the 2007 General Obligation Bonds in the amount of \$90,000,000. The bonds mature beginning on August 1, 2007 through August 1, 2032, with interest yields ranging from 3.62 to 4.47 percent. At June 30, 2012, the principal outstanding was \$68,510,000 and unamortized premium and issuance costs of \$1,936,666 and \$745,821, respectively. Premium and issuance costs are amortized over the life of the bonds as a component of interest expense on the bonds.

The bonds are being used for the purposes of financing the repair, acquisition, construction, and equipping of certain District facilities, and to pay all legal, financial, and contingent costs in connection with the issuance of the bonds. The bonds are general obligations of the District payable solely from the proceeds of ad valorem property taxes. Interest with respect of the bonds accrues from the date of their delivery and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2007.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

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, 2012, the principal balance outstanding was \$110,677,030 and unamortized premium and issuance cost of \$1,633,775 and \$894,561, respectively. Premium and issuance 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.

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.

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds		Accreted Interest		Bonds
				Outstanding July 1, 2011	Issued	Addition	Redeemed	Outstanding June 30, 2012
2004	2030	4.00%-5.25%	\$ 55,205,000	\$ 3,475,000	\$ -	\$ -	\$ 500,000	\$ 2,975,000
2005	2025	3.00%-5.00%	58,386,109	54,314,469	-	877,697	1,830,000	53,362,166
2007	2033	3.62%-4.47%	90,000,000	68,510,000	-	-	-	68,510,000
2010	2041	2.36%-5.53%	109,999,278	110,118,806	-	558,224	-	110,677,030
				<u>\$ 236,418,275</u>	<u>\$ -</u>	<u>\$ 1,435,921</u>	<u>\$ 2,330,000</u>	<u>\$ 235,524,196</u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2013	\$ 620,000	\$ 113,675	\$ 733,675
2014	795,000	85,375	880,375
2015	1,000,000	49,475	1,049,475
2016	15,000	29,156	44,156
2017	15,000	28,462	43,462
2018-2022	120,000	126,652	246,652
2023-2027	215,000	83,681	298,681
2028-2030	195,000	16,637	211,637
Total	<u>\$ 2,975,000</u>	<u>\$ 533,113</u>	<u>\$ 3,508,113</u>

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

<u>Fiscal Year</u>	<u>Principal (Including accreted interest to date)</u>	<u>Accreted Interest</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2013	\$ 1,900,931	\$ 114,069	\$ 2,298,250	\$ 4,313,250
2014	1,817,755	347,245	2,298,250	4,463,250
2015	1,729,883	585,117	2,298,250	4,613,250
2016	1,948,597	981,403	2,298,250	5,228,250
2017	3,165,000	-	2,219,125	5,384,125
2018-2022	22,555,000	-	8,124,875	30,679,875
2023-2025	20,245,000	-	1,583,375	21,828,375
Total	<u>\$ 53,362,166</u>	<u>\$ 2,027,834</u>	<u>\$ 21,120,375</u>	<u>\$ 76,510,375</u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

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

Fiscal Year	Principal	Interest to Maturity	Total
2013	\$ -	\$ 3,425,500	\$ 3,425,500
2014	-	3,425,500	3,425,500
2015	-	3,425,500	3,425,500
2016	-	3,425,500	3,425,500
2017	-	3,425,500	3,425,500
2018-2022	-	17,127,500	17,127,500
2023-2027	15,340,000	16,377,750	31,717,750
2028-2032	52,170,000	7,211,750	59,381,750
2033	1,000,000	25,000	1,025,000
Total	<u>\$ 68,510,000</u>	<u>\$ 57,869,500</u>	<u>\$ 126,379,500</u>

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
2013	\$ -	\$ -	\$ 7,164,193	\$ 7,164,193
2014	-	-	7,164,193	7,164,193
2015	-	-	7,164,193	7,164,193
2016	249,394	125,606	7,322,979	7,697,979
2017	337,377	232,612	7,441,698	8,011,687
2018-2022	2,955,021	2,549,080	38,660,925	44,165,026
2023-2027	4,835,239	4,868,272	41,042,940	50,746,451
2028-2032	760,000	-	35,820,965	36,580,965
2033-2037	46,980,000	-	30,916,867	77,896,867
2038-2041	54,560,000	-	12,252,348	66,812,348
Total	<u>\$ 110,677,030</u>	<u>\$ 7,775,570</u>	<u>\$ 194,951,301</u>	<u>\$ 313,403,901</u>

Capital Leases

The District has utilized capital leases purchase agreements to primarily purchase equipment. The current lease purchase agreement in the amount of \$142,506 will be paid through 2016.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

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

Year Ending June 30,	Lease Payment
2013	\$ 39,936
2014	39,937
2015	39,937
2016	36,609
Total	156,419
Less: Amount Representing Interest	13,913
Present Value of Minimum Lease Payments	<u>\$ 142,506</u>

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

Equipment	\$ 242,617
Less: Accumulated depreciation	(108,107)
Total	<u>\$ 134,510</u>

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

Supplementary Retirement Plan

The District has adopted the Public Agency Retirement System (PARS) 403(b) Supplementary Retirement Plan (SRP), a retirement incentive program. As of June 30, 2012, the outstanding balance was \$4,700,629. See Note 14 for additional information regarding the SRP obligation.

Fiscal Year	SRP Payment
2013	\$ 1,284,856
2014	1,284,856
2015	1,284,857
2016	846,060
Total	<u>\$ 4,700,629</u>

Compensated Absences

Compensated absence obligations for the District at June 30, 2012, amounted to \$2,589,152 of which \$1,498,186 is considered current.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

Other Postemployment Benefits Obligation

The District's annual required contribution for the year ended June 30, 2012, was \$2,282,222, and contributions made by the District during the year were \$1,199,115. Interest on the net OPEB obligation and adjustments to the annual required contribution were \$166,916 and \$(206,822), respectively, which resulted in an increase to the net OPEB obligation of \$1,043,201. As of June 30, 2012, the net OPEB obligation was \$4,381,529. See Note 11 for additional information regarding the OPEB obligation and the postemployment benefits plan.

Load Banking

The load banking obligation for the District at June 30, 2012, amounted to \$752,754.

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 55 retirees and beneficiaries currently receiving benefits and 1,015 active Plan members.

Funding Policy

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 with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For fiscal year 2011-2012, the District contributed \$1,199,115 to the Plan, all of which was used for current premiums.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

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	\$ 2,282,222
Interest on net OPEB obligation	166,916
Adjustment to annual required contribution	<u>(206,822)</u>
Annual OPEB cost (expense)	2,242,316
Contributions made	<u>(1,199,115)</u>
Increase in net OPEB obligation	1,043,201
Net OPEB obligation, beginning of year	<u>3,338,328</u>
Net OPEB obligation, end of year	<u><u>\$ 4,381,529</u></u>

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
2010	\$ 1,462,715	\$ 766,350	52%	\$ 1,653,090
2011	2,262,462	577,224	26%	3,338,328
2012	2,242,316	1,199,115	53%	4,381,529

Funding Status and Funding Progress

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

Actuarial Accrued Liability (AAL)	\$ 15,799,353
Actuarial Value of Plan Assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 15,799,353</u></u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll	<u>N/A</u>
UAAL as Percentage of Covered Payroll	<u><u>N/A</u></u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

The above noted actuarial accrued liability was based on the July 1, 2009, 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 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, 2009, 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 rates ranged from an initial eight percent to an ultimate rate of five percent. The UAAL is being amortized at a level dollar method. The remaining amortization period at June 30, 2012, was 26 years. The actuarial value of assets was not determined in this actuarial valuation. As of June 30, 2012, the District finances its OPEB contributions using a pay-as-you-go method. The District has not established a plan or equivalent arrangement that contains an irrevocable trust.

NOTE 12 - RISK MANAGEMENT

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 \$20,000,000 for liability and tort risks. This coverage is subject to a \$100,000 self-insured retention. The District carries replacement coverage on its buildings and furniture and equipment with limits of \$295,277,000 and a \$100,000 deductible. 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.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

Joint Powers Authority Risk Pools

During fiscal year ending June 30, 2012, the District contracted with the Alliance of Schools for Cooperative Insurance Program 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 2011-2012, the District participated in the Schools Excess Liability Fund Joint Powers Authority (JPA), an insurance purchasing pool. The District is self insured for the first \$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.

<u>Insurance Program / JPA Name</u>	<u>Type of Coverage</u>	<u>Limits</u>
Schools Excess Liability Fund (SELF)	Workers' Compensation	\$ 2,000,000
Schools Excess Liability Fund (SELF)	Excess Liability	\$ 20,000,000
Alliance of Schools for Cooperative Insurance Program (ASCIP)	Property and Liability	\$ 1,000,000

Employee Medical Benefits

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

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

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2012 AND 2011**

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, 2010 to June 30, 2012:

	Self- Insurance
Liability Balance, July 1, 2010	\$ 5,319,851
Claims and changes in estimates	273,257
Claims payments	<u>(3,436,279)</u>
Liability Balance, June 30, 2011	2,156,829
Claims and changes in estimates	6,485,852
Claims payments	<u>(5,502,681)</u>
Liability Balance, June 30, 2012	<u>\$ 3,140,000</u>
Assets available to pay claims at June 30, 2012	<u><u>\$ 7,478,852</u></u>

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.

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

CalSTRS

Plan Description

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

Funding Policy

Active members of the DB Plan are required to contribute 8.0 percent of their salary while the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2011-2012 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's total contributions to CalSTRS for the fiscal years ended June 30, 2012, 2011, and 2010, were \$4,995,773, \$5,263,423, and \$5,301,072, respectively, and equal 100 percent of the required contributions for each year.

CalPERS

Plan Description

The District contributes to the School Employer Pool under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary (7.0 percent of monthly salary over \$133.33 if the member participates in Social Security), and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The District's contribution rate to CalPERS for fiscal year 2011-2012 was 10.923 percent of covered payroll. The District's contributions to CalPERS for fiscal years ending June 30, 2012, 2011, and 2010, were \$3,827,482, \$3,960,411, and \$3,606,582, respectively, and equaled 100 percent of the required contributions for each year.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS which amounted to \$3,132,192 (4.855 percent of annual payroll). 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. 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, 2012. Total contributions to the plan amounted to \$559,677.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

NOTE 14 - PUBLIC AGENCY RETIREMENT SYSTEM (PARS) SUPPLEMENTARY RETIREMENT PLANS (SRPs)

The District has adopted Public Agency Retirement System (PARS) 403(b) Supplementary Retirement Plans (SRPs). These SRPs are designed to meet the requirements of Section 403(b) of the Internal Revenue Code of 1986, as amended, and, to the extent applicable, the Employee Retirement Income Security Act of 1974, as amended. Employees eligible to receive retirement benefits under the SRPs must be a permanent employee with at least age fifty-five (55) with eight (8) or more years of full-time equivalent District service from the date of the formal action taken by the District (retire during the window period in the formal action taken by the District's Governing Board of Trustees). The benefits provided under the SRPs are funded in five (5) annual contributions. (See Note 10.)

NOTE 15 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

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

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

The District's share of year-end assets, liabilities, or fund equity has not been calculated.

During the year ended June 30, 2012, the District made payments of \$32,175, \$8,029, \$1,481,738, and \$588,088 to SELF, RCCCSSIPE, REEP, and ASCIP, respectively.

NOTE 16 - 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, 2012.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

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, 2012.

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
2013	\$ 2,591,319
2014	37,116
2015	32,757
Total	<u>\$ 2,661,192</u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

Construction Commitments

As of June 30, 2012, the District had the following budgetary commitments with respect to the unfinished capital projects:

<u>Project</u>	<u>Estimated Cost to Complete</u>	<u>Percent Complete</u>	<u>Estimated Completion</u>
District - ADA Transition Plan	\$ 5,417,030	14.83%	FY 14/15
District - Alumni Carriage House Restoration	35,771	76.15%	FY 12/13
District - Design Standards	55,021	84.50%	FY 12/13
District - IT Upgrade	5,590,062	4.28%	FY 14/15
District - Swing Space - Market Street Properties	248,604	48.69%	FY 15/16
District - Utility Infrastructure	5,481,051	11.60%	FY 14/15
Moreno Valley - Emergency Phones	169,621	62.31%	FY 12/13
Moreno Valley - Network Operations Center	2,931,709	3.05%	FY 13/14
Moreno Valley - Science Laboratories Remodel Project	3,312,240	5.36%	FY 14/15
Moreno Valley - Student/Academic Services Facility Project	16,317,692	16.01%	FY 13/14
Norco - Groundwater Monitoring Wells	51,772	55.64%	FY 15/16
Norco - Network Operations Center	9,671,415	17.86%	FY 12/13
Norco - Secondary Effects Projects	3,890,708	75.75%	FY 12/13
	<u>\$ 53,172,696</u>	<u>27.88%</u>	

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 Agency funding.

Deferral of State Apportionments

Due to the State's budget situation, certain general apportionments owed to the District for the 2011-2012 fiscal year have been deferred to the 2012-2013 fiscal year. The District's total amount of funding deferred into the 2012-2013 fiscal year was \$32,195,723. These deferrals of apportionment are considered permanent with future funding also being subject to deferral into future years.

Fiscal Issues Relating to State-Wide Funding Reductions

The State of California economy is continuing through a recessionary economy. The California Community College system is reliant on the State of California to appropriate the funding necessary to provide for the educational services and student support programs that are mandated for the colleges. Current year appropriations have now been deferred to a subsequent period, creating significant cash flow management issues for California community colleges in addition to requiring substantial budget reductions.

The District has implemented budgetary reductions to counter the reductions in apportionment and program funding. However, continued reductions and deferral of cash payments will ultimately impact the District's ability to meet the goals for educational services.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

NOTE 17 - SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes

The District issued \$5,000,000 of Tax and Revenue Anticipation Notes dated July 1, 2012. The notes mature on March 1, 2013, with an interest rate of 2.0 percent, and yields of .24 and .46 percent interest. The notes were sold to supplement cash flow.

Repayment requirements are that a percentage of principal and interest be deposited with the fiscal agent each month beginning January 2013 until 100 percent of principal and interest due is on account on March 1, 2013.

REQUIRED SUPPLEMENTARY INFORMATION

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING
 PROGRESS
 FOR THE YEAR ENDED JUNE 30, 2012**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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, 2007	\$ -	\$ 9,766,024	\$ 9,766,024	0.00%	N/A	N/A
July 1, 2009	-	15,799,353	15,799,353	0.00%	N/A	N/A

SUPPLEMENTARY INFORMATION

RIVERSIDE COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION JUNE 30, 2012

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

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Janet Green	President	December 2014
Virginia Blumenthal	Vice President	December 2014
Samuel Davis	Secretary	December 2014
Mary Figueroa	Member	December 2012
Mark A. Takano	Member	December 2012

DISTRICT ADMINISTRATION

Dr. Gregory Gray	Chancellor
Dr. James L. Buysse	Vice Chancellor, Administration and Finance
Dr. Ray Maghroori	Vice Chancellor, Academic Affairs
Ms. Melissa Kane	Vice Chancellor, Diversity and Human Resources

COLLEGE ADMINISTRATION

Dr. Cynthia Azari	President, Riverside City College
Dr. Debbie DiThomas	Interim President, Norco College
Dr. Tom Harris	Acting President, Moreno Valley College

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Pass through from the Regents of the University of California, Riverside			
GS-5 Certified: Increasing Soil Science Education	10.223	S-000440	\$ 67,769
Building Bridges Across Riverside through Water Quality Research	10.223	S-000440	7,200
Pass through from California Department of Education (CDE)			
Child and Adult Care Food Program	10.558	[1]	2,367
Total U.S. Department of Agriculture			<u>77,336</u>
U.S. DEPARTMENT OF DEFENSE			
Procurement Assistance Center (PAC)	12.002		272,533
U.S. DEPARTMENT OF JUSTICE			
Bulletproof Vest Partnership	16.607		3,054
U.S. DEPARTMENT OF LABOR			
WORKFORCE INVESTMENT ACT			
WIA Cluster:			
Pass through from California Community Colleges Chancellor's Office			
Governor's 15% WIA Funds for Allied Health Programs	17.258	08-115-14, 09-115-14	304,097
Pass through from Riverside County Economic Development Agency (EDA)			
CalGrip: California Gang Reduction, Intervention, and Prevention	17.259	[1]	15,752
Subtotal WIA Cluster			<u>319,849</u>
Pass through from San Bernardino Community College District			
ARRA - Southern CA Logistics Technology Collaborative	17.275	[1]	284,618
Total U.S. Department of Labor			<u>604,467</u>
NATIONAL SCIENCE FOUNDATION			
Logistics Technicians: Goods to Go *	47.076		234,379
National Center of Excellence for Logistics and Supply Chain Technology *	47.076		419,174
Total National Science Foundation			<u>653,553</u>
SMALL BUSINESS ADMINISTRATION			
Pass through from California State University, Fullerton			
Auxiliary Services Corporation		S-5133-TRITECH	
Tri-Tech Small Business Development Center	59.037	S-5322-RCCD	481,284
Tri-Tech Small Business Jobs Act	59.037	S-5194-TRITECH	61,724
Pass through from California Community Colleges Chancellor's Office			
CA State Trade Export	59.061	F11-0072	170,812
Total Small Business Administration			<u>713,820</u>
U.S. DEPARTMENT OF VETERANS AFFAIRS			
Veteran Outreach Program - Administration	64.000		7,560
U.S. DEPARTMENT OF EDUCATION			
TRIO Cluster:			
Student Support Services Program	84.042A		987,141
Upward Bound Program	84.047A		730,849
Subtotal TRIO Cluster			<u>1,717,990</u>

[1] Pass-Through Identifying Number not available.

* Research and Development Grant

(Continued)

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION, Continued			
Student Financial Assistance Cluster:			
Federal Supplement Education Opportunity Grant (FSEOG)	84.007		\$ 667,101
FSEOG Administrative	84.007		6,778
Federal Direct Student Loans (Direct Loans)	84.268		4,295,924
Federal Work Study Program (FWS)	84.033		636,832
Federal Work Study Administrative	84.033		38,342
Federal Pell Grants (PELL)	84.063		38,096,698
Federal Pell Administrative	84.063		77,999
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Scholarships for Disadvantaged Students	93.925		5,836
Subtotal Student Financial Assistance Cluster			<u>43,825,510</u>
HIGHER EDUCATION ACT			
Moreno Valley Student Learning Cooperative	84.031S		378,267
Answering the Call	84.031S		548,767
Portal to Your Future	84.031S		289,520
Transdisciplinary Cooperation for Academic and Career Success	84.031S		1,281,741
Pass through from University of California, Riverside			
Strengthening Institutions - Hispanic Serving Institutions	84.031		69,547
COLLEGE COST REDUCTION AND ACCESS ACT			
CCRAA - Access to Success	84.031C		45,802
CCRAA - Project Success Program	84.031C		26,272
CCRAA - Step up to Success Cooperative	84.031C		67,027
Subtotal Higher Education - Institutional Aid			<u>2,706,943</u>
Fund for Improvement of Post-Secondary Education (FIPSE)	84.116Z		242,812
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	[1]	146,467
Career and Technical Education, Title I-C	84.048	11-C01-045	998,721
Career and Technical Education Transitions	84.048	11-112-960	231,981
REHABILITATION ACT			
Pass through from California Department of Rehabilitation (DOR)			
Workability	84.126A	26958	197,234
ELEMENTARY AND SECONDARY EDUCATION ACT			
FIE Earmark Grant Awards	84.215K	[1]	29,824
Total U.S. Department of Education			<u>50,091,646</u>

[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, 2012**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Nurse Education, Practice, and Retention	93.359		\$ 435,908
Health Care and Other Facilities - HRSA	93.887		196,581
ARRA - Equipment to Enhance Training for Health Professionals	93.411		39,980
Pass through from California Community Colleges Chancellor's Office			
Temporary Assistance to Needy Families (TANF)	93.558	[1]	154,030
Foster Care Education Program	93.658	[1]	54,537
Pass through from Yosemite Community College District			
Early Childhood Study - Consortium Grant	93.575	10/11/4165	17,400
Pass through from Riverside County Department of Public Social Services			
Independent Living Skills - Emancipation Services	93.674	CS-02161	957,856
Pass through from Foundation for California Community Colleges (FCCC)			
Youth Empowerment Strategies for Success - Independent Living Program	93.674	[1]	554
Pass through from California Department of Health Services			
Medical Assistance Program (MAA)	93.778	[1]	44,754
AFFORDABLE CARE ACT			
Expansion of Physical Assistant Training Program	93.514		196,376
Total U.S. Department of Health and Human Services			<u>2,097,976</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Pass through from San Francisco State University			
Social Innovation Generation: Student Leadership Initiative	94.005	S10-0036	4,117
DEPARTMENT OF HOMELAND SECURITY			
Disaster Grants - Public Assistance	97.036		350,879
Total Expenditures of Federal Awards			<u>\$ 54,882,777</u>

[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, 2012**

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
GENERAL FUND			
Board Financial Assistance Program (BFAP) - unrestricted	\$ 191,449	\$ -	\$ 191,449
Board Financial Assistance Program (BFAP) - restricted	1,167,204	106,717	1,273,921
Basic Skills/ESL 2009-2010	-	28,327	28,327
Basic Skills/ESL 2010-2011	-	108,100	108,100
Basic Skills/ESL 2011-2012	337,603	-	337,603
Part-Time Faculty Insurance	7,794	-	7,794
Part-Time Faculty Office Hours	54,269	-	54,269
Part-Time Faculty Compensation	568,878	-	568,878
Homeowner Property Tax Relief	470,000	-	470,000
State Tax Subventions	600	-	600
State Lottery - Non-Proposition 20	3,200,000	-	3,200,000
CSUSB Bridges Stem Cell Research	24,900	22,078	46,978
CTE Community Collaborative Project 2009-2010	-	163,338	163,338
CTE Community Collaborative Project 2010-2011	-	400,000	400,000
CTE Community Collaborative Project Supplement 2009-2010	-	37,860	37,860
CTE Community Collaborative Project Supplement 2010-2011	-	130,000	130,000
CTE Enrollment Growth and Retention ADN-RN 2009-2010	-	153,793	153,793
CTE Enrollment Growth and Retention ADN-RN 2010-2011	256,500	257,925	514,425
CTE Enrollment Growth and Retention ADN-RN 2011-2012	260,687	-	260,687
Responsive Training Fund	254,105	-	254,105
CTE Workforce Innovation Partnership	-	131,264	131,264
PA Mental Health Special Program	167,022	-	167,022
Song Brown Nursing 2010-2012	-	92,031	92,031
Song Brown Special Project Mental Health	-	92,202	92,202
Song Brown RN Special Programs 2010-2012	-	71,722	71,722
Physician's Assistant Base	100,000	-	100,000
Extended Opportunity Program and Service (EOPS)	1,206,995	-	1,206,995
Cooperative Agencies Resources for Education (CARE)	135,718	-	135,718
Matriculation Grant	866,624	-	866,624
Active Minds Mental Health Education and Awareness	-	8,033	8,033
Staff Development	-	8,219	8,219
Foster Care Education Program	71,993	-	71,993
Middle College High School	99,454	-	99,454
Economic Development - CITD State Leadership	172,500	21,139	193,639
Timber Tax Yield	-	-	-
Staff Diversity	11,079	41,422	52,501

See accompanying note to supplementary information.

Program Revenues					
Cash Received	Accounts Receivable	Accounts Payable	Deferred Revenue	Total Revenue	Program Expenditures
\$ 191,449	\$ -	\$ -	\$ -	\$ 191,449	\$ 191,449
1,273,921	-	-	-	1,273,921	1,273,921
28,327	-	1,124	-	27,203	27,203
108,100	-	-	6,291	101,809	101,809
337,603	-	-	166,868	170,735	170,735
7,794	-	-	-	7,794	7,794
54,269	-	-	-	54,269	54,269
568,878	-	-	-	568,878	568,878
467,680	2	-	-	467,682	467,682
1,454	-	-	-	1,454	1,454
2,218,694	1,193,371	-	-	3,412,065	3,412,065
21,528	44	-	-	21,572	21,572
163,338	-	4,095	-	159,243	159,243
400,000	-	-	311,679	88,321	88,321
37,860	-	1,054	-	36,806	36,806
130,000	-	-	46,176	83,824	83,824
153,792	-	-	-	153,792	153,792
431,675	-	-	195,508	236,167	236,167
218,977	-	-	216,711	2,266	2,266
152,463	-	-	81,021	71,442	71,442
131,264	-	8,059	-	123,205	123,205
-	46,674	-	-	46,674	46,674
67,011	7,018	-	-	74,029	74,029
-	38,683	-	-	38,683	38,683
45,917	17,713	-	-	63,630	63,630
70,593	16,810	-	-	87,403	87,403
1,206,996	-	81,435	-	1,125,561	1,125,561
135,719	-	108	-	135,611	135,611
866,624	-	-	-	866,624	866,624
7,009	-	-	-	7,009	7,009
8,220	-	-	7,050	1,170	1,170
57,294	5,992	-	-	63,286	63,286
39,782	59,672	-	-	99,454	99,454
124,639	55,890	-	-	180,529	180,529
9	-	-	-	9	9
52,501	-	-	30,675	21,826	21,826

(Continued)

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
GENERAL FUND, Continued			
Faculty Entrepreneurship Project	\$ 15,000	\$ -	\$ 15,000
Youth Entrepreneurship Program 11/12	10,000	-	10,000
Community Emergency Response Team	1,500	-	1,500
Disabled Student Program and Services - DSPS	1,609,947	-	1,609,947
CalWORKS	498,998	-	498,998
CalWORKS Community College Set-Aside	80,000	20,114	100,114
ECP - CITD Leadership	-	6,237	6,237
State Transition to Nursing Practice	8,000	9,193	17,193
State Lottery - Proposition 20	600,000	-	600,000
CHILD DEVELOPMENT FUND			
Campus Child Care Tax Bailout	70,348	-	70,348
Child Nutrition Program	592	-	592
Reimbursement from UCR	-	-	-
STUDENT FINANCIAL AID FUND			
Cal Grant B and C	1,910,810	-	1,910,810
Total State Programs			

See accompanying note to supplementary information.

Program Revenues					
Cash Received	Accounts Receivable	Accounts Payable	Deferred Revenue	Total Revenue	Program Expenditures
\$ 3,750	\$ 6,979	\$ -	\$ -	\$ 10,729	\$ 10,729
-	10,220	-	5,601	4,619	4,619
1,500	-	-	278	1,222	1,222
1,609,947	-	-	-	1,609,947	1,609,947
498,998	-	2,400	-	496,598	496,598
83,863	-	-	51,009	32,854	32,854
6,238	-	1,430	-	4,808	4,808
17,193	-	-	10,679	6,514	6,514
105,707	684,502	-	-	790,209	790,209
70,348	-	-	-	70,348	70,348
109	-	-	-	109	109
-	25,000	-	-	25,000	25,000
1,910,350	460	32,007	-	1,878,803	1,878,803
<u>\$ 14,089,383</u>	<u>\$ 2,169,030</u>	<u>\$ 131,712</u>	<u>\$ 1,129,546</u>	<u>\$ 14,997,155</u>	<u>\$ 14,997,155</u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL
 APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE
 AS OF JUNE 30, 2012**

CATEGORIES	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Audited Data</u>
A. Summer Intersession (Summer 2011 only)			
1. Noncredit	39	-	39
2. Credit	1,950	-	1,950
B. Summer Intersession (Summer 2012 - Prior to July 1, 2012)			
1. Noncredit	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	16,822	-	16,822
(b) Daily Census Contact Hours	1,645	-	1,645
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	98	-	98
(b) Credit	1,776	-	1,776
3. Alternative Attendance Accounting Procedure			
(a) Weekly Census Contact Hours	2,405	-	2,405
(b) Daily Census Contact Hours	1,123	-	1,123
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	<u>25,858</u>	<u>-</u>	<u>25,858</u>
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	498	-	498
H. Basic Skills Courses and Immigrant Education			
1. Noncredit	56	-	56
2. Credit	2,325	-	2,325

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, 2012**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 25,940,800	\$ -	\$ 25,940,800	\$ 25,940,800	\$ -	\$ 25,940,800
Other	1300	21,612,047	-	21,612,047	21,612,047	-	21,612,047
Total Instructional Salaries		47,552,847	-	47,552,847	47,552,847	-	47,552,847
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	11,096,860	-	11,096,860
Other	1400	-	-	-	1,209,464	-	1,209,464
Total Noninstructional Salaries		-	-	-	12,306,324	-	12,306,324
Total Academic Salaries		47,552,847	-	47,552,847	59,859,171	-	59,859,171
<u>Classified Salaries</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	24,991,896	-	24,991,896
Other	2300	-	-	-	656,632	-	656,632
Total Noninstructional Salaries		-	-	-	25,648,528	-	25,648,528
Instructional Aides							
Regular Status	2200	2,171,777	-	2,171,777	2,171,777	-	2,171,777
Other	2400	242,385	-	242,385	242,385	-	242,385
Total Instructional Aides		2,414,162	-	2,414,162	2,414,162	-	2,414,162
Total Classified Salaries		2,414,162	-	2,414,162	28,062,690	-	28,062,690
Employee Benefits	3000	11,840,869	-	11,840,869	29,316,192	-	29,316,192
Supplies and Material	4000	-	-	-	1,831,622	-	1,831,622
Other Operating Expenses	5000	-	-	-	11,677,172	-	11,677,172
Equipment Replacement	6420	-	-	-	2,511	-	2,511
Total Expenditures Prior to Exclusions		61,807,878	-	61,807,878	130,749,358	-	130,749,358

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, 2012**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	\$ -	\$ -	\$ -	\$ 1,961,702	\$ -	\$ 1,961,702
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	1,082,923	-	1,082,923
Objects to Exclude							
Rents and Leases	5060	-	-	-	1,400,509	-	1,400,509
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	2,742,289	-	2,742,289
Employee Benefits	3000	-	-	-	669,777	-	669,777
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2012**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Outlay							
Library Books	6000	-	-	-	-	-	-
Equipment	6300	-	-	-	-	-	-
Equipment - Additional	6400	-	-	-	-	-	-
Equipment - Replacement	6410	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		-	-	-	7,857,200	-	7,857,200
Total for ECS 84362, 50 Percent Law		\$ 61,807,878	\$ -	\$ 61,807,878	\$ 122,892,158	\$ -	\$ 122,892,158
Percent of CEE (Instructional Salary Cost/Total CEE)		50.29%		50.29%	100.00%		100.00%
50% of Current Expense of Education					\$ 61,446,079		\$ 61,446,079

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, 2012**

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2012.

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
JUNE 30, 2012**

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

Total Fund Balance and Retained Earnings:

General Funds	\$ 15,422,909
Special Revenue Funds	89,687
Capital Outlay Projects	94,166,772
Debt Service Funds	11,651,274
Proprietary Fund	<u>4,338,852</u>

Total Fund Balances and Retained Earnings -

All District Funds

\$ 125,669,494

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:

423,168,022

Accumulated depreciation is:

(87,587,850)

335,580,172

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.

(6,371,623)

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

Cost of issuance at year end amounted to:

1,640,382

Long-term obligations at year end consist of:

Bonds payable

243,149,062

Capital leases payable

142,506

Compensated absences

2,589,152

Load banking

752,754

Supplementary retirement plan (SRP)

4,700,629

Other postemployment benefits (OPEB)

4,381,529

Less compensated absences already recorded in funds

(1,498,186)

(254,217,446)

Total Net Assets

\$ 202,300,979

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2012

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

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenses, and Changes in Net Assets - Primary Government and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of Build America Bond funds that have been recorded as revenues, but not reported on the Schedule of Expenditures of Federal Awards. Build America Bonds are not subject to OMB Circular A-133 audit, therefore, are not required to be reported on the Schedule of Expenditures of Federal Awards.

Description	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenses, and Changes in Net Assets:		\$ 57,390,248
Build America Bonds	N/A	(2,507,468)
Other Federal programs	N/A	(3)
Total Expenditures of Federal Awards		<u>\$ 54,882,777</u>

Subrecipients

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

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Amount Provided to Subrecipients
GS-5 Certified: Increasing Soil Science Education	10.223	\$ 16,997
Logistics Technicians: Goods to Go	47.076	46,735
Higher Education - Institutional Aid	84.031S	202,062
CCRAA - Step Up to Success Cooperative	84.031C	5,785
Independent Living Skills - Emancipation Services	93.674	184,077
Total Pass-Through		<u>\$ 455,656</u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2012

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 Annual (Actual) Attendance

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

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

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

Reconciliation of Annual Financial and Budget Report (CCFS-311) With 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.

Reconciliation of Governmental Funds to the Statement of Net Assets

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 AUDITORS' REPORTS



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

Board of Trustees
Riverside Community College District
Riverside, California

We have audited the basic financial statements of Riverside Community College District (the District) and its discretely presented component unit for the years ended June 30, 2012 and 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 26, 2012. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As discussed in Note 16 to the financial statements, the State of California continues to suffer the effects of a recessionary economy, which directly impacts the funding formula of Riverside Community College District.

Internal Control Over Financial Reporting

Management of Riverside Community College District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audits, we considered Riverside Community College District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Riverside Community College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Riverside Community College District's internal control over financial reporting.

A *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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

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

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

Vaurinek, Time, Day & Co., LLP.

Riverside, California
November 26, 2012



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

VALUE THE DIFFERENCE

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees
Riverside Community College District
Riverside, California

Compliance

We have audited Riverside Community College District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Riverside Community College District's major Federal programs for the year ended June 30, 2012. Riverside Community College District's major Federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of Riverside Community College District's management. Our responsibility is to express an opinion on Riverside Community College District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Riverside Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Riverside Community College District's compliance with those requirements.

In our opinion, Riverside Community College District complied, in all material respects, with the 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, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1.

Internal Control Over Compliance

Management of Riverside Community College District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered Riverside Community College District's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Riverside Community College 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.

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 that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as previously defined. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1. *A significant deficiency in internal control over compliance* is a deficiency, or 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.

Riverside Community College District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Riverside Community College District's response and, accordingly, we express no opinion on the response.

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

Vaurine, Time, Day & Co., LLP.

Riverside, California
November 26, 2012



REPORT ON STATE COMPLIANCE

Board of Trustees
Riverside Community College District
Riverside, California

We have audited the basic financial statements of Riverside Community College District (the District), as of and for the year ended June 30, 2012, and have issued our report thereon dated November 26, 2012.

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 of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Compliance with the requirements of laws, regulations, contracts, and grants listed below is the responsibility of Riverside Community College District's management. In connection with the audit referred to above, we selected and tested transactions and records to determine the Riverside Community College District's compliance with the State laws and regulations in accordance with Section 400 of the Chancellor's Office *California Community Colleges Contracted District Audit Manual (CDAM)* issued in May 2012 applicable to the following items:

- 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 431 Gann Limit Calculation
- Section 433 California Work Opportunity and Responsibility to Kids (CalWORKS)
- Section 435 Open Enrollment
- Section 437 Student Fee – Instructional and Other Materials
- Section 438 Student Fees – Health Fees and Use of Health Fees
- Section 474 Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE)
- Section 475 Disabled Student Programs and Services (DSPS)
- Section 476 Curriculum and Instruction
- Section 479 To Be Arranged (TBA) Hours

Based on our audit, we found that for the items tested, the Riverside Community College District complied with the State laws and regulations referred to above, except as described in the Schedule of State Awards Findings and Questioned Costs section of the accompanying Schedule of Findings and Questioned Costs as item 2012-2. Our audit does not provide a legal determination on Riverside Community College District's compliance with the State laws and regulations referred to above.

Riverside Community College District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Riverside Community College District's response and, accordingly, we express no opinion on the response.

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

Vaurinek, Time, Day & Co., LLP.

Riverside, California
November 26, 2012

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2012**

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>Yes</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>Yes</u>
Identification of major program:	

<u>CFDA Numbers</u>	<u>Name of Federal Programs or Clusters</u>
<u>17.275 (ARRA)</u>	<u>ARRA - Southern California Logistics Technology Collaborative</u>
<u>47.076</u>	<u>National Science Foundation</u>
<u>59.037</u>	<u>Tri-Tech Small Business Development Center and Jobs Act</u>
<u>84.031, 84.031S, and 84.031C</u>	<u>Higher Education - Institutional Aid</u>
<u>84.007, 84.033, 84.063, 84.268, and 93.925</u>	<u>Student Financial Assistance Cluster</u>
<u>93.359</u>	<u>Nurse Education, Practice, and Retention</u>
<u>97.036</u>	<u>Disaster Grants - Public Assistance</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 331,718</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>Yes</u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2012**

None reported.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2012

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

2012-1 SUBRECIPIENT MONITORING

Federal Program Affected

National Science Foundation, National Center of Excellence for Logistics and Supply Chain Technology (CFDA #47.076) Award Number: DUE-1104176

Criteria or Specific Requirement

OMB Circular A-133 Compliance Supplement, Audits of State and Local Governments and Not-for-Profit Organizations, subpart D - Federal agencies and pass-through entities states the following regarding pass-through entity responsibilities:

A pass-through entity is responsible for: Award Identification - At the time of subaward, identifying to the subrecipient the Federal award information, which include CFDA title and number, award name and number, name of the Federal awarding agency, and applicable compliance requirements.

Condition

In our sample of subrecipient contracts, we noted two contracts that did not identify the CFDA title or number to the subawardee.

Questioned Costs

No questioned costs. See Context.

Context

We noted two of the subawards did not meet the minimum contents as required by OMB Circular A-133. The required elements were not included in all of the subawards reviewed for this program.

Effect

Subrecipients could be incorrectly reporting expenditures on the Schedule of Expenditures of Federal Awards and/or not complying with applicable compliance requirements.

Cause

The District has not implemented procedures to ensure the compliance with Federal requirements.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2012

Recommendation

We recommend the District strengthen control procedures over its subaward contracts to ensure award information has been properly identified to the subrecipient which includes the CFDA title and number.

Management's Response and Corrective Action Plan

The Catalog of Federal Domestic Assistance (CFDA) program numbers was missing from the contract cover page on these subcontract awards due to an oversight. However, it should be noted that the language in the actual contract referenced the correct awarding agency (National Science Foundation), the grant award number, and requires the subrecipient's compliance with all pertinent Federal circulars, NSF's general grant conditions (GC-1), and other federally required assurances. Management will enhance the contract review and training processes to prevent this error from reoccurring in the future.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2012

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

2012-2 CARE ADVISORY COMMITTEE MEETING

Criteria or Specific Requirement

Education Code Section 79150-79155
CARE Program Guidelines
Information System's Data Element Dictionary (data elements SE01-SE10)

Condition

Required CARE advisory committee meetings at Moreno Valley College were held only one time during the year. The CARE Program guidelines note the advisory committee is to meet at least twice during each academic year.

Questioned Costs

None.

Recommendation

We recommend that the CARE Program directors ensure the advisory committee meets as required by the program guidance.

Management's Response and Corrective Action Plan

CARE Program director concurs with the above recommendation and has scheduled two meetings: December 6, 2012 and March 25, 2013 for the fiscal year 2013 academic year. Confusion existed between the EOPS program regulations where one meeting a year is required versus the CARE Program regulations which require two meetings a year. The Program Director will ensure that two meeting are held each academic year.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

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.

FEDERAL AWARD FINDINGS

2011-1 Finding - Reporting

Program Affected: WIA Cluster
CFDA #: 17.258, 17.259, 17.260
Fiscal Year: 2010-2011
Compliance Requirement: Reporting
Questioned Costs: None

Criteria or Specific Requirement

Quarterly "Year-to-Date Expenditure and Progress Reports" are required to be filed with the Career Technical Education Program. The Riverside County, Economic Development Agency (EDA) provides additional WIA funding and requires invoicing and documentation to be submitted each month by the 10th calendar day.

Condition

In our sample of quarterly Year-to-Date Expenditure and Progress Reports submitted to the California Community College Chancellor's Office, we noted that one quarterly report for the Allied Health Program, Contract #09-127-01 was not submitted within the specified time frame as noted in the Program-Specific Legal Terms and Conditions.

In our sample of monthly invoice reports submitted to Riverside County, we noted three invoices were not submitted within the specified time frame as noted in the contract agreements. The WIA programs affected were the Community College Class Size Training Program Contract #2009/2011-179-201-501 and the Summer Work Experience Program (ARRA) Contract #SWEP 2010-179-171-R-RCCD.

Isolated Instance or Systemic

Isolated Instance - The District has monitoring procedures in place for reporting of grant activity; however, for the reports noted above, the review process was not properly implemented, and the reporting timelines were missed.

Effect

The District is at risk of not complying with the grant reporting requirements established by the Federal and County granting agencies.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

Recommendation

We recommend that the District review the reporting requirements by the granting agencies to ensure all expenditure and progress reports can be submitted to the funding agency within the specified timelines.

Current Status

As of September 2011, the District no longer receives WIA funding from Riverside County. This finding is not applicable for 2012.

2011-2 Finding - Compensation for Personnel Services

Programs Affected: Southern California Logistics Tech Collaborative and Title V: Hispanics Serving Institutions (HSI)

CFDA #: 17.275, 84.031

Fiscal Year: 2010-2011

Compliance Requirement: Allowable Cost/Cost Principles

Questioned Costs: \$17,575 related to CFDA #84.031

Criteria

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

Condition

Documentation to support the salary charges for the Southern California Logistics Tech Collaborative through the Office of Economic Development was not provided until after a request was made for the signed documents. The final documents met reporting requirements, but had not been prepared during the year.

Personnel activity reports related to individuals charged to the Title V: Hispanics Serving Institutions did not match the documentation for distribution of charges for personnel services. The variances are noted below under questioned costs.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

Questioned Costs

Award Number: P031S060080 Administered at the Moreno Valley College - \$8,072

- Two time accounting reports certified an individual was funded 50 percent by Title V: Hispanic Serving Institutions and 50 percent by TRIO; however, the general ledger noted that the individual was charged 90 percent to Title V: Hispanic Serving Institutions.

Award Number: P031C080046 Administered at the Riverside College Campus - \$9,503

- It was noted the District made the appropriate adjustments to the general ledger to reflect only 50 percent of the individual's salary was charged to the CCRAA grant. However, one month's time accounting report was not prepared to support the charges to the CCRAA grant.

Isolated Instance or Systemic

Systemic - Written guidance provided by Cost Allocation OMB Circulars describing appropriate methodologies for allocation of time have not been consistently followed within the program grants. Review and monitoring of actual time certified to what is recorded within the general ledger has not been performed consistently.

Effect

Without consistent application and monitoring of the requirements of OMB Circular A-21, the District and the various Federal programs are at risk of misapplying the payroll costs for employees working within multiple Federal programs.

Recommendation

The District should review the requirements of the OMB Circular A-21 and develop specific written procedures that will provide for an acceptable method for documenting the distribution of charges for personal services. Program directors should review and monitor the actual personnel activity reports to ensure that charges to the general ledger are appropriate for the actual work performed.

Current Status

Implemented.

2011-3 Finding - Subrecipient Monitoring

Programs Affected: Higher Education - Institutional Aid

CFDA #: 84.031

Award Year: 2010-2011

Compliance Requirement: Subrecipient Monitoring

Questioned Costs: None

Programs Affected

Title V: Hispanic Serving Institution Cooperative, U.S. Department of Education (CFDA #84.031)

Award Number: P031S100123

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

Criteria or Specific Requirement

OMB Circular A-133 Compliance Supplement, Audits of State and Local Governments and Not-for-Profit Organizations, subpart D - Federal agencies and pass-through entities states the following regarding pass-through entity responsibilities:

A pass-through entity is responsible for identifying and notifying the Subrecipient of the Federal Award information including the proper CFDA title and number, the award name and number, the Federal awarding agency, and all applicable compliance requirements.

Condition

In our sample of Subrecipient contracts, we noted one contract provided through the Norco College reflected inaccurate award information. The information provided to the Subrecipient included the incorrect CFDA number of 10.223 which is administered under the provisions of the U.S. Department of Agriculture. The correct CFDA number for this subaward is 84.031 which is administered under the provisions of the U.S. Department of Education.

Isolated Instance or a Systemic

Isolated Instance - Of the two grants passed through to a Subrecipient, one was noted to have incorrectly identified the awarding agency's CFDA number.

Effect

By not providing the accurate award information to the Subrecipient, there is the possibility that the program will not be administered within the appropriate compliance requirements.

Recommendation

Control procedures over the contracts with Subrecipients should be enhanced to include a secondary monitoring of the grant requirements to reduce the possibility that inaccurate information is included within the grant subaward.

Current Status

Implemented.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

STATE AWARD FINDINGS

2011-4 Finding - Full-Time Equivalent Students (FTES) Misreporting

Programs Affected: Apportionment Funding System

Fiscal Year: 2010-2011

Criteria or Specific Requirement

Title V Regulations

California Community Colleges Chancellor's Office *Student Attendance Accounting Manual (SAAM)*

Condition

During the audit of weekly student contact hour procedures, the following discrepancy related to contact hours was noted:

- BIO-1-47238: Contact hours under reported by 104.32 contact hours

During the audit of actual hours of attendance procedures - contact hour procedures, we noted the following discrepancies resulted in a total of 5,520.60 over reported contact hours and calculated 10.31 over reported FTES:

- NRN-7 courses over reported 383.2 contact hours
- NRN-8 courses over reported 412.0 contact hours
- NRN-9 courses over reported 673.0 contact hours
- PHT-12 courses over reported 3,024.0 contact hours
- PHT-13 courses over reported 672.0 contact hours
- PHT-19 courses over reported 896.0 contact hours
- JOU-20 courses under reported 540.0 contact hours

Questioned FTES

Total FTES questioned are 10.31. The District is currently over the funding cap by 2,258.16.

Effect

Without control systems over the automatic calculations of contact hours and FTES, the District has misreported FTES to the State Chancellor's Office. The District's internal calculating system did not block or limit the amount of actual hours once a student had achieved their maximum allowed.

Recommendation

We recommend the District review and revise the reporting controls over the automatic calculation of contact hours and FTES to ensure accurate reporting.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

Current Status

Implemented.

2011-5 Finding - Instructional Material Fees

Programs Affected: Instructional Material Fees

Fiscal Year: 2010-2011

Criteria or Specific Requirement

CCR, Title V, section 59402 defines "Required instructional and other materials" as "any instructional or other materials which a student must procure or possess as a condition of registration, enrollment or entry into a class; or any such material which is necessary to achieve those required objectives of a course which are to be accomplished under the supervision of an instructor during class hours."

The Student Fee Handbook provided by the California Community Colleges State Chancellor's Office states, "*Districts may only require students to provide instructional materials which are of a continuing value to the students outside of the classroom setting, is tangible personal property that is owned or primarily controlled by the student, and the material must not be solely or exclusively available from the district. Such materials include, but are not limited to, textbooks, tools, equipment, clothing, and those materials which are necessary for a student's vocation training and employment.*"

Condition

Material fees related to Administration of Justice and Fire Technology Instructional Services Agreements (ISAs) administered through the Ben Clark Training Center were charged to students that did not meet the criteria for fees as defined in the Student Fee Handbook noted above. In courses relating to Administration of Justice, fees included coordination, clerical, indirect costs, and other intangible material fees. In courses relating to Fire Technology, fees included administration costs and other fees that could not be identified. Subsequently, the District has terminated the ISA with the Riverside County Training Officers' Association which the courses for Fire Technology were offered through. The Riverside Community College District did not assess or collect these fees.

Questioned Costs

The fees noted above were assessed and collected by the ISA contractors, and the total fees collected have not been calculated.

Isolated Instance or Systemic

Isolated Instance - The Instructional Materials Fees that were inappropriately assessed and charged were limited to the Instructional Services Agreements noted above through the Ben Clark Training Centers.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

Effect

Students enrolling in classes through the Instructional Services Agreements noted above have been overcharged Instructional Material Fees during the 2010-2011 academic year.

Recommendation

We recommend that the District review and monitor the Instructional Services Agreements to ensure that fees charged to students are allowed under both Title V and the State Chancellor's Office published Student Fee Handbook.

Current Status

Implemented.

2011-6 Finding - CARE Advisory Committee Meeting

Programs Affected: CARE

Fiscal Year: 2010-2011

Criteria or Specific Requirement

Education Code Section 79150-79155

CARE Program Guidelines

Information System's Data Element Dictionary (data elements SE01-SE10)

Condition

Required CARE advisory committee meetings at each of the District's three College campuses were held only one time during the year. The CARE Program guidelines note the advisory committees are to meet at least twice during each academic year.

Questioned Costs

None.

Isolated Instance or Systemic

Systemic - The condition noted above was applicable to each of the three College campuses.

Effect

The advisory committees may not be able to properly manage and oversee the CARE Program and budget by not meeting as noted in the guidance.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

Recommendation

We recommend that the CARE Program directors ensure the advisory committee is in place and meets as required by the program guidance.

Current Status

Not implemented. See current year finding 2012-2.

2011-7 Finding - To Be Arranged (TBA) Hours

Programs Affected: To Be Arranged Hours

Fiscal Year: 2010-2011

Criteria or Specific Requirement

California Community Colleges State Chancellor's Office *Student Attendance Accounting Manual* requires the listing of classes conducted under the To Be Arranged hour type to be listed in the schedule of classes and described in the course outline. Additionally, the TBA hours for student participation are required to be tracked to ensure only actual hours of attendance are claimed for apportionment purposes.

Condition

It appears that classes noted in the schedule of classes as including hours subject to TBA requirements at the Moreno Valley College may not have segregated the lecture hours and the laboratory hours that were noted as TBA. This is related specifically to classes needing the Language Laboratory. We have been unable to determine if the additional lab hours were included within the lecture hours.

Questioned Costs

None. The District is over the funded FTES.

Isolated Instance or Systemic

Isolated Instance - This condition is noted specifically at the Moreno Valley College.

Effect

The District is at risk of misreporting the attendance hours and related FTES for classes with TBA components.

Recommendation

The College Academic Department should review the courses noted with TBA lab hours and determine if there is sufficient lab space to allow for the proper classification of the attendance methodology.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

Current Status

Implemented.



Agenda Item (IV-D-3)

Meeting	12/4/2012 - Committee/Regular Board
Agenda Item	Committee - Resources (IV-D-3)
Subject	2011-2012 Independent Audit Report for the Riverside Community College District Foundation
College/District	District
Funding	N/A
Recommended Action	It is recommended that the Board of Trustees receive the Riverside Community College District Foundation's independent audit report for the year ended June 30, 2012 for the permanent file of the District.

Background Narrative:

An independent audit of the Foundation's 2011-2012 financial statements was performed by Ahern, Adcock, Devlin, LLP Certified Public Accountants (AAD). A representative of the firm will be available to present the report. The Foundation's Board of Directors accepted the audit report on November 13, 2012. Results of the audit are summarized below.

Auditor's Opinion

The auditor has issued an unqualified opinion for the financial audit; an excerpt of which follows:

Financial Audit – "In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Riverside Community College District Foundation as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America"

Audit Findings

There were no findings or questioned costs related to the audit for the year ended June 30, 2012.

Auditor's Required Communication – Audit Completion

In accordance with the Statement on Auditing Standards No. 114, at the conclusion of the audit engagement AAD is required to communicate information to the Board of Directors regarding their responsibility under United States Generally Accepted Auditing Standards. Attached for your information is the required communication issued by AAD.

Prepared By: Jim Buysse, Vice Chancellor, Administration & Finance
Aaron Brown, Associate Vice Chancellor, Finance
Bill Bogle, Controller
Amy Cardullo, Director, RCC Foundation and Alumni Affairs

Attachments:

[12042012_AAD Audit Findings](#)
[12042012_Foundation Audit Report FY11-12](#)



**To the Board of Directors
Riverside Community College District Foundation**

We have audited the financial statements of Riverside Community College District Foundation (the "Foundation") for the year ended June 30, 2012, and have issued our report thereon dated November 6, 2012. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Foundation are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2012. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

The fair market value of investments is based upon market analysis as of June 30, 2012. We have obtained information from the investment managers in determining the fair presentation of these amounts. We evaluated the key factors and assumptions used to develop this estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

The following material misstatements detected as a result of audit procedures were corrected by management:

- A prior period adjustment for the promise to give to the District of \$1,009,708 at June 30, 2011, and
- An adjustment to record a refundable advance to the James Irvine Foundation for \$113,592.

Professional standards require that we inform you about uncorrected misstatements aggregated by us during our engagement that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The misstatements are listed in the attached summary of audit differences.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 6, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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

Riverside, California
November 6, 2012

Ahna Adeoch Devlin LLP

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION

Summary of Audit Differences

June 30, 2012

(1)

Temporarily restricted contribution revenue	\$3,093	
Discount on pledges receivable		\$3,093
To discount pledges receivable to net realizable value at June 30, 2012.		

(2)

Temporarily restricted net assets	\$25,000	
Temporarily restricted revenue		\$25,000
To record prior year adjustment for Kaiser grant that was a refundable advance at June 30, 2011.		

**RIVERSIDE COMMUNITY
COLLEGE DISTRICT
FOUNDATION**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEARS ENDED
JUNE 30, 2012 AND 2011**



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Michael R. Adcock, CPA
Shannon M. Carlson, CPA
Linda S. Devlin, CPA
Andrew Steinke, CPA

Of Counsel
Thomas E. Ahern, CPA
Nora L. Teasley, CPA

A California Limited Liability Partnership
Certified Public Accountants



AHERN • ADCOCK • DEVLIN • LLP
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

American Institute of
Certified Public Accountants
Private Companies
Practice Section
Employee Benefit Plan
Audit Quality Center
Governmental Audit
Quality Center
California Society of
Certified Public Accountants

Independent Auditors' Report

To the Board of Directors
Riverside Community College District Foundation
Riverside, California

We have audited the accompanying statements of financial position of Riverside Community College District Foundation (the "Foundation") as of June 30, 2012 and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended. The financial statements of the Foundation as of June 30, 2011 were audited by other auditors whose report dated October 18, 2011 expressed an unqualified opinion on those statements. As discussed in Note 11 to the financial statements, the Foundation has adjusted its 2011 financial statements to record a promise to give to others. The other auditors reported on the financial statements before the prior period adjustment. These financial statements are the responsibility of the Foundation's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Riverside Community College District Foundation as of June 30, 2012 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

We also audited the adjustments to the 2011 financial statements to apply the prior period adjustment as described in Note 11. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the Foundation's 2011 financial statements other than with respect to the adjustments and; accordingly, we do not express an opinion on any other form of assurance on the 2011 financial statements as a whole.

Riverside, California
November 6, 2012

Ahern Adcock Devlin LLP

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
Statements of Financial Position

	<u>June 30,</u>	<u>2012</u>	<u>2011</u>
ASSETS			
Current assets			
Cash and cash equivalents			
Unrestricted	\$	503,002	\$ 636,646
Restricted		869,218	1,316,324
Accounts receivable		1,600	10,078
Unconditional promises to give, net of allowance		538,155	370,615
Prepaid expense		<u>2,000</u>	
Total current assets		<u>1,913,975</u>	<u>2,333,663</u>
Noncurrent assets			
Investments - restricted		4,804,265	3,488,505
Long-term unconditional promises to give, net of allowance		<u>91,381</u>	
Total noncurrent assets		<u>4,895,646</u>	<u>3,488,505</u>
Total assets		<u>\$6,809,621</u>	<u>\$5,822,168</u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable	\$	67,539	\$ 201,829
Refundable advance		113,592	
Promises to give to others		<u>452,779</u>	<u>1,009,708</u>
Total current liabilities		<u>633,910</u>	<u>1,211,537</u>
Total liabilities		<u>633,910</u>	<u>1,211,537</u>
Net assets			
Unrestricted			
Undesignated		(189,192)	(1,094,968)
Board designated		<u>15,669</u>	<u>16,287</u>
Total unrestricted net assets		(173,523)	(1,078,681)
Temporarily restricted		1,239,303	1,917,636
Permanently restricted		<u>5,109,931</u>	<u>3,771,676</u>
Total net assets		<u>6,175,711</u>	<u>4,610,631</u>
Total liabilities and net assets		<u>\$6,809,621</u>	<u>\$5,822,168</u>

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
Statements of Activities and Changes in Net Assets

	June 30, 2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES				
Donations	\$ 361,936	\$ 586,289	\$1,413,012	\$ 2,361,237
In-kind donations				
Donated assets	21,431			21,431
Donated material	31,904			31,904
Donated services	515,683			515,683
Miscellaneous revenue				
Total revenues	930,954	586,289	1,413,012	2,930,255
Assets released from restriction	1,432,579	(1,266,923)	(165,656)	-
Total revenues and reclassifications	<u>2,363,533</u>	<u>(680,634)</u>	<u>1,247,356</u>	<u>2,930,255</u>
EXPENSES				
Operating expenses	576,325			576,325
Program expenses	876,378			876,378
Fundraising expenses	8,246			8,246
Total expenses	<u>1,460,949</u>	<u>-</u>	<u>-</u>	<u>1,460,949</u>
OTHER INCOME (EXPENSE)				
Realized gain (loss) on sale of investments	(1,083)	(1,082)	(41,137)	(43,302)
Unrealized gain on investments	1,299	1,299	49,365	51,963
Interest and dividends income	2,358	2,084	82,671	87,113
Interest expense				
Total other income	<u>2,574</u>	<u>2,301</u>	<u>90,899</u>	<u>95,774</u>
Change in net assets	<u>905,158</u>	<u>(678,333)</u>	<u>1,338,255</u>	<u>1,565,080</u>
Net assets, beginning of year, as previously stated	(1,078,681)	1,917,636	3,771,676	4,610,631
Prior period adjustments				
Net assets, beginning of year, as restated	<u>(1,078,681)</u>	<u>1,917,636</u>	<u>3,771,676</u>	<u>4,610,631</u>
Net assets, end of year	<u>\$ (173,523)</u>	<u>\$ 1,239,303</u>	<u>\$5,109,931</u>	<u>\$6,175,711</u>

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

June 30, 2011

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 24,079	\$ 692,317	\$ 174,993	\$ 891,389
19,935			19,935
21			21
532,137			532,137
889,800			889,800
1,465,972	692,317	174,993	2,333,282
1,149,341	(1,035,256)	(114,085)	-
<u>2,615,313</u>	<u>(342,939)</u>	<u>60,908</u>	<u>2,333,282</u>
753,106			753,106
1,008,290			1,008,290
3,332			3,332
<u>1,764,728</u>	<u>-</u>	<u>-</u>	<u>1,764,728</u>
362	271	8,411	9,044
19,052	13,853	437,452	470,357
3,933	2,950	91,434	98,317
(5,915)			(5,915)
<u>17,432</u>	<u>17,074</u>	<u>537,297</u>	<u>571,803</u>
<u>868,017</u>	<u>(325,865)</u>	<u>598,205</u>	<u>1,140,357</u>
(886,990)	2,243,501	3,173,471	4,529,982
<u>(1,059,708)</u>			<u>(1,059,708)</u>
<u>(1,946,698)</u>	<u>2,243,501</u>	<u>3,173,471</u>	<u>3,470,274</u>
<u><u>\$(1,078,681)</u></u>	<u><u>\$ 1,917,636</u></u>	<u><u>\$3,771,676</u></u>	<u><u>\$4,610,631</u></u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
Statements of Cash Flows

	For the Years Ended June 30,	2012	2011
Cash flows from operating activities			
Change in net assets		\$ 1,565,080	\$1,140,357
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities			
Unrealized gain on investments		(51,963)	(470,353)
Contribution of restricted donations		(1,413,012)	(1,071,857)
Provision for doubtful accounts		2,930	
Forgiveness of debt income			(889,800)
(Increase) decrease in:			
Accounts receivable		8,478	4,672
Prepaid expenses		(2,000)	
Unrestricted unconditional promises to give		272,584	11,721
Increase (decrease) in:			
Accounts payable		(134,290)	(4,741,862)
Refundable advance		113,592	
Net cash provided by (used in) operating activities		<u>361,399</u>	<u>(6,017,122)</u>
Cash flows from investing activities			
Purchase of investments		(1,309,232)	(147,780)
Proceeds from sale of investments		45,435	105,826
Net cash used in investing activities		<u>(1,263,797)</u>	<u>(41,954)</u>
Cash flows from financing activities			
Change in long-term unconditional promises to give		(91,381)	426,226
Payments on promises to give to others		(556,929)	(50,000)
Collections of restricted contributions		1,417,064	1,498,083
Net cash provided by financing activities		<u>768,754</u>	<u>1,874,309</u>
Net change in cash and cash equivalents		(133,644)	(4,184,767)
Cash and cash equivalents			
Balance, beginning of year		<u>636,646</u>	<u>4,821,413</u>
Balance, end of year		<u>\$ 503,002</u>	<u>\$ 636,646</u>
Required disclosure			
Interest paid			\$5,915

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION

Statements of Functional Expenses

	For the Year Ended June 30, 2012			
	<u>Operating</u>	<u>Program</u>	<u>Fundraising</u>	<u>Total</u>
In-kind distributions				
Donated assets		\$ 21,431		\$ 21,431
Donated materials	\$ 31,904			31,904
Donated services	515,683			515,683
Support – instructional and student programs		150,150		150,150
Scholarships		543,586		543,586
Printing	1,177	4,455	\$7,315	12,947
Allowance for uncollected pledges	368	197		565
Investment fees		27,406		27,406
Office supplies	90	1,911		2,001
Postage	186			186
Aquatics complex				
Other services	<u>26,917</u>	<u>127,242</u>	<u>931</u>	<u>155,090</u>
Total expenses	<u>\$576,325</u>	<u>\$876,378</u>	<u>\$8,246</u>	<u>\$1,460,949</u>

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

For the Year Ended June 30, 2011

Operating	Program	Fundraising	Total
	\$ 19,935		\$ 19,935
\$ 21			21
532,137			532,137
	259,803		259,803
	616,685		616,685
8,322		\$3,296	11,618
36,536			36,536
22,218	4,161		26,379
74		36	110
365			365
	3,848		3,848
153,433	103,858		257,291
<u>\$753,106</u>	<u>\$1,008,290</u>	<u>\$3,332</u>	<u>\$1,764,728</u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION

Notes to Financial Statements

1. Organization and Summary of Significant Accounting Policies

The Riverside Community College District Foundation (the “Foundation”) was formed as a nonprofit corporation on October 21, 1975, to solicit funds, provide support for the programs and projects of the Riverside Community College District (the “District”), and to account for the issuance of scholarships to the students of the District. The Foundation also serves as a link between the District and the community.

Financial Statement Presentation

The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements include the accounts maintained by and directly under the control of the Foundation.

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Foundation is required to present a statement of cash flows. The Foundation does not use fund accounting. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting.

The Foundation and the District are financial interrelated organizations as defined by the Financial Accounting Standards Board (FASB), Accounting Standards Codification 958-20, and *Transfers of Assets to a Nonprofit or Charitable Trust that Holds Contributions for Others* (formerly FAS 136). The Foundation reflects contributions received for the benefit of the District as revenue in its financial statements. The expenses related to these contributions are accounted for under program expenses.

Fair Value Measurements

The fair value of equity and debt securities with readily determinable fair values approximates their respective quoted market prices. All other financial instruments’ fair values approximate their carrying amounts due to the short maturities of these instruments.

Net Asset Classifications

Unrestricted net assets are not restricted by donors, or the donor–imposed restrictions have expired.

Temporarily restricted net assets contain donor–imposed restrictions that permit the Foundation to use or expend the assets as specified. These restrictions are satisfied either by the passage of time or by actions of the Foundation.

Permanently restricted net assets contain donor–imposed restrictions and stipulate that the resources be maintained permanently, but permit the Foundation to use, or expend part or all of the income derived from the donated assets for either specified or unspecified purposes. As restrictions on the net assets expire, due to time passing and earnings becoming available for expenditure, the funds are released to either temporarily restricted net assets or unrestricted net assets as applicable.

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION

Notes to Financial Statements

1. Organization and Summary of Significant Accounting Policies (Continued)

Expiration of Donor-Imposed Restrictions

Temporarily restricted net assets have donor-imposed restrictions that permit the Foundation to use up or expend the donated assets as specified and are satisfied either by the passage of time or by actions of the Foundation. As the restrictions expire and become available for expenditure, the funds are released to unrestricted net assets.

Endowment Funds

The Foundation endowment funds are subject to the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) which has been enacted by the State of California. Donations made to the Foundation are classified as permanently restricted if the donor has stipulated the donations is to be held in perpetuity by the Foundation.

The Foundation has a spending policy which governs the funds to be transferred from the endowment. If the donor has provided endowment funds that are permanently restricted, the Foundation will obtain from the donor a description of any further restrictions to be placed on any earnings from the permanently restricted funds. If there are further restrictions, either program or time restrictions, the earnings are considered temporarily restricted until such time as the restrictions are met. Unspent earnings are returned to the corpus if required by the original agreement with the donor.

The Foundation's investment policy for endowment funds is to preserve and enhance the purchasing power while providing a relatively predictable, stable, and constant stream of earnings consistent with the Foundation's spending needs to enable the Foundation to provide scholarships to District students. Investments will be diversified to avoid undue risk and will be sufficiently liquid to meet operating requirements. Annual spending parameters take into consideration the rate of inflation and real growth of the pooled investment fund. Spending percentage shall be average earnings of the past three years, less inflation rate, at a maximum of 4.5 percent of a three-year average market value.

The permanently restricted balances at June 30, 2012 and 2011 were \$5,109,931 and \$3,771,674, respectively, and the balances designated for scholarships were \$15,689 and \$16,287, respectively. The endowment funds consist of pooled investment funds. The activity in the permanently restricted net asset class is reflected in the statement of activities and changes in net assets. Amounts appropriated for expenditures and/or reclassification are shown as net assets released from restriction. Board designated balance is included in the unrestricted net asset class.

Public Support and Revenue

The Foundation receives substantially all of its revenue from direct donations and pledges. Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Realized gains/losses and unrealized gains/losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expiration of restrictions on the net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) is reported as assets are released from restriction between the applicable classes of net assets.

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION

Notes to Financial Statements

1. Organization and Summary of Significant Accounting Policies (Continued)

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets, other than cash, are recorded at their estimated fair value at the time of the gift.

Comparative Financial Information

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

Donated Assets, Services, and Facilities

The Foundation records the value of donated assets, services, and facilities when there is an objective basis available to measure their value. Donated facilities are reflected as support in the accompanying statements at their estimated values at date of donation and fair market value of facilities for the year. Donated assets, if received for the benefit of the Foundation, are capitalized at the stated donated value and depreciated in accordance with Foundation policies, unless they are passed through to the District. During the years ended June 30, 2012 and 2011, all donated assets have been passed through to the District. Donated services are reflected in the accompanying statements when the criteria for recognition have been met and are recorded at fair value.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Foundation is a charitable, not-for-profit, tax-exempt organization qualified under provisions of Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions. Accordingly, no provision for income taxes has been provided in the financial statements. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a). The Foundation annually files information returns, Forms 990, 199, and RRF-1, with the appropriate agencies. There were no unrelated business activities during the years ended June 30, 2012 and 2011. The Foundation is no longer subject to United States federal or state examinations by tax authorities for the years before 2009 and 2008, respectively. During the years ended June 30, 2012 and 2011, the Foundation did not recognize any interest or penalties associated with any tax positions.

Cash Equivalents for Statements of Cash Flows

For purposes of the statements of cash flows, the Foundation considers all highly liquid unrestricted investments available for current use purchased with an initial maturity of three months or less to be cash equivalents.

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION

Notes to Financial Statements

1. Organization and Summary of Significant Accounting Policies (Continued)

Pledges Receivable

Contributions are recognized when the donor makes a promise to give to the Foundations that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Foundation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Management has determined the amount of allowance for uncollectible promises to give at June 30, 2012 and 2011 to be \$9,997 and \$12,929, respectively.

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis. Accordingly, based upon management's estimates, certain costs have been allocated among the programs, support services, and fundraising activities.

2. Concentration of Risk

The Foundation has cash and cash equivalents in financial institutions that may or may not be insured by the Federal Deposit Insurance Corporation (FDIC). The normal FDIC limit is \$250,000 per account and only covers actual cash on either interest or noninterest-bearing account types. However, until December 31, 2012, the FDIC limit has been extended to cover unlimited cash amounts held in noninterest-bearing accounts. At various times throughout the year, the Foundation may have cash balances at financial institutions which exceed the FDIC insurance limit. Additionally, the Foundation deposits are covered under the collateralization of governmental funds agreement which provides for collateralization of deposits with eligible securities at a rate of 110 percent of the deposit on hand. As of June 30, 2012, the balances held in financial institutions of \$1,104,864 were not fully insured, but were collateralized with securities held by the financial institution, but not in the Foundation's name. Management reviews the balances and the financial condition of these financial institutions on a periodic basis and does not believe this concentration of cash results in a high level of risk for the Foundation.

3. Unconditional Promises to Give

Unconditional promises to give at June 30, 2012 and 2011 consist of pledges and are due within the following schedule:

	June 30,	
	2012	2011
Due within one year	\$543,342	\$383,544
Due within one to five years	96,191	
Less allowance for uncollectible promises to give	(9,997)	(12,929)
Total	\$629,536	\$370,615

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
Notes to Financial Statements

4. Investments

Investments are presented at fair value in the financial statements and are composed of the following at June 30, 2012:

	2012		
	Adjusted Cost	Fair Market Value	Unrealized Gain
Equities	\$1,673,330	\$2,832,440	\$1,159,110
Corporate bonds	680,846	1,077,527	396,681
Government bonds	513,373	529,130	15,757
Investment in the California Community Colleges Scholarship Osher Endowment Fund	<u>365,168</u>	<u>365,168</u>	
	<u>\$3,232,717</u>	<u>\$4,804,265</u>	<u>\$1,571,548</u>

Investments are presented at fair value in the financial statements and are composed of the following at June 30, 2011:

	2011		
	Adjusted Cost	Fair Market Value	Unrealized Gain
Equities	\$1,239,406	\$2,075,813	\$836,407
Corporate bonds	539,990	673,861	133,871
Government bonds	358,250	373,663	15,413
Investment in the California Community Colleges Scholarship Osher Endowment Fund	<u>365,168</u>	<u>365,168</u>	
	<u>\$2,502,814</u>	<u>\$3,488,505</u>	<u>\$985,691</u>

Market Value of Financial Assets and Liabilities

The Foundation determines the fair market values of certain financial instruments based on the fair value hierarchy established in Statement of Financial Accounting Standards, *Fair Value Measurements*, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION

Notes to Financial Statements

4. Investments (Continued)

The following provides a summary of the hierarchical levels used to measure fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 asset and liabilities 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 or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities may include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and other instruments whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes U.S. Government and agency mortgage-backed debt securities, corporate debt securities, derivative contracts, residential mortgage, and loans held-for-sale.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private equity investments, where independent pricing information was not able to be obtained for a significant portion of the underlying assets.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2012 and 2011:

Equities: Valued at the closing price in the active market on which the individual equities are traded.

Corporate and government bonds: Valued at the closing price reported in the active market on which the individual securities are traded.

Investment in California Community Colleges Scholarship Osher Endowment Fund: Valued at net asset value of underlying shares held by a banking institution at year-end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
Notes to Financial Statements

4. Investments (Continued)

The table below presents the balance of assets measured at fair value for 2012. There were no liabilities outstanding and measured at fair value as of June 30, 2012.

	Carrying Value at			
	June 30, 2012	Level 1	Level 2	Level 3
Investments – corporate and government bonds	\$1,606,657	\$ 894,870	\$ 711,787	
Investments – equities	2,832,440	1,457,598	1,374,842	
Investment in California Community Colleges Scholarship Osher Endowment Fund	<u>365,168</u>			\$365,168
	<u>\$4,804,265</u>	<u>\$2,352,468</u>	<u>\$2,086,629</u>	<u>\$365,168</u>

There were no changes in the Foundation’s level 3 assets measured at fair value for the year ended June 30, 2012.

The table below presents the balance of assets and liabilities measured at fair value for 2011:

	Carrying Value at			
	June 30, 2011	Level 1	Level 2	Level 3
Investments – corporate and government bonds	\$1,047,524	\$ 616,637	\$ 430,887	
Investments – equities	2,075,813	1,064,132	1,011,681	
Investment in California Community Colleges Scholarship Osher Endowment Fund	<u>365,168</u>			\$365,168
	<u>\$3,488,505</u>	<u>\$1,680,769</u>	<u>\$1,442,568</u>	<u>\$365,168</u>

The following table presents changes in the fair value of the Foundation’s level 3 assets for the year ended June 30, 2011:

Level 3 Assets

Balance, beginning of year	\$202,667
Additions	<u>162,501</u>
Balance, end of year	<u>\$365,168</u>

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION

Notes to Financial Statements

5. Accounts Payable

Accounts payable for the Foundation consisted of the following:

	<u>June 30,</u>	
	<u>2012</u>	<u>2011</u>
Payable to District for program expenses	\$65,619	\$ 49,098
Vendor payables	<u>1,920</u>	<u>152,731</u>
	<u>\$67,539</u>	<u>\$201,829</u>

6. Refundable Advances

During the year ended June 30, 2012, the Foundation was awarded a \$350,000 grant to develop an education model in conjunction with a local unified school district through the fall of 2014. As of June 30, 2012, \$120,000 of the \$350,000 total grant was received. Of the total received, \$6,408 has been spent on program expenses and thus recognized as revenue in the year ended June 30, 2012. The remaining unspent amount of \$113,592 is included in refundable advance.

7. Net Assets

At June 30, 2012 and 2011, unrestricted net assets included \$15,669 and \$16,287, respectively, designated by the board of directors for scholarships.

At June 30, temporarily restricted net assets were available for the following purposes:

	<u>2012</u>	<u>2011</u>
Scholarships	\$ 619,971	\$ 789,648
Programs	<u>619,332</u>	<u>1,127,988</u>
	<u>\$1,239,303</u>	<u>\$1,917,636</u>

At June 30, 2012 and 2011, permanently restricted net assets consisted of \$5,109,931 and \$3,771,676, respectively, with investment earnings restricted for scholarships.

The unrestricted fund of the Foundation has incurred operating deficits in past years that created a net deficit ending balance. Management has increased unrestricted fundraising efforts and has reduced operating costs to correct this deficit. As of June 30, 2012 and 2011, the unrestricted fund had a deficit ending balance of \$780,453 and \$1,128,677, respectively. The board is in the process of seeking unrestricted resources to bring the operating fund to a positive position.

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION

Notes to Financial Statements

8. Forgiveness of Debt

In 2011, the Foundation received notice of the forgiveness in full of \$889,800 in long-term debt outstanding with Riverside Community College District, which covered costs associated with the major gifts campaign. The Foundation has no future obligation related to this debt. Forgiveness of debt income is included within the statement of activities as unrestricted revenue of \$889,800.

9. Related Party Transactions

The Foundation provides various levels of monetary support and service to the District. The transactions are recorded within the financial statements as instructional and student programs and scholarship expense. The Foundation has contributed \$148,819 and \$95,065 to the District for student programs for the years ended June 30, 2012 and 2011, respectively. The Foundation has contributed \$543,586 and \$603,256 to the District for student scholarships for the years ended June 30, 2012 and 2011, respectively. Additionally, the Foundation promised to give a total \$5,833,783 of which \$1,700,000 and \$3,054,000 were to be passed through from the County of Riverside and the City of Riverside, respectively, under a memorandum of understanding with the District for construction of the Aquatics Complex. As of June 30, 2012 and 2011, the Foundation owed the District \$452,779 and \$1,009,708, respectively, of the original promise and an additional \$57,431 promised by the City of Riverside and County of Riverside for diving boards.

The District provides office space and other support to the Foundation. The Foundation office is currently housed in a building, which is owned by the District, and is jointly used by both the District and the Foundation. The Foundation leases the property at a cost of \$1.00 per year. This agreement expires November 30, 2018.

The Foundation received contributed employee services, other professional services, and materials valued at \$547,587 and \$532,158 from the District for the years ended June 30, 2012 and 2011, respectively.

10. Commitments

The Foundation is the fiscal agent for a scholarship component of a District Gear-Up Grant through the Department of Education. As of June 30, 2012, the Foundation has received a total of \$1,293,212 for years one through five of the five-year grant. At June 30, 2012, the funds, including interest income less a small amount expended for investment management fees, are included in the Foundation's temporarily restricted scholarship funds and total \$217,836. The Foundation began distributing the funds in the summer of 2007. During the year ended June 30, 2012, the Foundation has expended \$203,955 in scholarships and expenses related to the program.

RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
Notes to Financial Statements

11. Prior Period Adjustments

In the consolidated financial statements for the year ended June 30, 2010, a restatement was made in accounting for promises to give to others.

This restatement was made and has the following effect on the beginning net assets for the year ended June 30, 2011:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning net assets, as previously reported	\$ (886,990)	\$2,243,501	\$3,173,471	\$4,529,982
Adjustments to record promises to give to others	(1,059,709)			(1,059,709)
Beginning net assets, as restated	<u>\$(1,946,699)</u>	<u>\$2,243,501</u>	<u>\$3,173,471</u>	<u>\$3,470,273</u>

12. Risks and Uncertainties

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term. The volatility of the market and credit institutions after June 30, 2012 could have a significant, negative effect on the Foundation's investments.

13. Subsequent Events

The Foundation's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through November 6, 2012, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.



Agenda Item (IV-D-4)

Meeting	12/4/2012 - Committee/Regular Board
Agenda Item	Committee - Resources (IV-D-4)
Subject	Agreements for Client Services with Brokerage Concepts, Inc. D/B/A Healthnow Administrative Services, and for Shared Advantage Plus by and between California Physicians' Service D/B/A Blue Shield of California and Riverside Community College District
College/District	District
Funding	Self Insurance Fund
Recommended Action	It is recommended that the Board of Trustees approve 1) an Agreement for Client Services with Brokerage Concepts, Inc. D/B/A Healthnow Administrative Services, and 2) an Agreement for Shared Advantage Plus By and Between California Physicians' Service D/B/A Blue Shield of California and Riverside Community College District effective January 1, 2013 in the amount of \$119,070 based on current plan enrollment.

Background Narrative:

In August 2012, Riverside Community College District (RCCD) invited Requests for Proposals (RFP) for Third Party Administration Services and Provider Networks for the RCCD Self-Funded Medical Plan. After reviewing the proposals, the District Benefits Committee interviewed leading candidates and recommended Healthnow Administrative Services (HNAS). This recommendation was then submitted to the Chancellor's Executive Cabinet for their approval.

As a third party administrator, HNAS is partnered with Blue Shield of California to offer its extensive network of over 350 hospitals and 67,000 providers throughout the state to employees with RCCD. With decades of experience and current membership of over 3.5 million Californians, Blue Shield of California has the strength and focus to continue to offer RCCD the exceptionally strong provider access and discounts necessary for accessible, affordable health care. HNAS will duplicate the current plan design with no reduction in benefits.

The RCCD Self-Funded Medical plan serves approximately 245 employees and their families. Switching third party administrators and service provider networks will yield greater advantages, including but not limited to stronger physician infrastructure, knowledge of healthcare trends in local area, strong claims management process, claims administered in our region and strong experience with our Stop/loss carrier, and potential fiscal savings in services. Additionally, the new third party administrator will provide quarterly reports on use of the provider network and services.

Prepared By: Melissa Kane, Vice Chancellor, Diversity and Human Resources

Attachments:

[20121204_Agreement for Client Services with Brokerage Concepts Inc DBA Healthnow Administrative Services](#)
[20121204_Agreement for Shared Advantage Plus by and between CA Physicians Serv DBA Blue Shield of CA](#)

BROKERAGE CONCEPTS, INC.
D/B/A HEALTHNOW ADMINISTRATIVE SERVICES

CLIENT SERVICES AGREEMENT

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CLIENT SERVICES AGREEMENT

This Agreement entered effective January 1, 2013, by and among Riverside Community College District (“**Plan Sponsor**”) and Brokerage Concepts Inc. d/b/a Healthnow Administrative Services (“**Contractor**”), a corporation existing under the laws of the State of New York, having its principal place of business at 801 Lakeview Drive, Suite 301, Blue Bell, PA 19422.

WITNESSETH:

1. The Plan.

1.1 Adoption of the Plan. The Plan Sponsor and/or certain of its subsidiaries or affiliates have adopted on a self-funded basis an Employee Welfare Benefit Plan (the “**Plan**”) providing means by which eligible employees and their dependents who enroll for benefits under the Plan (“**Covered Persons**”) can secure the benefits set forth in the Plan.

1.2 ERISA Administrative Responsibility. The Administrator of the Plan is responsible for the administration and management of the Plan, as provided by and in accordance with the Employee Retirement Income Security Act of 1974, as amended, “**ERISA.**”

1.3 Retention of Contractor. The Plan Sponsor and Administrator have retained Contractor to provide services to the Plan Sponsor, Administrator and Covered Persons in accordance with the terms and conditions of this Agreement and pursuant to Schedule “A” attached hereto and made a part hereof.

1.4 Plan Sponsor is Responsible for all Plan Expenses. The Plan Sponsor is responsible for payment of all Plan expenses, including covered claims, premiums, and the fees of Contractor...

2. Term. This Agreement shall take effect as of January 1, 2013 (the “**Commencement Date**”), and shall be for a term of [1] year (s), unless sooner terminated as provided for herein, and shall be renewed automatically for additional consecutive periods of one year from the date corresponding to the end of such initial or renewal term to the subsequent anniversary of the Commencement Date, unless prior to the expiration of the then-current term one party provides the other party at least 90 days’ written notice of non-renewal and termination, effective as of the end of the then-current term.

3. Contractor. Following execution of this Agreement by the parties, and payment of the funds to Contractor as provided herein, beginning on the Commencement Date, Contractor shall have and fulfill the following responsibilities –

3.1 Scope of Duties. Contractor, within the scope of its professional ability and its responsibilities under this Agreement, shall assist the Plan Sponsor and the Administrator in the administration and management of the Plan as it may be requested and authorized from time to time and in accordance with Schedule “A”.

3.2 Authority. Contractor is authorized by Administrator and Plan Sponsor to do all things it deems necessary or convenient to carry out the terms and purposes of this Agreement.

3.3 Claims Processing. Contractor shall have the responsibility for processing claims under the Plan and for arranging for the payment of covered claims from funds advanced by the Plan Sponsor on behalf of the Plan and deposited in a checking account designated by Contractor. Contractor shall honor any assignment of benefits of a person covered for benefits under the Plan (“**Covered**”

Person”) to any person or institution which is a proper and qualified assignee under the terms of the Plan. Contractor shall not be liable to the Plan Sponsor or Administrator for any actions in determining eligibility, coverage, and/or paying claims in the absence of bad faith.

3.4 Plan Sponsor Shall provide for Claims Expenses Client shall provide for all claims expenses to be deducted from client’s bank account by Contractor as an authorized signor Client shall, immediately upon receipt of invoice from Contractor, pay all claims expenses directly to Contractor.

3.5 Tax Returns. In accordance with applicable I.R.S. guidelines and to the extent of any information available to Contractor and within the scope of its ability, Contractor shall provide required information to the Plan Sponsor pertaining to the operation or management of the Plan.

3.6 Claims Reporting. Contractor may render claims reports to the Plan Sponsor and/or Administrator which may include the following:

3.6.1 Receipts of the Plan, other than deposits made by the Plan Sponsor from its own funds or from collections from employees.

3.6.2 Disbursements, by category, made or recommended by Contractor or Administrator from the Plan.

3.6.3 Any other payment of Plan expenses by Contractor.

3.6.4 A statement of the fees due Contractor.

3.6.5 Advances and any other transfer of funds by the Plan Sponsor or Administrator to Contractor.

3.6.6 Balance of funds advanced by Plan Sponsor or Administrator to Contractor.

3.7 No Investment Advice. It is acknowledged that Contractor is being retained for claims processing activities and such other activities as are expressly set forth in this Agreement, and Contractor is not being retained for investment advice or as a business consultant.

3.8 Contractor’s Services are Ministerial Only. It is understood that the legal and tax status of the Plan under applicable law is a matter for determination by Plan Sponsor and not by Contractor, which is not responsible therefore. It is further understood that Contractor is neither the “administrator” nor a “named fiduciary” of the Plan, as such terms are defined in ERISA, and is not responsible for reporting or disclosure compliance under ERISA or any other applicable law, rule or regulation, it being agreed and understood that the services of Contractor under this Agreement are intended to and shall only consist of those “ministerial functions” as set forth in the regulations of and interpretation by the Department of Labor with respect to fiduciary responsibility under ERISA. The Plan Sponsor and Plan Administrator, as the case may be, have selected the benefits and coverage design and are solely responsible for such design.

3.9 Plan Administrator Retains Responsible Claims Denials. The foregoing provisions notwithstanding, the responsibility and authority of Contractor shall not include final decision

for denial of benefits to an employee or dependent. The Plan Administrator retains sole responsibility and authority concerning denial of benefits for, and/or denial of claims submitted by, eligible employees or dependents.

3.10 HIPAA Business Associate Provisions. With respect to “protected health information” as such term is defined in the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) and in accordance with the Business Associate Agreement attached hereto as Exhibit 1, Contractor shall

3.10.1 use protected health information (“PHI”) provided to it hereunder only for the purposes for which it is engaged hereunder or as required by applicable law;

3.10.2 take commercially reasonable steps to safeguard PHI from use or disclosure other than as provided hereunder or as required by applicable law;

3.10.3 provide commercially reasonable assistance to the Plan, the Plan Sponsor and health care providers to comply with their legal obligations to provide Covered Persons with access to, or ability to amend, PHI about such Covered Persons, as required by applicable law;

3.10.4 upon becoming aware of any use or disclosure of PHI provided to it hereunder other than as provided herein, notify the Plan Sponsor as promptly as reasonably possible;

3.10.5 take commercially reasonable steps to ensure that any agents or subcontractors to whom it provides PHI received from the Plan Sponsor or health care providers, or PHI created or received on their behalf in any form, agree to the same restrictions and conditions on use and disclosure of PHI as provided herein;

3.10.6 make disclosure of audit information available to Covered Persons in accordance with HIPAA audit rules;

3.10.7 make its internal practices, books and records relating to the use and disclosure of PHI received from the Plan Sponsor or health care providers, or PHI created or received on their behalf in any form, available to the Secretary of the federal Department of Health and Human Services solely for purposes of determining the Plan Sponsor’s compliance with the HIPAA privacy rules; and

3.10.8 upon termination of this Agreement, if feasible, return or destroy all PHI received from the Plan Sponsor or health care providers, or PHI created or received on their behalf in any form, and retain no copies of such information; *provided, however*, if return or destruction is not feasible, then Contractor shall extend the foregoing protections to the PHI not returned or destroyed and limit further uses or disclosures to those purposes that make the return or destruction of such PHI unfeasible.

3.11 No Liability for Delays Beyond Contractor’s Control. Contractor shall not be liable for any delay in its performance hereunder due to causes beyond its reasonable control and without its fault or negligence.

4. Claims for Benefits.

4.1 Claim Forms. Any Covered Person may make application for benefits from the Plan as provided by the Plan upon the form or forms provided by Contractor. Contractor shall require each

applicant to complete such application for benefits fully and truthfully and the applicant shall supply such pertinent information from personal or professional sources as Contractor may request.

4.2 Acceptance of Application for Benefits. Contractor shall accept for review any application for benefits made in the appropriate manner and, after due investigation and verification of the statements contained in the application, make a recommendation to the Plan Administrator regarding the eligibility of the Covered Person for benefits. If the facts, as stated in such application, or determined upon investigation by Contractor, entitle the Covered Person to receive benefits from the Plan, then Contractor shall forthwith provide the proper payment made payable to the Covered Person. If Contractor finds that the Covered Person is not entitled to benefits under the Plan, then Contractor shall not make payment. If a Covered Person whose claim has been denied requests a review of such denial, or of the amount paid, Contractor shall assist the Plan Sponsor and/or Plan Administrator in conducting said review in accordance with the terms of the Plan or the Summary Plan Description, and in accordance with HIPAA Privacy Regulations, 45 CFR 160 & 164.

4.3 Arrangement for the Payment of Claims Directly to Providers. Contractor may, at its option, and unless the Covered Person requests otherwise in writing not later than the time of filing proofs of claim, arrange payment of the applicable benefits under said Plan for any or all of such charges directly to the health provider. Nothing herein contained shall be construed to require that a service be provided by a particular health provider.

4.4 Plan Sponsor Shall be Responsible for Timely Submission of Outstanding Claims. Plan Sponsor shall be responsible for complete submission of any outstanding claims to Contractor no later than the [20th day of the last] month of each Plan year. Claims not completed and submitted by the above date may not be processed before the close of such Plan year, and Plan Sponsor agrees to hold Contractor harmless against any and all loss arising from, relating to or in connection with Plan Sponsor's failure to complete and submit claims in a timely manner in according to this Section.

4.5 Assistance in Establishing Claims Appeal Procedures. Contractor shall use commercially reasonable efforts to assist the Plan Administrator in establishing a claims appeal procedure for handling disputes regarding claims for benefits or the payment of benefits, in accordance with the Plan and ERISA, and the Privacy Regulations. It is understood that the Plan Administrator shall have sole and final discretion and authority as to the final denial or payment of a claim or appeal

4.6 Suspension of Services if Plan Sponsor Fail to Make Payments When Due. If Plan Sponsor, for any reason whatsoever, fails to make a required payment when due, Contractor may suspend the performance of its services until such time as Plan Sponsor makes the proper payment. For purposes of this provision, and Paragraph 6.1.1, payments, other than initial payments under Paragraph 0, are due on the first day of the month, or five business days after the date on which the invoice is sent, whichever is later. Contractor shall give Plan Sponsor five business days notice of its intent to suspend performance.

4.7 Cost of Service Fees. Contractor shall be entitled to, and the Plan Sponsor and/or Administrator agree to pay Contractor, a fee for its services to the Plan pursuant to this Agreement, which shall be payable on a monthly basis, except for the set up fee and renewal fee, in accordance with the Schedule of Fees attached to this Agreement as Schedule "B" (as revised from time to time). In addition, Plan Sponsor shall pay Contractor for any discrimination and coverage testing performed by Contractor at the request of the Plan Sponsor, at Contractor's then prevailing rate.

4.8 Cost of Audits. In addition, Plan Sponsor shall be responsible for costs associated with any hospital audits; preparation of medical records, maintaining records of disclosures required by 45 CFR 164.528, independent medical examination and any other third party vendor charges that may be incurred in the processing or payment of benefits under the Plan.

5. The Plan Sponsor and Administrator.

5.1 Information to be Provided to Contractor. As of the Commencement Date, if requested, the Plan Sponsor and/or Administrator shall provide Contractor with a complete list of all employees of the Plan Sponsor who are eligible for benefits from the Plan which information shall include:

- 5.1.1 full name and address;
- 5.1.2 marital status;
- 5.1.3 date of birth;
- 5.1.4 effective date of coverage;
- 5.1.5 names and birth dates of dependents to be covered;
- 5.1.6 date of employment;
- 5.1.7 Social Security number; and
- 5.1.8 other employment.

Thereafter, the Plan Sponsor and/or Administrator shall notify Contractor on a monthly basis of all changes in participation. Notwithstanding anything herein to the contrary Plan Sponsor and/or Administrator shall provide Contractor with a complete list of employees who are no longer covered under the Plan within 14 days of benefit termination or in no event shall the period be longer than the period of notification for the election to continue benefits under the Consolidated Omnibus Budget Reconciliation Act (“**COBRA**”). If Administrator elects to enroll eligible employees and/or dependents by electronic means and if any insurer or reinsurer requests or requires proof of enrollment with original signatures to process or administer any employee and/or dependent claim, the employer shall be responsible for obtaining the completed and signed enrollment card, maintaining the accuracy of the enrollment to a current basis, and providing the original or copy of the original based on the insurer or reinsurer requirements. If Administrator fails to provide to Contractor an enrollment form and the enrollment data, then Contractor shall not be liable for any action or inaction taken on behalf of any Covered Person if its receipt of the enrollment form and the enrollment data would have caused a different action or inaction by Contractor.

5.2 Collection of Covered Person Contributions, if any. The Plan Sponsor and/or Administrator may collect the contributions, if any, made by the employees of the Plan in the appropriate manner and shall transfer the money so collected to the Plan on a monthly or more frequent basis. The Plan Sponsor may make the advance payments to Contractor required by Paragraph 0 above when due.

5.3 Covered Person Enrollment. The Plan Sponsor and/or Administrator shall assist in the enrollment of the employees (and their dependents, as applicable) in the Plan, cooperate with Contractor with regard to proper settlement of claims, and transmit any inquiries pertaining to the Plan to

Contractor. The Plan Sponsor and Administrator shall maintain a supply of forms, enrollment cards or other documents and shall distribute or make available such documents to the employees (and their dependents, as applicable).

5.4 Plan Summary and Documents. The Plan Sponsor and/or Administrator shall provide all materials and documents, including summaries for employees, reports and application and notice forms, as may be necessary or convenient for the operation of the Plan or to satisfy the requirements of governing laws as might from time to time be determined to be appropriate or be prepared by Contractor. Where distribution to employees is required, such materials shall be furnished in sufficient quantity by the Plan Sponsor and/or Administrator and shall be appropriately distributed by the Plan Sponsor and/or Administrator. It shall be the responsibility of the Plan Sponsor or the Administrator to obtain and provide to Contractor each certificate or document required under applicable law, and Contractor shall have no responsibility or obligation to obtain any such certificate or document independently or directly. [Contractor will assist Plan Sponsor and/ or Administrator in providing materials and documents referenced herein, pursuant to the fees set forth in Schedule A.]

5.5 Tax Filings and Reports. The Plan Sponsor is responsible for any and all reporting and disclosure requirements imposed on the Plan pursuant to federal, state or local law, which includes, but is not limited to, the annual preparation of Internal Revenue Service (“**IRS**”) Form 5500 and related schedules.

6. Termination of the Agreement.

6.1 Right to Terminate This Agreement. Contractor shall have the sole discretion to terminate this Agreement upon the occurrence of one of the following events:

6.1.1 Plan Sponsor’s failure to pay the fees provided in Schedule “B,” or to make payments or advances as provided in paragraph 3.7, within twenty (20) days of their due date, provided that the Plan Sponsor is given five (5) business days’ notice (from the date on which notice is sent) that the Agreement will terminate unless payment is received by the twentieth day or by the fifth business day following the sending of notice, whichever is later.

6.1.2 bankruptcy or insolvency of Plan Sponsor;

6.1.3 failure of Plan Sponsor to deliver promptly any required data necessary for the proper performance of Contractor duties;

6.1.4 merger, sale or consolidation of Plan Sponsor, unless provisions have been made with Contractor to continue services with the successor Plan Sponsor in advance of such event; or

6.1.5 the enactment of any law or regulation which makes illegal the continuance of this Agreement.

6.2 Effect of Termination. All obligations of Contractor concerning claims under the Plan, including review of eligibility and coverage, processing and payment of claims, dissemination of information, notifications, and the like, will be terminated and extinguished on the effective date of termination given in the notice even though the claim for such benefits arose prior to the termination of this Agreement. Claims for Plan benefits incurred prior to such termination date will be paid only for the period up to such termination date.

6.3 All Fees Due Upon Termination. Upon the termination of this Agreement, all fees pursuant to Schedule "B" shall accrue and be paid to Contractor up to the date of termination. Payment shall be made as soon as the amount due is determined.

6.4 Run-out Reports. Upon termination by either party and upon remittance to Contractor of the amount due it pursuant to Paragraph 6.3 hereof, Contractor may, within 120 days after the date of termination, or, if applicable, within 120 days after the end of any run out period for which Contractor is providing services, prepare and deliver to the Plan Sponsor and Administrator an accounting and report of the financial status of the Plan. This provision does not limit Paragraph 6.6, and Contractor does not warrant that this accounting will be final, because providers or networks providing services pursuant to the Plan sometimes submit claims or charges after this period. Contractor, at the time of the accounting, shall also return to the Plan Sponsor any funds advanced to Contractor on behalf of the Plan, which were not used to pay Plan expenses or used otherwise in accordance with this Agreement. Contractor may also provide run-out reports to the Plan Sponsor and Administrator for a fee, as set forth in Schedule A.

6.5 Notice to Plan Participants. Upon termination by either party, the Plan Sponsor and/or Administrator shall immediately notify all Plan participants and/or beneficiaries of the termination and its effect upon them.

6.6 Post-Termination Responsibility of the Plan Sponsor and Administrator. Upon termination by either party, the Plan Sponsor and/or Administrator shall be fully liable for any covered benefits for which claims arose prior to termination but which were not paid prior to termination. If Contractor is contractually obligated to a third party to pay for such claims, the Plan Sponsor and/or Administrator will reimburse Contractor for the full amount paid within 30 days of notification of the payment. Furthermore, if the Contractor is tasked to adjudicate claims incurred prior to the termination date but received after the termination of this Agreement the Plan Sponsor and/ or Administrator will pay the Contractor three months administration fees. The Plan Sponsor and/or Administrator's obligation to reimburse Contractor for payments made on such claims will continue until 30 months after termination of the Agreement.

7. Miscellaneous Provisions.

7.1 Plan Sponsor Shall be Responsible for the Payment of Taxes. If during the operation of the Plan, the federal government, any state government, any political subdivision, or any instrumentality thereof, shall assess any tax against the Plan, then the Plan Sponsor shall pay such tax, either directly or by advancing the funds for payment to Contractor.

7.2 Plan Sponsor Shall be Responsible for Prosecution of Certain Claims. Plan Sponsor may have certain rights against Covered Persons or third parties to pay for services already paid by the Plan. The ultimate responsibility for the pursuit of any such claims shall belong to Plan Sponsor; *however*, Contractor may assist Plan Sponsor in the determination of the legal liability of Covered Persons and third parties to pay for services paid for by the Plan, and in the enforcement of any such claims. Contractor shall provide reasonable assistance to, but at the expense of, the Plan Sponsor in collecting information and obtaining rights of subrogation from Covered Persons where it reasonably appears, based on information supplied by the Plan Sponsor that the Plan may have a legal right to obtain reimbursement for benefits paid for a Covered Person. When a claim is received with an injury recorded as the diagnosis and the dollar amount exceeds \$500, the claim is pended for a completed accident questionnaire and a signed subrogation agreement. Claim data is sent monthly for investigation. The diagnosis code fields are used to trigger subrogation investigations. Upon receipt of confirmation that legal representation has been

obtained, Contractor will forward the entire claim file to its subrogation attorneys (external vendor) who then represent the interest of the Plan Sponsor and pursue recovery upon settlement of the case. The Plan Sponsor will receive the full amount of the recovery less the attorney's fees.

7.3 Liability and Indemnification.

- A. Employer agrees to indemnify and hold harmless Company and its affiliates from any and all liability, loss, damages, fines, penalties and costs, including but not limited to, expenses and reasonable attorneys' fees, which Company or its affiliates shall sustain arising out of or in connection with any function of Company under this Agreement, including, but not limited to, any legal action by or on behalf of a Participant, unless it is determined by a court or regulatory agency having jurisdiction of the matter that the liability therefore was the direct consequence of criminal conduct or fraud on the part of Company or of Company's material breach of its obligations under this Agreement. Notwithstanding the above, Employer agrees to indemnify and hold harmless Company and its affiliates from any and all liability, loss, damages, fines, penalties and costs, including, but not limited to, expenses and reasonable attorneys' fees, which Company or its affiliates shall sustain arising out of or in connection with any payment made by Company at the direction of Employer pursuant to this agreement.
- B. Company and Employer shall advise each other as to matters which come to their respective attentions involving potential legal actions or regulatory enforcement activity which involve the Plan or are related to the activities of either Party with respect to the Plan or this Agreement and shall advise each other of legal actions or administrative proceedings which have actually commenced. Notice of legal actions or other administrative proceedings which have actually commenced shall be provided not later than five (5) days after a Party has knowledge of such commencement.
- C. In the event that a lawsuit or administrative proceeding is brought against the Employer or the Plan but not Company, the defense and associated costs of such action or proceeding shall be the responsibility of the Employer. Company shall cooperate fully with Employer in the defense of any such action or proceeding arising out of matters related to this Agreement. Employer agrees not to oppose any attempt made by Company to intervene in such action or proceeding.
- D. In the event that a lawsuit or administrative proceeding is brought against Company arising out of the performance of its duties under this Agreement, the defense and any associated costs of such action or proceeding shall be the responsibility of Company, provided that the costs, including attorneys' fees, of such defense shall be reimbursed to Company by Employer to the extent Company is entitled to indemnification by Employer under subsection A of this Section 7.3. Employer shall cooperate fully with Company in the defense of any such action or proceeding arising out of matters related to this Agreement. Company agrees not to oppose any attempt made by Employer to intervene in such action or proceeding. If Employer or the Plan is also named as a party in such action or proceeding, Employer may request that the counsel engaged by Company also provide for the defense of Employer and/or the Plan. If there is no conflict of interest, Company shall take all reasonable measures to comply with Employer's request. If such counsel does not provide for the Employer's or Plan's defense, then Employer and Plan shall be responsible for the defense and associated costs as provided in subsection C of this Section.

- E. Notwithstanding the foregoing, in no event, shall Company be liable to Employer for indirect, consequential or special damages of any nature, lost profits or savings, punitive damages, injury to reputation or loss of business.
- F. The provisions of this Section 7.3 shall survive termination or discontinuance of this Agreement.

7.4 Use of Certain Terms. Where the context of the Agreement requires, the singular shall include the plural and the masculine gender shall include the feminine.

7.5 Contractor has no Obligation to Advance its Own Funds. Contractor shall not advance its own funds for the payment of claims under the Plan. It is agreed and understood that Contractor does not insure or underwrite the liability of Plan Sponsor under the Plan. Plan Sponsor retains the ultimate responsibility for claims made under the Plan and all authorized expenses incident to the Plan (other than those which are incurred by Contractor in the discharge of its obligations under this Agreement), including the payment of any premium taxes or fees assessed against Plan Sponsor in connection with insurance coverage afforded to Plan Sponsor or the Covered Person.

7.6 Amendment of this Agreement. This Agreement may be amended by the Plan Sponsor, Administrator and Contractor at any time by mutual written consent of said parties; provided however, that except as may be otherwise provided in the Plan, this Agreement may not be amended to reduce any benefits which might be paid or payable for any cause occurring prior to their amendment, or in any way prejudice a claim.

7.7 Duties of Contractor Limited as set Forth in this Agreement. Contractor shall assume none of the functions, responsibilities, liabilities or obligations of the Administrator except as herein expressly set forth.

7.8 Waivers. Neither the failure nor any delay on the part of a party hereof to exercise any right, remedy, power or privilege under this Agreement (“**Right**”) shall operate as a waiver thereof, nor shall any single or partial exercise of any Right preclude any other or further exercise of the same or of any other Right, nor shall any waiver of any Right with respect to any occurrence be construed as a waiver of such Right with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

7.9 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party.

7.10 Paragraph Headings. The Paragraph and subparagraph headings in this Agreement are for convenience only; they form no part of this Agreement and shall not affect its interpretation.

7.11 Assignment. The rights, obligations and benefits established by this Agreement shall be nonassignable by the Plan Sponsor and Administrator. Contractor may assign its rights and obligations hereunder within 30 days’ written notice to Plan Sponsor and Administrator.

7.12 Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of New York (regardless of the laws that might otherwise govern under applicable principles of conflicts of law), and any legal action or proceeding arising from or relating to this

Agreement shall be brought exclusively in any court of the State of New York or in the United States District Court.

7.13 Entire Agreement. This Agreement, together any elections or agreements included in any electronic or paper form or document submitted in connection with the Plan or this Agreement, and the Schedules hereto, in each case the contents of which are incorporated herein in their entirety, constitute the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, with respect to the subject matter hereof.

IN WITNESS WHEREOF, the Plan Sponsor, Administrator and Contractor intending to be legally bound have executed this Agreement:

ATTEST:

BROKERAGE CONCEPTS, INC. D/B/A
HEALTHNOW ADMINISTRATIVE
SERVICES (Contractor)

Date:

By: _____
Margaret Anderson
Executive V. P. Business Development

ATTEST:

Riverside Community College District

Date:

By: _____
James L. Buysse
Vice Chancellor, Administration and Finance

SCHEDULE "A"

ADMINISTRATOR SERVICES TO BE PROVIDED BY CONTRACTOR

Contractor will:

- a. Prepare the Plan Document, SBC's and any changes thereto during the continuance of the servicing of the Plan.
- b. Prepare and print identification cards and Explanation of Benefits (EOBs) for Covered Persons.
- c. Follow the claims administration procedures and practices desired by the Plan Sponsor and Administrator and consult with the Plan Sponsor and Administrator on any changes.
- d. Provide suitable facilities, personnel, procedures, forms and instructions for the administration of claims under the Plan.
- e. With the assistance of Plan Sponsor and Administrator, when necessary, certify eligibility of Covered Persons to receive payments under the Plan.
- f. Determine, in accordance with the Plan and claims administration procedures and practices, the qualification of claims submitted, making, as required, such investigation as may be necessary.
- g. Make payments with funds provided by Plan Sponsor, as provided for in the Plan, of the amount due with respect to claims that qualify under the Plan as provided above.
- h. Provide advice on disputed claims.
- i. Refer to Administrator, for consideration and final decision, and furnish Administrator with an analysis of the issues to assist Administrator in reaching a decision, with respect to any claim or class of claims Administrator may specify, including claims involving:
 - (1) a question with respect to qualification of claims submitted under the terms of the Plan
 - (2) a question with respect to the amount due, and
 - (3) any controversy,
- j. Furnish Plan Sponsor and Administrator essential information with respect to the Plan and the procedure thereunder to assist in distribution of the material furnished.
- k. Report to Plan Sponsor and Administrator at a mutually agreed to frequency, matters of general interest with respect to the Plan, e.g., overall plan performance, problems of a recurring nature, local situations, and suspected misuses of benefits.
- l. Report to Administrator with respect to non-routine claims in process.
- m. Submit to Administrator a monthly accounting of payments made, with sufficient detail to provide for the audit and control of funds used.

- n. Provide advice on benefit and Plan revision.
- o. Submit to Plan Sponsor and Administrator an accounting of benefit payments to participants and dependents by major line of coverage. Frequency to be determined with customer.
- p. Health Advocate
- q. Population Health Management
 - WorldDoc
 - Data Integration
 - GlobalFit
- r. PBM and Stop Loss data integration

SCHEDULE "B"
SCHEDULE OF FEES

The following list of fees shall apply to the implementation and maintenance of the benefit plan for the Employees and their dependents covered under the Employee Health Care Benefit Plan.

<u>Service</u>	<u>Fee</u>
Set up Fee	\$ Waived
Administrative Charges	\$ 22.20/Month/Employee
Network Access Fee	\$ 26.40/Month /Employee
Population Health Management <i>Includes: 24/7 WorldDoc Portal with HRA Data Integration (med, rx, lab, etc), Global Fit</i>	\$ Included
Health Advocate	\$ Included
Biometric Screenings (Optional)	\$ TBD based on specific service selected
N.Y. Surcharge	Included
Massachusetts Surcharge	Included
Plan Document Revision	Included

Not included: Direct Costs of: printing, charges for obtaining medical records.

The above Schedule of Fees is in effect for (Check one of the boxes): the initial term of the Agreement, or for the following two year renewal term.

Date:

Riverside Community College District

James L. Buysse, Vice Chancellor, Administration and Finance

(Date)

**SCHEDULE C
PERFORMANCE GUARANTEES**

Performance Standards

The following are the performance standards that apply to the Claims Administration services. The amount of fees for the Claims Administration services under this Statement of Work for the quarter during which any one (1) of the following standards is not met shall be credited to Riverside Community College District in an amount equal to the percentage of fees set forth in the following table corresponding to the service standard(s) that is not met, but in no event shall more than a total of ten percent (10%) of such fees ever be credited in any one quarter.

Telephone Service	Standard	Percent of Quarterly Fees at Risk
Phone responsiveness (average speed to answer)	30 seconds or less	1%
Abandonment Rate	5% or less	1%
First Call Resolution	90% of calls	1%
Customer Satisfaction	HNAS is willing to discuss comprehensive and realistic metrics collectively agreed upon by both parties	To be determined
Claims Processing	Standard	Percent of Quarterly Fees at Risk
Clean Claim Turnaround / Time-to-Pay	90% of all clean claims processed within 10 business days (including the time to reprice)	2%
All Claim Turnaround / Time-to-Pay	100% of all claims processed within 30 calendar days (including the time to reprice)	2%
Financial Accuracy of Claim	99% accuracy	2%
Procedural Accuracy Rate	97% accuracy	2%

Membership	Standard	Percent of Quarterly Fees at Risk
Eligibility Transaction Turnaround	99% of adds, terms and changes are processed within 2 business days of receipt	0.5%
Eligibility Data Entry Accuracy Percentage	95% of the eligibility data is entered correctly	0.5%
Eligibility Procedural Accuracy	99% of transactions will be accurate	0.5%
ID Card Production	100% mailed within 4 days of receipt of eligibility	0.5%
ID Card Accuracy	100% accuracy	0.5%
Billing Accuracy	100% of eligibility transactions processed by 10 th day of prior month will be reflected in the bill sent on 15 th of that prior month	0.5%
Support/Reporting	Standard	Percent of Quarterly Fees at Risk
Account Management	The standard is based on the evaluation of mutually agreed upon criteria between Riverside Community College District and HNAS	We will place 2% of quarterly fees at risk if the agreed upon terms are not met
Reporting	Monthly and Quarterly reports will be delivered by the 20 th business day following the close of the preceding month.	1% of quarterly fees
Implementation	Standard	Percent of 1st Quarter's Fees at Risk
Assuming that all materials are provided to HNAS as outlined within the implementation timeline, we will place up to 25% of the 1 st quarter's medical administration fees at risk as follows:		
ID Card	Employee ID card receipt prior to the effective date (full enrollment must be received)	10%
Benefit Testing	Accuracy of Benefit Testing prior to the effective date	10%
SPD Delivery	Delivery of the SPD within 60 days prior to the effective date of the plan	5%

Definitions of Standards

Average Speed to Answer: The average amount of time for a live service representative to answer telephone calls to customer, member, and provider service units in a *given period* during live coverage service telephone hours (currently 8 am – 7 pm nationally). The *given period* will be quarterly.

Abandonment Rate: The percentage of incoming calls to customer, member, and provider service units in which callers were disconnected or abandoned the call before contact with a service representative in a *given period* during live coverage service telephone hours (currently 8 am – 7 pm nationally). The *given period* will be quarterly.

First Call Resolution: The percentage of incoming calls to customer, member, and provider service units in which issues are raised by the caller are resolved (the issue is finished and no further activities are required) within the same business day in which the call was made in a *given period*. The *given period* will be quarterly.

Time-to-Pay: The percentage of claims or ‘clean’ claims that are processed during a *given period*. The *given period* will be quarterly. The time period for measurement begins with the date the provider or member submits the claim and ends on the date the member or provider receives payment or an explanation of payment/benefits related to the claim, and includes all activities necessary in between those two events, including but not limited to mailing time and repricing. Metrics will be determined using automated reports produced by HNAS on a quarterly basis. The monthly reports will be aggregated to produce results for the ‘Guarantee Period.’

Financial Accuracy of Claim: Total dollars paid minus the absolute value of overpayments and underpayments (total correct payments) divided by the total dollars paid. This is measured by collecting a statistically significant random sampling of claims processed within a *given period*. The *given period* will be quarterly. The measurement is conducted by our quality assurance program based on a periodic audit of all claims processed for Riverside Community College District during the *given period*.

Procedural Accuracy Rate: Procedural Accuracy is measured by collecting a statistically significant random sample of Riverside Community College District claims processed during a *given period*. The *given period* will be quarterly. The sample is reviewed to determine the percentage of non-financial service lines (i.e., any line that does not include financial data) processed correctly out of the total non-financial service lines processed in the sample. The non-financial service lines reviewed include, but are not limited to: Patient Name, Employee Name, Employee Address, Employee Social Security Number, Benefit Assignment (i.e., was payment made to the correct person), Date of Service, Charge, Cause Code, Diagnosis Code, Remark Code (i.e. message appearing on the EOB), and Service Code.

The Membership standards shall be applied on a monthly basis.

While the credit to the fees, if any, shall be calculated and applied on a quarterly basis, HNAS shall also calculate its performance under each of the standards on a calendar month basis and report such performance to Riverside Community College District.

SHARED ADVANTAGE PLUS AGREEMENT

BY AND BETWEEN CALIFORNIA

PHYSICIANS' SERVICE D/B/A BLUE

SHIELD OF CALIFORNIA

AND

Riverside Community College District

Effective: 1/1/2013

SHARED ADVANTAGE PLUS AGREEMENT

This **SHARED ADVANTAGE PLUS AGREEMENT** (this “**Agreement**”), effective 1/1/2013 (the “**Effective Date**”), is made and entered into by and between **CALIFORNIA PHYSICIANS’ SERVICE, d/b/a BLUE SHIELD OF CALIFORNIA**, a California nonprofit mutual benefit corporation (“**Blue Shield**”) and **RIVERSIDE COMMUNITY COLLEGE DISTRICT**, doing business in California (“**Client**”).

WHEREAS, Blue Shield is licensed as a health care service plan under the Knox-Keene Health Care Service Plan Act of 1975, and the regulations promulgated thereunder, each as amended (the “**Knox-Keene Act**”), and provides the Shared Advantage Plus Product (as defined below) to customers in the State of California; and

WHEREAS, Client is headquartered in California and sponsors a health benefits plan named Riverside Community College District, a copy of which is attached hereto as Attachment A (the “**Plan**”); and

WHEREAS, HNAS is a TPA (as defined below); and

WHEREAS, HNAS and Blue Shield are parties to that certain Master Services Agreement, effective as of 1/1/2013 (the “**MSA**”), pursuant to which HNAS and Blue Shield have agreed to provide certain administrative services to each other and to customers who have purchased the Shared Advantage Plus Product; and

WHEREAS, HNAS and Client are parties to that certain Administrative Services Agreement effective as of 12/31/2012 (the “**TPA Agreement**”) pursuant to which HNAS has agreed to provide certain administrative services to Client supporting the provision of the Shared Advantage Plus Product and the administration of the Plan; and

WHEREAS, Client and Blue Shield desire to enter into a contract pursuant to which Blue Shield will provide certain other administrative services to Client supporting the provision of the Shared Advantage Plus Product and the administration of the Plan.

NOW, THEREFORE, the parties hereto, in consideration of the premises and covenants herein contained, and intending to be legally bound hereby, agree as follows:

1 DEFINITIONS AND CONSTRUCTION.

1.1 **Definitions.** The following capitalized terms, when used in this Agreement and the Attachments hereto, shall have the meanings set forth in this Section.

- (a) **“Affiliate”** means, with respect to any Person, any other Person Controlling, Controlled by, or under common Control with, such Person at the time in question.
- (b) **“Agreement”** is defined in the preamble.
- (c) **“At-Risk Party”** is defined in Section 8.2(d)(i).
- (d) **“BCBSA”** is defined in Section 9.2.
- (e) **“Blue Shield”** is defined in the preamble.
- (f) **“Blue Shield Fees”** is defined in Attachment E, Section 1.1(b)(i).
- (g) **“Blue Shield Services”** is defined in Section 2.1(a).
- (h) **“Books and Records”** is defined in Section 5.2.
- (i) **“Business Day”** means any day other than a Saturday or a Sunday or other day on which commercial banks are authorized or required to close in the State of California.
- (j) **“Change in Law”** means (i) the passage of any change in a Law in effect as of the Effective Date or any new Law, or a written change in the formal interpretation of a Law that is held, or is reasonably likely to be held, by a Governmental Entity having jurisdiction over a party with respect thereto, to be applicable to such party, or (ii) a change in the applicable requirements of BCBSA in effect as of the Effective Date or any new requirement of BCBSA imposed after the Effective Date.
- (k) **“Change Order”** is defined in Section 2.1(d).
- (l) **“Change Request”** is defined in Section 2.1(d).

- (m) **“Client”** is defined in the preamble.
- (n) **“Client Services”** is defined in Section 2.2.
- (o) **“Compensation”** is defined in Section 3.
- (p) **“Confidential Information”** is defined in Section 7.2(a).
- (q) **“Contracting Providers”** means those health care providers with whom/which Blue Shield has entered into contracts to provide health care services to Participants in exchange for negotiated rates.
- (r) **“Control”** means (i) the legal, beneficial or equitable ownership, directly or indirectly, of more than fifty percent (50%) of the voting capital stock (or other voting interests) of an entity; or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management policies or operation of an entity through ownership of voting securities, by contract, or otherwise.
- (s) **“Damages”** is defined in Section 10.1
- (t) **“Dispute Date”** is defined in Section 11.10
- (u) **“Effective Date”** is defined in the preamble.
- (v) **“Encumbrances”** means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof), any sale of receivables with recourse, any filing or agreement to file a financing statement as debtor under the Uniform Commercial Code or any similar statute, or any subordination arrangement in favor of another Person.
- (w) **“Force Majeure Event”** means any contingency beyond the reasonable control of a party, including acts of God, fires, wars, riots, civil disorders, accidents, labor disputes or shortages, and

governmental Laws (regardless of whether such Laws are valid or invalid).

- (x) **“GAAP”** means generally accepted accounting principles as in effect in the United States from time to time.
- (y) **“Governmental Entity”** means any foreign, federal, state or local governmental, regulatory or other administrative body, court, tribunal, authority, department, commission, board, bureau, agency or instrumentality.
- (z) **“HNAS”** is defined in the third recital.
- (aa) **“TPA Agreement”** is defined in the fifth recital.
- (bb) **“HIPAA”** means the Health Insurance Portability and Accountability Act of 1996 and the regulations promulgated thereunder, each as amended and in effect from time to time.
- (cc) **“Indemnified Party”** is defined in Section 10.1.
- (dd) **“Indemnifying Party”** is defined in Section 10.1.
- (ee) **“Intellectual Property”** means all: (i) patents, patent applications, patent disclosures and inventions; (ii) trademarks, service marks, trade dress, trade names, logos and corporate names and registrations and applications for registration thereof together with all of the goodwill associated therewith; (iii) copyrights (registered or unregistered) and copyrightable works and registrations and applications for registration thereof; (iv) mask works and registrations and applications for registration thereof; (v) computer software, (vi) electronic and non-electronic data, data bases and documentation thereof; (vii) trade secrets and other confidential information (including ideas, formulas, compositions, inventions (whether patentable or unpatentable and whether or not reduced to practice), know-how, manufacturing and production processes and techniques, research and

development information, drawings, specifications, designs, plans, proposals, technical data, copyrightable works, financial and marketing plans and customer and supplier lists and information); (viii) other intellectual property rights; and (ix) copies and tangible embodiments thereof (in whatever form or medium).

- (ff) **“Knox-Keene Act”** is defined in the first recital.
- (gg) **“Law”** means any federal, state, local, or other constitution, charter, act, statute, law, ordinance, code, rule, regulation, order, specified standards or objective criteria contained in any applicable permit or approval, or other legislative or administrative action of the United States of America, or any state or any agency, department, authority, political subdivision or other instrumentality thereof, or a decree or judgment or order of a court.
- (hh) **“Licensee”** is defined in Section 6.1(a).
- (ii) **“Licensor”** is defined in Section 6.1(a).
- (jj) **“Material Adverse Effect”** means, with respect to a party (other than a natural person), any change or effect that would or would reasonably be expected to materially and adversely affect the financial condition or performance, results of operations, the assets, liabilities, the business, or the party, taken as a whole, as the case may be.
- (kk) **“Modifications”** is defined in Section 6.2.
- (ll) **“MSA”** is defined in the fourth recital.
- (mm) **“Participant”** means each union member, employee, retiree or other individual who is a resident of California and is eligible to enroll in, and is enrolled the Plan and each enrolled dependent of

such enrolled union member, employee, retiree or other individual.

(nn) **“Person”** means an individual, trust, estate, partnership, or any incorporated or unincorporated organization.

(oo) **“Plan”** is defined in the second recital.

(pp) **“Proceeding”** is defined in Section 10.2.

(qq) **“Shared Advantage Plus Product”** means an arrangement pursuant to which Blue Shield and a TPA jointly administer the self-funded health care benefit plan(s) of a customer headquartered in the State of California and in which: (i) Blue Shield provides certain administrative services, including claims adjudication services, and access to Blue Shield’s network of contracted health care providers (as well as access to the applicable rates contracted for by Blue Shield with such providers); (ii) the TPA provides certain customer support and other administrative services; and (iii) the customer assumes the obligation to pay for the costs of health care benefits for which participants in the self-funded health care benefit plan(s) are eligible.

(rr) **“TPA”** means a third party administrator, where “administrator” has the meaning set forth in Section 1759 of the California Insurance Code.

1.2 Capitalized Terms. Other specific capitalized terms in this Agreement are defined where used and have the meanings there indicated. Further, any terms, acronyms, and phrases of general custom or use in the health insurance and/or information services industry, if and to the extent not specifically defined herein, shall be interpreted in accordance with such custom and usage.

1.3 Rules of Construction. The following rules of construction shall apply to this Agreement.

- (a) Each term defined in the singular form in Section 1.1 or elsewhere in this Agreement means the plural thereof whenever the plural form is used, and each term defined in the plural form means the singular thereof whenever the singular form is used. The use of a pronoun of any gender is applicable to all genders.
- (b) Unless otherwise specified therein, all terms defined in this Agreement have the meanings as so defined herein when used in any other certificate, report or document made or delivered pursuant hereto.
- (c) The words “hereof,” “herein,” “hereunder” and similar terms when used in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement, and article, section, subsection, schedule and exhibit references herein are references to articles, sections, subsections, schedules and exhibits to this Agreement unless otherwise specified.
- (d) A reference to any agreement, document or instrument refers to the agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof and as permitted therein.
- (e) Except as otherwise specified, a reference to any applicable law or section thereof refers to the law as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, and to any rules and regulations promulgated thereunder;
- (f) The words “including” and “include” mean including without limiting the generality of any description preceding such term, the

phrase “may not” is prohibitive and not permissive, and the word “or” is not exclusive.

- (g) All accounting terms not specifically defined herein shall be construed in accordance with GAAP.
- (h) Unless otherwise stated in this Agreement, in the computation of a period of time from a specified date to a later specified date, the word “from” means “from but excluding” and the words “to” and “until” each means “to and including.”

1.4 Headings. The headings preceding the text of the sections of this Agreement and the exhibits hereto are for convenience only and shall not be deemed any part of the terms or construction of this Agreement.

1.5 No Presumption. The language used in this Agreement shall be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party.

2 THE SERVICES.

2.1 Blue Shield Services.

- (a) **General.** Commencing on the Effective Date, Blue Shield shall provide Participants with access to the Contracting Providers and shall provide those administrative services supporting the Plan set forth in Attachment B hereto (the “**Blue Shield Services**”), in accordance with the terms and conditions of this Agreement.
- (b) **Resources.** Except as otherwise expressly provided in this Agreement, Blue Shield shall be responsible for providing the personnel, facilities, equipment, software, technical knowledge, expertise and other resources necessary to provide the Blue Shield Services.
- (c) **Limit on Blue Shield Services.** Client shall be solely responsible for the performance of all Plan management and administrative functions except those functions specifically

identified in this Agreement as the responsibility of Blue Shield. Identification in this Agreement of specific Client responsibilities shall not be deemed or interpreted to limit Client's other responsibilities for management and administration of the Plan. Blue Shield is not responsible for coordination of benefits or Medicare Crossover services.

- (d) **Change Order.** Client may request a change to the scope of the Blue Shield Services, including additional or new services, by written request to Blue Shield (a "**Change Request**"). Blue Shield shall use commercially reasonable efforts to accommodate each Change Request; provided that if such accommodation will require Blue Shield to dedicate resources in addition to those already dedicated to the provision of the Blue Shield Services, Blue Shield may require a reasonable increase in the Compensation for accommodating the Change Request. Within ten (10) Business Days of receipt of a Change Request, Blue Shield notify Client of Blue Shield's ability to accommodate the Change Request, including an estimate of Compensation increases, if any, required by Blue Shield. If the parties agree upon the terms (including any Compensation increases) applicable to any Change Request, the parties shall enter into a change order in substantially the form attached hereto as Attachment C ("**Change Order**"). Each Change Order shall be deemed an amendment to this Agreement.

2.2 **Client Services**

- (a) **General.** Commencing on the Effective Date, Client shall provide the services described in Attachment D hereto (the "**Client Services**"), in accordance with the terms and conditions of this Agreement. The Client Services shall be provided either

directly by Client or through HNAS, as specified in Attachment D.

(b) **Resources**. Except as otherwise expressly provided in this Agreement, and notwithstanding any delegation to HNAS, Client shall be responsible for providing the personnel, facilities, equipment, software, technical knowledge, expertise and other resources necessary to provide the Client Services.

3 THE COMPENSATION.

In exchange for the provision of the Blue Shield Services, Client shall pay Blue Shield the compensation set forth in Attachment E (the “**Compensation**”).

4 PUBLICITY.

Neither party shall issue a press release announcing or describing their relationship contemplated by this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. Except as otherwise agreed to by the parties, all media releases, public announcements, and public disclosures by either party relating to this Agreement or the subject matter of this Agreement, including promotional or marketing material, but not including announcements intended solely for internal distribution or disclosures to the extent required to satisfy legal or regulatory requirements, shall be coordinated with and approved by the other party prior to release, which approval shall not be unreasonably withheld or delayed. *[Notwithstanding the foregoing, Client’s compliance with the applicable provisions of California Government Code §54950 et. seq. (the “**Brown Act**”) shall not be deemed to be in violation of the terms of this Section.]*

5 COVENANTS.

5.1 **Work Standards**. Blue Shield shall perform the Blue Shield Services with reasonable and ordinary care, and with the skill, prudence and diligence of a prudent health care benefits administrator acting under the circumstances then prevailing. Client shall perform the Client Services

with reasonable and ordinary care, prudence and diligence acting under the circumstances then prevailing.

5.2 Books and Records. Blue Shield shall keep and maintain books of account and other records on a current basis relating to the Blue Shield Services and other performance under this Agreement and Client shall keep and maintain books of account and other records on a current basis relating to the Client Services, the determination of who are Participants and the payment of claims (collectively, the “**Books and Records**”). Each party agrees to preserve its Books and Records for at least seven (7) years.

5.3 Audit.

(a) During the term of this Agreement and for a period of one (1) year after the termination of this Agreement, Client may inspect and audit Books and Records maintained by Blue Shield in performing the Blue Shield Services by giving Blue Shield thirty (30) days advance written notice and a request for such Books and Records. The notice shall state the purpose for the audit. Any examination of individual benefit payment records shall be carried out in a manner agreed to by the parties and designed to protect the confidentiality of individual medical information. Audits shall be limited to not more than one (1) during any twelve (12) month period.

(b) During the term of this Agreement and for a period of one (1) year after the termination of this Agreement, Blue Shield may inspect and audit the Books and Records maintained by Client respecting the eligible Participants and the payment of claims by giving Client thirty (30) days advance written notice and a request for such Books and Records. The notice shall state the purpose for the audit. Any examination of individual benefit payment records shall be carried out in a manner agreed to by the parties and

designed to protect the confidentiality of individual medical information.

- (c) Any audits shall be conducted at the auditing party's expense by such party's audit staff or by an independent contractor employed by such party who shall be either a Certified Public Accountant or who shall be otherwise professionally qualified to perform such audit services. A party may refuse access to records and information to any Person who such party believes is reasonably likely to misuse or misappropriate information as a result of a conflict of interest or otherwise, or whose compensation in connection with any audit is contingent or otherwise wholly or partially based on the audit findings. Any Person who performs an audit hereunder shall use generally accepted auditing standards. Any independent contractor employed by a party to perform an audit shall agree in writing to maintain the confidentiality of all information of which it becomes aware in the course of the audit[; *provided, however, that such requirement of confidentiality shall be subject to Client's obligations under the Brown Act*]. At the conclusion of any audit and prior to drafting the audit report, the auditor shall meet with the audited party for an exit conference. Prior to the release of any final audit report, the audited party shall be provided with a copy of the audit report and be given an opportunity to comment. Such party's comments, if any, shall be made a part of the final audit report. The auditing party shall reimburse the audited party for all reasonable costs incurred by the audited party in support of the audit.
- (d) In the event that a party or party's auditors request individually identifiable medical information, the party desiring such records shall provide the other party with a written representation and warranty stating that the party requesting the records has established procedures that ensure appropriate safeguards against

unauthorized disclosure or use of such information and that the information will be used solely for the purposes allowed by California Civil Code §§ 56.10-56.16 (the California Confidentiality of Medical Information Act), California Insurance Code §§ 791-791.27 (the California Insurance Information and Privacy Protection Act), HIPAA, Title 42 of the U.S. Code (the U.S. Public Health Service Act), and other applicable privacy Laws.

5.4 Compliance with Laws.

Each party shall comply with all applicable Laws in connection with its performance hereunder.

5.5 TPA Agreements. Client covenants and agrees that any agreements it enters into or maintains with HNAS or any other TPA, including the TPA Agreement, and Client's performance of such agreements, shall not conflict with, result in a material breach of, constitute a material default under this Agreement.

6 INTELLECTUAL PROPERTY.

6.1 Existing Intellectual Property.

(a) In the event that either Blue Shield or Client (the "**Licensor**") licenses or otherwise permits the other party (the "**Licensee**") to utilize or access certain Intellectual Property of the Licensor, whether pursuant to a separate license agreement or otherwise, in connection with this Agreement, then, following the termination of this Agreement, or at any time the Licensor notifies the Licensee, all license or other rights to the Intellectual Property provided shall terminate and revert back to the Licensor.

(b) The Licensee shall not create or permit any Encumbrances to any Intellectual Property of the Licensor or any Modifications thereto without the prior written consent of the Licensor. The Licensee

shall execute such instruments and agreements as may be reasonably requested by the Licensor to evidence the Licensor's rights to the Intellectual Property and any Modifications thereto.

6.2 Modifications. In the event that the parties jointly develop, or cause the development of any modifications, enhancements and adaptations (collectively, any "**Modifications**") to any Intellectual Property, all right, title and interest to such Modifications shall be deemed to belong to the Licensor whose Intellectual Property such Modifications relate, and the Licensee shall be deemed to have a non-exclusive license, without any right to sublicense, to use such Modifications in furtherance of its obligations pursuant to this Agreement. Following the termination of this Agreement, all rights to any Modifications shall terminate and revert back to the licensing party.

6.3 New Intellectual Property. In the event that the parties jointly develop, or cause the development of any new Intellectual Property, such Intellectual Property shall be deemed to be jointly owned by both parties during the term of this Agreement and thereafter, and each party shall have the unfettered right to exploit such Intellectual Property for its benefit without being obligated to pay any royalties or other sums to, obtain the consent of, or provide any notice to the other party.

7 HIPAA; CONFIDENTIALITY.

7.1 Protected Health Information. Blue Shield and Client shall develop and implement policies and procedures to ensure that Participants' information is not disclosed in violation of any applicable Law relating to protection of such information. The parties shall execute, concurrently with this Agreement, a HIPAA Business Associate Agreement, substantially in the form attached hereto as Attachment F, the terms of which are incorporated herein by reference. Client may instruct Blue Shield to transmit reports and information to HNAS in connection with Blue Shield's performance of this Agreement. Client may also instruct HNAS to send reports and

information to Blue Shield in connection with HNAS's performance of the TPA Agreement. Client represents and warrants to Blue Shield that Client has entered into a HIPAA business associate agreement with HNAS and that such agreement shall remain in effect during the term of this Agreement. Client understands and agrees that HNAS will participate in the exchange of information described herein and that Client nevertheless remains responsible for Client's performance under this Agreement. Client shall notify Blue Shield promptly in the event that its HIPAA business associate agreement with HNAS ceases to be in effect, in which event (notwithstanding anything to the contrary in this Agreement) Blue Shield shall not be required to transmit information to or receive information from HNAS. Notwithstanding anything to the contrary in this Agreement, no attorney-client privilege, attorney work product protection, accountant-client privilege, or other similar legal privilege or protection shall be deemed waived by Client or Blue Shield by virtue of this Section 7.1.

7.2 **Confidential Information.**

- (a) **Definition.** Client and Blue Shield each acknowledges that it may be furnished with, receive or otherwise have access to information of or concerning the other party that such party considers to be confidential, a trade secret, or otherwise restricted. **"Confidential Information"** shall mean all information, in any form, furnished or made available directly or indirectly by one party, or to which either party gains access in the course of or incidental to the performance of this Agreement, and that reasonably should have been understood by the recipient (because of legends or other markings, the circumstances of disclosure, or the nature of the information itself) to be confidential, to the furnishing party, an Affiliate of the furnishing party, or a third party. Confidential Information shall include, whether or not designated "Confidential Information," all non-public information

concerning: (i) the identities and related information regarding contracting providers of Blue Shield or its Affiliates, (ii) contract reimbursement rates and related information for such contracting providers, (iii) proprietary claims adjudication rules and procedures, and (iv) other proprietary rules, procedures and methodologies used by Blue Shield or its Affiliates to create and maintain their provider networks and to adjudicate claims. The terms and conditions of this Agreement shall also be deemed Confidential Information. Notwithstanding the foregoing, Confidential Information shall not include information that the receiving party can demonstrate to the reasonable satisfaction of the disclosing party (A) was rightfully in the possession of the receiving party without any obligation of confidence before receipt thereof from the disclosing party, (B) was independently developed by the receiving party without the use of or reference to any of the disclosing party's Confidential Information, (C) is or has become available to the public without fault of the receiving party or (D) is disclosed to the receiving party, without restriction, by a third party with the right to so disclose.

- (b) **Non-Disclosure.** Each party agrees to maintain the Confidential Information of the other party in confidence using at least the same degree of care as it uses for its own Confidential Information and not use the other party's Confidential Information for any purpose other than the purposes contemplated by this Agreement. Each party may disclose the other party's Confidential Information only to (i) officers, directors, employees or Affiliates of the receiving party who have a need to know such information to accomplish the purposes of this Agreement or (ii) third parties upon the prior written approval of the other party. Notwithstanding the foregoing, a party may use or disclose the other party's Confidential Information to the extent that, based

upon the advice of the party's legal counsel, such use or disclosure is reasonably necessary to comply with applicable governmental regulations or court order; provided that the party provides reasonable advance written notice to the other party of any such disclosure and uses its reasonable efforts to secure confidential treatment of the other party's Confidential Information prior to its disclosure (whether through protective orders or otherwise) and discloses only the minimum amount of information necessary to comply with such requirements.

(c) **Return of Materials.** As requested by either party during the term, upon expiration or any termination of this Agreement, or upon completion of either party's obligations under this Agreement, the receiving party shall return or destroy, as the furnishing party may direct, all material in any medium that contains, refers to, or relates to Confidential Information of the furnishing party, and retain no copies; provided that the receiving party may retain such archival copies as may be necessary to comply with document retention laws and regulations applicable to the receiving party's business operations.

(d) **Mitigation.** In the event of any actual or suspected misuse, disclosure or loss of, or inability to account for, any Confidential Information of the disclosing party, the receiving party promptly shall (i) notify the disclosing party upon becoming aware thereof; (ii) promptly furnish to the disclosing party full details of the unauthorized possession, use, or knowledge, or attempt thereof, and use reasonable efforts to assist the disclosing party in investigating or preventing the reoccurrence of any unauthorized possession, use, or knowledge, or attempt thereof, of Confidential Information; (iii) take such actions as may be necessary or reasonably requested by the disclosing party to minimize the violation; and (iv) cooperate in all reasonable respects with the

furnishing party to remedy, terminate or discontinue the violation and any damage resulting therefrom.

- (e) **Duration.** The parties' obligations respecting Confidential Information shall continue for a period of five (5) years following expiration or termination of this Agreement unless a longer period is required by this Agreement or by Law.
- (f) **Ownership of Records.** All business records and claims data relating to the Blue Shield Services shall constitute Confidential Information under the terms of this Agreement and shall be and remain the sole property of Blue Shield. As may be requested by Blue Shield at reasonable intervals, Client shall transfer a complete copy of all Blue Shield data to Blue Shield and shall provide such data within not more than fifteen (15) Business Days after the request.
- (g) **Remedies.** The parties agree that any violation of this Section 7 would cause immediate and irreparable injury or loss to the affected party. Accordingly, in the event of any violation of any of the provisions of this Section 7 by a party, or any explicit threat thereof, the other party shall be entitled to an injunction or other decree of specific performance with respect to such violation or threatened violation, without any bond or other security being required and without the necessity of demonstrating actual damages. Such remedies shall be in addition to any other remedies provided by Law.

8 TERM AND TERMINATION.

- 8.1 Term.** Unless sooner terminated as provided herein, this Agreement shall remain in effect through December 31, 2014. Thereafter, this Agreement shall automatically renew each year for a one year term unless sooner terminated as set forth in Section 8.2

8.2 **Termination.**

- (a) **Without Cause.** Either party may terminate this Agreement without cause by providing the other party with no fewer than ninety (90) days prior written notice.

- (b) **For Cause.**
 - (i) Either party may terminate this Agreement in the event of a material failure of the other party in the performance of any term or condition of this Agreement, *provided* that, the terminating party shall have delivered to the defaulting party written notice thereof specifying the matters in default and the defaulting party shall not have cured the default within thirty (30) days thereafter (or commenced diligent efforts to cure with respect to any default that by its nature cannot be cured within thirty (30) days, in which case the terminating party may terminate the Agreement if a cure of such default is not completed within sixty (60) days from the notice of default).

 - (ii) Either party may terminate this Agreement immediately upon written notice delivered to the other party in the event such other party is the subject of any voluntary or involuntary bankruptcy or insolvency proceeding that remains undismissed for a period of sixty (60) days or makes a general assignment for the benefit of its creditors.

 - (iii) Blue Shield may terminate this Agreement as provided in Section 9.2.

- (c) **Force Majeure Event.** This Agreement may be terminated as provided in Section 11.7.

(d) **Change in Law.**

- (i) If a party (an “**At-Risk Party**”) receives a final non-appealable determination by a Governmental Entity having jurisdiction with respect thereto, or there is a Change in Law, which determination or Change in Law as applied does, or is likely to, based upon the written opinion of legal counsel to the At-Risk Party:
- (A) prohibit the execution, implementation or continuance of this Agreement; or
- (B) by virtue of this Agreement or performance thereunder, result in:
- (1) the revocation of any material state and/or federal general operating license, permit or certificate of the At-Risk Party;
- (2) the subjection of the At-Risk Party to a significant level of governmental scrutiny or reporting requirements; or
- (3) a Material Adverse Effect on the business or operations of the At-Risk Party; and if
- (ii) the parties, using commercially reasonable efforts and acting in good faith to preserve the relationship and the expectations and intent of the parties hereto, are unable to reach a mutual agreement to amend this Agreement sufficiently to meet the requirements of the determination or Change in Law on or prior to the earlier of (A) the thirtieth (30th) day following the Change in Law, or (B) the effective date, if any, of such Change in Law, then

(iii) the At-Risk Party shall be entitled to elect to terminate this Agreement effective immediately upon notice of such termination from the At-Risk Party to the other party.

(e) **Confidentiality.** Either party may terminate this Agreement immediately upon written notice to the other party in the event that the other party breaches the confidentiality requirements set forth in Section 7.

(f) **Failure to Fund.** Blue Shield may terminate this Agreement upon no fewer than five (5) days prior written notice to Client in the event that Client fails to provide sufficient funds for claim payments under the Plan.

(g) **Discontinuance of the Plan.** Either party may terminate this Agreement upon the effective date of discontinuance of the Plan by providing the other party with no fewer than thirty (30) days advance written notice.

8.3 Effect of Termination. Except for duties and obligations expressly defined herein to survive, or to be created upon, termination of this Agreement, neither party shall have any further duties of performance hereunder as of and after the effective date of any termination, but shall remain obligated as to all obligations accrued prior to such date.

8.4 Transfer of Records Upon Termination. Upon expiration or termination of this Agreement for any reason, each party shall transfer to the other party all records and reports, including computer records, which are the properties of the other party as provided herein. Both parties agree to cooperate fully in all such matters.

8.5 Provision of Services Upon Termination. Blue Shield Services regarding claims shall be performed only with respect to claims received by Blue Shield or HNAS during the term of this Agreement. Blue Shield shall complete the Blue Shield Services regarding all claims in its

possession as of the effective date of termination of this Agreement, provided that Client has made sufficient funds available to pay such claims. If this Agreement was terminated other than pursuant to Section 8.2(b), (d), (e), (f), or (g), then for a period of twelve (12) months following termination, Blue Shield shall reprice and finalize adjudication of claims incurred during the term of this Agreement but received after termination of this Agreement, in exchange for fees to be determined as follows: (the Claims Run-out Charge specified in Attachment I) x (the average monthly employee count for the three (3) month period immediately preceding to the effective date of termination) x (three (3)) (the “**Claims Run-out Fee**”). The Claims Run-out Fee will be remitted to Blue Shield by Client upon receipt of Blue Shield’s monthly invoice, with payment due within thirty (30) days of the invoice date.

8.6 Notice to Participants. Client shall promptly notify Participants of the termination of the Shared Advantage Plus Product.

9 CERTAIN MARKETING AND OPERATIONAL RESTRICTIONS.

9.1 Marketing Materials; Trademarks and Service Marks.

(a) Client and Blue Shield shall not use any advertisement or marketing materials that contain any of the other’s names, logos, trademarks, service marks or any variation of the aforementioned without the prior written consent of the other.

(b) Client acknowledges that all printed materials, as well as any other tangible and electronic forms of advertising and marketing materials provided by Blue Shield to Client in connection with this Agreement belong to Blue Shield, and agrees to return such materials to Blue Shield promptly upon demand.

9.2 BCBSA Requirements. Client shall comply with all requirements of the Blue Cross and Blue Shield Association (“**BCBSA**”) in connection with Client’s performance under this Agreement. Those requirements include

appearance and format of Participant identification cards, use of and reference to the Blue Shield name and mark, and various disclosures to Participants and providers. In the event that either (a) Client fails to adhere strictly to all such BCBSA requirements, or (b) Blue Shield receives any notice from BCBSA that BCBSA believes this Agreement or any portion of this Agreement violates any BCBSA requirement, Blue Shield may terminate this Agreement immediately by providing written notice to Client.

9.3 Provider Contracts. Client understands and agrees that certain of the Client Services and other obligations of Client in connection with the Plan require Client to perform specific obligations of Blue Shield set forth in the contracts between Blue Shield and Contracting Providers. Client covenants and agrees to perform such Client Services and other obligations of Client and to administer the Plan in accordance with the applicable terms of the contracts between Blue Shield and its Contracting Providers. Client represents and warrants to Blue Shield that the Plan design is compatible with the obligations of Blue Shield set forth in the contracts between Blue Shield and its Contracting Providers. Except as otherwise specifically permitted in this Section 9.3, Client shall not offer or provide, or assist any other Person in offering or providing, to Participants the benefits of any negotiated or contracted payment rates or terms with any provider of health care services in the State of California other than those rates and terms set forth in a contract between Blue Shield and the Contracting Provider. Client shall not offer or provide, or assist any other Person in offering or providing, the benefits of negotiated or contracted payment rates or terms set forth in a contract between Blue Shield and a Contracting Provider to any Person other than a Participant. Client may, without violating this Section, offer or provide, and assist any other Person in offering or providing, to Participants the benefits of payment rates and terms other than those set forth in a contract between Blue Shield and a provider if the provider is a pharmacy, dentist, or vision

services provider, or such other type of ancillary provider designated by Blue Shield from time to time.

10 INDEMNIFICATION.

10.1 Right to Indemnification. The parties hereto (each, an “**Indemnifying Party**”) shall indemnify, defend and hold harmless the other party and its directors, managers, officers, employees, successors, assigns and agents (each, an “**Indemnified Party**”) from and against any and all liabilities, obligations, losses, damages, taxes, claims, actions and suits and any and all reasonable costs, expenses and disbursements (including reasonable legal fees and expenses) of any kind and nature whatsoever (collectively, “**Damages**”) which may at any time be imposed on, incurred by, or asserted against any Indemnified Party by any Person in any way relating to or arising out of (a) the breach of any representation or warranty of the Indemnifying Party in this Agreement, (b) the failure of the Indemnifying Party to perform any obligation or covenant to be performed by the Indemnifying Party pursuant to this Agreement, or (c) any wrongful conduct of the Indemnifying Party. Any right of an Indemnified Party accrued pursuant to this Section 10.1 shall survive the termination of this Agreement.

10.2 Procedure. Any Indemnified Party seeking indemnity under this Section 10 shall promptly notify the Indemnifying Party as to: (a) the nature of any Damages asserted against or suffered by the Indemnified Party for which the Indemnified Party intends to seek indemnity hereunder, and (b) the commencement of any claim, litigation, investigation, audit or other proceeding (any “**Proceeding**”) brought to enforce any such matters. Failure of timely notice shall reduce the Indemnified Party’s rights only to the extent that such delay or failure of notice actually prejudiced the defense of the claim by the Indemnifying Party. Upon acknowledging the right to indemnity, the Indemnifying Party shall be entitled to assume the defense of any such Proceeding other than a Proceeding brought by a

Governmental Entity and the Indemnified Party shall cooperate and shall be entitled to consult with the Indemnifying Party with respect to such defense.

10.3 Limits of Liability. Notwithstanding anything to the contrary in this Agreement, Blue Shield shall not be liable for any of the following:

- (a) claims for health care benefits incurred by Participants;
- (b) costs of compliance by the Plan with applicable Laws, including filing, reporting and disclosure requirements applicable to the Plan;
or
- (c) Damages arising from the failure of HNAS to properly and adequately perform any of its duties under the TPA Agreement.

11 MISCELLANEOUS.

11.1 Relationship of Parties. Client is the Plan Sponsor and Plan Administrator of the Plan. Except to the limited extent that Blue Shield performs certain administrative and ministerial functions as a benefits administrator for the Plan pursuant to this Agreement, this Agreement shall not be deemed to confer upon or delegate to Blue Shield any responsibility for the control, administration or management of the Plan or any assets of the Plan. Except as otherwise explicitly stated in this Agreement, Client, and not Blue Shield, is responsible for all Plan eligibility and final coverage determinations, and all Plan operations, policy, interpretation, practices and procedures. With respect to all performance of this Agreement by each party, including all of the services to be provided by Client on behalf of Blue Shield, each party, including its employees and agents, shall be considered an independent contractor, and not an employee, agent, partner, or joint venturer of the other party. Neither party shall have any right to act for or make commitments on behalf of the other. The parties further agree that Client's employees are not employees of Blue Shield or any Affiliate of Blue Shield and are not,

therefore, entitled to any pension, insurance or other employee benefit plan of Blue Shield or any Affiliate of Blue Shield, and Client, on its own behalf, and on behalf of its employees, hereby waives any and all rights and interests in and under any employee medical, insurance, retirement, bonus, benefit, vacation or other similar plan of Blue Shield or any Affiliate of Blue Shield existing on the Effective Date or at any time during or after the term of this Agreement.

11.2 BCBSA Disclosure. Client hereby expressly acknowledges its understanding that this Agreement constitutes a contract between Client and Blue Shield, that Blue Shield is an independent corporation operating under a license from the BCBSA, an association of independent Blue Cross and Blue Shield plans, permitting Blue Shield to use the Blue Shield Service Mark in the State of California, and that Blue Shield is not contracting as an agent of BCBSA. Client further acknowledges and agrees that it has not entered into this Agreement based upon representations by any person other than Blue Shield and that no person, entity or organization other than Blue Shield shall be held accountable or liable for any of Blue Shield's obligations to Client created under this Agreement. This Section 11.2 does not create additional obligations whatsoever on the part of Blue Shield other than those obligations created under other provisions of this Agreement.

11.3 Use Incentives. Client shall include incentives in the Plan to actively encourage the use by Participants of Contracting Providers (rather than other providers), including financial incentives directly related to the use of Contracting Providers. Client shall comply with the requirements applicable to payors set forth in California Business and Professions Code §§511.1 *et seq.*

11.4 Waivers. No course of dealing or failure of a party to strictly enforce any term, right or condition of this Agreement shall be construed as a general waiver or relinquishment of such (or any other) term, right or condition.

Waiver by a party of any default shall not be deemed a waiver of any other default.

- 11.5 Amendment.** This Agreement may only be amended by a written instrument signed by the duly authorized representatives of each party.
- 11.6 Severability.** If any provision of this Agreement shall be held unlawful, invalid, or unenforceable by any court or administrative agency, such provision shall be deemed modified to the minimum extent necessary to restore the validity and enforceability of all provisions hereof, and, to the extent such provision cannot be so modified, it shall be deemed severable and the remainder of this Agreement shall remain in full force and effect and be interpreted so as to carry out the intent of the parties in an equitable manner.
- 11.7 Force Majeure.** Neither party shall be liable for any default or delay in the performance of its obligations under this Agreement if and to the extent such default or delay is caused, directly or indirectly, by a Force Majeure Event; *provided* that: (a) the non-performing party is without fault in causing such default or delay, (b) such default or delay could not have been prevented by reasonable precautions; and (c) such default or delay could not reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans, or other means. In the case of any Force Majeure Event, the non-performing party shall be excused from further performance or observance of the obligations so affected for as long as such circumstances prevail and such party continues to use commercially reasonable efforts to recommence performance or observance without delay. Any party so delayed in its performance shall immediately notify the party to whom performance is due by telephone (to be confirmed in writing within twenty-four (24) hours of the inception of such delay) and describe at a reasonable level of detail the circumstances causing such delay. If any Force Majeure Event substantially prevents, hinders, or delays performance of Client Services

and performance is not materially restored within thirty (30) days, Blue Shield may terminate this Agreement upon notice to Client.

11.8 Assignment and Subcontracting. Except as otherwise expressly contemplated by this Agreement: (a) Client may not assign or subcontract any right, interest, or obligation hereunder without the express written consent of Blue Shield; and (b) Blue Shield may not assign or subcontract any rights, interest, or obligation hereunder without the express written consent of Client.

11.9 Notices. All notices which any party is required, or may desire, to give another party, shall be given in writing by addressing the communication to the address herein set forth below, or to such other address as a party may designate. Notices may be sent: (a) postage prepaid by registered or certified mail, return receipt requested and will be deemed effective five (5) days after the date of mailing, (b) by overnight courier and shall be deemed effective on the next Business Day, (c) by fax and shall be deemed effective upon receipt. All notices pertaining to this Agreement are to be sent to:

To Blue Shield:

California Physicians' Service d/b/a Blue Shield of
California
50 Beale Street
San Francisco, CA 94105
Attention: [_____]]
Facsimile: [_____]]

To Client:

Riverside Community College District
[_____]]
[_____]]
[_____]]
Attention: [_____]]
Facsimile: [_____]]

The address to which notices or communications may be given by a party may be changed by written notice given by such party pursuant to this Section 11.9.

11.10 Disputes. Any dispute between the parties arising out of or relating to this Agreement, including disputes regarding the interpretation of any provision of this Agreement and disputes regarding the performance of HNAS or Blue Shield, shall be resolved as provided in this Section 11.10. The parties initially shall attempt to resolve their dispute informally, in accordance with the following: Upon the written notice by a party to another party of a dispute (the date on which such notice is provided being the “**Dispute Date**”), each party shall appoint a designated representative whose primary responsibility is not related to performance under this Agreement. The designated representatives shall meet in good faith and as often as the parties reasonably deem necessary to discuss the problem and attempt to resolve the dispute without the necessity of any formal proceeding. During the course of discussion, all reasonable requests made by a party to the other for non-privileged information, reasonably related to this Agreement, shall be honored in order that a party may be fully advised of the facts and the other party’s position. The specific format for the discussions shall be left to the discretion of the designated representatives. If the dispute is not resolved according to the foregoing process within thirty (30) days after the Dispute Date, either party may commence alternate dispute resolution proceedings in accordance with Section 11.12 to resolve such dispute.

11.11 Applicable Law. This Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with and be governed by the laws of the State of California (without giving effect to the principles thereof relating to conflicts of law). Subject to Section 11.12, any legal action or proceeding pursuant to this Agreement may be brought in the state courts of the State of California or the federal courts located in,

or having jurisdiction with respect to the State of California, and, by execution and delivery of this Agreement, each of the parties hereby accepts for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts.

11.12 Alternative Dispute Resolution. If either party determines that the parties are not able to resolve the dispute through negotiation (including non-binding mediation if the parties desire) as provided in Section 11.10 above, then the dispute shall be submitted to, and resolved by, final and binding arbitration in accordance with this Agreement and the CPR Institute for Dispute Resolution Rules for Non-Administered Arbitration then currently in effect by three (3) independent and impartial arbitrators, none of whom shall be appointed by either party. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§1 et seq., and judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof. The place of arbitration shall be Sacramento, California. Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy under this Agreement, seek from any court having jurisdiction any interim or provisional relief that is necessary to protect the rights or property of that party, pending the establishment of the arbitral tribunal (or pending the arbitral tribunal's determination of the merits of the controversy). The arbitrators shall apply California substantive law and shall accompany the award with a reasoned opinion. The arbitrator shall have no authority to award punitive or other damages not measured by the prevailing party's actual damages.

11.13 Survival of Provisions. The provisions of Sections 1, 5.2, 5.3, 7, 8.3, 8.5, 10 and 11 (and any other section providing expressly for survival) shall survive the termination of this Agreement.

11.14 No Presumption Against Drafter. This Agreement was fully negotiated between the parties and it shall not be interpreted or construed in favor or against either party on the grounds that such party was principally responsible for drafting the Agreement.

11.15 Entire Contract. This Agreement, together with any Attachments, Exhibits, and Amendments appended hereto, constitute the entire agreement and understanding between the parties regarding this subject matter, and replace and supersede any prior understandings or agreements, whether written or verbal, between the parties regarding this subject matter. Neither party is relying on any representation, understanding, or agreement not expressly contained herein or therein, and no such representation, understanding, or agreement shall be binding or enforceable.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the Effective Date.

**CALIFORNIA PHYSICIANS’
SERVICE, d/b/a BLUE SHIELD OF
CALIFORNIA**

Riverside Community College District

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Attachment A

Riverside Community College District

Health Benefits Plan

Attachment A

Blue Shield Services

The Blue Shield Services shall consist of the following:

1 ACCESS TO CONTRACTING PROVIDERS

Blue Shield shall enter into and maintain contracts with health care providers that enable Client and Participants to access and receive services from such Contracting Providers on the terms and conditions set forth in such contracts, including negotiated rates. Blue Shield shall communicate with Contracting Providers as necessary to ensure that Contracting Providers are able to identify and provide access to Participants.

2 BLUE SHIELD ADMINISTRATIVE SERVICES

The Blue Shield Administrative Services shall include:

- 2.1** provider network maintenance in accordance with applicable regulatory requirements;
- 2.2** provider servicing, including quoting eligibility and responding to benefit inquiries, based on information provided by Client;
- 2.3** issuing payment to providers for medically necessary covered services including providing explanation of benefit, and payment remittance advice in accordance with regulatory requirements;
- 2.4** utilization management for outpatient services and inpatient hospitalizations, including pre-service review, pre-certification, concurrent review, retrospective review, in accordance with BSC utilization management programs and medical policies;
- 2.5** provide Participants information regarding contracting providers and other content on its website www.blueshieldca.com, or such other website designated by Blue Shield;
- 2.6** account management support on an as needed basis;

- 2.7 provide Participants access to the BlueCard Program as further described Attachment H; [and]
- 2.8 provide Client the option to purchase stop loss coverage (through Blue Shield of California Life and Health Insurance Company, a California corporation, an Affiliate of Blue Shield), pharmacy, dental, vision, disease management and complex case management services from Blue Shield in connection with the Shared Advantage Plus Product;
- 2.9 *Case Management Bundle (High Risk CM, Chronic Complex CM, High Risk Maternity CM and Musculoskeletal CM);*

3 BLUE SHIELD SERVICES TO HNAS

The Blue Shield Services to HNAS in connection with the Shared Advantage Plus Product for Client shall consist of:

- 3.1 receiving claims from Contracting Providers and non-contracted providers;
- 3.2 pricing claims from Contracting Providers by applying the terms of the applicable contract to the services billed on the claim;
- 3.3 pricing claims from providers who are not contracted with Blue Shield as follows:
 - (a) claims from California professional providers shall be priced by applying the Blue Shield allowed amount to such claims;
 - (b) claims from California hospital providers shall be priced at the billed amount for such claims. Client will apply its non-network reimbursement structure for payment of such claims;
 - (c) claims from non-California providers (BlueCard claims) shall be priced pursuant to the host plan allowed amount'

- 3.4** making initial benefit determination for submitted claims, based on Client's summary of Plan benefits, and forwarding the claim to HNAS for review;
- 3.5** electronically transmitting the claim with the pricing information for contracted providers or billed charges for non-contracting facility providers and allowed amounts for professional providers to HNAS for determination of eligibility and application of the benefits covered by the Plan;
- 3.6** receiving returned claims electronically from HNAS with eligibility and benefit verification and closing out the claim in the Blue Shield system;
- 3.7** finalizing claims adjudication and issuing provider checks and explanation of benefits notices; and
- 3.8** receiving, investigating and responding to inquiries and appeals from providers in accordance with Blue Shield's standard provider appeals protocols.

Attachment C

Change Order Form

Requested By:			Request Date:		
Organization:			Phone:		
Requester Priority:	<input type="checkbox"/>	Emergency	<input type="checkbox"/>	Urgent	<input type="checkbox"/>
Received By:			Received Date:		
Organization:			Phone:		
Impacted Agreement Sections:					
Description of Change:					
Reason for Change Request:					
Supporting Documentation:					

Approvals-

CALIFORNIA PHYSICIANS' SERVICE, d/b/a BLUE SHIELD OF CALIFORNIA	Riverside Community College District
By:	By:
Title:	Title:
Date:	Date:

Attachment D

Client Services

1. CLIENT SERVICES.

The Client Services shall consist of:

- 1.1 **Eligibility Determinations.** Client shall determine eligibility of Persons for Plan benefits. Client shall provide HNAS with accurate eligibility information to enable HNAS to perform the services set forth in the TPA Agreement. Client shall, or shall cause HNAS to, provide Blue Shield with such eligibility information and the information necessary to determine the Blue Shield Fee.
- 1.2 **Benefit Determinations.** Client shall, or shall cause HNAS to, apply the terms of the Plan to claims for Plan benefits and make all Plan benefit determinations.
- 1.3 **Coordination of Benefits.** Client shall, or shall cause HNAS to, make and perform all coordination of benefits services, procedures and investigations, including for Medicare services. Medicare Crossover shall not be performed by Client, HNAS or Blue Shield.
- 1.4 **Plan Documents.** Client shall, or shall cause HNAS to prepare and distribute to Participants summary plan descriptions and other communications regarding the Plan (including notices required by the Consolidated Omnibus Budget Reconciliation Act). Client shall furnish promptly to Blue Shield drafts of changes to the Plan and all summary plan descriptions, Participant booklets, and other documents by which the Plan is established, for review and comment by Blue Shield prior to finalization. Client shall furnish promptly to Blue Shield all such final documents.
- 1.5 **Benefit Changes.** Client shall provide Blue Shield or HNAS with ninety (90) days advance written notice of and detailed information regarding any change in the Plan benefits or design.
- 1.6 **Participant Inquiries and Appeals.** Client shall, or shall cause HNAS to, respond to all Participant inquiries and appeals.
- 1.7 **Plan Interpretation.** Client shall make and perform all Plan interpretation.

- 1.8 Participant Communications.** Except as otherwise specifically set forth in this Agreement, Client shall be solely responsible for the provision of any notices required to be provided to Participants, including certificates of creditable coverage.
- 1.9 Identification Cards.** Client shall, or shall cause HNAS to, design, produce and issue identification cards to Participants complying with BCBSA requirements.
- 1.10 Plan Benefit Design.** Client shall be responsible for the design of the Plan.
- 1.11 Application of Benefits to Claims.** Client shall verify the terms of the Plan on claims submitted to HNAS by Blue Shield and return such claim to Blue Shield, in the agreed upon file format and with the agreed upon frequency, for final adjudication by Blue Shield;
- 1.11 Claim Funding.** Client shall be responsible for funding all claims determined to be payable by the Plan in accordance with the following:
- (a) Blue Shield has established an account with Bank of America (Account # 1499-9-05524) which can receive electronic fund transfers via automated clearing house (ACH) transactions.
 - (b) Client, or HNAS on behalf of Client, will establish an account with a bank acceptable to Blue Shield which: (i) can transmit ACH-enabled payments, and, (ii) operates in accordance with the NACHA operating rules as they currently exist and as modified in the future.
 - (c) Client, or HNAS on behalf of Client, will provide its bank with the appropriate authorization which permits Blue Shield to initiate transfer electronically of benefit claims amounts from Client or HNAS's account and into Blue Shield's bank account, following notice from Blue Shield to Client or HNAS of the amount to be transferred electronically.
 - (d) Blue Shield will notify Client or HNAS of the dollar amount of benefit claims which have been paid and/or finalized and then will initiate the electronic transfer of this amount from Client or HNAS's account to Blue Shield's account by an ACH transaction. When Client or HNAS is notified before 11:30 a.m. (Pacific time), the transaction will be initiated on the same day. If the notification is received after 11:30 a.m. (Pacific time), the transaction will be initiated on the next working day. Blue Shield will follow the initial notification with written confirmation by mail.

Attachment E

Compensation

1 PAYMENTS.

1.1 Blue Shield Fees.

(a) **Methodology.** Client shall pay to Blue Shield the Blue Shield Fees identified in Attachment I to this Agreement. The Blue Shield Fees shall be separate from and in addition to the charges payable to HNAS pursuant to the TPA Agreement.

(i)

(b) **Calculation and Collection.** Blue Shield shall, or shall cause HNAS to, calculate the Blue Shield Fees payable for each month. Blue Shield shall, or shall cause HNAS to, invoice Client for the applicable Blue Shield Fees on the first (1st) day of the month. Client shall pay the Blue Shield Fees to Blue Shield within fifteen (15) days after the date of such invoice. If Client pays an amount other than the amount invoiced by Blue Shield, Client shall include a detailed description of the calculation of the payment made and the parties shall promptly discuss in good faith what the correct applicable Blue Shield Fees should be for the subject month. Retroactive corrections and adjustments to reflect changes in enrollment not known on the date a particular month's Blue Shield Fees is calculated shall be included in the Blue Shield Fees in the month in which the need for such correction or adjustment becomes known.

3 Taxes and Other Fees.

The Blue Shield Fees and its components do not contemplate any taxes, fees, assessments, other charges or offsets imposed by any Governmental Entity which may be imposed or assessed against Blue Shield or HNAS on the basis of benefit payments made on Client's behalf under this Agreement or the TPA Agreement.

In the event that Blue Shield or HNAS becomes liable for any such taxes, fees, assessments, other charges or offsets, Client agrees to reimburse Blue Shield or HNAS, as applicable, in full. This provision shall survive the termination of this Agreement.

Attachment F

Business Associate Addendum

This Addendum, effective January 1, 2013 is entered into by and between Riverside Community College District (“Covered Entity”) and California Physicians’ Service, d/b/a Blue Shield of California, for and on behalf of itself and its subsidiaries, which for the purpose of the Agreement is a Business Associate (as defined herein) of Covered Entity. This Addendum to the underlying Agreement (“Agreement”) is drafted in accordance with Covered Entity’s obligations under the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) and the applicable requirements of HIPAA’s implementing regulations issued by the U.S. Department of Health and Human Services, Title 45 of the Code of Federal Regulations (“C.F.R.”) Parts 160-164 (“HIPAA Regulations”) and the Health Information Technology for Economic and Clinical Health Act (the “HITECH Act”), as incorporated in the American Recovery and Reinvestment Act of 2009 to ensure the integrity and confidentiality of individually identifiable protected health information that a business associate may create for or receive from the Covered Entity.

- A. **Definitions.** Unless otherwise provided in this Amendment, capitalized terms have the same meaning as set forth in the HIPAA Regulations, including the HITECH Act.
- B. **Obligations of Business Associate.** Business Associate is permitted or required to use or disclose PHI it creates for or receives from Covered Entity only as follows:
1. Not use or disclose PHI other than as permitted or required by the Agreement or as required by law.
 2. Use reasonable and appropriate safeguards to try to prevent use or disclosure of the PHI other than as provided for by the Agreement.
 3. Mitigate, to the extent practicable, harmful effects that are known to Business Associate of a use or disclosure of PHI by the Business Associate in violation of the requirements of this Amendment.
 4. Report to Covered Entity any Breach (as defined in the HITECH Act §13400 (1)) of which Business Associate becomes aware. Such report shall:
 - i) Identify the nature of the disclosure including the date of the Breach and the date of discovery of the Breach;
 - ii) Identify which elements of the PHI (e.g., full name, social security number, date of birth, etc.) were breached, or were part of the Breach;
 - iii) Identify who received the PHI;
 - iv) Identify what corrective actions Business Associate took or will take to prevent further incidents of Breach;

- v) Identify what Business Associate did or will do to mitigate any deleterious effect of the Breach; and
 - vi) Identify Business Associate contact information and procedures to enable Covered Entity to obtain additional information if required;
5. Require contractors, subcontractors, and/or agents to whom the Business Associate provides PHI (that was created by or received from the Covered Entity) to agree to substantially the same conditions that apply to the Business Associate with respect to such PHI under this Amendment.
 6. Provide access to the Covered Entity's PHI within a Designated Record Set in response to the Covered Entity's written request within thirty (30) calendar days after receiving such written request, pursuant to §164.524 of the HIPAA Regulations.
 7. Make amendment(s) to the Covered Entity's PHI in a Designated Record Set that the Covered Entity and Business Associate agree to, pursuant to §164.526 of the HIPAA Regulations, within thirty (30) calendar days of receipt of request.
 8. Make internal practices, books, and records, including, but not limited to, policies and procedures, relating to the use and disclosure of PHI created or received by Business Associate on behalf of Covered Entity available to the U.S. Department of Health and Human Services ("DHHS"), if requested, in a time and manner designated by DHHS, for purposes of DHHS determining Covered Entity's compliance with the HIPAA Regulations.
 9. For a period of six (6) years from the termination date of the Agreement, maintain an accounting of all disclosures of PHI that are required to be maintained under § 164.528 of the HIPAA Regulations, and as applicable, the HITECH Act § 13405(c). Such accounting will include the date of the disclosure, the name of the recipient, a description of PHI disclosed and the purpose of the disclosure.
 10. Provide information collected in accordance with Section B.9 of this Amendment to Covered Entity within thirty (30) calendar days of receipt of a written request from Covered Entity, to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with §164.528 of the HIPAA Regulations.
 11. Make reasonable efforts to implement additional restrictions on the use or disclosure of Covered Entity's PHI, as reasonably requested by the Covered Entity, in accordance with §164.522 of the HIPAA Regulations, including the privacy-related requirements of the HITECH Act.

C. **Obligations of Covered Entity.** Covered Entity shall:

1. Advise Business Associate of any specific limitations in Covered Entity's Notice of Privacy Practices, to the extent that such limitations may affect Business Associate's use or disclosure of Covered Entity's PHI.
 2. Promptly notify Business Associate of any changes in, or revocation of, permission by Individuals to use or disclose PHI, to the extent that such changes may affect Business Associate's use or disclosure of Covered Entity's PHI.
 3. Promptly notify Business Associate of any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with §164.522 of the HIPAA Regulations, to the extent that such restriction may affect Business Associate's use or disclosure of Covered Entity's PHI.
 4. Not request that Business Associate use or disclose PHI in any manner that would be impermissible under the HIPAA Regulations if so used or disclosed by Covered Entity.
- D. **Notification to Media.** In the event that Covered Entity provides a media notification of Breach in accordance with §13402(e)2 of the HITECH Act, and such media notification names or refers to Business Associate, Business Associate reserves the right to approve the content and format of such media notification.
- E. **Termination for Breach.** As required by the HIPAA Regulations, Covered Entity may, in addition to other available remedies, terminate the Agreement if Business Associate has materially breached any provision(s) of the Agreement and has failed to cure or take any actions to cure such material breach within thirty (30) calendar days of written notification of such material breach. Covered Entity shall exercise this right to terminate the Agreement by providing Business Associate written notice of termination, which shall include the reason for the termination.
1. Upon the expiration or earlier termination of the Agreement, for any reason, Business Associate shall return or destroy all PHI received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity that Business Associate still maintains; provided that if such return or destruction of PHI is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction infeasible and shall extend the protections of this Amendment to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such PHI.
 2. In the event that either party becomes aware of a pattern of activity or practice of the other party that constitutes a material breach or violation of this Addendum, the party discovering such pattern of activity or practice must take reasonable steps to cause the other party to cure the breach or end the violation. If a cure is not effectuated within a reasonable time period specified by the party requesting the cure, such party shall terminate the Agreement and this

Addendum if feasible, or if not feasible, report the problem to the Secretary of the U.S. Department of Health and Human Services or its designee. (See 45 C.F.R. § 164.504(e)(1)(ii) and HITECH Act § 13404(b)).

- F. **Indemnification.** Covered Entity shall indemnify and hold harmless Business Associate and Business Associate’s affiliates, subsidiaries, officers, directors, employees and agents from and against any claim, cause of action, liability, damage, cost or expense, including attorneys’ fees and court or proceeding costs, arising out of or in connection with any non-permitted or violating use or disclosure of PHI or other breach of this Addendum by Business Associate or any Business Associate subcontractor, agent, representative, person or entity. This section shall survive the termination of the Agreement.
- G. **Survival.** The respective rights and obligations of this amendment shall survive the termination of the Agreement.
- H. **Conflicts.** The terms and conditions of this Addendum shall prevail in the event this Addendum conflicts with any provision of the Agreement.
- I. **Privacy and Security Contact Information.**

2 **1. PRIVACY.**

a) Covered Entity:
Attn: _____
Mailing Address: _____
City, State Zip: _____
Phone: _____
Email: _____

b) Business Associate: Blue Shield of California
Attn: Chief Privacy Official
50 Beale Street
San Francisco, CA 94105
Phone: 888-266-8080
Email: blueshieldca_privacy@blueshieldca.com

2. Security.

a) Covered Entity: Riverside Community College District
Attn: _____
Mailing Address: _____
City, State Zip: _____
Phone: _____
Email: _____

b) Business Associate: Blue Shield of California
Attn: Chief Security Official
50 Beale Street
San Francisco, CA 94105
Phone: 800-642-5599
Email: informationsecurity@blueshieldca.com

Except as set forth in this Addendum, all other provisions of this Agreement shall remain unchanged and in effect.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date(s) set forth below, effective as of the Effective Date.

California Physicians' Service d/b/a Blue Shield of California **Riverside Community College District**

By: _____

Title: _____

Date: _____

By: _____

Title: HIPAA Compliance Officer

Date: _____

Attachment H

BlueCard Program

I. Out-of-Area Services

Blue Shield has a variety of relationships with other Blue Cross and/or Blue Shield Licensees referred to generally as “Inter-Plan Programs.” Whenever a Plan Participant accesses Covered Services outside California, the claim for those services may be processed through one of these Inter-Plan Programs and presented to Blue Shield for payment in accordance with the rules of the Inter-Plan Programs policies then in effect. The Inter-Plan Programs available to Plan Participants under this agreement are described generally below.

When a Plan Participant accesses Covered Services outside of California, such Plan Participant may obtain care from health care providers that have a contractual agreement (i.e., are “participating providers”) with the local Blue Cross and/or Blue Shield Licensee in that other geographic area (a “Host Blue”). In some instances, Plan Participants may obtain care from non-participating health care providers. Blue Shield’s payment practices in both instances are described below.

A. BlueCard® Program

Under the BlueCard® Program, when Plan Participants access covered health care services within the geographic area served by a Host Blue, Blue Shield will remain responsible for fulfilling our contractual obligations. However, in accordance with applicable Inter-Plan Programs policies then in effect, the Host Blue will be responsible for providing such services as contracting and handling substantially all interactions with its participating health care providers.

The financial terms of the BlueCard Program are described generally below. Individual circumstances may arise that are not directly covered by this description; however, in those instances, our actions will be consistent with the spirit of this description.

(i) Liability Calculation Method Per Claim

The calculation of the Plan Participant liability on claims for covered health care services processed through the BlueCard Program, if not a flat dollar copayment, will be based on the lower of the participating health care provider's billed covered charges or the negotiated price made available to Blue Shield by the Host Blue.

The calculation of Contractholder liability on claims for covered health care services processed through the BlueCard Program will be based on the negotiated price made available to Blue Shield by the Host Blue. Sometimes, this negotiated price may be greater than billed charges if the Host Blue has negotiated with its participating health care provider(s) an inclusive allowance (e.g., per case or per day amount) for specific health care services.

Host Blues may use various methods to determine a negotiated price, depending on the terms of each Host Blue's health care provider contracts. The negotiated price made available to Blue Shield by the Host Blue may represent a payment negotiated by a Host Blue with a health care provider that is one of the following.

- (i) an actual price. An actual price is a negotiated payment without any other increases or decreases, or
- (ii) an estimated price. An estimated price is a negotiated payment reduced or increased by a percentage to take into account certain payments negotiated with the provider and other claim- and non-claim-related transactions. Such transactions may include, but are not limited to, anti-fraud and abuse recoveries, provider refunds not applied on a claim-specific basis, retrospective settlements, and performance-related bonuses or incentives; or
- (iii) an average price. An average price is a percentage of billed covered charges representing the aggregate payments negotiated by the Host Blue with all of its health care providers or a similar classification of its providers and other claim- and non-claim-related transactions. Such transactions may include the same ones as noted above for an estimated price.

Host Blues using either an estimated price or an average price may, in accordance with Inter-Plan Programs policies, prospectively increase or reduce such prices to correct for over- or underestimation of past prices (i.e., a prospective adjustment may mean that a current price reflects additional amounts or credits for claims already paid to providers or anticipated to be paid to or received from providers). However, the amount paid by the Plan Participant and Contractholder is a final price; no future price adjustment will result in increases or decreases to the pricing of past claims. The BlueCard Program requires that the price submitted by a Host Blue to Blue Shield is a final price irrespective of any future adjustments based on the use of estimated or average pricing.

If a Host Blue uses either an estimated price or an average price on a claim, it may also hold some portion of the amount that Contractholder pays in a variance account, pending settlement with its participating health care providers. Because all amounts paid are final, neither variance account funds held to be paid, nor the funds expected to be received, are due to or from Contractholder. Such payable or receivable would be eventually exhausted by health care provider settlements and/or through prospective adjustment to the negotiated prices. *Some Host Blues may retain interest earned, if any, on funds held in variance accounts.*

A small number of states require a Host Blue either (i) to use a basis for determining a Plan Participant's liability for covered health care services that does not reflect the entire savings realized, or expected to be realized, on a particular claim or (ii) to add a surcharge. Should the state in which health care services are accessed mandate liability calculation methods that differ from the negotiated price methodology or require a surcharge, Blue Shield would then calculate the Plan Participant liability and Contractholder liability in accordance with applicable law.

BlueCard Program Fees and Compensation

Contractholder agrees (a) to reimburse Blue Shield for certain fees and compensation which we are obligated under the BlueCard Program to pay to the Host Blues, to the Blue Cross and Blue Shield Association ("BCBSA"), and/or to BlueCard Program vendors, as described below and (b) that fees and compensation under the BlueCard Program may be revised without Contractholder's prior approval in accordance with the program's standard

procedures for revising such fees and compensation. Revisions to fees and compensation under the BlueCard Program typically are made annually as a result of program policy changes and/or vendor negotiations. These revisions may occur at any time during the course of a given calendar year, and they do not necessarily coincide with Contractholder's benefit period under this agreement.

BlueCard Program fees include access fees, administrative expense allowance ("AEA") fees, Central Financial Agency ("CFA") fees and Inter-Plan Teleprocessing Services ("ITS") fees.

The BlueCard Program access fee may be charged separately each time a claim is processed through the BlueCard Program. If one is charged, it will be a percentage of the discount/differential Blue Shield receives from the Host Blue, based on the current rate in accordance with the program's standard procedures for establishing the access fee rate. The access fee will not exceed \$2,000 for any claim. All other BlueCard Program related fees are included in Blue Shield's general administrative fee.

Return of Overpayments

Under Inter-Plan Programs, recoveries from a Host Blue or its participating health care providers can arise in several ways, including, but not limited to, anti-fraud and abuse recoveries, health care provider/hospital audits, credit balance audits, utilization review refunds, and unsolicited refunds. In some cases, the Host Blue will engage a third party to assist in identification or collection of recovery amounts. Recovery amounts determined in these ways will be applied in accordance with applicable Inter-Plan Programs policies, which generally require correction on a claim-by claim or prospective basis.

B. Non-Participating Health Care Providers Outside of the Blue Shield Service Area

Plan Participant Liability Calculation

Claims for Covered Services received from Non-Participating Health Care Providers Outside of the Blue Shield Service Area are paid based on the Allowable Amount as defined in the Benefits Booklet.

Fees and Compensation

Contractholder agrees (a) to reimburse Blue Shield for certain fees and compensation which we are obligated to pay to Host Blues, to the BCBSA, and/or to Inter-Plan Programs vendors for the processing of non-participating provider claims and (b) that fees and compensation assessed in connection with such claims may be revised without Contractholder's prior approval in accordance with standard procedures for revising such fees and compensation. Revisions to fees and compensation for the processing of non-participating provider claims typically are made annually as a result of policy changes and/or vendor negotiations. These revisions may occur at any time during the course of a given calendar year, and they do not necessarily coincide with Contractholder's benefit period under this agreement.

Non-participating health care provider claims fees include AEA fees, which are included in Blue Shield's general administrative fee.

Attachment I

Blue Shield Fees

Type	Per Employee Per Month (pepm) Amount	
Basic Fees:		
Shared Advantage Plus Base Fee (tenthly)	\$26.40	pepm
Claims Run-out Charge	\$26.40	pepm
Optional Service Fees:		
Case Management Bundle (High Risk CM, Chronic Complex CM, High Risk Maternity CM and Musculoskeletal CM)	\$ 6.19	pepm



Agenda Item (IV-E-1)

Meeting	12/4/2012 - Committee/Regular Board
Agenda Item	Committee - Facilities (IV-E-1)
Subject	Professional Services Agreement for ADA Transition Plan Implementation (Phase I) Project at Riverside City College With Inland Inspections and Consulting
College/District	Riverside
Funding	District Allocated Measure C Funds
Recommended Action	It is recommended that the Board of Trustees approve the agreement with Inland Inspections and Consulting in the amount of \$129,960.

Background Narrative:

The Board of Trustees approved on September 1, 2010, a project budget in the amount of \$6,360,000 using District Measure C Funds (Resource 4160) for the ADA Transition Plan Implementation, Phase I.

Staff now recommends approval of the attached professional services agreement with Inland Inspections and Consulting for a total amount not to exceed \$129,960 for all DSA Inspection Services for the ADA Transition Plan Implementation (Phase I) project at Riverside City College.

Services under this agreement are based on a review of Division of the State Architect (DSA) approved plans and specifications, and would include all on-site DSA required Inspector of Record (IOR) services and District Specialty and Quality Control inspections.

The proposed agreement is attached for the Board's review and consideration.

Prepared By: Cynthia Azari, President, Riverside City College
Charlie Wyckoff, Acting Vice President, Business Services, RCC
Orin Williams, Associate Vice Chancellor, Facilities Planning & Development
Bart Doering, Director, Construction
Calvin Belcher, Project Manager

Attachments:

[20121204_Agreement_Inland Inspections and Consulting](#)

AGREEMENT BETWEEN
RIVERSIDE COMMUNITY COLLEGE DISTRICT

And

INLAND INSPECTIONS & CONSULTING

THIS AGREEMENT is made and entered into on the 12th day of December, 2012, by and between INLAND INSPECTIONS & CONSULTING hereinafter referred to as “Consultant” and RIVERSIDE COMMUNITY COLLEGE DISTRICT, hereinafter referred to as the “District.”

The parties hereto mutually agree as follows:

1. Scope of services: Reference Exhibit I, attached.
2. The services outlined in Paragraph 1 will primarily be conducted at Consultant’s office(s), and on site at Riverside Community College District’s Riverside City College.
3. The services rendered by the Consultant are subject to review by the Associate Vice Chancellor of Facilities Planning and Development or his designee.
4. The term of this agreement shall be from December 12, 2012, to the estimated completion date of December 31, 2013, with the provision that the Vice Chancellor of Administration and Finance or his designee may extend the date without a formal amendment to this agreement with the consent of the Consultant.
5. Payment in consideration of this agreement shall not exceed \$129,960.00 including reimbursable expenses. Invoice for services will be submitted every month for the portion of services completed on a percentage basis. Payments will be made as authorized by the Associate Vice Chancellor of Facilities Planning and Development, and delivered by U.S. Mail. The final payment shall not be paid until all of the services, specified in Paragraph 1, have been satisfactorily completed, as determined by Associate Vice Chancellor of Facilities Planning and Development.
6. All data prepared by Consultant hereunder specific only to this project, such as plans, drawings, tracings, quantities, specifications, proposals, sketches, magnetic media, computer software or other programming, diagrams, and calculations shall become the property of District upon completion of the Services and Scope of Work described in this Agreement, except that the Consultant shall have the right to retain copies of all such data for Consultant records. District shall not be limited in any way in its use of such data at any time provided that any such use

which is not within the purposes intended by this Agreement shall be at District's sole risk, and provided further, that Consultant shall be indemnified and defended against any damages resulting from such use. In the event the Consultant, following the termination of this Agreement, desires to use any such data, Consultant shall make the request in writing through the office of the Associate Vice Chancellor of Facilities Planning and Development, who will obtain approval from the Board of Trustees before releasing the information requested.

7. All ideas, memoranda, specifications, plans, manufacturing procedures, drawings, descriptions, written information, and other materials submitted to Consultant in connection with this Agreement shall be held in a strictly confidential manner by Consultant. Such materials shall not, without the written consent of District, be used by Consultant for any purpose other than the performance of the Services or Scope of Work hereunder, nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or Scope of Work hereunder.
8. Consultant shall indemnify and hold the District, its Trustees, officers, agents, employees and independent contractors or consultants free and harmless from any claim of damage, liability, injury, death, expense or loss whatsoever based upon adjudicated any negligence, recklessness, or willful misconduct of Consultant, its employees, agents or assigns, arising out of, pertaining to, or relating to the performance of Consultant services under this Agreement. Consultant shall defend, at its expense, including without limitation, attorneys fees (attorney to be selected by District), District, its Trustees, officers, agents, employees and independent contractors or consultants, in any legal actions based upon such actual negligence, recklessness or willful misconduct and only in proportion thereto. The obligations to indemnify and hold District free and harmless herein shall survive until any and all claims, actions and causes of action with respect to any and all such actual negligence, recklessness or willful misconduct are fully and finally barred by the applicable statute of limitations.
9. District shall indemnify and hold Consultant, its officers, agents, and employees free and harmless from any claim of damage, liability, injury, death, expense or loss whatsoever based upon any adjudicated negligence, recklessness, or willful misconduct of the District, its employees, agents, independent contractors, consultants or assigns, arising out of, pertaining to or relating to the District's actions in the matter of this contract and District shall defend, at its expense, including without limitation, attorney fees (attorney to be selected by Consultant), Consultant, its officers and employees in any legal actions based upon such actual negligence, recklessness, or willful misconduct and only in proportion thereto. The obligations to indemnify and hold Consultant free and harmless herein shall survive until any and all claims, actions and causes of action with respect to any and all such actual negligent acts are fully and finally barred by the applicable statute of limitations.

10. Consultant shall procure and maintain insurance coverage as follows:

Comprehensive general liability insurance coverage that shall protect District from claims for damages for personal injury, including, but not limited to, accidental or wrongful death, as well as from claims for property damage, which may arise from Consultant's activities as well as District's activities under this contract, in the amount of \$1,000,000 per person and \$3,000,000 per occurrence;

Professional liability/errors and omission insurance in the amount of \$1,000,000; and

Workers' Compensation insurance in accordance with the laws of the State of California.

Such insurance shall name District as an additional insured with respect to this agreement and the obligations of District hereunder. Contractor shall provide District with the required Certificate of Insurance within 10 days of signing this Agreement.

11. District may terminate this Agreement for convenience at any time upon written notice to Consultant, in which case District will pay Consultant in full for all services performed and all expenses incurred under this Agreement up to and including the effective date of termination. In ascertaining the services actually rendered to the date of termination, consideration will be given to both completed Work and Work in progress, whether delivered to District or in the possession of the Consultant, and to authorize Reimbursable Expenses. No other compensation will be payable for anticipated profit on unperformed services.
12. Consultant shall not discriminate against any person in the provision of services, or employment of persons on the basis of ethnic group identification, national origin, religion, age, gender, gender identity, gender expression, race, color, ancestry, genetic information, sexual orientation, physical or mental disability, or any characteristic listed or defined in Section 11135 of the Government Code or any characteristic that is contained in the prohibition of hate crimes set forth in subdivision (1) of Section 422.6 of the California Penal Code, or any other status protected by law. Consultant understands that harassment of any student or employee of Riverside Community College District with regard to ethnic group identification, national origin, religion, age, gender, gender identity, gender expression, race, color, ancestry, genetic information, sexual orientation, physical or mental disability, or any characteristic listed or defined in Section 11135 of the Government Code or any characteristic that is contained in the prohibition of hate crimes set forth in subdivision (1) of Section 422.6 of the California Penal Code, or any other status protected by law is strictly prohibited.
13. Consultant is an independent contractor and no employer-employee relationship exists between Consultant and District. Any and all local, state or federal taxes

that would be associated with the payment under this Agreement is to be paid solely by Consultant.

14. Neither this Agreement, nor any duties or obligations under this Agreement may be assigned by either party without the prior written consent of the other party.
15. The parties acknowledge that no representations, inducements, promises, or agreements, orally or otherwise, have been made by anyone acting on behalf of either party, which is not stated herein. Any other agreement or statement of promises, not contained in this Agreement, shall not be valid or binding. Any modification of this Agreement will be effective only if it is in writing and signed by the party to be charged.
16. This Agreement will be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have executed this agreement on the day and year first above written.

Inland Inspections & Consulting

Riverside Community College District

Robert E. Schumacher
Director of Operations
7338 Sycamore Canyon Blvd., Ste. 4
Riverside, CA 92508

James L. Buysse
Vice Chancellor
Administration and Finance

Date: _____

Date: _____



Agenda Item (IV-E-2)

Meeting	12/4/2012 - Committee/Regular Board
Agenda Item	Committee - Facilities (IV-E-2)
Subject	Construction Management Services Agreement for Student Services Building with Bernards Builders Management Services
College/District	Riverside
Funding	College Allocated Measure C Funds
Recommended Action	It is recommended that the Board of Trustees: 1) approve using Construction Management Multiple Prime contracting for the project; 2) approve the construction management services agreement with Bernards Builders Management Services in an amount not to exceed \$1,181,338.00

Background Narrative:

On April 17, 2012, the Board of Trustees approved the establishment of a project budget in the amount of \$32 million for the Student Services Building and ancillary projects located at the Riverside City College. The two ancillary projects; a Food Services 'Grab-n-Go' Facility, and site improvements at the Lovekin Parking/Tennis Complex will be presented to the Board separately.

Futhermore, on June 15, 2010, the Board of Trustees approved five (5) construction management firms for future District project assignments on an individual, as needed basis. Likewise, on October 8, 2012, interviews were held adding four (4) more firms to the approved list.

Staff now recommends the Riverside City College Student Services Building (SSB) project, be delivered using Construction Management Multiple Prime (CMMP) contracting.

Additionally, staff recommends approval of a construction management services agreement with Bernards Builders Management Services at a fixed fee amount of \$1,181,338 for the SSB project at the Riverside City College.

Services under this agreement would include management and oversight of bid preparation; cost estimating; construction execution; ensuring contractor compliance with bid drawings and specifications; code compliance; and compliance with Division of the State Architect requirements. The entire agreement is attached for the Boards review and consideration.

Prepared By: Cynthia Azari, President, Riverside City College
Charlie Wyckoff, Acting Vice President, Business Services, RCC
Orin Williams, Associate Vice Chancellor, Facilities Planning & Development
John Baker, Interim-Director of Construction

Attachments:

[20121204_CM Agreement_Bernards](#)

CONSTRUCTION MANAGEMENT SERVICES

Student Services Building at Riverside City College

This Construction Management Services Agreement (“Agreement”) is made and entered into this 12th day of December, 2012 by and between Riverside Community College District (hereinafter “District”) and Bernards Builders Management Services (hereinafter referred to as “Construction Manager”) for construction management services relating to a multi-prime construction contract for construction of the Student Services Building Project located at Riverside City College, Riverside, California.

ARTICLE I

CONSTRUCTION MANAGER’S SERVICES AND RESPONSIBILITIES

Construction Manager represents to District that it has the necessary license for a Construction Manager as provided for in Government Code Section 4525, et. Seq. that it has expertise and experience in construction supervision; bid evaluation; project scheduling; cost benefit analysis; claims review and negotiation; and general management and administration of construction projects. Construction Manager covenants to provide its best skill and judgment in furthering the interests of District in the management of the construction of the Project. Construction Manager agrees to furnish efficient business administration and management services and to perform in an expeditious and economical manner consistent with the interests of District. The Construction Manager hereby designates the following individuals:

Kelvin Okino, Vice President
Rick Fochtman, Director of Preconstruction
Jim Scates, General Superintendent
Armando Ortega, Project Manager
Butch Redfield, Sr. Project Superintendent

The designee’s are Construction Manager’s representatives to the Owner. Any substitution of the Construction Manager’s representatives shall be approved in writing by the Owner. Construction Manager shall provide the following services with respect to the Project.

1.1 DESIGN PHASE.

The services to be provided during the Design Phase for the Project include, but are not limited to, providing responsible reporting, documentation, recommendations and supervision of the following services: pre-construction scheduling, review and recommendations during the design development stages from the schematic phase to the completion of working drawings, preparation of conceptual and periodic estimates, budget assessment and cost containment advice, value engineering studies and recommendations, and Construction Manager reviews.

1.1.1 Construction Management Plan. In consultation with the District’s architect (“Architect”), the Construction Manager shall prepare a Construction Management Plan for the Project which shall establish the scope for the Project and the general basis for the sequence of contracting for construction of the Project. In preparation for this Construction

Management plan, the Construction Manager shall evaluate the local construction market, the District's schedule and budget goals for the Project, develop various alternative approaches, and make recommendations to the District. Upon approval by the District of the Construction management Plan for the Project, the Construction manager shall prepare the Construction Management Plan in final form. This document shall indicate the Project's rationale and recommend the strategy for purchasing, construction, the various bid packages for Project, and a Master Project Schedule.

1.1.2 Master Project Schedule. The Construction Manager shall develop a Master Project Schedule for the Project, subject to approval by District, which shall contain key milestones to be accomplished by the participants, including milestone completion dates for the Architect's and any consultant's design activities. The Master Project Schedule shall be consistent with the schedule attached hereto as Exhibit "A" and incorporated herein. The Master Project Schedule shall contain a critical path Master Construction Schedule for the Project and shall provide all major elements. The Master Project Schedule shall utilize the proposed completion date of November 14, 2014.

If necessary, the Construction manager shall periodically update the Master Project Schedule for the Project and submit each update to the District for the District's approval.

1.1.3 Project Budget. The Construction Manager shall provide a budget based upon the amounts provided by the District pursuant to Paragraph 2.2 ("Project Budget"). This budget shall include: the anticipated total of all of the separate contracts for the Project pursuant to Section 1.1.10 ("Construction Cost"); Construction Manager's compensation; and the General Conditions costs as provided in this Agreement. The Construction Manager shall review any Project requirements of District, the District's schedule goals, and existing budget data.

The Construction Manager shall make a report of the Project Budget to the District indicating: (1) shortfalls or surpluses in the budget, and (2) recommendations for cost reductions, value engineering, or revisions to the District's Project requirements. The Construction Manager shall consult with the Architect and the District to suggest reasonable adjustments in the scope of the Projects, if any, and to suggest alternate Bids in construction documents to adjust the construction costs to conform to the Project Budget.

1.1.4 Cost Management Procedures. The Construction Manager shall implement and maintain cost management procedures throughout the Design Phase for the Project. When design or programmatic changes are made and approved by the District, these changes shall be recorded and the cost effect shall be documented.

1.1.5 Construction management Coordination and Value Engineering Review. The Construction manager shall perform constructability reviews, utilizing a checklist type method such as Redicheck or some other form acceptable to District, and shall provide input to the District relative to means and methods of construction, duration of construction, and constructability. This checklist shall be made available to the District upon request.

1.1.6 Coordination/Value Engineering Review. With respect to the Project, the Construction Manager shall review the Architect's 50% and 90% contract document submissions and provide written comments on the coordination of the various disciplines, including civil, structural, architectural, mechanical, electrical, HVAC, plumbing, and landscape.

1.1.7 Design Review and Comments. The Construction Manager shall provide coordination between the Architect and the District on the proper flow of information for the Project. The Construction Manager shall develop written procedures for orderly communication to all Project consultants. Construction manager shall advise on-site use and improvements.

1.1.8 Cost Adjustment Sessions. The Construction manager shall prepare for the District's approval a more detailed estimate of Construction Cost, as defined in Article e, developed by using estimating techniques which anticipate the various elements of the Project. The Construction Manager shall update and refine this estimate at 50% and 90% completion of the Construction Documents. The Construction Manager shall advise the District and the Architect if it appears that the Construction Cost may exceed the budgeted amount for Construction Cost as set forth in the Project Budget. The Construction manager shall make recommendations for corrective action to bring the Construction Costs within the District Budget.

A fixed limit has been established under Paragraph 2.2, the Construction Manager shall consult with the Architect and the District to suggest reasonable adjustments in the scope of the Project, and to suggest alternate bids in the Construction Documents to adjust the Construction Cost to the budgeted amount for Construction Cost as set forth in the Project Budget, if necessary.

1.1.9 Assignment of Responsibility. The Construction Manager shall provide recommendations and information to the District regarding the assignment of responsibilities for safety precautions and programs; temporary Project facilities; and equipment, materials and services for common use of contractors. The Construction Manager shall verify that the requirements and assignment of responsibilities are included in the proposed contract documents.

1.1.10 Separate Contracts (Multi-Prime Contracting). The Construction Manager shall advise on the separation of the Project into separate contracts for various categories of work ("Contracts"). The Construction Manager shall advise on the method to be used for selecting contractors and awarding individual bids. The Construction Manager shall prepare and revise contractor pre-qualification documents and identify potential contractors for District approval. The Construction Manager shall inspect, review, revise and assure proper delivery, assembly of the Project manuals and specifications and shall manager and coordinate the development of construction documents with the Architect. The Construction Manager shall review drawings and specifications for the Contracts to provide that (1) the work of the separate contractors is coordinated, (2) all requirements for the Project have been assigned to the appropriate separate Contract, (3) the likelihood of jurisdictional disputes has been minimized, and (4) proper coordination has been provided for phased construction.

1.1.11 Monthly Reports. With the District's assistance, Construction Manager shall provide a detailed cash flow tracking system for the Project. The system must be approved and accepted by the District. The Construction Manager shall update the cash flow spreadsheet monthly or as required by the District.

1.1.12 Coordination of Relocation of District Property. If applicable, Construction Manager shall coordinate the moving, relocation, temporary housing and storing of District's property prior to the construction phase for the Project.

1.1.13 Office of Public School Construction and Other Public Agencies. The Construction Manager, in cooperation with the District and Architect, shall assist with the coordination and processing of all necessary paperwork and close-out documents with the Office of Public School Construction ("OPSC"), Division of the State Architect and any other applicable public agencies.

1.1.14 Professional Consultants. The Construction Manager shall assist the District, if required, in selecting and retaining the professional services of surveyors, special consultants and testing laboratories, and coordinate their services.

1.2 PLAN CHECK AND BIDDING PHASE.

1.2.1 Bidding Procedures. The Construction manager shall develop and expedite bidding procedures for bid document issuance, bid tracking and receipt of proposals with regard to each of the Contracts. The Construction Manager shall also take the necessary procedures to administer any prequalification of potential contractors as directed by the District and ensure that all Contracts are competitively bid when required by law.

1.2.2 Public Relations Activities. The Construction Manager shall assist the District in all public relations including, but not limited to, preparation of Project information and attending internal and public meetings as required, including site meetings.

The Construction Manager shall be the point of contact for the entire community during all phases of construction in regards to any complaints, questions, safety issues, noise problems, dust problems, etc.

1.2.3 Generate Bidder Interest. The Construction manager shall develop bidder's interest in the Project and shall maintain contact with potential bidders for the Contracts on a regular basis throughout the bid period. A telephone campaign shall be conducted by Construction manager to stimulate and maintain interest in bidding on the Project.

1.2.4 Bid Advertisements. The Construction manager shall coordinate the preparation and placement of the notices and advertisements to solicit bids for each of the Contracts as required by law in cooperation with the District.

1.2.5 Prepare and Expedite Bid Documents Delivery. The Construction Manager shall coordinate and expedite the preparation, assembly and delivery of bid documents and any addenda for each of the Contracts to the bidders including the following, as applicable:

- (a) Establish bid schedule by trade;
- (b) Prepare summaries of work bid packages;
- (c) Arranging for printing, binding and wrapping;
- (d) Arranging for delivery; and
- (e) follow-up calls to the bidders.

The Construction Manager shall include the following requirements in all proposed Contract Documents:

- (a) The following bonding requirements:
 - (i) Performance bond at 100% of the contract amount.
 - (ii) Labor and material bond at 100% of the contract amount.
- (b) Insurance in amounts and coverage as directed by the District prior to bid.
- (c) All bonds must be provided by a California admitted surety.

1.2.6 Pre-Bid Conference(s). In conjunction with the Architect and District, the Construction Manager shall conduct the pre-bid conference(s). These conferences shall be a forum for the District, the Construction Manager, and Architect to present the District's Project requirements to the bidders, including prequalification requirements, as appropriate, and shall familiarize bidders with the particular Project, bid documents, management techniques and with any special systems, materials or methods.

1.2.7 Coordination and Inquiries. The construction Manager shall coordinate communications related to bidder inquiries and seek resolution for the appropriate party and provide timely forwarding of such information to the bidders and District.

1.2.8 Addenda Review. The Construction manager shall administer the addenda process and shall provide a review of each addendum during the bid phase for time, cost, or constructability impact, and make appropriate comments or recommendations.

1.2.9 Bidding of Work. All construction work for the Project shall be competitively bid when required by law and awarded in no more than two bid phases in accordance with normal requirements for general contractors. If the Project is funded with any State funds, Construction Manager shall comply with all applicable SAB requirements. A bid phase summary shall be submitted with each bid phase package listing only the low bidders, their contract amounts, the Construction manager's fee and General Conditions costs assigned to each bid phase, summed as a total committed cost.

1.2.10 Bid Evaluation. The Construction manager in cooperation with Architect shall assist the District in pre-qualification, the bid opening, evaluation of the bids for completeness, full responsiveness and price, including alternate prices and unit prices (if

applicable), shall make a formal report to the District with regard to the potential award of a Contract, shall receive bids, prepare bids. The Construction manager shall include a copy of the proposed Contract for each bidder recommended by the Construction manager.

If applicable, the summary of bids shall classify all bids according to SAB cost allowance categories. When a bid includes work in more than one cost category, the summary shall assign an appropriate amount to each.

Construction Manager shall certify in writing that the Contracts contained in the submittal for the District represents all the contracts required to perform the work in the plans and specifications for the Project, and that no additional contracts are foreseen to complete the necessary work for such Project. In the event the contracts and the work deferred for the future does not represent 100% of the work and/or exceeds the SAB's standards (if applicable), the additional necessary work shall be offset by a reduction in the Construction Manager's fees.

1.2.11 Rebidding. If any portion of the Project is anticipated to be State funded, Construction Manager shall only allow individual bid package category rebids as authorized by SAB policy.

In the event the bids exceed the Project Budget and the District authorizes rebidding of all or portions of the Project, the Construction Manager shall cooperate in revising the scope and the quality of work as required to reduce the construction costs for the Project. The Construction Manager, without additional compensation, shall cooperate with the District and Architect as necessary to bring construction costs within the Project Budget.

1.2.12 Non-interest in Project. The Construction Manager shall not be a bidder, or perform work for any bidder on any individual Contract.

1.2.13 Purchase, delivery and Storage of Materials and Equipment. If applicable, the Construction Manager shall investigate and recommend a schedule for the District's purchase of materials and equipment which are a part of the Project and require long lead time procurement, and coordinate the schedule with the early preparation of portions of the contract documents. The Construction Manager shall expedite and coordinate delivery of all purchases.

If applicable, the Construction Manager shall arrange for delivery and storage, protection and security for District-purchased materials, systems and equipment which are a part of the Project, until such items are incorporated into the Project. The Construction Manager shall coordinate with or assign these activities to the appropriate contractor who is responsible for the installation of such materials, systems, and equipment.

1.2.14 Analysis of Labor. The Construction Manager shall provide an analysis of the types and quantities of labor required for the Project and review the availability of appropriate categories of labor required for critical phases. The Construction Manager shall make recommendations to minimize adverse effects of labor shortages.

1.3 CONSTRUCTION PHASE.

The Construction Phase for the Project shall commence with the award of the initial Contract and shall continue until sixty-five (65) days after recording a notice of completion for the Project or sixty-five (65) days after completion of the Project as defined in Public Contract Code Section 7107 whichever is earlier.

The Construction Phase consists of the coordination of all activities that are included in the construction of a particular Project. The Construction Manager shall be responsible for coordinating the work for the Project pursuant to the Master Project Schedule. The Construction Manager shall maintain communication with the District throughout the Construction Phase and shall provide responsible reporting and documentation prior to the contractors' pre-construction conference and shall be responsible for coordinating the site construction services provisions (general conditions items) including supervision and administration of the Project, conducting construction progress meetings, providing progress reports, processing contractors requests for information (RFI's), reviewing and recommending with the Architect the approval or disapproval of change orders and payments to the contractors, and maintaining record keeping to assist the District in negotiations, mediation or arbitration of claims or disputes.

1.3.1 Pre-Construction Conference(s). The Construction Manager shall conduct, in conjunction with the District and the Architect, pre-construction orientation conference(s) for the benefit of the successful contractors and shall serve to orient the contractors to the various reporting procedures and site rules prior to the commencement of actual construction. The Construction Manager shall obtain the certificates of insurance and bonds from the contractors and forward such documents after approval by the Construction Manager to the District.

1.3.2 Contract Administration. The Construction Manager, in cooperation with the Architect, shall administer the construction Contracts as set forth herein and as provided in the General Conditions of the Contracts for construction. The Construction Manager shall coordinate the preparation of construction staging areas on-site for the Project and shall coordinate the preparation of the site for construction, including, but not limited to, coordinating fencing, barricades or other items reasonably necessary for efficient construction. The Construction Manager shall also coordinate the mobilization of all contractors and shall coordinate construction sequencing.

In addition, the Construction Manager shall provide management and related services as required to coordinate work of the contractors with each other and the activities and responsibilities of the Architect and District in order to complete the Project in accordance with the Contract documents and this Agreement and within the Project Budget. The Construction Manager shall provide sufficient organization, qualified and experienced personnel and management to carry out the requirements of this Agreement.

The Construction Manager shall maintain a competent full-time staff at the Project site for the purpose of coordinating and providing general direction for the work and progress of the contractors.

1.3.3 Submittal Procedures. The Construction Manager shall establish and implement procedures with the Architect and coordinate and review shop drawing submittals, requests for information, samples, product data, change orders, payment requests, material delivery dates and other procedures; and maintain logs, files and other necessary documentation. Construction Manager shall assist the Architect and the District's inspector with monitoring the certified payroll for the Project. The Construction Manager shall coordinate the dissemination of any information regarding submittals and consult with the Architect and the District if any Contractor requests interpretations of the meaning and intent of the Contract Documents, and assist in the resolution of questions which may arise.

1.3.4 Meetings. The Construction Manager shall coordinate and conduct preconstruction, construction and weekly job-site progress meetings with the Contractors and shall work with the Architect to ensure that the Architect records, transcribes and distributes minutes to all attendees, the District, and all other appropriate parties. The Construction Manager shall assist in the resolution of any technical construction issues.

1.3.5 Coordination of Technical Inspection and Testing. The Construction Manager shall coordinate with the District's certified inspector all testing required by the Architect or other third parties. If requested, the Construction Manager shall assist the District in selecting any special consultants or testing laboratories. All inspection reports shall be provided to the construction Manager on a regular basis.

1.3.6 Construction Observation. The Construction Manager shall assist the District's inspector in observing that the materials and equipment being incorporated into the work are handled, stored and installed properly and adequately and are in compliance with the contract documents for the Project. The Construction Manager shall report to the District regarding status of such activity. The Construction Manager shall endeavor to guard against defects and deficiencies and shall advise the District of any deviations, defects or deficiencies the Construction Manager observes in the work. The Construction Manager's observation duties shall include reasonable diligence to discover work that is not in compliance with the contract documents. These observations shall not, however, cause the Construction Manager to be responsible for those duties and responsibilities which belong to the District's inspector.

1.3.7 Non-Conforming Work. The Construction Manager shall, in conjunction with the District's inspector, review contractor's recommendations for corrective action on observed non-conforming work. The Construction Manager shall make recommendations to the District, the Architect and District's inspector in instances where the Construction Manager observes work that, in its opinion, is defective or not in conformance with the contract documents. The Construction Manager shall assist the District's inspector in observing the Contractor's work to verify that all authorized changes are properly incorporated in the Project. The Construction Manager shall report to the District regarding the status of such activity and provide a written record of the same.

1.3.8 Exercise of Contract Prerogatives. The Construction Manager shall advise the District and make recommendations to the District for exercising the District's

Contract prerogatives, such as giving the Contractor notice to accelerate the progress when the schedule goals are in jeopardy due to Contractor failings, withholding payment for cause and other prerogatives when required in an effort to achieve Contract compliance.

1.3.9 Implementation of Master Project Schedule. The construction Manager shall implement the Master Project Schedule and shall regularly update and maintain the Master Project Schedule incorporating the activities of Contractors on the Project, including activity sequences and durations, allocation of labor and materials, processing of shop drawings, product data and samples, and delivery of products requiring long lead time procurement. The Master Project Schedule shall include the district's occupancy requirements showing portions of the Project having occupancy priority. The Construction Manager shall update, reissue and distribute the Master Project Schedule as required to show current conditions and revisions required by the actual experience.

1.3.10. Safety Programs. To the extent required by OSHA or any other public agency, Construction Manager shall obtain each Contractor's safety programs and monitor their implementation along with any necessary safety meetings. Construction Manager shall ensure that such safety programs are submitted to the District.

1.3.11 Endorsements of Insurance, Performance/Payment Bonds. The Construction Manager shall receive and review Endorsements of Insurance, Performance/Payment Bonds from the Contractors and forward them to the District with a copy to the Architect prior to commencement of any work by such contractors. Construction Manager shall inform the District of any noted deficiencies in insurance, or books submitted.

1.3.12 Changes in Construction Cost. The Construction Manager shall revise and refine the approved estimate of Construction Cost, incorporate approved changes as they occur, and develop cash flow reports and forecasts as needed.

The Construction Manager shall provide regular monitoring of the approved estimate of Construction Cost, showing actual costs for activities in progress and estimates for uncompleted tasks. The Construction Manager shall identify variances between actual and budgeted or estimated costs and advise the District and the Architect whenever the Project's costs appear to be exceeding budgets or estimates.

1.3.13 Construction Progress Review. The Construction Manager shall keep a daily log containing a record of weather, the Contractors working on the site, number of workers, work accomplished, problems encountered, and other relevant data or such additional data as the District may require. The Construction Manager shall make the log available to the District upon request. The Construction Manager shall prepare and distribute the construction schedule updates to the Master Project Schedule on a monthly basis to maintain the Master Project Schedule. After an evaluation of the actual progress as observed by the Construction Manager, scheduled activities shall be assigned percentage-complete values. The report shall reflect actual progress as compared to scheduled progress and note any variances. The Construction Manager shall identify problems encountered in accomplishing the work and recommend appropriate action to the District to resolve these problems with a minimum effect on the timely completion

of the Project. If requested by the District, the Construction Manager shall assist the Contractor(s) in preparing a recovery schedule. The recovery schedule shall reflect the corrective action costs (if any) and efforts to be undertaken by the contractor(s) to recapture lost time. This recovery schedule shall be distributed to the Contractor(s), the District, Architect and other appropriate parties.

1.3.14 Maintain On-Site Records. The Construction Manager shall develop and implement a comprehensive document management program. The Construction Manager shall maintain at the Project site, on a current basis: a record copy of all Contracts, drawings, specifications, addenda, change orders and other modifications, in good order and marked to record all changes made during construction; shop drawings; product data; samples; submittals; purchases; materials; equipment; applicable handbooks; Titles 21 and 24 of the California Code of Regulations; the California Uniform Building Code; maintenance and operating manuals and instructions; other related documents and revisions which arise out of the Contracts. The Construction Manager shall maintain records in duplicate, of principal building layout lines, elevations for the bottom of footings, floor levels and key site elevations certified by a qualified surveyor or professional engineer, if necessary. The Construction Manager shall make all records available to the District. At the completion of the Project, the Construction Manager shall deliver all such records to the Architect, so the Architect may complete the record as-built drawings.

1.3.15 Schedule of Values and Processing of Payments. The Construction Manager shall review and approve each Contractor's schedule of values for each of the activities included in that Contractor's schedule of events. The Construction Manager shall develop and maintain a master schedule of values. The Construction Manager shall develop and implement procedures for the review and processing of applications by Contractors for progress and final payments. As part of the evaluation of progress payments, the Construction Manager shall review all "as-built" documents and ensure that the Contractor's "as-built" documents are updated and current. The Construction Manager shall review with the Architect and make recommendations to the District pertaining to payments to the Contractors.

1.3.16 Evaluate Proposal Costs. The Construction Manager shall evaluate Contractors' proposal costs and make a formal recommendation to the District regarding the acceptance of any proposals for a change order.

1.3.17 Negotiations of Change Order Costs and Time Extensions. The Construction Manager shall assist the District and the Architect representative in negotiating any change order costs and time extensions.

1.3.18 Change Order Reports. The Construction Manager shall not issue instructions contrary to the contract between District and a Contractor, or between the District and Architect. The Construction Manager shall ensure that all changes to the Contract between the District and a Contractor shall be by change order executed by the District. Any communication between the Construction Manager and the Contractors shall not in any way be construed as binding on the District, or releasing the Contractor from fulfillment of any of the terms of the Contract. For the Project, the Construction Manager shall prepare and distribute

change order reports on a monthly basis throughout the Construction Phase. This report shall provide information pertaining to proposed and executed change orders and their effect on the Contract price and Master Project Schedule as of the date of the report.

1.3.19 Contractor Claims. The Construction Manager shall be given copies of all notices of claims by Contractors against the District for any alleged cause. The Construction Manager, jointly with Architect, shall perform evaluation of the contents of the claim within twenty-five (25) days, and make recommendations to the District. If requested by the District, the Construction Manager shall prepare estimates based on any alleged cause of claims submitted by the Contractor(s) and shall prepare alternate estimates based on varying scenarios of the claim cause. These estimates shall be transferred to the District and shall be used in claim rulings and negotiations. If requested by the District, the Construction Manager shall analyze the claims for extension of time and prepare an impact evaluation report which reflects the actual impact to the Master Construction Schedule. The report shall also provide a narrative including a recommendation for action to the District. If requested by the District, the Construction Manager shall negotiate claims with the Contractor(s) on behalf of the District. The Construction Manager shall make a written recommendation to the District concerning settlement or other appropriate action. Excepting those claims of which the Construction Manager is responsible, Construction Manager's obligations pursuant to this Paragraph shall cease upon completion of the Project as defined in Paragraph 1.3 of this Agreement.

1.3.20 Project Status Reports. The Construction Manager shall prepare and distribute monthly a Project Status Report. The Construction Manager shall ensure that the Verified Reports required by Title 24 of the California Code of Regulations be completed quarterly by the contractors for the Project.

1.3.21 Equipment Instruction Manuals, Warranties and Releases. The Construction Manager shall obtain all written material such as operations and maintenance manuals, warranties, affidavits, releases, bonds, waivers and guarantees for all equipment installed in the Project. All such materials, including equipment instruction material, keys and documents shall be reviewed and delivered to appropriate District personnel.

1.3.22 Completion of Contracts and Project. When the Construction Manager considers a Contractor's work or a designated portion thereof complete, the Construction Manager shall prepare for the Architect a list of incomplete or unsatisfactory items ("Punch-list") and a schedule for their completion. The Construction Manager shall assist the Architect in conducting inspections.

The Construction Manager shall coordinate the correction and completion of the work. The Construction Manager shall assist the Architect in determining when the Project or a designated portion thereof is complete. The Construction Manager shall prepare a summary of the status of the work of each contractor, listing changes in the previously issued Punch-list and recommending the times within which contractors shall complete the uncompleted items on the Punch-list.

1.3.23 As-Built Documents. The Construction Manager shall perform coordination, supervisory and expediting functions in connection with the contractor's obligation to provide "as-built" documents and make recommendations for adequate withholding of retention in the event that a contractor fails to provide acceptable "as-built" documents.

1.3.24 Training Sessions. The Construction Manager shall coordinate and schedule training sessions, if necessary, for the District's personnel and shall require that the Contractor's obligation in providing this training is fulfilled.

1.3.25 Recommendations to District. The Construction Manager shall endeavor to achieve satisfactory performance from each Contractor. The Construction Manager shall recommend courses of action to the District when requirements of a Contract are not being fulfilled, and the nonperforming party shall not take satisfactory corrective action.

1.3.26 Accounting Records. The Construction Manager shall establish and administer an appropriate Project accounting system in conjunction with the District and shall maintain cost accounting records on authorized work performed under unit costs, additional work performed on the basis of actual costs of labor and materials, or other work requiring accounting records.

1.3.27 Permits. The Construction Manager shall assist the District in obtaining all necessary permits for the Project, including without limitation, building, grading, and occupancy permits. This task may encompass accompanying governmental officials (Fire Marshal, DSA, Health Department, etc.) during inspections, assisting in preparing and submitting proper documentation to the appropriate approving agencies, assisting in final testing and other necessary and reasonable activities.

1.3.28 Initial Start-up and Testing. With the Architect and the District's maintenance personnel, the Construction Manager shall observe the Contractors' proper installation of utilities, operational systems and equipment for readiness and assist in their initial start-up and testing for the Project. The Construction Manager shall coordinate and assist District in the move-in for the Project.

1.3.29 Final Completion and Project Report. The Construction Manager, in conjunction with the Architect and the District's inspector, shall at the conclusion of all corrective action of Punch-list items, make a final comprehensive review of the Project, make a report to the District which indicates whether the Construction Manager and the Architect find the work performed acceptable under the Contract Documents and the relevant Project data, and make recommendations as to final payment and the notice of completion to the Contractor(s) for the Project. At the conclusion the Project, the Construction Manager shall prepare final accounting and close-out reports of all above indicated report systems. These reports shall summarize, for historical purposes, any items which are not self-explanatory.

1.3.30 Warranty. The Construction Manager, shall assist the owner by coordinating and scheduling all warranty work as pertains to Section 1.3.21 (above), throughout the 1 year construction warranty period.

1.4 TIME.

1.4.1 The Construction Manager shall perform the services set forth in this Agreement as expeditiously as is consistent with reasonable skill and care and the orderly progress of the Projects.

1.4.2 In the event the construction time requirements set forth in Section 1.1.2 of this Agreement are exceeded, and the delay is caused by the Construction Manager, the Construction Manager's fee shall be reduced by an amount of \$250.00 per calendar day as liquidated damages, but not as a penalty, starting from the scheduled construction completion date for the Project until construction is substantially complete.

1.4.3 Construction Manager shall be entitled to an extension of time for the time of completion and shall not be subject to a claim for liquidated damages for delays which may arise due to an Act of God as defined in Public Contract Code Section 7105 if the act of God affects the governmental agency from which approvals are necessary for completion of the Project, but Construction Manager shall have no claim for any other compensation for such delay. Should the schedule for the Project be extended due to an act of God as discussed above, the Construction Manager's performance contract shall be extended and the Construction Manager shall be compensated for this extension under the provisions of Section 4.4 of this Agreement.

ARTICLE 2 THE DISTRICT'S RESPONSIBILITIES

2.1 The District shall provide full information regarding the requirements of the Project including the District's objectives, constraints and criteria.

2.2 Prior to the commencement of the Design Phase for the Project, the District shall provide a financial plan and budget to be utilized by Construction Manager as set forth in Section 1.1.3 of this Agreement.

2.3 The District shall designate a representative ("District Representative") to act on the District's behalf with respect to each Project. The District, or the District Representative, if authorized, shall render decisions promptly to avoid unreasonable delay in the progress of the Construction Manager's services.

2.4 The District shall furnish tests, inspections and reports as required by law or the contract documents.

2.5 The services, information and reports required by Paragraphs 2.1 through 2.4, inclusive, shall be furnished at District's expense.

2.6 If the District observes or otherwise becomes aware of any fault or defect in the Project, or nonconformance with the contract documents, prompt notice thereof shall be given by the District to the Construction Manager.

2.7 The District reserves the right to perform work related to the Project with the District's own forces and/or to award contracts in connection with the Project. The Construction Manager shall notify the District within ten (10) days of actual knowledge of the District's intent to perform work related to the Project with the District's own forces and/or to award contracts in connection with the Project, if any such independent action shall in any way compromise the Construction Manager's ability to meet the Construction Manager's responsibilities under this Agreement.

2.8 The District shall retain an Architect whose services, duties and responsibilities are described in the Agreement between the District and the Architect. The terms and conditions of the District-Architect agreement shall be furnished to the Construction Manager.

ARTICLE 3

CONSTRUCTION COST AND PROJECT BUDGET

3.1 The Construction Cost of the Project shall be the total of the final contract sums of all of separate contracts of contractors for the Project, and shall not exceed the budgeted amount for the Construction Cost as set forth in the Project Budget.

3.2 Construction Cost shall not include the compensation of Construction Manager, the Architect and other consultants, general conditions, the cost of land, rights-of-way and other costs which are the responsibility of District as provided in Article 2 hereof, inclusive.

3.3 The Project Budget has been established under paragraph 2.2 hereof by the allowance for construction. Construction Manager shall consult with the Architect and District to suggest reasonable adjustments in the scope of the Project, and to suggest alternate bids in the construction documents to adjust the construction Project costs so that it does not exceed the Project Budget.

3.4 If the fixed limit of Construction Cost as set forth in the Project Budget is exceeded by the sum of the lowest figures from bona fide bids, District shall (1) give written approval of an increase in such fixed limit, (2) authorize rebidding of the Project or portions of the Project within a reasonable time, (3) cooperate in revising the scope and the quality of the work as required to reduce the Construction Cost or (4) reject all bids and abandon the Project. In the case of items (2) and (3), Construction Manager, without additional compensation, shall cooperate with District and Architect as necessary, including providing services as set forth in Article I, to bring the Construction Cost within the fixed limit of the Project Budget.

3.5 With the District's assistance, Construction Manager shall provide, on a monthly basis, a detailed cash flow tracking system for the Project. The system must be

approved and accepted by the District. The Construction Manager shall update the cash flow spread sheet monthly or as required by the District.

Construction Manager shall provide for the District's review and acceptance, a monthly report for the Project. This report shall show the status for the Project that is under construction pertaining to this contract. With the District's assistance, the Construction Manager shall provide all construction related agenda items. Examples: change orders, notices to proceed, notice of completion, authorization to bid, award of contracts, etc.

3.6 Audit. Construction Manager shall maintain auditable books, records, documents, and other evidence pertaining to costs and expenses in this Agreement. These records shall be maintained for a period of at least three (3) years after final payment has been made, subject to any applicable rules, regulations or statutes.

District's authorized representative(s) shall have access, with reasonable notice, to any books, documents, papers, electronic data, and other records which they determine to be pertinent to this Agreement for performing an audit, evaluation, inspection, review, assessment, or examination. These representative(s) are authorized to obtain excerpts, transcripts, and copies, as they deem necessary.

Should Construction Manager disagree with any audit conducted by District, Construction Manager shall have the right to employ a licensed, Certified Public Accountant (CPA) to prepare and file with District a certified financial and compliance audit that is in compliance with generally-accepted government accounting standards of related services provided during the term of this Agreement. Construction manager shall not be reimbursed by District for such an audit.

In the event Construction manager does not make available its books and financial records at the location where they are normally maintained, Construction manager agrees to pay all necessary and reasonable expenses, including legal fees, incurred by District in conducting any audit.

ARTICLE 4

BASIS OF COMPENSATION AND PAYMENT

District shall compensate Construction Manager for the services required hereunder, as follows:

4.1 BASIC COMPENSATION FEE.

- 4.1.1 Construction Manager's Services, as described in Article 1.1 shall be in the amount of \$145,556.00
- 4.1.2 Construction Manager's Services, as described in Article 1.2 shall be in the amount of: \$25,192.00
- 4.1.3 Construction Manager's Services, as described in Article 1.3 shall be in the amount of: \$937,300.00

4.1.2 GENERAL CONDITIONS COSTS.

General Conditions as described in Article 5 shall be reimbursed at cost in accordance with Article 5 with the total not to exceed \$73,290.00.

4.2 PAYMENT

4.2.1 BASIC COMPENSATION PAYMENT:

4.2.1.1 Pre-Construction Invoicing. Construction Manager shall invoice for the services set forth in Articles 1.1 and 1.2 in monthly increments.

4.2.1.2 Construction Invoices. Construction Manager shall invoice 90% of the Construction Phase Fee (amount set forth in 4.1.3) in monthly increments during the Construction Phase.

4.2.1.3 Project Retention. Construction Manager shall invoice 10% of the Construction Phase Fee 35 days after the District files the last Notice of Completion for the Project.

4.2.2 GENERAL CONDITIONS PAYMENT.

Construction Manager shall invoice General Conditions costs monthly during the duration of the construction work. All General Condition costs must be supported by an invoice, receipt, an employee time sheet, or other acceptable documentation.

4.3.2 PAYMENT OF INVOICES.

District shall make payments to Construction Manager within thirty (30) days of receipt of the appropriate and approved invoice from Construction Manager.

4.4 ADDITIONAL COMPENSATION.

Construction Manager shall not be entitled to additional compensation unless there are unusual and unanticipated circumstances and only when approved in writing by District, in advance of such services being provided. If the Construction Manager shall claim compensation for any damage sustained by reason of the acts of the District or its agents, Construction Manager shall, within ten (10) days after sustaining of such damage, make to the District a written statement of the damage sustained. On or before the 15th day of the month succeeding that in which such damage shall have been sustained, the Construction Manager shall file with the District an itemized statement of the details and amount of such damage in accordance with this Article, and unless such statement is submitted, any claims by Construction Manager shall be forfeited and invalidated and Construction Manager shall not be entitled to consideration for payment on account of any such damage. In the event extra compensation is approved, extra

compensation shall be computed at cost plus ten percent (10%) of billings to Construction Manager by Construction Manager's consultants and for other costs incurred by the Construction Manager and at the following hourly rates for Construction Manager's employees:

Vice President/Project Executive	\$195.00
Chief Estimator	\$173.00
General Superintendent	\$169.00
Director of Pre-Construction/Sustainability	\$169.00
Senior Cost Estimator	\$156.00
Senior Project Superintendent	\$156.00
Senior Project Manager	\$156.00
Project Manager	\$127.00
Project Superintendent	\$127.00
Scheduler	\$115.00
Construction Manager	\$ 97.00
Project Engineer	\$ 80.00
Cost Estimator	\$ 78.00
Project Coordinator	\$ 51.00

ARTICLE 5 **GENERAL CONDITIONS**

Construction Manager shall provide the General Conditions for the Project. General Conditions of the Project are defined as those generic support activities which must be in place to support all construction aspects of the Project. These support activities are set forth in the Reimbursable Expenses and General Conditions Estimate attached hereto as Exhibit "B".

In no event shall the General Condition costs exceed the fixed fee of \$73,290.00.

All General Condition items and services shall be billed at their actual cost, and the Construction Manager shall take all reasonable steps necessary to obtain the most competitive prices available for these items. If Construction Manager desires to be reimbursed for any other General Conditions costs not specifically set forth in this Article, prior to the commencement of the Construction Phase, Construction Manager shall submit a list of these General Condition items to District for District's approval. The cost of any additional items shall not be reimbursable unless advance written authorization is provided by the District to Construction Manager to obtain the item.

ARTICLE 6 **TERMINATION, ABANDONMENT OR SUSPENSION OF WORK**

6.1 TERMINATION OF CONSTRUCTION MANAGER SERVICES.

The District may give seven (7) days written notice to Construction Manager of District's intent to suspend or terminate the Construction Manager's services under this Agreement for

failure to satisfactorily perform or provide prompt, efficient or thorough service or Construction Manager's failure to complete its services or otherwise comply with the terms of this Agreement. If after the expiration of such seven (7) days, Construction Manager fails to cure the performance as set forth in the District's notice of intent to suspend or terminate the Construction Manager's services, District may issue a notice of termination or suspension. At that time, Construction Manager's services shall be suspended or terminated as set forth in District's notice.

District shall also have the right in its absolute discretion to terminate this Agreement in the event the District is not satisfied with the working relationship with Construction Manager and without cause following twenty-one (21) days prior written notice from District to Construction Manager.

6.2 CONTINUANCE OF WORK.

In the event of a dispute between the parties as to performance of the work or the interpretation of this Agreement, or payment or nonpayment for work performed or not performed, the parties shall attempt to resolve the dispute. Pending resolution of this dispute, Construction Manager agrees to continue the work diligently to completion. If the dispute is not resolved, Construction Manager agrees it shall neither rescind the Agreement nor stop the progress of the work, but Construction Manager's sole remedy shall be to submit such controversy to determination by a court having competent jurisdiction of the dispute, after the Project has been completed, and not before.

6.3 ABANDONMENT OF A PROJECT.

The District has the absolute discretion to suspend or abandon all or any portion of the work on the Project and may do so upon fourteen (14) day written notice to the Construction Manager. Upon notice of suspension or abandonment, Construction Manager shall immediately discontinue any further action on the Project. If the entire work to be performed on the Project is abandoned, the parties shall each be relieved of the remaining executory obligations of the Agreement, as it relates to the Project, but shall not be relieved of any obligations arising prior to said abandonment.

6.4 COMPENSATION IN THE EVENT OF TERMINATION, ABANDONMENT OR SUSPENSION.

In the event the District terminates, abandons or suspends the work on the Project, there shall be due and payable within thirty (30) days following such termination, abandonment or suspension a sum of money sufficient to increase the total amount paid to Construction Manager to an amount which bears the same proportion to the total fee as the amount of services performed or provided by Construction Manager prior to the time of such termination, suspension or abandonment of this Agreement bears to the entire services Construction Manager is required to perform or provide for the Project.

In the event of termination due to a breach of this Agreement by Construction Manager, the compensation due Construction Manager upon termination shall be reduced by the amount of damages and liquidated damages sustained by District due to such breach.

In the event that District chooses to abandon the Project or terminate the Agreement without cause, Construction Manager shall, in addition to the compensation described above, also be reimbursed for reasonable termination costs through the payment of (1) 3% of the Construction Management Fees incurred to date if less than 50% of the Construction Management Fees have been paid; or (2) 3% of the remaining Construction Management Fees if more than 50% of the Construction Management Fees have been paid. This payment is agreed to compensate Construction Manager for any damages resulting from early termination and is consideration for entry into this termination for convenience clause.

6.5 DELIVERY OF DOCUMENTS.

Upon termination, abandonment or suspension, Construction Manager shall deliver to District all documents and matters related to the Project.

ARTICLE 7 INDEMNIFICATION

7.1 To the fullest extent permitted by law, and subject to the limitations of Civil Code §2782, Construction Manager agrees to indemnify, defend and hold Owner, its board members, employees, and officers harmless from all liability arising out of:

(a) Workers' Compensation and Employers Liability. Any and all claims under workers' compensation acts and other employee benefit acts with respect to Construction Manager's employees or Construction Manager's subcontractors' employees arising out of Construction Manager's work under this Agreement; and

(b) General Liability. Liability for damages for (1) death or bodily injury to person; (2) injury to, loss or theft of property; (3) any failure or alleged failure to comply with any provision of law or (4) any other loss, damage or expense arising under either (1), (2), or (3) above, sustained by the Construction Manager or the District, or any person, firm or corporation employed by the Construction Manager or the District upon or in connection with the Project, except for liability resulting from the sole or active negligence, or willful misconduct of the District, its officers, employees, agents or independent contractor's who are directly employed by the District;

(c) Professional Liability. Any loss, injury to or death or persons or damage to property caused by any act, neglect, default or omission of the Construction Manager, or any person, firm or corporation employed by the Construction Manager, either directly or by independent contract, including all damages due to loss or theft, sustained by any person, firm or corporation including the District, arising out of, or in any way connected with the Project, including injury or damage either on or off District property, but not for any loss, injury, death or damages caused by sole or active negligence, or willful misconduct of the District.

7.2 Duty to Defend.

7.2.1 The Construction Manager, at Construction Manager's own expense, cost and risk, shall defend any and all claims, actions, suits, or other proceedings that may be brought or instituted against the Owner, its board members, officers, or employees, on account of or founded upon any of the causes, damages or injuries identified in Article 7, Section 7.1 above and shall pay or satisfy any judgment that may be rendered against the District, its officers or employees in any actions, suit or other proceedings as a result thereof.

7.3 Duration of the Indemnity Contract. The indemnify contract described in Article 7 is intended to apply during the period of Construction Manager's performance under this Agreement and shall survive the expiration or termination of this Agreement.

ARTICLE 8 **SUCCESSORS AND ASSIGNS OR CONFLICT OF INTEREST**

8.1 Successors and Assigns. This Agreement is binding upon and inures to the benefit of the successors, executors, administrators, and assigns of each party to this Agreement, provided, however, that the Construction Manager shall not assign or transfer by operation of law or otherwise any or all rights, burdens, duties, or obligations without prior written consent of the District. Any attempted assignment without such consent shall be invalid.

8.2 Corporate Status. In the event of a change in the corporate status of the Construction Manager, the Owner shall have the right to review the conditions of said change, and if warranted, exercise Section 6.1 Termination of Construction Manager Services.

8.3 Conflict of Interest. For the term of this Agreement, no member, officer or employee of the Owner, during the term of his or her service with the Owner, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising there from.

8.4 Conflict of Employment. Employment by the Construction Manager of personnel on the payroll of Owner shall not be permitted in the performance of the Services, even though such employment may occur outside of the employee's regular working hours or on weekends, holidays or vacation time. Further, the employment by the Construction Manager of personnel who have been on the Owner's payroll within one year prior to the date of execution of this Agreement, where this employment is caused by and or dependent upon the Construction Manager securing this or related Agreements with the Owner, is prohibited.

8.5 Fiduciary Responsibilities. The Construction Manager accepts the relationship of trust and confidence established with the Owner by this Agreement. The Construction Manager covenants with the Owner to furnish his best skill and judgment and to cooperate with the Owner's Design Professional in furthering the interests of the Owner. The Construction Manager agrees to furnish efficient business administration and superintendence

and to use the Construction Manager's best efforts at all times in the most expeditious and economical manner consistent with the interest of the Owner.

ARTICLE 9
APPLICABLE LAW

This Agreement shall be governed by the laws of the State of California, however, in the event that the District receives any State funding for the Project, this Agreement shall also be governed by any applicable laws and/or regulations relating to such State funding ("Applicable Law"). To the extent that there is any inconsistency between this Agreement and the Applicable Law, or this Agreement omits any requirement of the Applicable Law, the language of the Applicable Law, in effect on the date of the execution of this Agreement, shall prevail.

ARTICLE 10
CONSTRUCTION MANAGER NOT AN OFFICER
OR EMPLOYEE OF DISTRICT

While engaged in carrying out and complying with the terms and conditions of this Agreement, the Construction Manager is an independent contractor and not an officer or employee of the District.

ARTICLE 11
INSURANCE

11.1 The Construction Manager shall purchase and maintain policies of insurance with an insurer or insurers, qualified to do business in the State of California and acceptable to District which will protect Construction Manager and District from claims which may arise out of or result from Construction Manager's actions or inactions relating to the Agreement, whether such actions or inactions be by themselves or by a subcontractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable. The aforementioned insurance shall include coverage for:

(a) The Construction Manager shall carry Workers' Compensation and Employers Liability Insurance in accordance with the laws of the State of California in an amount not less than One Million Dollars (\$1,000,000).

(b) Comprehensive general and auto liability insurance with limits of not less than ONE MILLION DOLLARS (\$1,000,000) combined single limit, bodily injury and property damage liability per occurrence, including:

1. Owned, non-owned and hired vehicles;
2. Blanket contractual;
3. Broad form property damage
4. Products/completed operations; and
5. Personal injury.

(c) Professional liability insurance, including contractual liability, with limits of \$1,000,000, per occurrence. Such insurance shall be maintained during the term of this AGREEMENT and renewed for a period of at least three (3) years thereafter and/or at rates consistent with the time of execution of this Agreement adjusted for inflation.

11.2 Each policy of insurance required in (b) above shall name District and its officers, agents and employees as additional Insureds; shall state that, with respect to the operations of Construction Manager hereunder, such policy is primary and any insurance carried by District is excess and non-contributory with such primary insurance; shall state that no less than thirty (30) days' written notice shall be given to District prior to cancellation; and, shall waive all rights of subrogation. Construction Manager shall notify District in the event of material change in, or failure to renew, each policy. Prior to commencing work, Construction Manager shall deliver to District certificates of insurance as evidence of compliance with the requirements herein. In the event Construction Manager fails to secure or maintain any policy of insurance required hereby, District may, at its sole discretion, secure such policy of insurance in the name of an for the account of Construction Manager, and in such event Construction Manager shall reimburse District upon demand for the costs thereof.

ARTICLE 12
EXTENT OF AGREEMENT

12.1 This Agreement represents the entire and integrated agreement between the District and the Construction Manager for this Project and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both the District and the Construction Manager.

The parties, through their authorized representatives, have executed this Agreement as of the day and year first written above.

CONSTRUCTION MANAGER:

DISTRICT:

Bernards Builders Management Services

Riverside Community College District

By: _____

By: _____

Kelvin Okino
Vice President, Management Services
3633 E. Inland Empire Blvd, Ste. 860
Ontario, CA 91764

James L. Buysse
Vice Chancellor
Administration and Finance

EXHIBIT "A"

PROPOSED PROJECT SCHEDULE
RIVERSIDE CITY COLLEGE
STUDENT SERVICES / ADMINISTRATION BUILDING

PROPOSED PROJECT SCHEDULE

Phase	Start Date	Completion Date
Construction Management Firm Selection and Programming/Validation	October 17, 2012	November 21, 2012
Schematic Design	November 26, 2012	December 21, 2012
RCC/RCCD Review	December 21, 2012	December 29, 2012
Design Development	December 31, 2012	February 1, 2013
RCC/RCCD Review	February 4, 2013	February 8, 2013
Construction Documents	February 11, 2013	May 24, 2013
DSA Review/ Approval and RCC/RCCD Review	May 27, 2013	October 11, 2013
Construction	November 11, 2013	November 14, 2014

EXHIBIT "B"

REIMBURSABLE EXPENSES

Reimbursable Expenses identified in the Construction Manager's General Conditions (page 27), shall be reimbursable items under this Agreement. These items and services shall be billed at their actual cost, and the Construction Manager shall take all reasonable steps necessary to obtain the most competitive prices available for these items. The cost for any additional items shall not be reimbursable unless advance written authorization is provided by the Owner to the Construction Manager to obtain the item.

General Conditions (GC) Estimate

Refer to General Conditions, dated October 16, 2012, page 27 of this Agreement.

Riverside Community College District
Riverside City College
Student Services/Administration Building Project
Bernards' Fee Proposal (CM Multiple Prime)



October 16, 2012

Fee Proposal Summary		Estimated Construction Cost	\$ 18,000,000
Description of Services	Preconstruction	Construction	Total
1. Preconstruction Phase Services	\$ 145,556		
2. Bid and Award Phase Services	\$ 25,192		
3. Construction Phase Services (Staffing)		\$ 937,300	
4. Construction Phase Services (General Conditions)		\$ 73,290	
Subtotals	\$ 170,748 0.95%	\$ 1,010,590 5.61%	
		Total Fee Proposal	\$ 1,181,338 6.56%

Refer to attached pages for breakdown of costs.



BID AND AWARD PHASE

October 16, 2012

**Riverside Community College District
Riverside City College
Student Services/Administration Building Project
Bernards' Fee Proposal (CM Multiple Prime)**

Bid and Award Services	Vice President Kelvin Okino		Director of Precon Rick Pochman		Project Manager Armando Ortega		Sr. Project Superintendent Butch Redfield		Scheduler Denny Heich		Chief Estimator Andy Buark		Sr. Cost Estimator Greg Meade		Cost Estimator Bryan Toledo		Totals	
	Hours	Rate: \$	Hours	Rate: \$	Hours	Rate: \$	Hours	Rate: \$	Hours	Rate: \$	Hours	Rate: \$	Hours	Rate: \$	Hours	Rate: \$	Hours	Rate: \$
Percentage of Time (based on total hours) *****																		
Anticipated Bid and Award Phase (months)	2																	
Anticipated Construction Cost (dollars)	\$ 18,000,000																	
1.0 Administrative																		
1.1 Develop Bidding Procedures	0	\$ -	0	\$ -	8	\$ 1,352	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	8	\$ 1,352
1.2 Administer Prequalification of Contractors	4	\$ 780	0	\$ -	16	\$ 2,704	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	20	\$ 3,484
1.3 Assist with Public Information	4	\$ 780	0	\$ -	4	\$ 676	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	8	\$ 1,456
1.4 Generate Bidder Interest	0	\$ -	0	\$ -	24	\$ 4,056	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	24	\$ 4,056
1.5 Coordinate Bid Advertisements	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -
1.6 Prepare and Expedite Bid Documents	0	\$ -	0	\$ -	16	\$ 2,704	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	16	\$ 2,704
1.7 Conduct Pre-Bid Conferences	0	\$ -	0	\$ -	8	\$ 1,352	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	8	\$ 1,352
1.8 Coordinate Bidder Inquiries	0	\$ -	0	\$ -	16	\$ 2,704	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	16	\$ 2,704
1.9 Review of Addenda	0	\$ -	0	\$ -	8	\$ 1,352	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	8	\$ 1,352
1.10 Submit Bid Phase Summary	0	\$ -	0	\$ -	8	\$ 1,352	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	8	\$ 1,352
1.11 Evaluate Bids	0	\$ -	0	\$ -	8	\$ 1,352	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	8	\$ 1,352
1.12 Re-Bid (if necessary)	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -
1.13 Schedule procure of materials/equipment	0	\$ -	0	\$ -	8	\$ 1,352	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	8	\$ 1,352
1.14 Analyze Labor	0	\$ -	0	\$ -	4	\$ 676	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	4	\$ 676
Personnel Totals	8	\$ 1,560	0	\$ -	128	\$ 21,632	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	136	\$ 23,192
General Conditions (Direct Cost - No mark-ups)																	\$	2,000
TOTAL FEE PROPOSAL																	\$	25,192

Riverside Community College District
Riverside City College
Student Services/Administration Building Project
Bernards' Fee Proposal (CM Multiple Prime)



Construction Phase - General Conditions				Duration:	13	Months
Staffing		% of Total	Rate	Hours/Mo.	Months	Costs
Vice President	Kelvin Okino	1.0%	\$ 195	7	13	\$ 17,745
General Superintendent	Jim Scates	1.0%	\$ 169	7	13	\$ 15,379
Project Manager	Armando Ortega	24.5%	\$ 127	168	13	\$ 277,368
Sr. Superintendent	Butch Redfield	24.5%	\$ 156	168	13	\$ 340,704
Project Engineer	to be determined	24.5%	\$ 80	168	13	\$ 174,720
Project Coordinator	to be determined	24.5%	\$ 51	168	13	\$ 111,384
Total						\$ 937,300

Staff Services/Insurance	Rate per Month	Months	Costs
Temporary Field Office (including restroom)	\$ 750	13	\$ 9,750
Office Equipment and Furniture	\$ 250	13	\$ 3,250
Office Supplies	\$ 300	13	\$ 3,900
Postage/Delivery	\$ 200	13	\$ 2,600
Computers and Software	\$ 800	13	\$ 10,400
Information Technology Maintenance and Support	\$ 150	13	\$ 1,950
Telephones, Fax, Cellphones	\$ 200	13	\$ 2,600
Water/Water Cooler	\$ 100	13	\$ 1,300
Copier	\$ 350	13	\$ 4,550
Document Reproduction	\$ 50	13	\$ 650
Fire Equipment, Hard Hats, First Aid	\$ 20	13	\$ 260
Safety Supervision and Inspection	\$ 150	13	\$ 1,950
Photographs/Video	\$ 10	13	\$ 130
General Liability Insurance	\$ 473	13	\$ 6,150
Professional Liability Insurance	\$ 1,835	13	\$ 23,850
Totals (Direct Cost - No mark-ups)		\$ 5,638	\$ 73,290

Construction Phase - General Requirements	Description
Project and Site Facilities	
Field Equipment/Storage Containers	By Prime Contractors
OHSA Requirements (shade, drinking water, first aid, PPE, etc.)	By Prime Contractors
Temporary Site Fencing, Barricades and Walkways	By Prime Contractors
Temporary Roads and Maintenance	By Prime Contractors
Worker Parking/Shuttle Costs	By Prime Contractors
Temporary Toilets and Handwash Facilities	By Prime Contractors
Temporary Job Signage and Project Sign	By Prime Contractors
Trash Dumpsters and Service	By Prime Contractors
Storm Water Pollution Prevention Plan (SWPPP)	By Prime Contractors
Dust Protection and Control	By Prime Contractors
Progressive Clean-up, 5-man days per week	By Prime Contractors
Final Clean-up	By Prime Contractors
Utility Connection Fees and Permits	By Prime Contractors
Material Testing and Special Inspection	By RCCD
Geotechnical Monitoring	By RCCD
Temporary Utilities	
Temporary Electrical Power, Lighting and Spider Boxes	By Prime Contractors
Monthly Electrical and Water Bill	By Prime Contractors
Temporary Sewer Connection	By Prime Contractors

Construction Management: Multiple Prime

Construction Management Services | Riverside CCD SSA Project | 4

Riverside Community College District
Riverside City College
Student Services/Administration Building Project
Bernards' Fee Proposal (CM Multiple Prime)



Hourly Rates	
Position	2012/13 Rates*
Vice President	\$ 195.00
Chief Estimator	\$ 173.00
General Superintendent	\$ 169.00
Director of Pre-Construction/Sustainability	\$ 169.00
Senior Cost Estimator	\$ 156.00
Senior Project Superintendent	\$ 156.00
Senior Project Manager	\$ 156.00
Project Manager	\$ 127.00
Project Superintendent	\$ 127.00
Scheduler	\$ 115.00
Construction Manager	\$ 97.00
Project Engineer	\$ 80.00
Cost Estimator	\$ 78.00
Project Coordinator	\$ 51.00

* Rates increase 4% each July 1st, subject to approval by District.



[e-board](#) » [Agenda Item](#)

[Agenda Item](#)

Agenda Item (IV-E-3)

Meeting 12/4/2012 - Committee/Regular Board

Agenda Item Committee - Facilities (IV-E-3)

Subject Progress Update for Multimedia and Arts Center and Facilities Master Plan

College/District Norco

Information Only

Background Narrative:

On May 15, 2012, the Board of Trustees approved the Design Amendment 1 for the FPP for the Multimedia and Arts Center (MAC), formerly called Visual and Performing Arts Center, with HMC Architects.

On May 15, 2012, the Board of Trustees approved the agreement with HMC Architects to provide a Facilities Master Plan Update (FMP).

Staff and consultants will now provide a progress update for the Multimedia and Arts Center and Facilities Master Plan Projects.

Prepared By: Paul Parnell, President, Norco College
David Bobbitt, Interim Vice President, Business Services (Norco)
Laurens Thurman, District Consultant
Orin Williams, Associate Vice Chancellor, Facilities Planning & Development

Attachments:

[20121204_Powerpoint_HMC](#)



MULTIMEDIA + ARTS CENTER FPP FACILITIES MASTER PLAN

RIVERSIDE COMMUNITY COLLEGE DISTRICT - BOARD OF TRUSTEES COMMITTEE MEETING



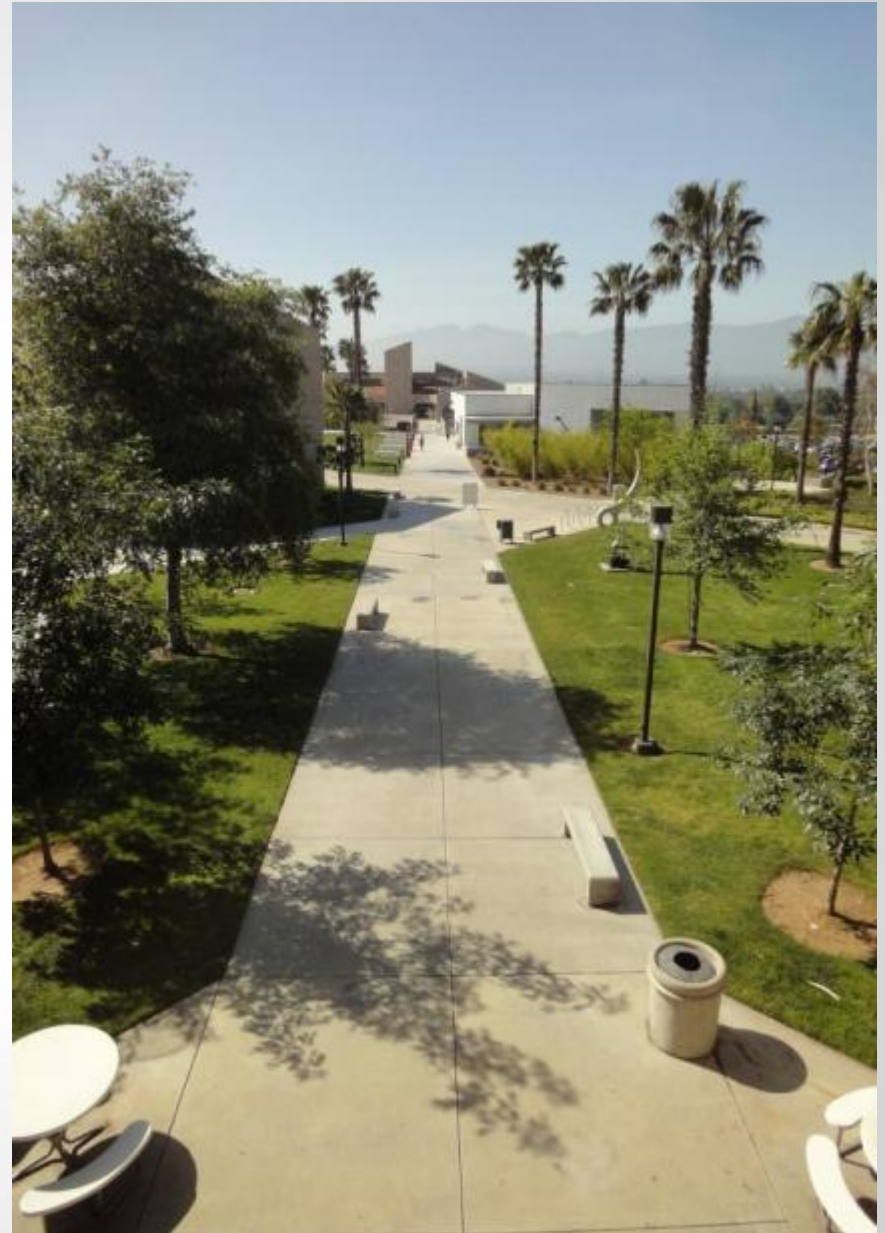
DECEMBER 4, 2012

RCCD | RIVERSIDE COMMUNITY
COLLEGE DISTRICT

HMC Architects

AGENDA

- Multimedia + Arts Center (MAC)
 - Final Project Proposal (FPP)
- Facilities Master Plan Update
 - Status Report



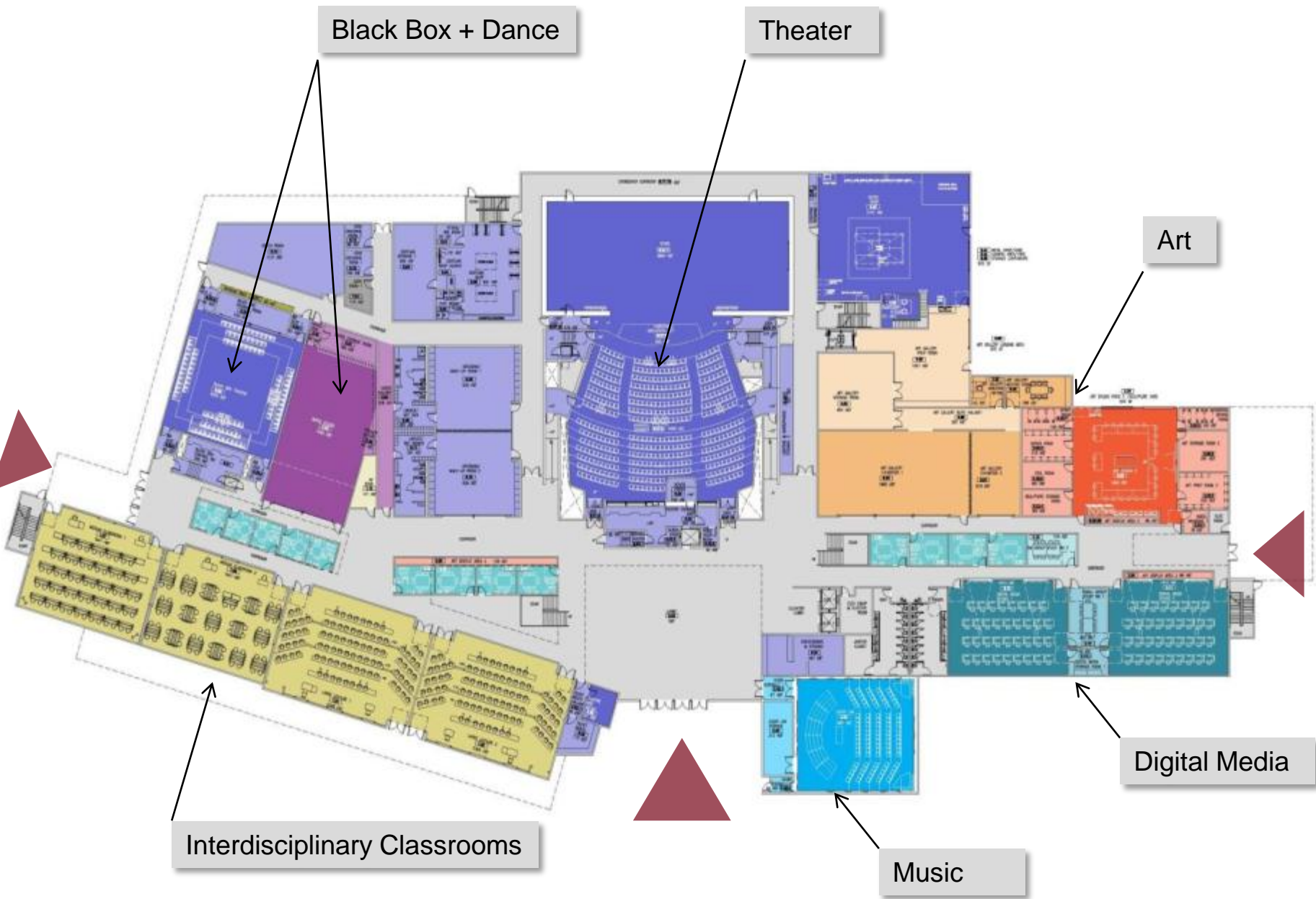
MULTIMEDIA + ARTS CENTER (MAC) FPP

- PROCESS

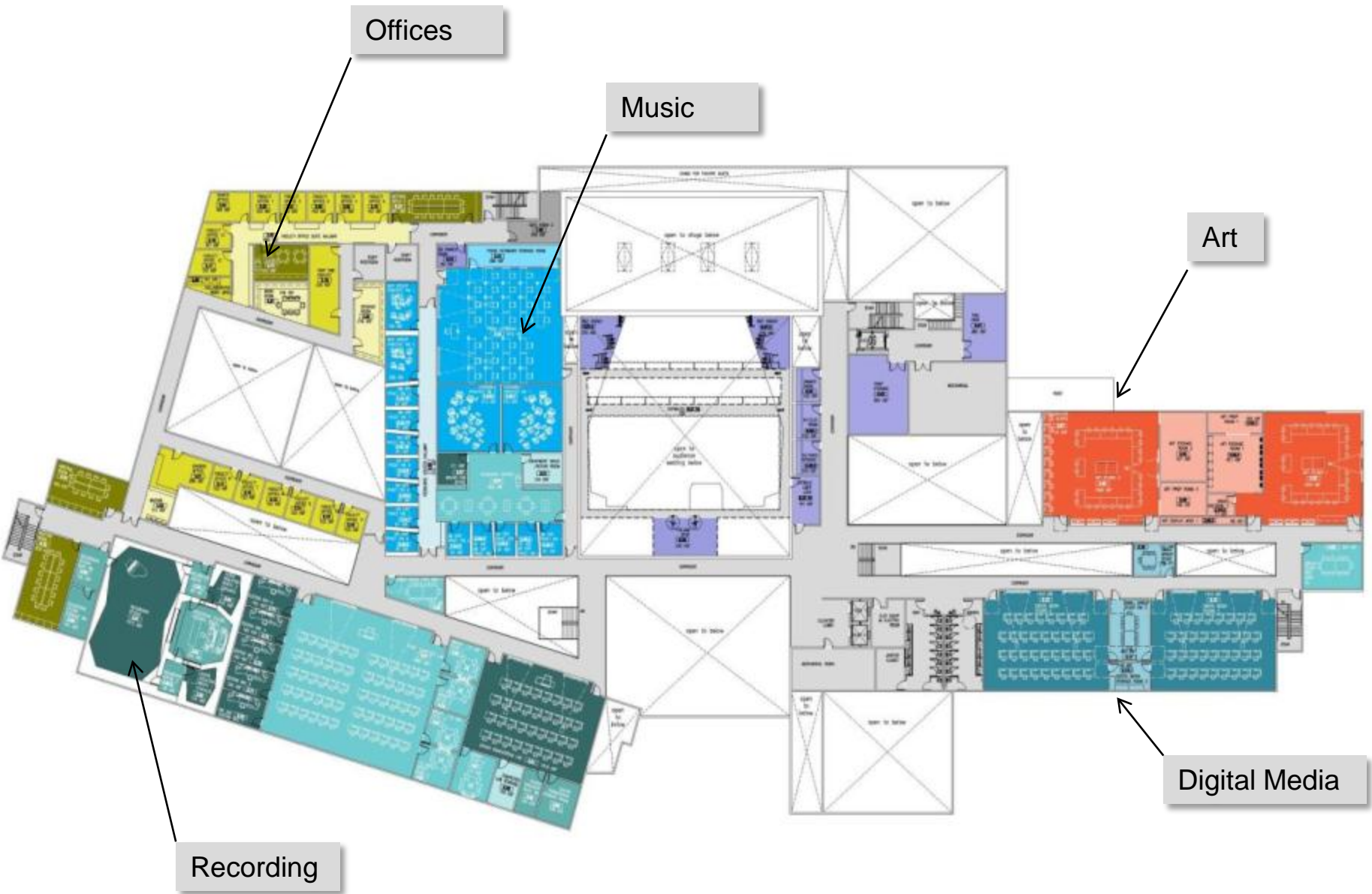
- Define project goals
- Evaluate options
- Develop recommendations
- Prepare FPP for submittal

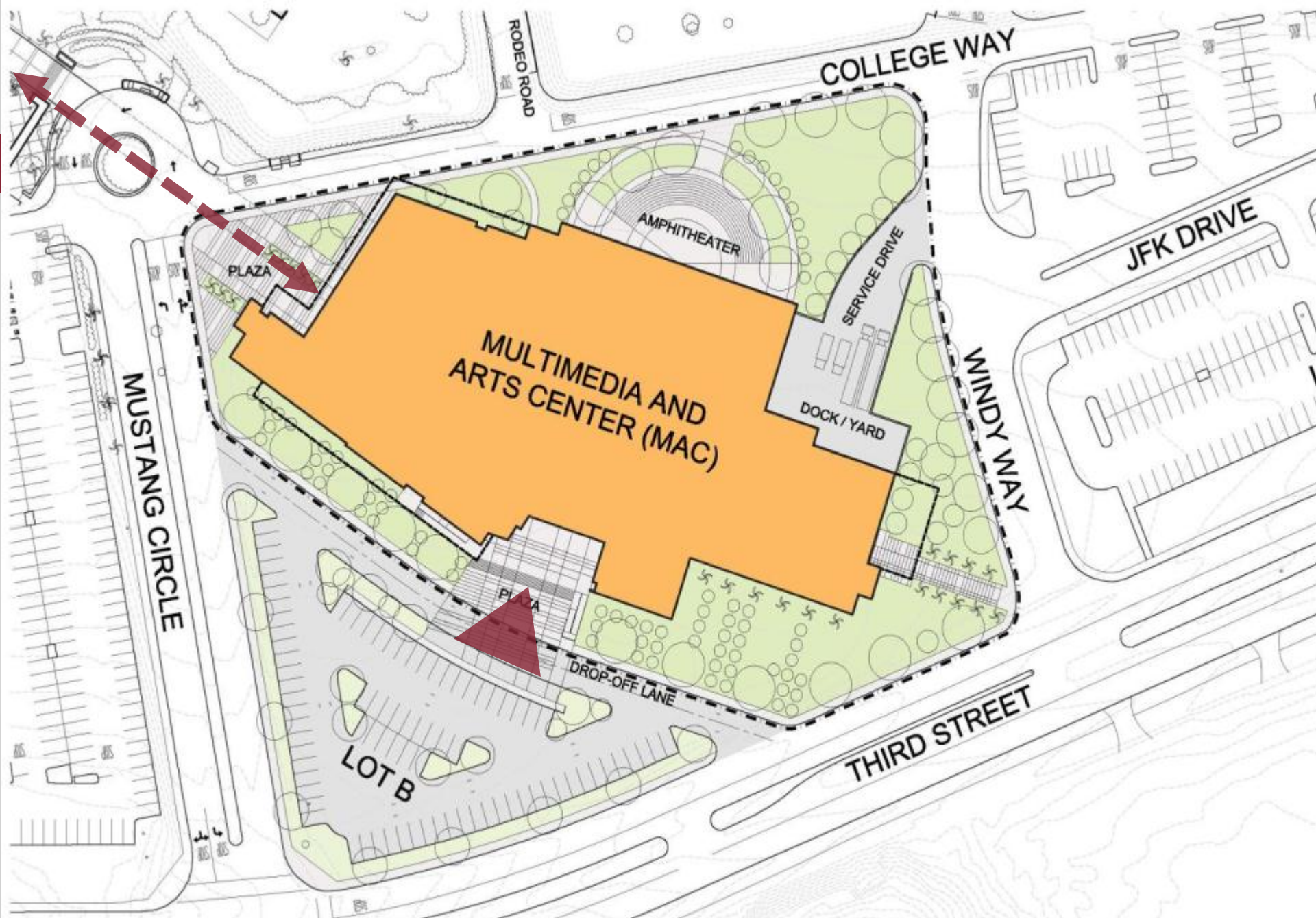
- PROJECT GOALS

- Exemplify Norco's commitment to the community
- Create a "gateway" building
- Enhance the brand/identity of Norco College
- Design a flexible/adaptable learning environment
- Encourage cross-collaboration between disciplines

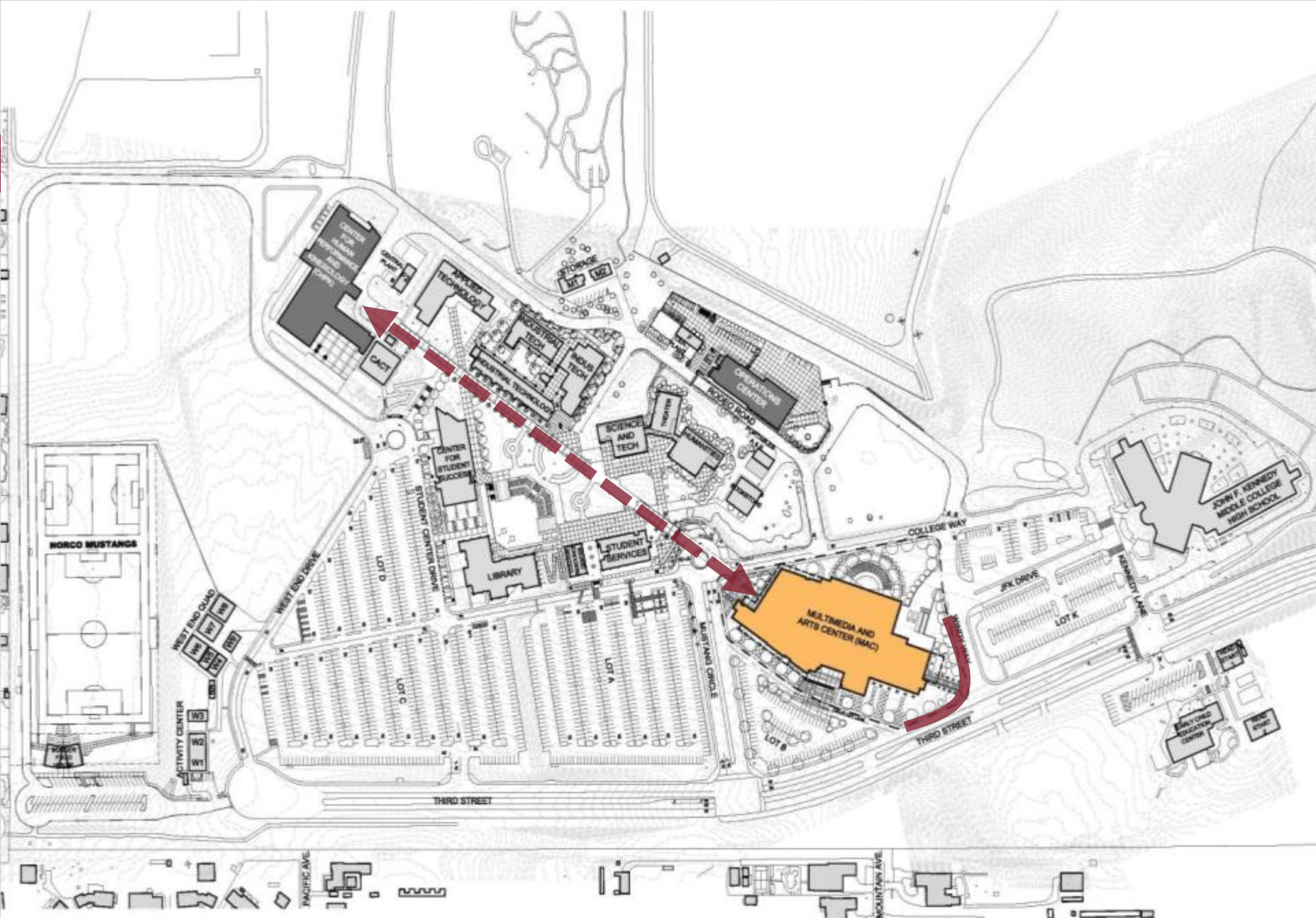


Multimedia + Arts Center (MAC) FPP FIRST FLOOR





Multimedia + Arts Center (MAC) FPP SITE PLAN



Multimedia + Arts Center (MAC) FPP

CAMPUS PLAN

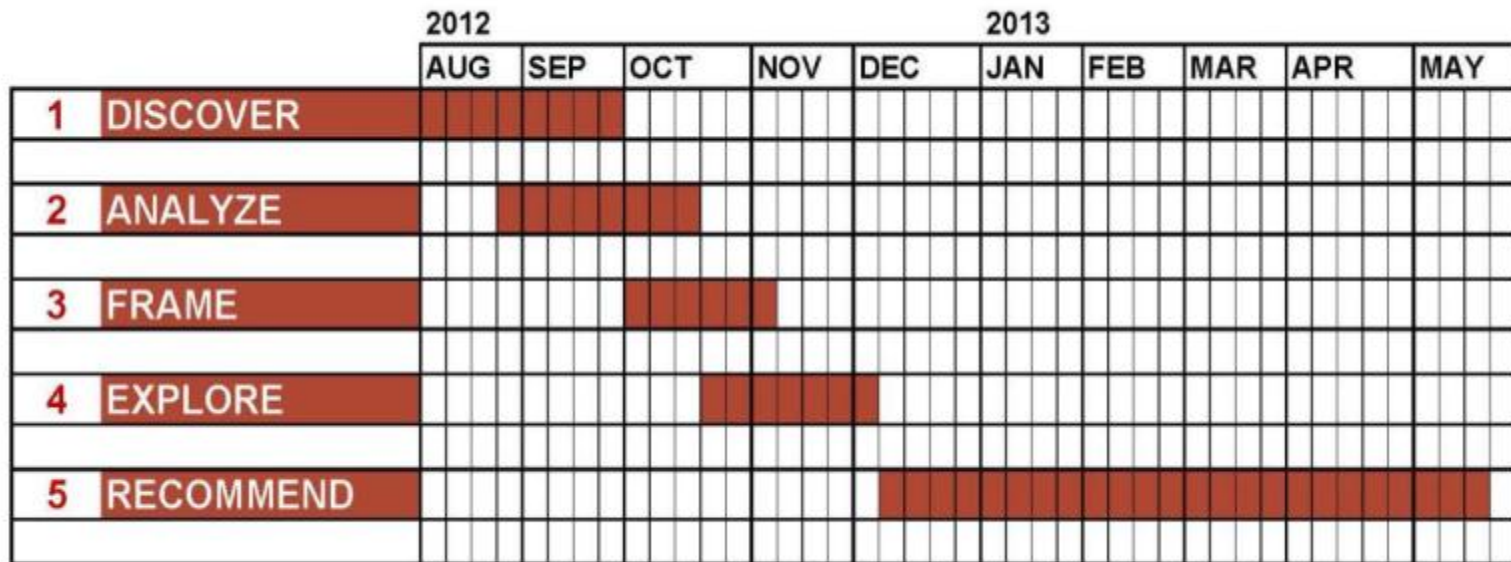
HMC Architects

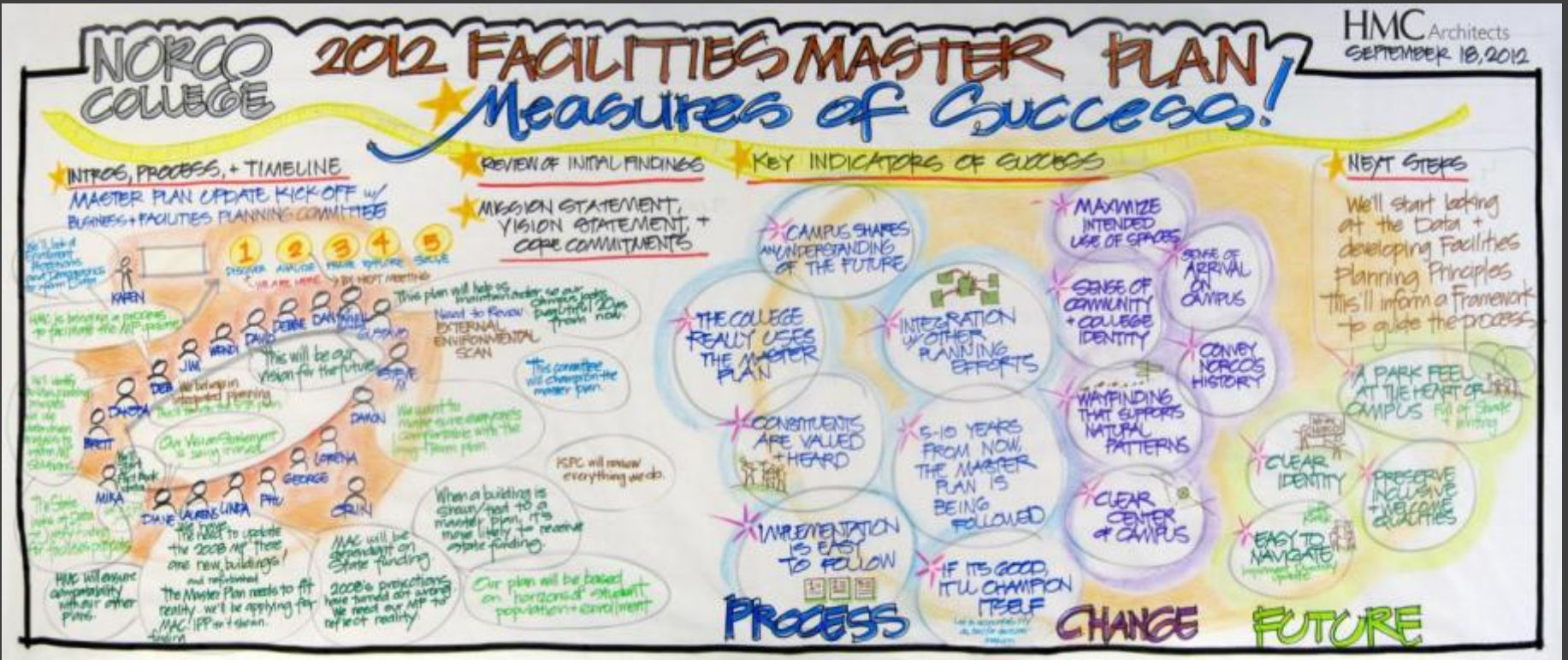


Multimedia + Arts Center (MAC) FPP

FACILITIES MASTER PLAN UPDATE

PROCESS + TIMELINE





ANALYSIS OF EXISTING CONDITIONS



REGIONAL CONTEXT

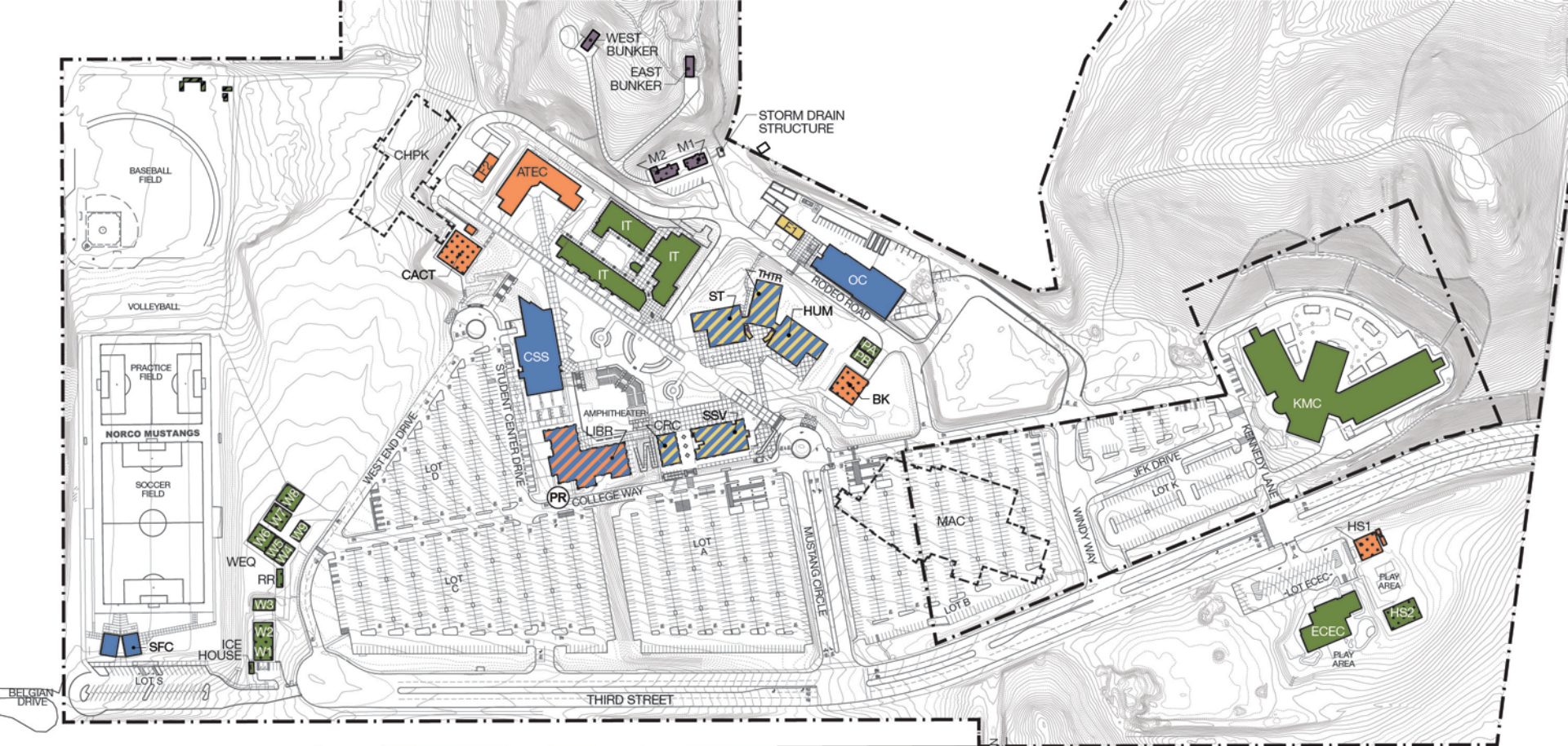
- NORCO COLLEGE
- WATER RELATED
- PARKS/RECREATION
- HILLSIDE AREAS
- US NAVAL WEAPON CENTER/CRC
- CIVIC INSTITUTION
- HISTORIC LANDMARK
- RAILWAY/METROLINK STATION
- K-12 CAMPUS
- FREEWAY
- MAJOR STREET
- METROLINK LINE 91
- CITY BOUNDARIES



EXISTING CAMPUS LAND USE

- ADMIN/STUDENT SVCS+ACTIV/LIBR+LRC
- INSTRUCTIONAL
- ATHLETICS/KINESIOLOGY
- SERVICE
- LEASED
- UNDEVELOPED LAND
- WEEKEND USE - "NORCO TRADING POST"
- VACANT
- IN DESIGN
- PROPERTY LINE





BUILDING KEY

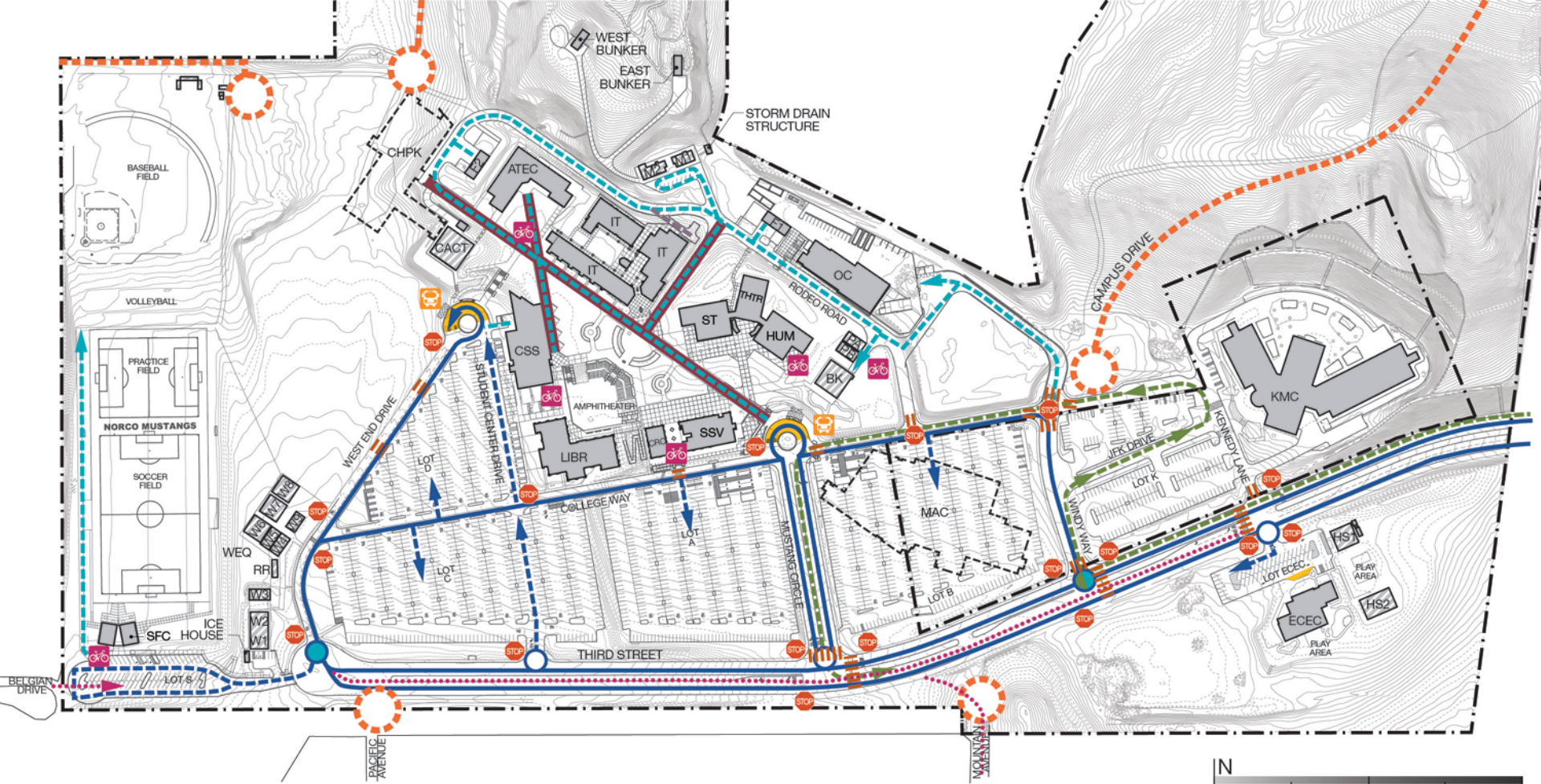
SSV	Student Services
ST	Science and Technology
THTR	Theater
HUM	Humanities
CRC	College Safety and Police/ College Resource Center
F1+F2	Central Plants
LIBR	Wilfred J. Airey Library
HS	Head Start
BK	Bookstore
ECEC	Early Childhood Education Center
CACT	Center for Applied + Competitive Technologies
M1+M2	Facilities
ATEC	Applied Technology
KMC	John F. Kennedy Middle College High School
PA+PB	Portables A + B

IT	Industrial Technology
SFC	Soccer Field Complex
CSS	Center for Student Success/ The Corral (Cafeteria and Dining Room)
WEQ	West End Quad
CHPK	Center for Human Performance + Kinesiology
MAC	Multimedia + Arts Center
OC	Operations Center

CAMPUS DEVELOPMENT HISTORY

	PRE NORCO CAMPUS CONSTRUCTION
	EARLY 1990s (PHASE 1)
	LATE 1990s (PHASE 2)
	2000 - 2009 (PHASE 3)
	2010 - PRESENT (PHASE 4)
	RENOVATED 2010s
	PARTIALLY RENOVATED
	TEMPORARY FACILITIES

	IN DESIGN
	PROPERTY LINE

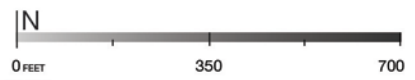


BUILDING KEY

SSV	Student Services	IT	Industrial Technology
ST	Science and Technology	SFC	Soccer Field Complex
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EXISTING CORE VEHICULAR CIRCULATION

	CAMPUS ENTRY		SECONDARY VEHICULAR ROUTE
	PASSENGER LOADING ZONE		SERVICE VEHICLE ROUTE
	HIGH SCHOOL ENTRY		BICYCLE CIRCULATION
	POTENTIAL SECONDARY CAMPUS ENTRY		HS VEHICULAR ROUTE (ONE WAY)
	PRIMARY SERVICE ENTRY		BUS STOPS
	BICYCLE PARKING		CROSSWALKS
	SERVICE VEHICLE ROUTE ONLY		EXISTING/UNDER CONSTR FACILITIES
	PRIMARY VEHICULAR ROUTE		IN DESIGN



FACILITIES MASTER PLAN UPDATE

- NEXT STEPS
 - Develop Master Plan Space Program
 - Develop and Evaluate Options



MULTIMEDIA + ARTS CENTER FPP FACILITIES MASTER PLAN

RIVERSIDE COMMUNITY COLLEGE DISTRICT - BOARD OF TRUSTEES COMMITTEE MEETING



DECEMBER 4, 2012

RCCD | RIVERSIDE COMMUNITY
COLLEGE DISTRICT

HMC Architects