NEW ISSUE — FULL BOOK-ENTRY

RATINGS: Moody's: "Aa2"; S&P: "AA"
(See "MISCELLANEOUS – Ratings" herein)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain opinions and representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Federally Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.

$73,090,000
RIVERSIDE COMMUNITY COLLEGE DISTRICT
(Riverside and San Bernardino Counties, California)

$29,130,000
2014 General Obligation Refunding Bonds, Series A
(Tax-Exempt)

$43,960,000
2014 General Obligation Refunding Bonds, Series B
(Federally Taxable)

Dated: Date of Delivery

Due: August 1, as shown on the inside cover

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page not otherwise defined shall have the meanings set forth herein.

The Riverside Community College District (Riverside and San Bernardino Counties, California) 2014 General Obligation Refunding Bonds, Series A (Tax-Exempt) (the "Tax-Exempt Bonds") are being issued by the Riverside Community College District (the "District") to (i) currently refund a portion of the remaining outstanding Riverside Community College District, Riverside County, California, Election of 2004, General Obligation Bonds, Series 2004A, (ii) advance refund a portion of the outstanding Riverside Community College District (Riverside County, California) 2005 General Obligation Refunding Bonds (the "2005 Refunding Bonds"), (iii) advance refund a portion of the outstanding Riverside Community College District (Riverside County, California) Election of 2004, General Obligation Bonds, Series 2007C, and (iv) pay the costs associated with the issuance of the Tax-Exempt Bonds.

The Riverside Community College District (Riverside and San Bernardino Counties, California) 2014 General Obligation Refunding Bonds, Series B (Federally Taxable) (the "Federally Taxable Bonds," and, together with the Tax-Exempt Bonds, the "Bonds"), are being issued by the District to (i) advance refund a portion of the outstanding 2005 Refunding Bonds, and (ii) pay the costs associated with the issuance of the Federally Taxable Bonds.

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of Riverside County is empowered and obligated to annually levy *ad valorem* taxes upon all property within the District subject to taxation thereby, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), for the payment of the principal of and interest on the Bonds when due. See "THE BONDS – Security and Sources of Payment" herein.

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive certificates representing their interests in the Bonds. See "THE BONDS – Book-Entry Only System" herein.

The Bonds will be issued as current interest bonds, such that interest thereon shall accrue from their date of delivery (the "Date of Delivery") and be payable semiannually on February 1 and August 1 of each year, commencing on August 1, 2014. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof.

Payments of principal of and interest on the Bonds will be made by U.S. Bank National Association, the designated paying agent, bond registrar and transfer agent (in such capacity, the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants (defined herein) who will remit such payments to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry Only System" herein.

The Tax-Exempt Bonds are subject to optional redemption as further described herein. The Federally Taxable Bonds are not subject to redemption prior to their stated maturity dates. See "THE BONDS – Redemption" herein.

MATURITY SCHEDULE
(See inside front cover)

The Bonds are offered when, as and if issued, subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel to the District. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of The Depository Trust Company, in New York, New York, on or about May 29, 2014.

PiperJaffray.

Dated: April 30, 2014

MATURITY SCHEDULE

$29,130,000
RIVERSIDE COMMUNITY COLLEGE DISTRICT
(Riverside and San Bernardino Counties, California)
2014 General Obligation Refunding Bonds, Series A
(Tax-Exempt)

Base CUSIP[†]: 76886P

$29,130,000 Serial Bonds

Maturity August 1	Principal Amount	Interest Rate	Yield	CUSIP[†]
2014	$505,000	2.000%	0.200%	EF6
2016	365,000	4.000	0.450	EH2
2017	425,000	4.000	0.760	EJ8
2018	465,000	5.000	1.120	EK5
2019	525,000	5.000	1.440	EL3
2020	580,000	5.000	1.740	EM1
2021	635,000	5.000	1.990	EN9
2022	715,000	5.000	2.240	EP4
2023	790,000	5.000	2.420	EQ2
2024	880,000	2.500	2.540	ER0
2025	7,055,000	5.000	2.820[1]	ES8
2026	7,735,000	5.000	2.970[1]	ET6
2027	200,000	3.000	3.250	EG4
2027	8,255,000	5.000	3.080[1]	EU3

[1] Yield to call at par on August 1, 2024.

$43,960,000
RIVERSIDE COMMUNITY COLLEGE DISTRICT
(Riverside and San Bernardino Counties, California)
2014 General Obligation Refunding Bonds, Series B
(Federally Taxable)

Base CUSIP[†]: 76886P

$43,960,000 Serial Bonds

Maturity August 1	Principal Amount	Interest Rate	Yield	CUSIP[†]
2014	$815,000	0.398%	0.398%	EV1
2015	615,000	0.598	0.598	EW9
2016	3,415,000	0.868	0.868	EX7
2017	3,660,000	1.332	1.332	EY5
2018	3,935,000	1.895	1.895	EZ2
2019	4,245,000	2.345	2.345	FA6
2020	4,595,000	2.848	2.848	FB4
2021	5,000,000	3.158	3.158	FC2
2022	5,415,000	3.340	3.340	FD0
2023	5,885,000	3.490	3.490	FE8
2024	6,380,000	3.610	3.610	FF5

[†] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the Underwriter nor the District make any representations regarding the selection or correctness of the CUSIP numbers set forth herein.

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)2 and 3(a)12, respectively, for the issuance and sale of such municipal securities. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Certain information set forth herein has been obtained from sources outside of the District which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

When used in this Official Statement and in any continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced in this Official Statement, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

The Underwriter has provided the following sentence for inclusion in this Official Statement: “The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.”

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

The District maintains a website. However, the information presented on the District’s website is not incorporated into this Official Statement by any reference, and should not be relied upon in making investment decisions with respect to the Bonds.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

Board of Trustees

District Administration

Dr. Irving Hendrick, *Interim Chancellor*
Aaron Brown, *Vice Chancellor, Business and Financial Services*
Chris Carlson, *Chief of Staff and Facilities Development*
Dr. Robin Steinback, *Interim Vice Chancellor Educational Service, Workforce Development and Planning*
Jim Parsons, *Associate Vice Chancellor, Strategic Communications Relations*
Paul Parnell, Ph.D., *President, Norco College*
Cynthia Azari, Ed.D., *President, Riverside City College*
Sandra Mayo, Ed.D., *President, Moreno Valley College*

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

Stradling Yocca Carlson & Rauth,
A Professional Corporation
San Francisco, California

Financial Advisor

Keygent LLC
El Segundo, California

Paying Agent, Bond Registrar, Transfer Agent and Escrow Agent

U.S. Bank National Association
Los Angeles, California

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

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$73,090,000
RIVERSIDE COMMUNITY COLLEGE DISTRICT
(Riverside and San Bernardino Counties, California)

$29,130,000 **2014 General Obligation Refunding Bonds, Series A** **(Tax-Exempt)**	**$43,960,000** **2014 General Obligation Refunding Bonds, Series B** **(Federally Taxable)**

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of the (i) Riverside Community College District (Riverside and San Bernardino Counties, California) 2014 General Obligation Refunding Bonds, Series A (Tax-Exempt) (the "Tax-Exempt Bonds"), and (ii) Riverside Community College District (Riverside and San Bernardino Counties, California) 2014 General Obligation Refunding Bonds, Series B (Federally Taxable) (the "Federally Taxable Bonds," and, together with the Tax-Exempt Bonds, the "Bonds").

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The District

Founded in 1916, the Riverside Community College District (the "District") encompasses approximately 440 square miles in Riverside County (the "County") and San Bernardino County (together with the County, the "Counties"). The assessed valuation of the territory of the District located in the County represents more than 99.9% of the District's assessed valuation. The District provides collegiate level instruction in grades 13 and 14 and contains the Riverside Unified, Alvord Unified, Corona/Norco Unified, Jurupa Unified, Moreno Valley Unified and Val Verde School Districts. Each of the District's three colleges, Riverside City College, Norco College, and Moreno Valley College, is fully accredited by the Accrediting Commission for Community and Junior colleges (the "ACCJC"). The District's enrollment for fiscal year 2013-14 is projected to be 26,908 full-time equivalent students ("FTES"). The District has a fiscal year 2013-14 total assessed valuation of $77,697,159,101. See also "TAX BASE FOR REPAYMENT OF BONDS" herein.

The District is governed by a five-member Board of Trustees (the "Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Board-appointed Chancellor. Dr. Irving Hendrick is the District's current Interim Chancellor. See "RIVERSIDE COMMUNITY COLLEGE DISTRICT" herein.

Purpose of the Bonds

Tax-Exempt Bonds. The Tax-Exempt Bonds are being issued to (i) currently refund a portion of the remaining outstanding Riverside Community College District, Riverside County, California, Election of 2004, General Obligation Bonds, Series 2004A (the "2004A Bonds"), (ii) advance refund a portion of the outstanding Riverside Community College District (Riverside County, California) 2005 General Obligation Refunding Bonds (the "2005 Refunding Bonds"), (iii) advance refund a portion of the outstanding Riverside Community College District (Riverside County, California) Election of 2004, General Obligation Bonds, Series 2007C (the "2007C Bonds"), and (iv) pay the costs associated with the issuance of the Tax-Exempt Bonds.

Federally Taxable Bonds. The Federally Taxable Bonds are being issued to (i) advance refund a portion of the outstanding 2005 Refunding Bonds, and (ii) pay the costs associated with the issuance of the Federally Taxable Bonds.

The 2004A Bonds were issued to (i) finance the repair, upgrading, acquisition, construction, and equipping of District sites and facilities, and (ii) currently refund the District's outstanding Certificates of Participation (1993 Financing Project). The 2005 Refunding Bonds were issued to advance refund a portion of the 2004A Bonds. The portions of the 2004A Bonds, 2005 Refunding Bonds, and 2007C Bonds to be refunded with the proceeds of the Bonds are referred to herein as the "Refunded 2004A Bonds," "Refunded 2005 Refunding Bonds," and "Refunded 2007C Bonds," respectively, and, together, the "Refunded Bonds."

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the State of California Government Code and other applicable law, and pursuant to a resolution adopted by the Board. See "THE BONDS– Authority for Issuance" herein.

Security and Sources of Payment for the Bonds

The Bonds are general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* property taxes upon all property within the District subject to taxation thereby, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due.*

For more complete information regarding the District's financial condition and taxation of property within the District, see "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered form only, without coupons, and mature on August 1 in the years indicated on the inside front cover page hereof. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds purchased. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. See "THE BONDS – General Provisions" and "THE BONDS – Book-Entry Only System" herein. In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution (described herein).

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the "Owners," "Bond Owners" or "Holders" of the Bonds (other than under the captions "INTRODUCTION – Tax Matters" and "TAX MATTERS," as well as in APPENDIX A) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

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* The assessed valuation of the property on which the County will levy a tax for the payment of the Bonds does not include the assessed valuation of Tax Rate Area 119-001 located in San Bernardino County. See "TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations" herein for additional information on the tax base for the repayment of the Bonds.

Denominations. Individual purchases of interests in the Bonds will be available in the denominations of $5,000 principal amount or any integral multiple thereof.

Redemption. The Tax-Exempt Bonds are subject to optional redemption prior to their respective stated maturity dates as described in "THE BONDS – Redemption" herein. The Federally Taxable Bonds are not subject to redemption prior to their respective stated maturity dates.

Payments. The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the initial date of delivery of the Bonds (the "Date of Delivery"), such interest to be payable semiannually on February 1 and August 1 of each year, commencing on August 1, 2014 (each, a "Bond Payment Date"). Principal of the Bonds is payable on August 1 in the amounts and years set forth on the inside cover page hereof.

Payments of the principal of and interest on the Bonds will be made by the designated paying agent, bond registrar and transfer agent (the "Paying Agent") to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners of the Bonds. U.S. Bank National Association, Los Angeles, California, has been appointed Paying Agent for the Bonds.

Tax Matters

Tax-Exempt Bonds. In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), based on existing statutes, regulations, rulings and judicial decisions and assuming the accuracy of certain opinions and representations and compliance with certain covenants and requirements described herein, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Tax-Exempt Bonds is exempt from State of California (the "State") personal income tax. See "TAX MATTERS – Tax-Exempt Bonds" herein.

Federally Taxable Bonds. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Federally Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Federally Taxable Bonds is exempt from State personal income tax. See "TAX MATTERS – Federally Taxable Bonds" herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York on or about May 29, 2014.

Bond Owner's Risks

The Bonds are general obligations of the District payable solely from *ad valorem* taxes which may be levied without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates) on all property subject to taxation by the District, as further described herein. For more complete information regarding the District's financial condition and taxation of property within the District, see "RIVERSIDE COMMUNITY COLLEGE DISTRICT" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Continuing Disclosure

The District will covenant for the benefit of the registered Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated events, in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be made available and of the notices of certain enumerated events is summarized under "LEGAL MATTERS – Continuing Disclosure" and "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS" herein.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "intend" "expect," "estimate," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Stradling Yocca Carlson & Rauth will receive compensation from the District contingent upon the sale and delivery of the Bonds. Keygent LLC, El Segundo, California, is acting as financial advisor to the District (the "Financial Advisor"), all with respect to the Bonds. Causey Demgen & Moore P.C., Denver, Colorado, is acting as verification agent for the Bonds. U.S. Bank National Association, Los Angeles, California, is acting as Escrow Agent (as defined herein).

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Copies of documents referred to herein and information concerning the Bonds are available from the Riverside Community College District, 4800 Magnolia Avenue, Riverside, California, Telephone: (951) 222-8789. The District may impose a charge for copying, mailing and handling.

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each such documents, statutes and constitutional provisions.

Certain of the information set forth herein, other than that provided by the District, has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms by the Resolution (defined herein).

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of the State Government Code and other applicable law, and pursuant to a resolution adopted by the Board on March 18, 2014 (the "Resolution").

Security and Sources of Payment

The Bonds are general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. The County is empowered and obligated to annually levy *ad valorem* taxes upon all property within the District subject to taxation thereby, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. [*]

The taxes described above will be levied annually in addition to all other taxes during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest thereon when due. Such taxes, when collected, will be placed by the County in the Riverside Community College District, 2014 General Obligation Refunding Bonds, Series A (Tax-Exempt) Debt Service Fund (the "Tax-Exempt Debt Service Fund") and the Riverside Community College District, 2014 General Obligation Refunding Bonds, Series B (Federally Taxable) Debt Service Fund (the "Federally Taxable Debt Service Fund," and together with the Tax-Exempt Debt Service Fund, the "Debt Service Funds"), as applicable, which are each segregated and held by the County and which are designated for the payment

[*] The assessed valuation of the property on which the County will levy a tax for the payment of the Bonds does not include the assessed valuation of Tax Rate Area 119-001 located in San Bernardino County. See "TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations" herein for additional information on the tax base for the repayment of the Bonds.

of principal of and interest on the respective series of Bonds when due, and for no other purpose. Although the County is obligated to levy *ad valorem* property taxes for the payment of the Bonds, and the County will maintain the Debt Service Funds, the Bonds are not a debt of the Counties.

The moneys in the Debt Service Funds, to the extent necessary to pay the principal of and interest on the Bonds as the same become due and payable, will be transferred by the Treasurer-Tax Collector of the County to the Paying Agent. The Paying Agent will in turn remit the funds to DTC for remittance of such principal and interest to its Participants (as defined herein) for subsequent disbursement to the Beneficial Owners of the Bonds.

The rate of the annual *ad valorem* property taxes levied by the County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District, and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the respective annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood or toxic contamination, could cause a reduction in the assessed value of taxable property within the District, and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

General Provisions

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interests in the Bonds.

Interest on the Bonds accrues from the Date of Delivery, and is payable semiannually on each Bond Payment Date, commencing on August 1, 2014. Interest on the Bonds shall be computed on the basis of a 360-day year of 12, 30-day months. Each Bond shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month immediately preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2014, in which event it shall bear interest from the Date of Delivery. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof. Principal of the Bonds is payable on August 1 in the amounts and years set forth on the inside cover page hereof.

Payment of interest on any Bond on any Bond Payment Date shall be made to the person appearing on the registration books of the Paying Agent as the Owner of such Bond thereof as of the close of business of the 15th day of the month immediately preceding any Bond Payment Date (a "Record Date"), such interest to be paid by check mailed to such Owner on the Bond Payment Date, at his or her address as it appears on such registration books or at such other address as he or she may have filed with the Paying Agent for that purpose on or before the Record Date. The Owner in an aggregate principal amount of $1,000,000 or more may request in writing to the Paying Agent that such Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record

Date. The principal and redemption premiums, if any, payable on the Bonds are payable upon maturity or earlier redemption, as applicable, upon surrender at the principal office of the Paying Agent. The interest, principal and redemption premiums, if any, on the Bonds are payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. So long as the Bonds are held in the book-entry system of DTC, all payments of principal of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered Owner of the Bonds. See "THE BONDS – Book-Entry Only System" herein.

Annual Debt Service

The following table summarizes the annual debt service requirements of the District for the Bonds, assuming no optional redemptions are made:

	Tax-Exempt Bonds		Federally Taxable Bonds		
Year Ending August 1	Annual Principal Payment	Annual Interest Payment[1]	Annual Principal Payment	Annual Interest Payment[1]	Total Annual Debt Service
2014	$505,000.00	$242,394.17	$815,000.00	$200,597.45	$1,762,991.62
2015	--	1,397,350.00	615,000.00	1,161,515.70	3,173,865.70
2016	365,000.00	1,397,350.00	3,415,000.00	1,157,838.00	6,335,188.00
2017	425,000.00	1,382,750.00	3,660,000.00	1,128,195.80	6,595,945.80
2018	465,000.00	1,365,750.00	3,935,000.00	1,079,444.60	6,845,194.60
2019	525,000.00	1,342,500.00	4,245,000.00	1,004,876.36	7,117,376.36
2020	580,000.00	1,316,250.00	4,595,000.00	905,331.10	7,396,581.10
2021	635,000.00	1,287,250.00	5,000,000.00	774,465.50	7,696,715.50
2022	715,000.00	1,255,500.00	5,415,000.00	616,565.50	8,002,065.50
2023	790,000.00	1,219,750.00	5,885,000.00	435,704.50	8,330,454.50
2024	880,000.00	1,180,250.00	6,380,000.00	230,318.00	8,670,568.00
2025	7,055,000.00	1,158,250.00	--	--	8,213,250.00
2026	7,735,000.00	805,500.00	--	--	8,540,500.00
2027	8,455,000.00	418,750.00	--	--	8,873,750.00
Total	$29,130,000.00	$15,769,594.17	$43,960,000.00	$8,694,852.51	$97,554,446.68

(1) Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing on August 1, 2014.

See "RIVERSIDE COMMUNITY COLLEGE DISTRICT – District Debt Structure" herein for a full debt service schedule of all of the District's outstanding general obligation bond debt.

Application and Investment of Bond Proceeds

Tax-Exempt Bonds. The Tax-Exempt Bonds are being issued to (i) currently refund a portion of the remaining outstanding 2004A Bonds, (ii) advance refund a portion of the outstanding 2005 Refunding Bonds, (iii) advance refund a portion of the outstanding 2007C Bonds, and (iv) pay the costs associated with the issuance of the Tax-Exempt Bonds. The net proceeds of the sale of the Tax-Exempt Bonds will be paid to U.S. Bank National Association, acting as escrow agent (the "Escrow Agent"), to the credit of the "Riverside Community College District, 2014 General Obligation Refunding Bonds, Series A (Tax-Exempt) Escrow Fund" (the "Tax-Exempt Escrow Fund"). Pursuant to an escrow agreement (the "Escrow Agreement") by and between the District and the Escrow Agent, an amount deposited in the Tax-Exempt Escrow Fund will be used to purchase certain Federal Securities (as such term is defined in the Escrow Agreement) the principal of and interest on which will be sufficient, together with any monies deposited in the Tax-Exempt Escrow Fund and held as cash, to enable the Escrow Agent to pay (i) the principal and redemption premium (if any) due on the Refunded 2004A Bonds on August 1, 2014, as well as the interest due on such Refunded 2004A Bonds on and before such date, (ii) the principal and redemption premium (if any) due on the Refunded 2005 Refunding Bonds to be refunded with proceeds of the Tax-Exempt Bonds on August 1, 2015, as well as the interest due on such Refunded 2005 Refunding Bonds on and before such date, and (iii) the principal and redemption premium (if any) due on the Refunded 2007C Bonds on August 1, 2017, as well as the interest due on such Refunded 2007C Bonds on and before such date.

Surplus moneys in the Tax-Exempt Escrow Fund, when received by the District from the sale of the Tax-Exempt Bonds or following the redemption of the Refunded Bonds, and the *ad valorem* property taxes levied by the County for the payment of the Tax-Exempt Bonds, when collected, shall be transferred to and kept separate and apart in the Tax-Exempt Debt Service Fund, to be held by the County and used only for payment of principal of and interest on the Tax-Exempt Bonds. Any excess proceeds of the Tax-Exempt Bonds not needed for the authorized purposes for which the Tax-Exempt Bonds are being issued shall be transferred to the Tax-Exempt Debt Service Fund and applied to the payment of principal of and interest on the Tax-Exempt Bonds. If, after payment in full of the Tax-Exempt Bonds, there remain excess proceeds, any such excess amounts will be transferred to the general fund of the District.

Federally Taxable Bonds. The Federally Taxable Bonds are being issued to (i) advance refund a portion of the outstanding 2005 Refunding Bonds, and (ii) pay the costs associated with the issuance of the Federally Taxable Bonds. The net proceeds of the sale of the Federally Taxable Bonds will be paid to the Escrow Agent, to the credit of the "Riverside Community College District, 2014 General Obligation Refunding Bonds, Series B (Federally Taxable) Escrow Fund" (the "Federally Taxable Escrow Fund," and together with the Tax-Exempt Escrow Fund, the "Escrow Funds"). Pursuant to the Escrow Agreement, an amount deposited in the Federally Taxable Escrow Fund will be used to purchase certain Federal Securities (as such term is defined in the Escrow Agreement) the principal of and interest on which will be sufficient, together with any monies deposited in the Federally Taxable Escrow Fund and held as cash, to enable the Escrow Agent to pay the principal and redemption premium (if any) due on the Refunded 2005 Refunding Bonds to be refunded with proceeds of the Federally Taxable Bonds on August 1, 2015, as well as the interest due on such Refunded 2005 Refunding Bonds on and before such date.

Surplus moneys in the Federally Taxable Escrow Fund, when received by the District from the sale of the Federally Taxable Bonds or following the redemption of the Refunded Bonds, and the *ad valorem* property taxes levied by the County for the payment of the Federally Taxable Bonds, when collected, shall be transferred to and kept separate and apart in the Federally Taxable Debt Service Fund, to be held by the County and used only for payment of principal of and interest on the Federally Taxable Bonds. Any excess proceeds of the Federally Taxable Bonds not needed for the authorized purposes for which the Federally Taxable Bonds are being issued shall be transferred to the Federally Taxable Debt Service Fund and applied to the payment of principal of and interest on the Federally Taxable Bonds. If, after payment in full of the Federally Taxable Bonds, there remain excess proceeds, any such excess amounts will be transferred to the general fund of the District.

Escrow Sufficiency. The sufficiency of the securities and cash on deposit in the respective Escrow Funds, together with realizable interest and earnings thereon, to pay the redemption price of and the accrued interest due on the respective series of Refunded Bonds on the above-referenced dates will be verified by Causey Demgen & Moore P.C. (the "Verification Agent"). As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the Underwriter's and Verification Agent's computations, the Refunded Bonds will be defeased and the obligation of the County to levy *ad valorem* property taxes for payment thereof will terminate.

Investment of Funds. Moneys in the Escrow Funds will be invested as described above, subject to the provisions of the Escrow Agreement. Moneys in the Debt Service Funds may be invested in any one or more investments generally permitted to school districts and community college districts under the laws of the State or as permitted by the Resolution. Moneys in the Debt Service Funds are expected to be invested through the County's pooled investment fund. See "APPENDIX E - RIVERSIDE COUNTY POOLED INVESTMENT FUND" herein.

Redemption

Optional Redemption. The Tax-Exempt Bonds maturing on or before August 1, 2024 are not subject to redemption. The Tax-Exempt Bonds maturing on or after August 1, 2025 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 2024, at a redemption price equal to the principal amount of the Tax-Exempt Bonds selected for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

The Federally Taxable Bonds are not subject to redemption prior to their stated maturity dates.

Selection of Bonds for Redemption. Whenever provision is made for the redemption of Bonds and less than all outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, will select the Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent will select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent will determine; *provided, however*, that the portion of any Bond to be redeemed in part shall be in the principal amount of $5,000 or any integral multiple thereof.

Notice of Redemption. Notice of any redemption of Bonds will be provided not less than 20 nor more than 45 days prior to the redemption date (i) to the registered Owners thereof at the addresses thereof appearing on the bond registration books of the Paying Agent, (ii) to the Securities Depository described below, and (iii) to one or more of the Information Services described below. Notice to the Registered Owners shall be given by registered or certified mail, postage prepaid. Notice to the Security Depository will be given by registered or certified mail, postage prepaid, telephonically confirmed facsimile transmission, or overnight delivery service. Notice to the Information Services will be given by registered or certified mail, postage prepaid, or overnight delivery service.

Each notice of redemption will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed,

(f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 1 Cragwood Road, 2nd Floor, South Plainfield, New Jersey 07080, Attention: Editor; Mergent Inc., 585 Kingsley Park Drive, Fort Mill, South Carolina 29715, Attention: Called Bond Department; and Standard and Poor's J.J. Kenny Information Services' "Called Bond Record," 55 Water Street, 45th Floor, New York, New York 10041.

"Securities Depository" shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041, Fax (212) 855-1000 or Fax (212) 855-7320.

The actual receipt by an Owner of any Bond or by any Information Service or Securities Depository of notice of such redemption will not be a condition precedent to redemption, and neither failure to receive such notice nor any defect in such notice will affect the sufficiency of the proceedings for the redemption of such Bonds.

Rescission of Notice of Redemption. With respect to any notice of redemption of Bonds (or portions thereof) described above, unless upon the giving of such notice such Bonds will be deemed to have been defeased, such notice will state that such redemption is conditional upon the receipt by the Paying Agent (or an independent escrow agent selected by the District) on or prior to the date fixed for such redemption of the moneys necessary and sufficient to pay the principal of, and premium, if any, and interest on, the Bonds (or portions thereof) to be redeemed, and that if such moneys are not so received said notice shall be of no force and effect, the Bonds shall not be subject to redemption on such date and the Bonds shall not be required to be redeemed on such date. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made and the Paying Agent will, within a reasonable time thereafter, give notice (but in no event later than the date originally set for redemption) to the persons to whom and in the manner in which the notice of redemption was given, that such moneys were not so received. In addition, the District will have the right to rescind any notice of redemption, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent will distribute a notice of the rescission of such notice in the same manner as such notice was originally provided.

Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the District will execute and the Paying Agent will deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in principal amount to the unredeemed portion of the Bond surrendered. Such partial redemption is valid upon payment of the amount required to be paid to such Owner, and the District will be released and discharged thereupon from all liability to the extent of such payment.

Effect of Notice of Redemption. Notice having been given as described above, and the moneys for the redemption (including the interest accrued to the applicable date of redemption) having been set aside as described in "—Defeasance" herein, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, moneys for the redemption of all the Bonds to be redeemed, together with interest accrued to such redemption date, shall be held by an independent escrow agent selected by the District so as to be available therefor on such redemption date, and if a notice of redemption thereof shall have been given as described above, then from and after such redemption date, interest with respect to the Bonds to be redeemed will cease to accrue or accrete and become payable. All money held for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity under the provisions of the Resolution, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and accrued interest thereon to the date fixed for redemption, then such Bonds will no longer be deemed outstanding and will be surrendered to the Paying Agent for cancellation.

Book-Entry Only System

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants (as defined herein) will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, Direct Participants or Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with Participants are on file with DTC.

The DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Resolution. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds or distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying

Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain and keep at its designated corporate trust office all books and records necessary for the registration, exchange and transfer of the Bonds as provided in the Resolution (the "Bond Register"). Subject to the provisions of the Resolution, the person in whose name a Bond is registered on the Bond Register will be regarded as the absolute owner of that Bond for all purposes of the Resolution. Payment of or on account of the principal of, interest on and premium, if any, on any Bond will be made only to or upon the order of that person; neither the District, nor the Paying Agent will be affected by any notice to the contrary, but the registration may be changed as provided in the Resolution. All such payments will be valid and effectual to satisfy and discharge the District's liability upon the Bonds, including interest, to the extent of the amount or amounts so paid.

In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the payment, registration, transfer, exchange and replacement of the Bonds.

The principal of the Bonds and any premium and interest upon the redemption thereof will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the designated office of the Paying Agent, initially located in Los Angeles, California. Interest on the Bonds will be paid by the Paying Agent by check or draft mailed to the person whose name appears on the registration books of the Paying Agent as the registered Owner, and to that person's address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered Owner of at least $1,000,000 in aggregate principal amount, interest shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of like series, tenor, maturity and principal amount upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond Register by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. Upon exchange or transfer, the Paying Agent shall register, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 16th business day next preceding any Bond Payment Date, the stated maturity of any of the Bonds or any date of selection of Bonds to be redeemed and ending with the close of business on the applicable Bond Payment Date, the close of business on the applicable stated maturity date or any day on which the applicable notice of redemption is given or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

Defeasance

All or any portion of the outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which, together with amounts transferred from the applicable Debt Service Fund, is sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof, interest thereon and prepayment premiums, if any) at or before their maturity date; or

(b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations, together with amounts transferred from the applicable Debt Service Fund and any other cash, if required, in such amount as will, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof, interest thereon and prepayment premiums, if any) at or before their maturity date;

then, notwithstanding that any of such Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of the an independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) of this Section, to the Owners of such designated Bonds not so surrendered and paid all sums due with respect thereto.

"Government Obligations" means direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or "prerefunded" municipal obligations rated in the highest rating category by Moody's Investors Service ("Moody's") or Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"). In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at least as high as direct and general obligations of the United States of America by S&P or Moody's.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Bonds are expected to be applied as follows:

	Tax-Exempt Bonds	Federally Taxable Bonds
Sources of Funds		
Principal Amount of Bonds	$29,130,000.00	$43,960,000.00
Net Original Issue Premium	4,876,704.25	--
Total Sources	$34,006,704.25	$43,960,000.00
Uses of Funds		
Deposit to Tax-Exempt Escrow Fund	$33,772,319.57	--
Deposit to Federally Taxable Escrow Fund	--	$43,608,598.56
Costs of Issuance(1)	234,384.68	351,401.44
Total Uses	$34,006,704.25	$43,960,000.00

(1) Reflects all costs of issuance, including, but not limited to, the Underwriter's discount, demographics fees, rating agency fees, legal fees, the fees of the Financial Advisor, and the costs and fees of the Verification Agent, Paying Agent and Escrow Agent.

TAX BASE FOR REPAYMENT OF BONDS

The information in this section describes ad valorem *property taxation, assessed valuation, and other measures of the tax base of the District. The Bonds are payable solely from* ad valorem *taxes levied and collected by the County on taxable property in the District. The District's general fund is not a source for the repayment of the Bonds.*

Ad Valorem Property Taxation

District property taxes are assessed and collected by the County at the same time and on the same tax rolls as county, city, and special district taxes. Assessed valuations are the same for both the District and County taxing purposes.

Taxes are levied for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." A supplemental roll is developed when property changes hands or new construction is completed. The County levies and collects all property taxes for property falling within the County's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently equalized in August. Property taxes on the secured roll are due in two installments, November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus a $10 cost on the second installment, plus any additional amount determined by the County's Treasurer-Tax Collector. Property on the secured roll with delinquent taxes declared tax-defaulted on or about June 30 of the calendar year. Such property may thereafter be redeemed by payment of the delinquent taxes, the delinquency penalty and a redemption fee, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Treasurer-Tax Collector of the County.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent if they are not paid by August 31. In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning on November 1 of the fiscal year, and a lien may be recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the clerk of the applicable county specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the applicable county recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. See also "—Tax Levies, Collections and Delinquencies" herein.

State law exempts from taxation $7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

All property is assessed using full cash value as defined by Article XIIIA of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts, including community college districts, share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

Assessed Valuations

The assessed valuation of property in the District is established by the Assessors of the respective Counties, except for public utility property, which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIIIA of the State Constitution. For a discussion of how properties currently are assessed, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" herein. Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions.

Property within the District has a total assessed valuation for fiscal year 2013-14 of $77,697,159,101. The following represents the eight-year history of assessed valuations in the District.

ASSESSED VALUATIONS(1)
Fiscal Years 2006-07 through 2013-14
Riverside Community College District

	Local Secured	Utility	Unsecured	Total
2006-07	$69,414,949,841	$41,598,811	$3,080,320,192	$72,536,868,844
2007-08	80,943,923,323	21,271,229	3,468,230,073	84,433,424,625
2008-09	81,907,350,376	20,803,791	3,832,576,268	85,760,730,435
2009-10	72,856,368,535	17,341,229	3,679,778,103	76,553,487,867
2010-11	70,884,555,342	17,070,552	3,510,312,658	74,411,938,552
2011-12	71,033,382,597	18,140,282	3,671,974,029	74,723,496,908
2012-13	71,470,772,646	12,804,788	3,662,046,742	75,145,624,176
2013-14	74,096,179,170	12,523,766	3,588,456,165	77,697,159,101

(1) Total assessed valuation includes only the assessed valuation of the District located within the boundaries of the County. A small portion of the District is located within the boundaries of San Bernardino County in Tax Rate Area 119-001. However, the County will not levy a tax for the payment of the Bonds in Tax Rate Area 119-001.
Source: California Municipal Statistics, Inc.

Economic and other factors beyond the District's control, such as general market decline in property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Bonds. See "THE BONDS – Security and Sources of Payment" herein.

Appeals and Adjustments of Assessed Valuations.

Under State law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the applicable county board of equalization or assessment appeals board. County assessors may independently reduce assessed values as well based upon the above factors or reductions in the fair market value of the taxable property. In most cases, an appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein.

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

The District does not have information regarding pending appeals of assessed valuation of property within the District. No assurance can be given that property tax appeals currently pending or in the future will not significantly reduce the assessed valuation of property within the District.

Assessed Valuation and Parcels by Land Use

The following table shows the assessed valuation and parcels by land use in the District for fiscal year 2013-14.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2013-14
Riverside Community College District

Non-Residential:	2013-14 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Agricultural/Rural	$484,716,852	0.65%	1,087	0.41%
Commercial/Office	10,395,479,525	14.03	8,136	3.09
Vacant Commercial	2,427,674,433	1.93	4,499	1.71
Industrial	3,777,508,863	5.10	2,289	0.87
Vacant Industrial	602,179,546	0.81	801	0.30
Recreational	24,149,784	0.03	333	0.13
Government/Social/Institutional	739,397,232	1.00	450	0.17
Miscellaneous	17,127,785	0.02	326	0.12
Subtotal Non-Residential	$17,468,234,020	23.58%	17,921	6.80%
Residential:				
Single Family Residence	$46,398,607,404	62.62%	200,906	76.20%
Condominium/Townhouse	1,796,419,322	2.42	11,836	4.49
Mobile Home	274,244,275	0.37	4,364	1.66
Mobile Home Park	109,172,957	0.15	99	0.04
2+ Residential Units/Apartments	6,645,044,136	8.97	4,273	1.62
Vacant Residential	1,085,566,191	1.47	19,553	7.42
Subtotal Residential	$56,309,054,285	75.99%	241,031	91.42%
Other Vacant	$318,890,865	0.43%	4,692	1.78%
Total	$74,096,179,170	100.00%	263,644	100.00%

(1) Local secured assessed valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Assessed Valuation by Jurisdiction

The following table displays the assessed valuation by jurisdiction within the District for fiscal year 2013-14.

ASSESSED VALUATION BY JURISDICTION[1]
Fiscal Year 2013-14
Riverside Community College District

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Corona	$16,380,636,670	21.08%	$16,380,636,670	100.00%
City of Eastvale	6,672,474,168	8.59	6,672,474,168	100.00
City of Jurupa Valley	7,065,011,925	9.09	7,065,634,501	99.99
City of Moreno Valley	11,169,212,384	14.38	11,179,377,465	99.91
City of Norco	2,619,501,990	3.37	2,619,501,990	100.00
City of Perris	2,163,663,072	2.78	3,926,243,129	55.11
City of Riverside	23,166,596,695	29.82	23,166,596,695	100.00
Unincorporated Riverside County	8,460,062,197	10.89	31,853,079,099	26.56
Total District	$77,697,159,101	100.00%		
Total Riverside County	$77,697,159,101	100.00%	$209,592,286,852	37.07%

[1] Before deduction of redevelopment incremental valuation.
Source: California Municipal Statistics, Inc.

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Assessed Valuation of Single Family Homes

The following table displays the assessed valuation of single family residential parcels within the District for fiscal year 2013-14.

ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2013-14
Riverside Community College District

	No. of Parcels	2013-14 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	200,906	$46,398,607,404	$230,705	$204,000

2013-14 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	552	0.275%	0.275%	$10,388,105	0.022%	0.022%
25,000 - 49,999	4,029	2.005	2.280	161,689,145	0.348	0.371
50,000 - 74,999	6,324	3.148	5.428	395,184,588	0.852	1.223
75,000 - 99,999	8,272	4.117	9.545	732,526,745	1.579	2.801
100,000 - 124,999	13,944	6.941	16.486	1,582,784,999	3.411	6.213
125,000 - 149,999	20,036	9.973	26.459	2,761,804,218	5.952	12.165
150,000 - 174,999	23,170	11.533	37.991	3,759,679,177	8.103	20.268
175,000 - 199,999	20,994	10.450	48.441	3,922,192,201	8.453	28.721
200,000 - 224,999	17,875	8.897	57.338	3,787,656,347	8.163	36.885
225,000 - 249,999	15,059	7.496	64.834	3,566,580,450	7.687	44.571
250,000 - 274,999	11,569	5.758	70.592	3,026,828,129	6.524	51.095
275,000 - 299,999	9,739	4.848	75.440	2,794,388,832	6.023	57.117
300,000 - 324,999	8,310	4.136	79.576	2,592,559,195	5.588	62.705
325,000 - 349,999	7,923	3.944	83.520	2,670,924,180	5.756	68.462
350,000 - 374,999	7,648	3.807	87.326	2,766,688,447	5.963	74.424
375,000 - 399,999	7,014	3.491	90.818	2,713,642,759	5.849	80.273
400,000 - 424,999	5,308	2.642	93.460	2,183,893,875	4.707	84.980
425,000 - 449,999	3,687	1.835	95.295	1,608,344,307	3.466	88.446
450,000 - 474,999	2,499	1.244	96.539	1,153,527,201	2.486	90.932
475,000 - 499,999	1,775	0.883	97.422	863,216,394	1.860	92.793
500,000 and greater	5,179	2.578	100.000	3,344,108,110	7.207	100.000
Total	200,906	100.000%		$46,398,607,404	100.000%	

(1) Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

Tax Levies, Collections and Delinquencies

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the District as of the preceding January 1. A supplemental tax is levied when property changes hands or new construction is completed.

A 10% penalty attaches to any delinquent payment for secured roll taxes. In addition, property on the secured roll with respect to which taxes are delinquent becomes tax-defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty (i.e., interest) to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to auction sale by the respective Treasurer-Tax Collector of the applicable.

In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning on December 1 of the fiscal year, and a lien is recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the applicable county clerk specifying certain facts in order to obtain a judgment lien on specific property of the taxpayer; (3) filing a certificate of delinquency for record in the applicable county recorder's office in order to obtain a lien on specified property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

A county levies (except for levies to support prior voter-approved indebtedness) and collects all property taxes for property falling within the county's taxing boundaries. The secured *ad valorem* property tax levies within the District and amounts delinquent as of June 30 for the fiscal years 2007-08 through 2012-13 are shown below.

SECURED TAX CHARGES AND DELINQUENCIES
Fiscal Years 2007-08 through 2012-13
Riverside Community College District

	Secured Tax Charge[1]	Amount Delinquent (as of June 30)	Percent Delinquent (as of June 30)
2007-08	$10,079,820.88	$950,350.31	9.43%
2008-09	10,147,196.95	681,826.55	6.72
2009-10	8,880,302.97	356,348.11	4.01
2010-11	10,425,501.54	275,122.05	2.64
2011-12	11,842,215.59	221,473.41	1.87
2012-13	11,968,419.36	159,660.04	1.33

[1] Bond debt service levy.
Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment - Teeter Plan

The Boards of Supervisors of the County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (a "Teeter Plan"), as provided for in Section 4701 *et seq.* of the State Revenue and Taxation Code. Under the Teeter Plan, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to its local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency.

The Teeter Plan is applicable to all tax levies for which the County acts as the tax-levying or tax-collecting agency, or for which the County's treasury is the legal depository of the tax collections.

If the Teeter Plan remains in effect during the term of the Bonds, the District will receive 100% of the *ad valorem* property tax levied in the County to pay the Bonds, irrespective of actual delinquencies in the collection of tax by the County. The District can give no assurance that the Teeter Plan will remain in effect in its present form, or in any form, during the term of the Bonds.

The Teeter Plan is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the county (which commences on July 1), the Board of Supervisors of the County receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in the County, in which event the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. The Board of Supervisors of the County may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency or assessment levying agency in the County if the rate of secure tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that agency. In the event the Board of Supervisors is to order discontinuance of the Teeter Plan subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency.

Tax Rates

A representative tax rate area ("TRA") located within the District is TRA 9-002. The table below demonstrates the total *ad valorem* tax rates, as a percentage of assessed valuation, levied by all taxing entities in this TRA during the five-year period from fiscal years 2009-10 through 2013-14.

TYPICAL TAX RATES (TRA 9-002)
Fiscal Years 2009-10 through 2013-14
Riverside Community College District

	2009-10	2010-11	2011-12	2012-13	2013-14
General	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
City of Riverside	.00577	.00575	.00571	.00572	.00673
Riverside City Community College District	.01242	.01499	.01700	.01702	.01768
Riverside Unified School District	.05354	.05670	.05698	.05307	.05307
Metropolitan Water District	.00430	.00370	.00370	.00350	.00350
Total	1.07603%	1.08114%	1.08339%	1.07931%	1.08098%

Source: California Municipal Statistics, Inc.

Largest Property Owners

The following table lists the 20 largest local secured taxpayers in the District in terms of their fiscal year 2013-14 secured assessed valuations.

LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2013-14
Riverside Community College District

	Property Owner	Primary Land Use	2013-14 Assessed Valuation	% of Total[1]
1.	Tyler Mall LP	Shopping Center	$194,240,796	0.26%
2.	Watson Laboratories Inc.	Industrial	187,590,923	0.25
3.	Castle & Cooke Corona Crossings I & II Inc.	Shopping Center	173,182,640	0.23
4.	Ross Dress for Less Inc.	Industrial	152,791,567	0.21
5.	Kaiser Foundation Health Plan Inc.	Medical Buildings	151,856,433	0.20
6.	Lowes HIW Inc.	Industrial	146,783,189	0.20
7.	Walgreen Co.	Industrial	146,389,557	0.20
8.	Teachers Insurance and Annuity Association	Industrial	131,906,125	0.18
9.	La Sierra University	Apartments	130,675,284	0.18
10.	HF Logistics SKX T1	Industrial	127,499,999	0.17
11.	Homecoming at Eastvale	Apartments	127,384,836	0.17
12.	Costco Wholesale Corp.	Industrial	124,793,584	0.17
13.	Riverside Healthcare System	Medical Buildings	110,746,740	0.15
14.	Rohr Inc.	Industrial	108,702,886	0.15
15.	Prologis California I	Industrial	107,212,843	0.14
16.	DB Rreef Perris CA Inc.	Industrial	103,000,000	0.14
17.	AMB Institutional Alliance Fund III	Industrial	101,096,828	0.14
18.	Wal Mart Real Estate Business Trust	Industrial/Commercial	99,625,098	0.13
19.	Fresh & Easy Neighborhood Market Inc.	Industrial	97,281,806	0.13
20.	Cole ID Riverside CA	Industrial	93,330,000	0.13
			$2,616,091,134	3.53%

[1] 2013-14 local secured assessed valuation: $74,096,179,170.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. effective as of February 1, 2014, for debt issued as of such date. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The table shows the percentage of each overlapping entity's assessed value located within the boundaries of the District. The table also shows the corresponding portion of the overlapping entity's existing debt payable from property taxes levied within the District. The total amount of debt for each overlapping entity is not given in the table.

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

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STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
Riverside Community College District

2013-14 Assessed Valuation: $77,697,159,101[(1)]

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 2/1/14
Metropolitan Water District	3.540%	$5,844,009
Eastern Municipal Water District Improvement Districts	79.450-100.000	5,420,516
Riverside Community College District	**100.000**	**227,729,563**[(2)]
Alvord Unified School District	100.000	227,560,233
Corona-Norco Unified School District	100.000	260,072,472
Jurupa Unified School District	100.000	46,687,972
Moreno Valley Unified School District	100.000	36,708,521
Riverside Unified School District	100.000	139,315,000
Val Verde Unified School District	100.000	100,986,948
City of Riverside	100.000	14,295,000
Community Facilities Districts	Various	1,120,964,808
1915 Act Bonds	100.000	31,065,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$2,216,650,042
OVERLAPPING GENERAL FUND DEBT:		
Riverside County General Fund Obligations	37.071%	$250,054,967
Riverside County Pension Obligations	37.071	128,558,521
Riverside County Board of Education Certificates of Participation	37.071	1,000,917
Corona-Norco Unified School District General Fund Obligations	100.000	28,975,000
Moreno Valley Unified School District Certificates of Participation	100.000	18,585,000
Val Verde Unified School District Certificates of Participation	100.000	80,095,000
Other Unified School District Certificates of Participation	100.000	20,332,061
City of Corona General Fund Obligations	100.000	55,799,934
City of Moreno Valley Certificates of Participation	99.909	69,623,085
City of Riverside General Fund and Pension Obligations	100.000	323,969,392
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$976,993,877
Less: Riverside County supported obligations		3,745,008
City of Corona supported obligations		1,515,000
TOTAL NET OVERLAPPING GENERAL FUND DEBT		$971,733,869
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$938,770,186
GROSS COMBINED TOTAL DEBT		$4,132,414,105[(3)]
NET COMBINED TOTAL DEBT		$4,127,154,097

Ratios to 2013-14 Assessed Valuation:

Direct Debt ($227,729,563)....................................0.29%
Total Overlapping Tax and Assessment Debt 2.85%
Gross Combined Total Debt....................................5.32%
Net Combined Total Debt..5.31%

Ratio to Redevelopment Incremental Valuation ($17,502,438,084):
Total Overlapping Tax Increment Debt...................5.36%

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(1) Excludes $767,040 assessed valuation representing Tax Rate Area 119-001, the only portion of the District located in San Bernardino County. However, the County will not levy a tax on Tax Rate Area 119-001 for the payment of the Bonds.
(2) Excludes the Bonds and includes the Refunded Bonds expected to be refinanced with proceeds of the Bonds.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA

The information in this section concerning State funding of community college districts is provided as supplementary information only, and it should not be inferred from the inclusion of the information under this heading that the principal of and interest on the Bonds is payable from State revenues. The Bonds are payable solely from the revenues generated by an ad valorem *property tax required to be levied by the County in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

Major Revenues

General. State community college districts (other than Basic Aid Districts, as described below) receive, on average a majority of their funding from the State, and the balance from federal sources. State funds include general apportionment, categorical funds, capital construction, the lottery (which is generally less than 3 percent), and other minor sources. Local funds include property taxes, student fees, and miscellaneous sources.

A bill passed by the State's legislature ("SB 361"), and signed by the Governor of the State (the "Governor") on September 29, 2006, established the present system of funding for community college districts. This system includes allocation of state general apportionment revenues to community college districts based on criteria developed by the Board of Governors of the California Community Colleges (the "Board of Governors") in accordance with prescribed statewide minimum requirements. In establishing these minimum requirements, the Board of Governors was required to acknowledge community college districts' need to receive an annual allocation based on the number of colleges and comprehensive centers in each respective district, plus funding received based on the number of credit and noncredit FTES in each district.

SB 361 also specified that, commencing with the 2006-07 fiscal year the minimum funding per FTES would be: (a) not less than $4,367 per credit FTES; (b) at a uniform rate of $2,626 per noncredit FTES; and (c) set at $3,092 per FTES for a new instructional category of "career development and college preparation" ("CDCP") enhanced non-credit rate. Each such minimum funding rate is subject to cost of living adjustments (each, a "COLA"), if any, funded through the State budgeting legislation in each fiscal year. Pursuant to SB 361, the Chancellor of the California Community Colleges (the "Chancellor") developed criteria for one-time grants for districts that would have received more funding under the prior system or a then-proposed rural college access grant, than under the new system.

The following table shows the District's FTES for fiscal years 2007-08 through 2012-13, and projected FTES for fiscal year 2013-14.

FULL TIME EQUIVALENT STUDENTS[(1)]
Fiscal Years 2007-08 through 2013-14
Riverside Community College District

Year	Funded FTES[(2)]	Unfunded FTES[(2)]	Total FTES
2007-08	26,806	205	27,011
2008-09	27,216	3,895	31,111
2009-10	26,245	4,940	31,185
2010-11	26,901	2,248	29,149
2011-12	24,845	1,013	25,858
2012-13	25,107	12	25,119
2013-14[(3)]	25,685	1,223	26,908

(1) One FTES is equivalent to 525 student contact hours, which is determined based on a State formula of one student multiplied by 15 weekly contact hours multiplied by 35 weeks. Accordingly, the number of FTES in the District may not equal the number of students enrolled in the District. Reflects resident FTES counts only. Non-resident FTES are generally excluded from State funding formula calculations.
(2) In each fiscal year, the State budget will establish an enrollment cap on the maximum number of FTES, known as the "funded" FTES, for which a community college district will receive a revenue allocation, as determined by the program-based model. A district's enrollment cap is based on the previous fiscal year's reported FTES, plus the growth allowance provide for by the State budget, if any. All student hours in excess of the enrollment cap are considered "unfunded" FTES.
(3) Projected.
Source: Riverside Community College District.

Local revenues are first used to satisfy District expenditures. The major local revenue source is local property taxes that are collected from within District boundaries. Student enrollment fees from the local community college district generally account for the remainder of local revenues for the District. Property taxes and student enrollment fees are applied towards fulfilling the District's financial need. Once these sources are exhausted, State funds are used. State aid is subject to the appropriation of funds in the State's annual budget. Decreases in State revenues may affect appropriations made by the State legislature (the "State Legislature") to the District. The sum of the property taxes, student enrollment fees, and State aid generally comprise the District's total funding allocation.

"Basic Aid" community college districts are those districts whose local property tax, student enrollment fee collections, and Education Protection Account funds exceed the revenue allocation determined by the program-based model. Basic Aid districts do not receive any general apportionment funding from the State (though they are currently entitled to the minimum amount of funding derived from taxes levied pursuant to Proposition 30, in an amount equal to $100 per unit of FTES). See also "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPRORPRIATIONS – Proposition 30" herein. The current law in the State allows these districts to keep the excess funds without penalty. The implication for Basic Aid districts is that the legislatively determined annual COLAs and other politically determined factors are less significant in determining such districts' primary funding sources. Rather, property tax growth and the local economy become the determining factors. The District is not a Basic Aid district.

A small part of a community college district's budget is from local sources other than property taxes and student enrollment fees, such as interest income, donations and sales of property. Every community college district receives the same amount of lottery funds per pupil from the State, however, these are not categorical funds as they are not for particular programs or students. The initiative authorizing the lottery does require the funds to be used for instructional purposes, and prohibits their use for capital purposes.

Tax Shifts and Triple Flip

Assembly Bill No. 1755 ("AB 1755"), introduced March 10, 2003 and substantially amended June 23, 2003, requires the shifting of property taxes between redevelopment agencies and schools, including community college districts. On July 29, 2003, the Assembly amended Senate Bill No. 1045 to incorporate all of the provisions of AB 1755, except that the Assembly reduced the amount of the required Education Revenue Augmentation Fund ("ERAF") shift to $135 million. Legislation commonly referred to as the "Triple Flip" was approved by the voters on March 2, 2004, as part of a bond initiative formally known as the "California Economic Recovery Act." This act authorized the issuance of $15 billion in bonds to finance the 2002-03 and 2003-04 State budget deficits, which are payable from a fund established by the redirection of tax revenues through the "Triple Flip." Under the "Triple Flip," one-quarter of local governments' one percent share of the sales tax imposed on taxable transactions within their jurisdiction is redirected to the State. In an effort to eliminate the adverse impact of the sales tax revenue redirection on local government, the legislation redirects property taxes in the ERAF to local government. Because the ERAF monies were previously earmarked for schools, the legislation provides for schools to receive other state general fund revenues.

Budget Procedures

On or before September 15, the Board of Trustees of a community college district is required under Section 58305 of the State Code of Regulations, Title V, to adopt a balanced budget. Each September, every State agency, including the Chancellor's Office of the California Community Colleges, submits to the Department of Finance ("DOF") proposals for changes in the State budget. These proposals are submitted in the form of Budget Change Proposals ("BCPs"), involving analyses of needs, proposed solutions and expected outcomes. Thereafter, the DOF makes recommendations to the Governor, and by January 10 a proposed State budget is presented by the Governor to the State Legislature. The Governor's State budget is then analyzed and discussed in committees and hearings begin in the State Assembly and Senate. In May, based on the debate, analysis and changes in the economic forecasts, the Governor issues a revised budget with changes he or she can support. The law requires the State Legislature to submit its approved budget by June 15, and by June 30 the Governor should announce his or her line item reductions and sign the State budget. In response to growing concern for accountability and with enabling legislation (AB 2910, Chapter 1486, Statutes of 1986), the Board of Governors and the Chancellor's Office have established expectations for sound district fiscal management and a process for monitoring and evaluating the financial condition to ensure the financial health of the State's community college districts. In accordance with statutory and regulatory provisions, the Chancellor has been given the responsibility to identify districts at risk and, when necessary, the authority to intervene to bring about improvement in their financial condition. To stabilize a district's financial condition, the Chancellor may, as a last resort, seek an appropriation for an emergency apportionment.

The monitoring and evaluation process is designed to provide early detection and amelioration that will stabilize the financial condition of a district before an emergency apportionment is necessary. This is accomplished by (1) assessing the financial condition of districts through the use of various information sources and (2) taking appropriate and timely follow-up action to bring about improvement in a district's financial condition, as needed. A variety of instruments and sources of information are used to provide a composite of each district's financial condition, including quarterly financial status reports, annual financial and budget reports, attendance reports, annual district audit reports, district input and other financial records. In assessing each district's financial condition, the Chancellor will pay special attention to each district's general fund balance, spending pattern, and full-time equivalent student patterns. Those districts with greater financial difficulty will receive follow-up visits from the

Chancellor's Office where financial solutions to the district's problems will be addressed and implemented.

See "RIVERSIDE COMMUNITY COLLEGE DISTRICT – General Fund Budgeting" herein for more information regarding the District's recent budgeting trends.

Minimum Funding Guarantees for California Community College Districts Under Propositions 98 and 111

General. In 1988, State voters approved Proposition 98, an initiative that amended Article XVI of the State Constitution and provided specific procedures to determine a minimum guarantee for annual school district and community college district ("K-14") funding. The constitutional provision links the K-14 funding formulas to growth factors that are also used to compute the State appropriations limit. Proposition 111 (Senate Constitutional Amendment 1), adopted in June 1990, among other things, changed some earlier school funding provisions of Proposition 98 relating to the treatment of revenues in excess of the State spending limit and added a third funding "test" ("Test 3") to calculate the annual funding guarantee. This third calculation is operative in years in which general fund tax revenue growth is weak. The amendment also specified that under Test 2 (see below), the annual COLA for the minimum guarantee for annual K-14 funding would be the change in the State's per-capita personal income, which is the same COLA used to make annual adjustments to the State appropriations limit (Article XIII B). See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Propositions 98 and Proposition 111" herein.

Calculating Minimum Funding Guarantee. There are currently three tests which determine the minimum level of K-14 funding. Under implementing legislation for Proposition 98 (AB 198 and SB 98 of 1989), each segment of public education (K-12 districts, community college districts, and direct elementary and secondary level instructional services provided by the State) has separately calculated amounts under the Proposition 98 tests. The base year for the separate calculations is the 1989-90 fiscal year. Each year, each segment is entitled to the greater of the amounts separately computed for each under Test 1 or 2. Should the calculated amount under Proposition 98 guarantee (K-14 education aggregated) be less than the sum of the separate calculations, then the Proposition 98 guarantee amount shall be prorated to the three segments in proportion to the amount calculated for each. This statutory split has been suspended in every year beginning with 1992-93. In those years, community colleges received less than was required from the statutory split.

Test 1 guarantees that K-14 education will receive at least the same funding share of the State general fund budget it received in 1986-87. Initially, that share was just over 40 percent. Because of the major shifts of property tax from local government to school districts and community college districts which began in 1992-93 and increased in 1993-94, the percentage dropped to 33.0%.

Test 2 provides that K-14 education will receive as a minimum, its prior-year total funding (including State general fund and local revenues) adjusted for enrollment growth and per-capita personal income COLA.

Test 3, established pursuant to Proposition 111, provides an alternative calculation of the funding base in years in which State per-capita General Fund revenues grow more slowly than per-capita personal income. When this condition exists, K-14 minimum funding is determined based on the prior-year funding level, adjusted for changes in enrollment and COLA where the COLA is measured by the annual increase in per-capita general fund revenues, instead of the higher per-capita personal income factor. The total allocation, however, is increased by an amount equal to one-half of one percent of the prior-year funding level as a funding supplement.

In order to make up for the lower funding level under Test 3, in subsequent years K-14 education receives a maintenance allowance (also referred to as a "maintenance factor") equal to the difference between what should have been provided if the revenue conditions had not been weak and what was actually received under the Test 3 formula. This maintenance allowance is paid in subsequent years when the growth in per-capita State tax revenue outpaces the growth in per-capita personal income.

The enabling legislation to Proposition 111, Chapter 60, Statutes of 1990 (SB 98, Garamendi), further provides that K-14 education shall receive a supplemental appropriation in a Test 3 year if the annual growth rate in non-Proposition 98 per-capita appropriations exceeds the annual growth rate in per-pupil total spending.

Dissolution of Redevelopment Agencies

On December 30, 2011, the State Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos* ("*Matosantos*"), finding ABX1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all Redevelopment Agencies in the State ceased to exist as a matter of law on February 1, 2012. The Court in *Matosantos* also found that ABX1 27, a companion bill to ABX1 26, violated the State Constitution, as amended by Proposition 22. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 1A and Proposition 22" herein. ABX1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to school districts, community college districts and county offices of education, totaling $1.7 billion statewide.

ABX1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) ("AB 1484"), which, together with ABx1 26, is referred to herein as the "Dissolution Act." The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency under the California Community Redevelopment Law that have not been repealed, restricted or revised pursuant to ABX1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a "Successor Agency"). All property tax revenues that would have been allocated to a redevelopment agency, less the corresponding county auditor-controller's cost to administer the allocation of property tax revenues, are now allocated to a corresponding Redevelopment Property Tax Trust Fund ("Trust Fund"), to be used for the payment of pass-through payments to local taxing entities, and thereafter to bonds of the former redevelopment agency and any "enforceable obligations" of the Successor Agency (as defined in the Dissolution Act), as well as to pay certain administrative costs. The Dissolution Act defines "enforceable obligations" to include bonds, loans, legally required payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations.

Among the various types of enforceable obligations, the first priority for payment is tax allocation bonds issued by the former redevelopment agency; second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; third is administrative costs of the Successor Agency, equal to at least $250,000 in any year, unless the oversight board reduces such amount for any fiscal year or a lesser amount is agreed to by the Successor Agency; then, fourth tax revenues in the Trust Fund in excess of such amounts, if any, will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the Controller and the Department of Finance that application of the foregoing will leave the Successor Agency with amounts insufficient to make scheduled payments on enforceable obligations. If the county auditor-controller verifies that the Successor Agency will have insufficient amounts to make scheduled payments on enforceable obligations, it shall report its findings to the Controller. If the Controller agrees there are insufficient funds to pay scheduled payments on enforceable obligations, the amount of such deficiency shall be deducted from the amount remaining to be distributed to taxing agencies, as described as the fourth distribution above, then from amounts available to the Successor Agency to defray administrative costs. In addition, if a taxing agency entered into an agreement pursuant to Health and Safety Code Section 33401 for payments from a redevelopment agency under which the payments were to be subordinated to certain obligations of the redevelopment agency, such subordination provisions shall continue to be given effect.

As noted above, the Dissolution Act expressly provides for continuation of pass-through payments to local taxing entities. Per statute, 100% of contractual and statutory two percent pass-throughs, and 56.7% of statutory pass-throughs authorized under the Community Redevelopment Law Reform Act of 1993 (AB 1290, Chapter 942, Statutes of 1993) ("AB 1290"), are restricted to educational facilities without offset against revenue limit apportionments by the State. Only 43.3% of AB 1290 pass-throughs are offset against State aid so long as the affected local taxing entity uses the moneys received for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance as provided under Education Code Section 42238(h).

ABX1 26 states that in the future, pass-throughs shall be made in the amount "which would have been received . . . had the redevelopment agency existed at that time," and that the county auditor-controller shall "determine the amount of property taxes that would have been allocated to each redevelopment agency had the redevelopment agency not been dissolved pursuant to the operation of [ABX1 26] using current assessed values . . . and pursuant to statutory [pass-through] formulas and contractual agreements with other taxing agencies."

Successor Agencies continue to operate until all enforceable obligations have been satisfied and all remaining assets of the Successor Agency have been disposed of. AB 1484 provides that once the debt of the Successor Agency is paid off and remaining assets have been disposed of, the Successor Agency shall terminate its existence and all pass-through payment obligations shall cease.

The District can make no representations as to the extent to which its base apportionments from the State may be offset by the future receipt of residual distributions or from unencumbered cash and assets of former redevelopment agencies or any other surplus property tax revenues pursuant to the Dissolution Act.

State Assistance

State community college districts' principal funding formulas and revenue sources are derived from the budget of the State. The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, neither the District, the Financial Advisor, nor the Underwriter take any responsibility as to the accuracy or completeness thereof and neither has independently verified such information.

2013-14 Budget. On June 27, 2013, the Governor signed into law the State budget for fiscal year 2013-14 (the "2013-14 Budget"). The Legislative Analyst's Office (the "LAO") has released a report entitled "California Spending Plan" which outlines key provisions of the 2013-14 Budget. The following information is drawn from such report.

The 2013-14 Budget generally adopts the revenue projections previously included in the Governor's May revision to the proposed budget. However, the 2013-14 Budget also adopts certain LAO estimates regarding tax increment revenue collections and baseline property tax revenues. The 2013-14 Budget projects total general fund revenues for fiscal year 2012-13 to be $98.2 billion, and general fund expenditures of $95.7 billion. The 2013-14 Budget projects that the State will end the 2012-13 fiscal year with a $254 million general fund surplus. For fiscal year 2013-14, general fund revenues are projected at $97.1 billion and expenditures at $96.3, leaving the State with a projected general fund surplus for fiscal year 2013-14 of approximately $1.1 billion.

For fiscal year 2012-13, the Proposition 98 minimum funding guarantee is set at $56.5 billion, including $40.5 billion of support from the State general fund. This funding level is approximately $2.9 billion higher than that set by the adopted budget for fiscal year 2012-13. The increase is due largely to an increase in State general fund revenues that count towards the minimum funding guarantee, as well as a growth in baseline property tax revenues. Although the minimum funding guarantee is higher, fiscal year 2012-13 local property tax collections are $734 million lower than projected by the prior State budget. This difference largely results from lower-than projected tax increment revenue collections. As a result, the State general fund cost to support the fiscal year 2012-13 minimum funding guarantee increases by approximately $3.7 billion.

For fiscal year 2013-14, the Proposition 98 minimum funding guarantee is set at $55.3 billion, including $39.1 billion of support from the State general fund. This funding level reflects a total decline of $1.2 billion from the prior year, and results largely from certain provisions of Proposition 98 that exclude a portion of the prior-year appropriation from the calculation of the minimum funding guarantee for fiscal year 2013-14. These provisions are designed to prevent funding appropriations from permanently increasing the minimum funding guarantee in future years, and are implemented when, as in fiscal year 2012-13, the minimum funding guarantee increased at a much faster rate than per capita personal income. The 2013-14 Budget also projects that property tax collections will be approximately $215 million higher than the prior year, such that the State general fund cost to support the fiscal year 2013-14 minimum funding guarantee is reduced.

The 2013-14 Budget provides $6 billion of Proposition 98 funding for community college districts, including $3.7 billion from the general fund. Significant features related to funding of community college districts include:

- *Base Funding.* $89.4 million to fund enrollment growth, and $87.5 million to fund a cost-of-living adjustment to general purposes apportionment funding.
- *Deferral Reduction.* Since 2002, the State has engaged in the practice of deferring certain apportionments to community college districts in order to manage the State's cash flow. This practice has included deferring certain apportionments from one fiscal year to the next. The 2013-14 Budget includes $178.6 million of Proposition 98 funding to reduce fiscal year 2012-13 apportionment deferrals, and $30 million to reduce fiscal year 2013-14 deferrals. This will reduce outstanding community college deferrals to $592 million.
- *Proposition 39 Implementation* – Proposition 39 (approved at the November 2012 general election) increases state corporate tax revenues and requires that, for a five year period beginning in fiscal year 2013-14, a portion of these revenues be applied to energy efficiency and alternative energy projects. The 2013-14 Budget allocates the entire increase associated with these supplemental corporate tax revenues to the calculation of the minimum funding guarantee, and appropriates a total of $467 million for Proposition 39-related programs and support. This includes $47 million for a new energy project grant program for community college districts. The Chancellor is provided discretion on how to allocate this funding.

Community college districts must prioritize projects according to certain criteria, such as the age of facilities to be improved, and must receive approval from the California Energy Commission ("CEC") for projects prior to expending funds. The 2013-14 Budget also provides $28 million to the CEC to provide low and no-interest loans to school districts, charter schools, community college districts, and county offices of education for eligible energy projects and technical assistance.

- *Career Technical Education Pathways Grant Program* – $250 million in one-time Proposition 98 funding to create the California Career Pathways Trust, the primary purpose of which will be to improve linkages between career technical (vocational) programs and schools and community colleges, as well as between K-14 education and local businesses. The program authorizes several types of activities, such as creating new technical programs and curriculum. The program is open to school districts, county offices of education, charter schools and community college districts. Funds will be allocated through a competitive grant process, and the State Superintendent of Instruction, in consultation with the Community College Chancellor's Office and interested business organizations, is charged with reviewing grant applications. Grant funds will be available for expenditure in fiscal years 2013-14 through 2015-16. By December 1, 2014, grant recipients must report to the State Legislature and the Governor of program outcomes.

- *Adult Education.* $25 million of Proposition 98 funding for a new Adult Education Consortium Program. School districts and community college districts that form regional consortia are eligible to apply for funds. While the funds are allocated to the State budget for community college districts, the 2013-14 Budget charges both the State Department of Education and the Chancellor's Office with awarding grants to consortium applicants. The grants, which may be spent over two years, are to be used by consortium members to develop joint plans for serving adult learners in their area.

- *Apprenticeship Programs.* The 2013-14 Budget also shifts the school district-run apprenticeship program (a type of adult education relating to job training) to community college districts. The 2013-14 Budget provides $15 million to fund this program.

- *Online Courses.* $16.9 million of Proposition 98 funding to fund a new community college technology initiative designed to increase student access to high-quality online courses and provide alternative means for students to earn college credits. The majority of the funding is intended to support the acquisition of a common learning management system for the community college system. Other projects include the creation of an online course inventory that would be offered by a consortium of community colleges to students Statewide, a single online portal for course selection and access, centralized and round-the-clock technical and tutorial support for online students, additional professional development for faculty teaching online courses, and the development of standardized tests to allow students to obtain academic credit for learning outside of the traditional classroom setting.

- *Categorical Programs*. $118 million of base augmentations to various categorical programs, including (i) $50 million for Student Success and Support program to fund services such as academic counseling and orientation (with an allowance to use up to $14 million to augment technology programs for electronic transcripts, electronic planning tools and a common assessment system), (ii) $15 million for Extended Opportunities Programs and Services to provide academic and financial support services for underprepared or financially needy students, (iii) $15 million for the Disable Students Program and Services, (iv) $8 million for various services provided to colleges students through the CalWORKs program, (v) $30 million in one-time funding to the Physical Plant and Instructional Support Program, to fund facility maintenance projects and instructional equipment purchases, and (vi) $150,000 to support a joint community college-California State University common course numbering initiative.

For additional information regarding the State's budgets and revenue projections and a more detailed description of the 2013-14 Budget, see the State Department of Finance website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

Fiscal Outlook Report. In November 2013, the LAO released a summary of its revised projections for State general fund tax revenues and related spending (the "Fiscal Outlook Report"). The following information is drawn from the Fiscal Outlook Report.

The Fiscal Outlook Report provided the LAO's projections of the State's general fund revenues and expenditures for fiscal years 2013-14 through 2019-20 under current law. The LAO's projections primarily reflected current-law spending requirements and tax provisions, while relying on the LAO's independent assessment of the outlook for the State's economy, demographics, revenues, and expenditures.

The LAO projects that the State will have a $5.6 billion general fund reserve at the end of fiscal year 2014-15. This projected reserve is the sum of (i) a $234 million ending reserve for fiscal year 2012-13, (ii) a $2.2 billion projected operating surplus in fiscal year 2013-14 and (iii) a $3.2 billion projected operating surplus in fiscal year 2014-15.

The LAO currently projects that general fund revenue for fiscal year 2012-13 will be $99.8 billion (approximately $1.65 billion higher than projected in the State's 2013-14 Budget). This increase is principally due to higher than expected personal income tax collections. As a result the LAO currently projects that the Proportion 98 minimum funding guarantee for fiscal year 2012-13 will be $58.2 billion (approximately $1.74 billion more than was projected in the 2012-13 Budget), including $42.2 billion of support from the State's general fund (approximately $1.75 billion more than was assumed in the 2013-14 Budget). The higher State revenues result in more than a dollar-for-dollar increase in the Proposition 98 minimum funding guarantee due to the State's decision to make maintenance factor payments under Test 1 of Proposition 98. The State will be making a $5.4 billion maintenance factor payment in fiscal year 2012-13, which will leave approximately $5.6 billion in outstanding maintenance factor). See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENEUES AND APPROPRIATIONS – Propositions 98 and 111" herein.

For fiscal year 2013-14, the LAO currently projects an operating surplus of approximately $1.1 billion higher than was assumed in the 2013-14 Budget. This projection is based primarily on $4.7 billion in higher revenues, largely due to (i) approximately $5.2 billion in higher-than-assumed personal income tax collections, (ii) approximately $3.1 billion in higher-than-assumed general fund Proposition 98 spending, and (iii) $300 million in higher-than-assumed non-Proposition 98 general fund spending. The LAO currently projects that Proposition 98 minimum funding guarantee for fiscal year 2013-14 will be $57.96 billion (approximately $2.67 billion more than was projected in the 2013-14 Budget), including $42.1 billion of support from the State's general fund (approximately $3.07 billion more than was assumed in the 2013-14 Budget). This projected increase in the general fund Proposition 98 funding is due in part to the LAO's forecast that local property taxes will be $393 million lower than assumed in 2013-14 Budget. In fiscal year 2013-14, the LAO estimates that a $941 million maintenance factor will be created (increasing the State's outstanding maintenance factor to approximately $6.8 billion).

For fiscal year 2014-15, the LAO projects an operating surplus of approximately $3.2 billion. This projection is based primarily on the LAO's assumption that: (i) general fund revenues will increase to $107.62 billion ($5.8 billion more than projected 2013-14 general fund revenues of $101.85 billion), (ii) approximately $3.3 billion in higher general fund Proposition 98 minimum funding spending over the projected fiscal year 2013-14 levels and (iii) $1.5 billion in higher non-Proposition 98 general fund spending over projected fiscal year 2013-14 levels. The LAO currently projects that Proposition 98 minimum funding guarantee for fiscal year 2014-15 will be $62.2 billion, including $45.4 billion of support from the State's general fund.

The Fiscal Outlook Report provides projections through fiscal year 2019-20. While the LAO projects that the Proposition 98 minimum funding guarantee will increase to $73.7 billion in fiscal year 2019-20, the LAO currently projects that the general fund contribution to Proposition 98 funding over that period will only increase to $49.1 billion due to expected increases in property tax revenues.

Additional information regarding the Fiscal Outlook Report may be obtained from the LAO at www.lao.ca.gov. However, such information is not incorporated herein by any reference.

Governor's Proposed 2014-15 Budget. On January 9, 2014, the Governor released his proposed State budget for fiscal year 2014-15 (the "Proposed Budget"). The LAO has released a series of reports summarizing the provisions of the Proposed Budget, including "2014-15 Budget: Overview of the Governor's Budget," "2014-15 Budget: Proposition 98 Education Analysis" and "2014-15 Budget: Analysis of the Higher Education Budget." The following information is drawn from such reports.

The Proposed Budget projects that, for fiscal years 2012-13 and 2013-14 combined, general fund revenues and transfers will be $4.8 billion higher than that projected by the 2013-14 Budget. In addition, the Proposed Budget provides for a $558 million upward fund balance adjustment to the ending balance for fiscal year 2011-12, and certain other prior years, related mainly to revenue accruals. The Proposed Budget assumes that the current economic recovery will accelerate in fiscal year 2014-15, leading to broad-based improvements in the State and federal economies. As a result, the Proposed Budget projects that State general fund revenues will exceed expenditures over the next three fiscal years.

The Proposed Budget assumes, for fiscal year 2013-14, total general fund revenues of $100.1 billion and total expenditures of $98.5 billion. The State is projected to end the 2013-14 fiscal year with a general fund surplus of $3 billion. For fiscal year 2014-15, the Proposed Budget assumes total general fund revenues of $106.1 billion and authorizes expenditures of $106.8 billion. The State is projected to end the 2014-15 fiscal year with a $2.3 billion general fund surplus. This projected reserve is a combination of $693 million in the State's general fund traditional reserve, and an authorized deposit of $1.6 billion into the Budget Stabilization Account (the "BSA") established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

The Proposed Budget provides an $11.8 billion total increase in Proposition 98 spending over three fiscal years. Of this amount, $3.7 billion is retroactively allocated to fiscal years 2012-13 and 2013-14, resulting in revisions to the Proposition 98 minimum funding guarantee for these years. For fiscal year 2012-13, the guarantee is revised at $58.3 billion, an increase of $1.9 billion over the level set by the fiscal year 2013-14 budget. For fiscal year 2013-14, the Proposition 98 minimum funding guarantee is revised to $56.8 billion, an increase of $1.5 billion over the prior level. For both fiscal years, the Proposed Budget allocates the bulk of the increased funding to retire outstanding school district and community college district apportionment deferrals, as further discussed herein.

For fiscal year 2014-15, the Proposed Budget sets the minimum funding guarantee at $61.6 billion, including $45.1 billion from the general fund. This reflects an increase of $4.7 billion, or 8%, from the revised level for fiscal year 2013-14. The increase is driven by a strong year-to-year growth in general fund revenues and increases in property tax collections. With respect to community college districts, the Proposed Budget provides a total of $6.7 billion in Proposition 98 funding, including $4.4 billion from the State general fund, an increase of $489 million (or 7.3%) from the revised level for 2013-14:

- *Base Funding.* An increase of $155 million in Proposition 98 funding for a 3% growth in enrollment, and $48.5 million to fund a 0.86% statutory COLA to general purpose apportionment funding. The Proposed Budget also directs the Board of Governors to adopt a new enrollment growth allocation formula that gives first priority to districts identified as having the greatest unmet higher education needs. All community college districts would receive some additional growth funding, and over time would be restored to pre-recession apportionment levels.

- *Student Fees.* The Proposed Budget makes no changes to the current enrollment fee of $46 per credit.

- *Repayment of Apportionment Deferrals.* $236 million in Proposition 98 funding which, together with $357 million from increased funding allocable to fiscal years 2012-13 and 2013-14 (discussed above), would be used to eliminate all remaining outstanding community college district apportionment deferrals.

- *Statewide Performance Strategies.* $1.1 million in non-Proposition 98 funding to fund nine additional staff positions at the State Chancellor's Office with the purpose of developing indicators of student success and monitor district performance. The Proposed Budget also provides $2.5 million in Proposition 98 funding for local technical assistance to districts in the areas of academic affairs, student services, workforce and economic development, and finance.

- *Student Success.* $200 million in Proposition 98 funding to improve and expand student success programs, including $100 million to support all community college students statewide (and using an apportionment formula based on enrollment), and $100 million to serve high need students. The Chancellor's Office would be tasked with defining what constitutes "high need," as well as developing the methodology for allocating these monies to districts.

- *Deferred Maintenance; Instructional Equipment.* A one-time increase of $175 million in Proposition 98 funding, split equally between deferred maintenance and instructional equipment purchases.

- *Proposition 39.* A $101 million reduction in funding for Proposition 39 energy projects, stemming from lower-than-projected corporate tax revenue collections. To accommodate the reduction, the Proposed Budget provides no additional funding in fiscal year 2014-15 for the revolving loan program and reduces school district and community college district grants by $65 million and $8 million, respectively.

- *Budgetary Stabilization Account.* As part of the Proposed Budget, the Governor proposes a constitutional amendment to strengthen existing provisions of law that require the State to adopt a balanced budget in each year and deposit a portion of State general fund revenues into the BSA. The Proposed Budget would increase the size of the required maximum balance of the BSA to 10% of estimated general fund revenues. The Proposed Budget would require that any capital gains income taxes exceeding 6.5% of general fund revenues to be deposited in the BSA, until the maximum balance is met. In addition, the Proposed Budget would create a dedicated Proposition 98 reserve with the BSA to smooth out year-to-year school spending. The deposit to this dedicated reserve would be calculated by determining the portion of the increase in the Proposition 98 minimum funding guarantee caused by capital gains income taxes above the 6.5% threshold described above. Reserve deposits would count towards the guarantee in any year they are made, resulting in less total appropriations to school districts and community college districts in such years. In years where the growth in the minimum funding guarantee is insufficient to cover any specified growth or required COLAs, funds from the reserve would be applied. For any portion of the BSA outside of the Proposition 98 reserve, the Proposed Budget would places limits on the amounts that could be withdrawn in the first year of a revenue downturn.

- *Settlement Obligations.* The Proposed Budget makes a final payment $316 million required by the Quality Education Investment Act of 2006, which implemented the terms of a legal settlement requiring additional, non-Proposition 98 State funding for low-performing schools, and community college district career technical education. The Proposed Budget also provides $188 million to fund a required deposit to the State Emergency Repair Program.

- *Redevelopment Revenue.* The Proposed Budget revises the projected collection of pass-through tax increment revenues for fiscal year 2013-14; the Proposed Budget now projects such collections will be $405 million lower than previously estimated. The Governor anticipates that court rulings will delay the distribution of some redevelopment agency assets that were assumed to provide State general fund savings in fiscal year 2013-14.

For additional information regarding the Proposed Budget, see the State Department of Finance website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

Future Budgets and Actions. The District cannot predict what actions will be taken in the future by the State Legislature and the Governor to address the current State budget deficit, changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund education. Continued State budget shortfalls in future fiscal years could have an adverse financial impact on the State general fund budget. However, the obligation to pay *ad valorem* taxes upon all taxable property within the District for the payment of principal and interest on the Bonds would not be impaired.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable from the proceeds of an ad valorem *property tax levied by the County for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein. Articles XIIIA, XIIIB, XIIIC and XIIID of the Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes on behalf of the District and the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the voters of the District in compliance with Article XIIIA, Article XIIIC, and all applicable laws.*

Article XIIIA of the California Constitution

Article XIIIA ("Article XIIIA") of the State Constitution limits the amount of *ad valorem* taxes on real property to 1% of "full cash value" as determined by the county assessor of each county. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the fiscal year 1975-76 bill under 'full cash value,' or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the "base year value." The full cash value is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIA has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on the Bonds. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations" herein.

Article XIIIA requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIIIA exempts from the 1% tax limitation any taxes above that level required to pay debt service (i) on any indebtedness approved by the voters prior to July 1, 1978, or (ii) as the result of an amendment approved by State voters on July 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of the Bonds falls within the exception described in (iii) of the immediately preceding sentence. In addition, Article XIIIA requires the approval of two-thirds of all members of the State Legislature to change any State taxes for the purpose of increasing tax revenues.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the relevant county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

That portion of annual property tax revenues generated by increases in assessed valuations within each tax rate area within a county, subject to any claims on tax increment and subject to changes in organizations, if any, of affected jurisdictions, is allocated to each jurisdiction within the tax rate area in the same proportion that the total property tax revenue from the tax rate area for the prior year was allocated to such jurisdictions.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

Beginning in fiscal year 1981-82, assessors in the State no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed as $4 per $100 of assessed value. All taxable property is now shown at 100% of assessed value on the tax rolls. Consequently, the tax rate is expressed as $1 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Both the United States Supreme Court and the State Supreme Court have upheld the general validity of Article XIIIA.

State-Assessed Utility Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions. Under the State Constitution, such property is assessed by the State Board of Equalization ("SBE") as part of a "going concern" rather than as individual pieces of real or personal property. Such State-assessed property is allocated to the counties by the State Board of E qualization, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

The State electric utility industry has been undergoing significant changes in its structure and in the way in which components of the industry are regulated and owned. Sale of electric generation assets to largely unregulated, nonutility companies may affect how those assets are assessed, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring, or whether any future litigation may affect ownership of utility assets or the State's methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Major Revenues" herein.

Article XIIIB of the California Constitution

Article XIIIB of the State Constitution ("Article XIIIB"), as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, community college district, or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIIIB defines

(a) "change in the cost of living" with respect to school districts and community college districts (collectively, "K-14 school districts") to mean the percentage change in the State per capita income from the preceding year, and

(b) "change in population" with respect to a K-14 school districts to mean the percentage change in the average daily attendance of such districts from the preceding fiscal year.

For fiscal years beginning on or after December 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for fiscal year 1986-87 adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIIIB, as amended.

The appropriations of an entity of local government subject to Article XIIIB limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain state subventions to that entity. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the State Legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIIIB also includes a requirement that fifty percent of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See "—Propositions 98 and 111" below.

Article XIIIC and Article XIIID of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the State Constitution Articles XIIIC and XIIID, which contain a number of provisions affecting the ability of local agencies, including community college districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the State Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as community college districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the State Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic one percent *ad valorem* property tax levied and collected by the County pursuant to Article XIIIA of the State Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Propositions 98 and 111

On November 8, 1988, State voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act, have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-14 school districts at a level equal to the greater of (a) the same percentage of General Fund revenues as the percentage appropriated to such districts in 1986-87, or (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State Legislature to suspend this formula for a one-year period.

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which could be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Since the Accountability Act is unclear in some details, there can be no assurances that the State Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's State budget for each fiscal year.

On June 5, 1990, the voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limitations Act of 1990" ("Proposition 111") which further modified Article XIIIB and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and education funding priority and allocation. Proposition 111 took effect on July 1, 1990.

The most significant provisions of Proposition 111 are summarized as follows:

a. <u>Annual Adjustments to Spending Limit</u>. The annual adjustments to the Article XIIIB spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in State per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in pupil attendance.

b. <u>Treatment of Excess Tax Revenues</u>. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess is to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of such districts' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into such districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

c. Exclusions from Spending Limit. Two new exceptions have been added to the calculation of appropriations which are subject to the Article XIIIB spending limit. First, excluded are all appropriations for "qualified capital outlay projects" as defined by the State Legislature. Second, excluded are any increases in gasoline taxes above the current nine cents per gallon level, sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990.

d. Recalculation of Appropriations Limit. The Article XIIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) a certain percentage of State general fund revenues (Test 1) or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment (Test 2). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) Test 3, which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in State per capita personal income. Under Test 3, K-14 school districts will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 will become a "credit" to K-14 school districts which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, State voters approved an amendment (commonly known as "Proposition 39") to the State Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current one percent limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, community college districts, including the District, and county offices of education. As noted above, the State Constitution previously limited property taxes to one percent of the value of property. Prior to the approval of Proposition 39, property taxes could exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the governing board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the governing board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate levied as the result of any single election be no more than $60 (for a unified school district), $30 (for an elementary school district or high school district), or $25 (for a community college district), per $100,000 of taxable property value. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the State Legislature and approval by the Governor.

Jarvis vs. Connell

On May 29, 2002, the State Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the State Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the State Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 1A and Proposition 22

On November 2, 2004, State voters approved Proposition 1A, which amends the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools and community colleges or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the LAO on July 15, 2010, the reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately $1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1 percent of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's general fund costs by approximately $1 billion annually for several decades.

Proposition 30

On November 6, 2012, voters of the State approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"), which temporarily increases the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposes an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposes an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017, for storage, use, or other consumption in the State. This excise tax will be levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing on January 1, 2012 and ending in the taxable year ending on December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $340,000 but less than $408,000 for joint filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $408,000 but less than $608,000 for joint filers), and (iii) 3% for taxable income over $500,000 for single filers (over $608,000 for joint filers).

The revenues generated from the temporary tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Propositions 98 and 111" herein. From an accounting perspective, the revenues generated from the temporary tax increases will be deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the "EPA"). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per FTES. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the State Constitution and Propositions 22, 26, 30, 39, and 98 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

The information in this section concerning the operations of the District and the District's finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable only from the proceeds of an ad valorem *tax levied by the County for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

Introduction

Founded in 1916, the District encompasses approximately 440 square miles in the Counties. The assessed valuation of the territory of the District located in the County represents more than 99.9% of the District's assessed valuation. The District provides collegiate level instruction in grades 13 and 14 and contains the Riverside Unified, Alvord Unified, Corona/Norco Unified, Jurupa Unified, Moreno Valley Unified and Val Verde School Districts. Each of the District's three colleges, Riverside City College, Norco College, and Moreno Valley College, is fully accredited by the ACCJC. The District's enrollment for fiscal year 2013-14 is projected to be 26,908 FTES. The District has a fiscal year 2013-14 total assessed valuation of $77,697,159,101.

Administration

The District is governed by the five-member Board, each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. Current Board members, together with their office and the date their term expires, are listed below:

Board Member	Office	Term Expires
Virginia Blumenthal	President	December 2014
Janet Green	Vice President	December 2014
Nathan Miller	Secretary	December 2016
Mary Figueroa	Trustee	December 2016
Samuel Davis	Trustee	December 2014

The Chancellor of the District is appointed by and reports to the Board. The Chancellor is responsible for management of the District's day-to-day operations and supervises the work of other key administrators. Dr. Irving Hendrick is the District's current Interim Chancellor.

Brief biographies of the Interim Chancellor and the Vice Chancellor, Business and Financial Services follow:

Dr. Irving Hendrick, Interim Chancellor. Dr. Hendrick was appointed Interim Chancellor of the District effective April 1, 2014. Prior to his appointment, Dr. Hendrick served as the Interim Chancellor of the District from 2008-2009, Interim President of the Moreno Valley College from 2006-2008, and Dean of the Riverside City College School of Education. Dr. Hendrick also previously held positions at the University of California, Riverside, including Professor, Dean and Interim Assistant Vice Chancellor for Development. Dr. Hendrick graduated from Mt. San Antonio College before earning his bachelor's and master's degrees from Whittier College and a doctorate degree in Education from the University of California, Los Angeles.

Aaron Brown, Vice Chancellor, Business and Financial Services. Aaron S. Brown, CPA was appointed Vice Chancellor, Business and Financial Services on January 22, 2013. Prior to his appointment, Mr. Brown had served as the District Associate Vice Chancellor of Finance since November 2002 with an interim assignment as Vice Chancellor of Administration and Finance during the 2007-2008 fiscal year. Mr. Brown also served as the District Director of Accounting Services from March 1999 to November 2002. Mr. Brown has been a California Certified Public Accountant since January 1988. Prior to beginning his career in higher education in March 1999, Mr. Brown worked in the public accounting profession performing audits of community colleges, K-12 educational institutions and not-for-profit organizations. Mr. Brown holds a bachelor's degree in Business with an emphasis in Accounting from California State University, Fullerton.

Employee Relations

The District employs 355 full-time faculty, 942 part-time faculty, 541 classified employees and 126 managers as of January 1, 2014. These employees, except management and some part-time employees, are represented by two bargaining units in the following table:

RIVERSIDE COMMUNITY COLLEGE DISTRICT
Labor Relations Organizations

Labor Organization	Number of Employees In Organization	Contract Expiration Date
California School Employees Association	518	June 30, 2015
California Teachers Association	1,297	June 30, 2015

Source: Riverside Community College District.

Retirement Programs

The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District, or the Underwriter.

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("CalSTRS"). CalSTRS provides retirement, disability and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. The District is currently required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contribute 8% of their respective salaries. The State also contributes to CalSTRS, currently in an amount equal to 3.041% of teacher payroll. The State's contribution reflects a base contribution rate of 2.017% and a supplemental contribution rate of 1.024% that will vary from year-to-year based on statutory criteria.

The District's contribution to STRS was $5,263,423 for fiscal year 2010-11, $4,995,773 for fiscal year 2011-12, and $4,744,140 for fiscal year 2012-13. The District has projected a contribution of $4,987,146 to STRS for fiscal year 2013-14.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended, with the Public Employees' Retirement Laws. The District is currently required to contribute to PERS at an actuarially determined rate, which is 11.417% of eligible salary expenditures for fiscal year 2012-13, while participants enrolled in PERS prior to the Implementation Date (defined herein) contribute 7% of their respective salaries. Participants enrolled after the Implementation Date contribute at an actuarially determined rate. See "—California Public Employees' Pension Reform Act of 2013" herein.

The District's contribution to PERS was $3,960,411 for fiscal year 2010-11, $3,827,482 for fiscal year 2011-12, and $3,975,690 for fiscal year 2012-13. The District has projected a contribution of $4,078,895 to PERS for fiscal year 2013-14.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS.

FUNDED STATUS
STRS (Defined Benefit Program) and PERS
(Dollar Amounts in Millions)[1]

Plan	Accrued Liability	Value of Trust Assets	Unfunded Liability
Public Employees Retirement Fund (PERS)	$59,439	$44,854[2]	$(14,585)
State Teachers' Retirement Fund Defined Benefit Program (STRS)	215,189	144,232[3]	(70,957)

(1) Amounts may not add due to rounding.
(2) Reflects market value of assets as of June 30, 2012.
(3) Reflects actuarial value of assets as of June 30, 2012.
Source: PERS State & Schools Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

Unlike PERS, STRS contribution rates for participant employers and employees hired prior to the Implementation Date (defined herein), as well as the State's base contribution rate, are set by statute and do not currently vary from year-to-year based on actuarial valuations. In recent years, the combined employer, employee and State contributions to STRS have been significantly less than actuarially required amounts. As a result, and due in part to investment losses, the unfunded liability of STRS has increased significantly. This unfunded liability is expected to continue to increase in the absence of legislation requiring additional or increased contributions. The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make larger contributions to STRS in the future. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

On April 17, 2013, the PERS board of administration (the "PERS Board") approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year amortization period for gains and losses and a five-year ramp-up of rates at the start and a five year ramp-down of rates at the end. The PERS Board delayed the implementation of the new policies until fiscal year 2015-16 for the State, schools and all other public agencies.

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (currently 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for members not participating in social security, while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

Post-Employment Health Care Benefits

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 (the "Benefits"). As of June 30, 2013, membership of the Plan consisted of 94 retirees and beneficiaries currently receiving Benefits and 883 active Plan members eligible for, but not yet receiving, Benefits.

Funding Policy. The contribution requirements of the Plan members and the District are established and amended by the District and the District's bargaining units on an annual basis. The District's contribution is currently based on a projected pay-as-you-go basis to cover the cost of Benefits for current retirees, with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For fiscal year 2012-13, the District contributed $1,209,729 to the Plan, all of which was used for premiums. The District projects a contribution of $1,161,295 to the Plan in fiscal year 2013-14.

Actuarial Valuation. The District has implemented Governmental Accounting Standards Board ("GASB") Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans*, pursuant to which the District has commissioned and received several actuarial studies of its outstanding liability with respect to the Benefits. The most recent of these studies, concluded that the District's unfunded actuarial accrued liability ("UAAL") with respect to the Benefits, as of a July 1, 2011 valuation date, was $24,642,278. The study also calculated the annual required contribution ("ARC") to be $2,925,208. The ARC is the amount that would be necessary to fund the value of future benefits earned by current employees during each fiscal year (the "Normal Cost") and the amount necessary to amortize the UAAL, in accordance with the GASB Statements Nos. 43 and 45. The ARC is expected to increase each year based on covered payroll.

Net Obligation. As of June 30, 2013, the District recognized a net long-term obligation (the "Net OPEB Liability") of $6,044,632, based on its contributions towards the ARC during fiscal year 2012-13. See also "RIVERSIDE COMMUNITY COLLEGE DISTRICT – District Debt Structure – Long-Term Debt" herein and "APPENDIX B – EXCERPTS FROM THE 2012-13 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 11 – Postemployment Health Care Plan and Other Postemployment Benefits (OPEB) Obligation" attached hereto.

Alternative Retirement System

As established by Federal law, all public sector employees who are not members of their employer's existing retirement systems (STRS or PERS) must be covered by social security or an alternative plan. The District has elected to use the Public Agency Retirement System ("PARS"), a multiple-employer retirement trust established by a coalition of public employers, as its alternative plan. The minimum total contribution is 7.5% of employees' salaries, of which the employee contributes the total 7.5%. PARS covers the District's part-time, temporary, and other employees not covered under PERS or STRS, but whose salaries would otherwise be subject to Social Security tax. PARS is a defined contribution qualified retirement plan under Section 401(a) of the Internal Revenue Code. For fiscal year 2012-13, total contributions to PARS amounted to $541,744.

Supplementary Retirement Plan

The District has adopted the PARS supplementary retirement plan (the "SRP") whereby certain eligible employees are provided retirement benefits. The District pays five annual contributions to the PARS administrator, who then provides benefits to the eligible employees. The benefits were purchased for 98 employees. As of June 30, 2013, the outstanding balance was $3,415,733. The SRP payments through 2016 are as follows:

Fiscal Year	SRP Payments
2014	$1,284,856
2015	1,284,857
2016	846,060
Total	$3,415,773

Source: Riverside Community College District.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The District obtains coverage for these risks both by purchasing insurance coverage and through participation in joint powers agreements (each, a "JPA"). The District contracts with the Alliance of Schools for Cooperative Insurance Program Joint Powers Authority ("ASCIP") for property and liability insurance coverage, School Excess Liability Fund Joint Powers Authority ("SELF"), an insurance purchasing pool, for workers' compensation, Riverside Community College – County Superintendent Self-Insurance Program for Employees ("RCCCSSIPE"), and the Riverside Employers/Employees Plan ("REEP"). With respect to property and liability insurance coverage, settled claims have not exceeded the District's coverage levels within the past three fiscal years, nor has there been a significant reduction in coverage from the prior fiscal year. During fiscal year 2012-13, the District made payments of $46,607, $17,995, $1,115,691, and $571,766 to SELF, RCCCSSIPE, REEP and ASCIP, respectively.

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 the JPAs are not component units of the District for financial reporting purposes. See also "APPENDIX B – EXCERPTS FROM THE 2012-13 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Notes 12 and 15" attached hereto.

Riverside Community College District Foundation

The Riverside Community College District Foundation (the "Foundation") is a not-for-profit public benefit corporation organized under Section 501(c)(3) of the Code. The Foundation provides grants and scholarships to students and support to employees, programs and departments of the District. Under GASB rules, the Foundation is a component unit of the District for financial reporting purposes. During fiscal year 2012-13, the Foundation distributed $563,593 to the District. The District has budgeted a receipt of $429,978 from the Foundation in fiscal year 2013-14.

Redevelopment Revenue

The District receives pass-through tax increment revenue ("Redevelopment Revenue") from the Redevelopment Agencies within the District's boundaries. The District received $1,470,356 of such revenues in fiscal year 2012-13, and has projected receipt of $1,448,000 of such revenues in fiscal year 2013-14.

The District, however, can make no representations that Redevelopment Revenues will continue to be received by the District in amounts consistent with prior years, or as currently projected, particularly in light of the recently enacted legislation eliminating redevelopment agencies. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – State Assistance – 2013-14 Budget" and "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 1A and Proposition 22" herein. Further, the District can make no representations about the potential impact of recent litigation regarding such legislation. The Bonds, however, are not payable from such revenue. The Bonds are payable solely from the proceeds of an *ad valorem* tax required to be levied by the County in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California Community College Budget and Accounting Manual. This manual, according to Section 84030 of the State Education Code, is to be followed by all State community college districts. GASB has released (i) Statement No. 34, which is effective for the District and makes changes in the annual financial statements for all governmental agencies in the United States, especially in recording of fixed assets and their depreciation, and in the way the report itself is formatted, and (ii) Statement No. 35, which is effective for the District and makes changes in the required content and format of annual financial statements for public colleges and universities. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

General Fund Budgeting

The table on the following page shows the District's general fund budgets for fiscal years 2010-11 through 2013-14, unaudited ending results for fiscal years 2010-11 through 2012-13, and projected totals for fiscal year 2013-14.

GENERAL FUND BUDGETING
Fiscal Years 2010-11 through 2013-14
Riverside Community College District

	Fiscal Year 2010-11		Fiscal Year 2011-12		Fiscal Year 2012-13		Fiscal Year 2013-14	
	Budgeted[1]	Unaudited[1]	Budgeted[1]	Unaudited[1]	Budgeted[1]	Unaudited[1]	Budgeted[2]	Projected[3]
REVENUES:								
Federal	$17,602,958	$13,105,068	$13,775,681	$10,788,224	$17,467,253	$11,791,448	$16,828,763	$11,088,437
State	108,526,103	112,854,654	105,564,551	100,909,162	103,948,469	98,621,081	109,097,491	108,841,282
Local	51,032,236	45,070,879	47,953,003	44,542,640	49,871,265	53,804,390	52,394,115	50,220,199
TOTAL REVENUES	177,161,297	171,030,601	167,293,235	156,240,026	171,286,987	164,216,919	178,320,369	170,149,918
EXPENDITURES:								
Academic Salaries	70,631,988	70,099,973	65,434,590	64,974,316	63,970,496	64,088,130	66,808,595	67,829,289
Classified Salaries	43,837,985	40,665,948	39,900,695	38,174,802	38,277,222	36,896,799	40,426,032	40,115,501
Employee Benefits	34,130,281	32,979,686	35,081,995	34,053,729	33,932,670	33,457,391	36,252,417	34,118,302
Supplies and Materials	5,503,243	3,923,136	4,489,734	3,521,724	5,558,196	3,214,515	5,133,442	3,317,703
Other Operating Expenses and Services	23,019,033	18,550,845	22,652,426	18,188,445	24,675,607	17,655,457	23,734,040	19,245,267
Capital Outlay	7,415,460	3,960,253	7,298,454	6,465,148	8,081,575	3,133,615	9,592,850	4,141,923
TOTAL EXPENDITURES	184,537,990	170,179,841	174,857,894	165,378,164	174,495,766	158,445,907	181,947,376	168,767,985
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,376,693)	850,760	(7,564,659)	(9,138,138)	(3,208,779)	5,771,012	(3,627,007)	1,381,933
OTHER FINANCING SOURCES (USES)	3,394,000	3,403,669	1,628,982	1,631,009	2,013,000	2,012,488	13,000	1,599,967
OTHER OUTGO	(1,308,456)	(1,612,578)	(3,517,084)	(2,007,329)	(4,102,101)	(2,790,573)	(5,241,139)	(4,825,076)
NET INCREASE (DECREASE) IN FUND BALANCE	(5,291,149)	2,641,851	(9,452,761)	(9,514,458)	(5,297,880)	4,992,927	(8,855,146)	(1,843,176)
BEGINNING FUND BALANCE	22,161,151	22,161,151	24,778,002	24,778,002	15,388,779	15,388,779	20,415,836	20,415,836
Prior Year Adjustments	--	(25,000)	--	125,235	--	34,130	--	--
Adjusted Beginning Balance	--	22,136,151	--	24,903,237	--	15,422,909	--	--
ENDING FUND BALANCE	$16,870,002	$24,778,002	$15,325,241	$15,388,779	$10,090,899	$20,415,836	$11,560,690	$18,572,660

(1) From the District's CCFS-311 Reports filed with the California Community Colleges Chancellor's Office. For audited summaries of expenses, revenues and changes in net assets for the District's primary government funds for fiscal years 2008-09 through 2012-13, see "RIVERSIDE COMMUNITY COLLEGE DISTRICT – Comparative Financial Statements" herein.
(2) Budgeted amounts as of July 1, 2013.
(3) Projected totals as of March 10, 2014.
Source: Riverside Community College District.

Comparative Financial Statements

The following table reflects the District's audited revenues, expenditures and changes in net assets in the District's primary government funds from fiscal years 2008-09 through 2012-13:

SUMMARY OF AUDITED REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
Fiscal Years 2008-09 through 2012-13
Riverside Community College District

	2008-09 Audited	2009-10 Audited	2010-11 Audited	2011-12 Audited	2012-13 Audited
REVENUES					
Student Tuition and Fees	$20,344,186	$25,287,574	$25,422,048	$28,691,148	$34,447,543
Less: Scholarship discount and allowance	(6,568,018)	(10,154,399)	(11,174,056)	(14,870,480)	(19,192,627)
Net tuition and fees	13,776,168	15,133,175	14,247,992	13,820,668	15,254,916
Other Operating Revenue	21,531	53,357	1,941	2,794	296
TOTAL OPERATING REVENUES	13,797,699	15,186,532	14,249,933	13,823,462	15,255,212
OPERATING EXPENSES					
Salaries	115,416,313	116,073,026	114,372,496	105,022,839	102,014,682
Employee benefits	28,685,083	27,680,221	32,201,817	32,900,152	32,447,122
Supplies, materials and other operating expenses and services	39,047,761	29,532,675	30,321,355	31,269,625	32,151,415
Student financial aid	24,837,204	36,424,698	51,887,584	45,575,301	46,767,408
Equipment, maintenance and repairs	4,721,534	2,100,884	1,301,734	10,397,955	1,380,028
Depreciation	8,242,147	8,481,150	11,094,650	11,833,261	18,592,580
TOTAL OPERATING EXPENSES	220,950,042	220,292,654	241,179,636	236,999,133	233,353,235
OPERATING LOSS	(207,152,343)	(205,106,122)	(226,929,703)	(223,175,671)	(218,098,023)
NONOPERATING REVENUES (EXPENSES)					
State apportionments, noncapital	92,108,018	93,478,402	100,148,696	88,517,209	84,731,624
Federal grants	32,754,061	47,991,459	64,571,078	57,390,248	58,614,887
State grants	19,284,379	9,476,664	9,963,513	9,795,854	10,414,479
Local property taxes levied for general purposes	31,955,768	28,277,296	25,217,503	24,351,264	24,675,519
Local property taxes levied for capital debt	11,139,248	9,685,568	10,815,265	12,451,654	12,511382
State taxes and other revenues	4,072,155	4,901,096	5,078,096	4,814,300	5,604,071
Investment income	3,529,205	1,976,617	1,552,553	1,292,122	923,765
Interest expense on capital related debt	(7,499,410)	(7,313,415)	(12,287,170)	(15,264,865)	(13,784,557)
Interest income on capital asset-related debt, net	369,969	156,053	69,374	38,544	25,705
Loss on disposal of capital assets	--	--	(21,909)	(10,513)	(584,330)
Other nonoperating revenue	12,281,649	15,631,813	12,877,617	12,174,187	20,800,350
TOTAL NONOPERATING REVENUES (EXPENSES)	199,995,042	204,261,553	217,984,616	195,550,004	203,932,895
GAIN (LOSS) BEFORE OTHER REVENUES	(7,157,301)	(844,569)	(8,945,087)	(27,625,667)	(14,165,128)
OTHER REVENUES					
State revenues, capital	13,148,656	9,851,149	30,377,255	12,940,526	9,728,785
TOTAL OTHER REVENUES	13,148,656	9,851,149	30,377,255	12,940,526	9,728,785
CHANGE IN NET POSITION	5,991,355	9,006,580	21,432,168	(14,685,141)	(4,436,343)
NET POSITION, BEGINNING OF YEAR	180,556,017	186,547,372	195,553,952	216,986,120	218,945,064
PRIOR PERIOD RESTATEMENT	--	--	--	16,644,085[1]	--
NET POSITION, END OF YEAR	$186,547,372	$195,553,952	$216,986,120	$218,945,064	$214,508,721

[1] GASB. Statement No. 62 establishes standards of financial accounting and reporting for capitalizing interest cost as part of the historical cost of acquiring certain assets. As a result of the implementation of such standards, the District's beginning net position in fiscal year 2011-12 was restated by $16,644,085, as reflected in the District's fiscal year 2012-13 Audited Financial Statements.
Source: Riverside Community College District.

District Debt Structure

Short-Term Debt. On March 14, 2014, the District issued its 2013-14 Tax and Revenue Anticipation Notes in an aggregate principal amount of $4,970,000 (the "TRANs") to fund seasonal cashflow deficits of the District. The TRANs mature on October 1, 2014, with a yield of 0.100%. The TRANs are payable from taxes, income, revenue (including, but not limited to, revenue from State and federal governments), cash receipts and other moneys received in or accrued to the District in fiscal year 2013-14.

Long-Term Debt. General long-term debt as of June 30, 2013 consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Bonds Payable				
2004A Bonds(1)	$2,975,000	--	$620,000	$2,355,000
2005 Refunding Bonds(1)	53,362,166	$793,412	2,015,000	52,140,578
Net unamortized debt premium	4,054,425	--	162,837	3,891,588
2007C Bonds(1)	68,510,000	--	--	68,510,000
Net unamortized debt premium	1,936,666	--	176,062	1,760,604
2010D Bonds and 2010D-1 Bonds	110,677,030	605,220	--	111,282,250
Net unamortized debt premium	1,633,775	--	58,176	1,575,599
Total Bonds Payable	243,149,062	1,398,632	3,032,075	241,515,619
Other Liabilities				
Compensated absences	2,589,152	--	40,339	2,548,813
Capital leases	142,506	68,256	44,636	166,126
Supplementary Retirement Plan (SRP)	4,700,629	223,833	1,508,689	3,415,773
Load banking	752,754	241,854	245,939	748,669
Other postemployment benefits (OPEB)	4,381,529	2,872,832	1,209,729	6,044,632
Total Other Liabilities	12,566,570	3,406,775	3,049,332	12,924,013
Total Long-Term Obligations	$255,715,632	$4,805,407	$6,081,407	$254,439,632

(1) Includes the Refunded Bonds expected to be refinanced with proceeds of the Bonds. Does not include the Bonds.
Source: Riverside Community College District.

General Obligation Bonds. The District received authorization at an election held on March 2, 2004, by at least fifty-five percent of the votes cast by eligible voters within the District to issue $350,000,000 maximum principal amount of general obligation bonds (the "2004 Authorization"). On August 3, 2004, the District caused the issuance of $55,205,000 aggregate principal amount of its 2004A Bonds and $9,795,000 aggregate principal amount of Riverside Community College District, Riverside County, California, Election of 2004, General Obligation Bonds, Series 2004B (Federally Taxable) (the "2004B Bonds"). There are currently no 2004B Bonds outstanding. On June 21, 2007, the District caused the issuance of $90,000,000 aggregate principal amount of its 2007C Bonds. On November 10, 2010, the District caused the issuance of (i) $7,699,278.45 aggregate principal amount of Riverside Community College District (Riverside County, California) Election of 2004 General Obligation Bonds, Series 2010D (Tax-Exempt) (the "2010D Bonds") and (ii) $102,300,000 aggregate principal amount of Riverside Community College District (Riverside County, California) Election of 2004 General Obligation Bonds, Series 2010D-1 (Build America Bonds – Direct Payment to District) (Federally Taxable) (the "2010D-1 Bonds"). On June 8, 2005, the District issued $58,386,109.30 aggregate principal amount of its 2005 Refunding Bonds, the proceeds of which were used to advance refund a portion of the then-outstanding 2004A Bonds. The District expects to use the proceeds of the Bonds to refund a portion of the outstanding 2004A Bonds, 2007C Bonds, and 2005 Refunding Bonds.

The table on the following page shows the total debt service with respect to the District's outstanding general obligation bonded debt, excluding the Bonds (and assuming no optional redemptions).

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GENERAL OBLIGATION BONDED DEBT SERVICE
Riverside Community College District

Year Ending (August 1)	2004A Bonds[1]	2007C Bonds[1]	2005 Refunding Bonds[1]	2010D Bonds	2010D-1 Bonds[2]	Tax-Exempt Bonds	Federally Taxable Bonds	Total Annual Debt Service
2014	$1,020,000.00	$1,110,750.00	$2,315,000.00	--	$3,582,096.50	$747,394.17	$1,015,597.45	$9,790,838.12
2015	--	2,221,500.00	2,930,000.00	$375,000.00	7,164,193.00	1,397,350.00	1,776,515.70	15,864,558.70
2016	--	2,221,500.00	--	570,000.00	7,164,193.00	1,762,350.00	4,572,838.00	16,290,881.00
2017	--	2,221,500.00	--	765,000.00	7,164,193.00	1,807,750.00	4,788,195.80	16,746,638.80
2018	--	2,221,500.00	--	970,000.00	7,164,193.00	1,830,750.00	5,014,444.60	17,200,887.60
2019	--	2,221,500.00	--	1,175,000.00	7,164,193.00	1,867,500.00	5,249,876.36	17,678,069.36
2020	--	2,221,500.00	--	1,360,000.00	7,164,193.00	1,896,250.00	5,500,331.10	18,142,274.10
2021	--	2,221,500.00	--	1,560,000.00	7,164,193.00	1,922,250.00	5,774,465.50	18,642,408.50
2022	--	2,221,500.00	--	1,775,000.00	7,164,193.00	1,970,500.00	6,031,565.50	19,162,758.50
2023	--	2,221,500.00	--	1,975,000.00	7,164,193.00	2,009,750.00	6,320,704.50	19,691,147.50
2024	--	2,221,500.00	--	2,190,000.00	7,164,193.00	2,060,250.00	6,610,318.00	20,246,261.00
2025	--	2,221,500.00	--	3,205,000.00	7,164,193.00	8,213,250.00	--	20,803,943.00
2026	--	2,221,500.00	--	--	7,164,193.00	8,540,500.00	--	17,926,193.00
2027	--	2,221,500.00	--	--	7,164,193.00	8,873,750.00	--	18,259,443.00
2028	--	11,741,500.00	--	--	7,164,193.00	--	--	18,905,693.00
2029	--	12,095,500.00	--	--	7,164,193.00	--	--	19,259,693.00
2030	--	12,538,000.00	--	--	7,164,193.00	--	--	19,702,193.00
2031	--	12,912,500.00	--	--	7,924,193.00	--	--	20,836,693.00
2032	--	1,050,000.00	--	--	14,516,213.00	--	--	15,566,213.00
2033	--	--	--	--	15,270,011.00	--	--	15,270,011.00
2034	--	--	--	--	15,445,277.00	--	--	15,445,277.00
2035	--	--	--	--	15,616,169.00	--	--	15,616,169.00
2036	--	--	--	--	15,774,201.00	--	--	15,774,201.00
2037	--	--	--	--	15,925,658.00	--	--	15,925,658.00
2038	--	--	--	--	16,066,468.00	--	--	16,066,468.00
2039	--	--	--	--	16,197,770.00	--	--	16,197,770.00
2040	--	--	--	--	16,315,351.00	--	--	16,315,351.00
Total	$1,020,000.00	$80,327,750.00	$5,245,000.00	$15,920,000.00	$267,260,495.50	$44,899,594.17	$52,654,852.51	$467,327,692.18

(1) Does not include debt service on the Refunded Bonds expected to be refinanced with proceeds of the Bonds.

(2) The 2010 D-1 Bonds are designated as "Build America Bonds" pursuant to an irrevocable election by the District to have Sections 54AA and Section 54AA(g) of the Code apply thereto. The District expects to receive a cash subsidy payment from the United States Department of the Treasury equal to 35% of the interest payable on such bonds on or about each semi-annual interest payment date (each a "BAB Subsidy"). This table reflects gross debt service payments with respect to the 2010 D-1 Bonds and does not reflect the anticipated receipt of the BAB Subsidy. The BAB Subsidy is subject to reduction (the "Sequestration Reduction") pursuant to the federal Balanced Budget and Emergency Deficit Control Act of 1985, as amended, which currently includes provisions reducing the BAB Subsidy by 7.2% through the end of the current federal fiscal year (September 30, 2014). In the absence of action by the U.S. Congress, the rate of the Sequestration Reduction is subject to change in the following federal fiscal year. The District cannot predict whether or how subsequent sequestration actions may affect the BAB Subsidies currently scheduled for receipt in future federal fiscal years. However, notwithstanding any such reduction, the Board of Supervisors of the County is empowered and obligated to levy *ad valorem* property taxes in an amount sufficient to pay the principal of and interest on the 2010 D-1 Bonds. The County will deposit any cash Subsidy Payments received into the debt service fund for such bonds.

Source: Riverside Community College District.

Capital Leases. The District has entered into lease agreements primarily to lease equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The current lease agreements in the amount of $166,126 will be paid through 2017. The District's liability on the lease agreements with the option to purchase is summarized below:

Year Ending June 30,	Lease Payment
2014	$57,941
2015	57,940
2016	54,612
2017	18,003
Total	$188,496
Less: Amount Represent Interest	(22,370)
Present Value of Minimum Lease Payments	$166,126

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

Equipment	$266,105
Less: Accumulated Depreciation	(172,306)
Total	$93,799

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

Source: Riverside Community College District.

TAX MATTERS

Tax-Exempt Bonds. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Tax-Exempt Bonds is exempt from State personal income tax. Bond Counsel notes that, with respect to corporations, interest on the Tax-Exempt Bonds may be included as an adjustment in the calculation of alternative minimum taxable income which may affect the alternative minimum tax liability of corporations.

The difference between the issue price of a Tax-Exempt Bond (the first price at which a substantial amount of the Tax-Exempt Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Tax-Exempt Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Tax-Exempt Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Tax-Exempt Bond Owner will increase the Tax-Exempt Bond Owner's basis in the Tax-Exempt Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the Tax-Exempt Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State personal income tax.

Bond Counsel's opinion as to the exclusion from gross income of interest (and original issue discount) on the Tax-Exempt Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Tax-Exempt Bonds to assure that interest (and original issue discount) on the Tax-Exempt Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Tax-Exempt Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Tax-Exempt Bond Owner's original basis for determining loss on sale or exchange in the applicable Tax-Exempt Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Tax-Exempt Bond premium, which must be amortized under Section 171 of the Code; such amortizable Tax-Exempt Bond premium reduces the Tax-Exempt Bond Owner's basis in the applicable Tax-Exempt Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Tax-Exempt Bond premium may result in a Tax-Exempt Bond Owner realizing a taxable gain when a Tax-Exempt Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Tax-Exempt Bond to the Owner. Purchasers of the Tax-Exempt Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Tax-Exempt Bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Tax-Exempt Bonds will be selected for audit by the IRS. It is also possible that the market value of the Tax-Exempt Bonds might be affected as a result of such an audit of the Tax-Exempt Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Tax-Exempt Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Tax-Exempt Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE TAX-EXEMPT BONDS, THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE INTEREST ON THE TAX-EXEMPT BONDS OR THE MARKET VALUE OF THE TAX-EXEMPT BONDS. LEGISLATIVE CHANGES HAVE BEEN PROPOSED IN CONGRESS, WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME TAX BEING IMPOSED ON CERTAIN OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE TAX-EXEMPT BONDS. THE INTRODUCTION OR ENACTMENT OF ANY OF SUCH CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE TAX-EXEMPT BONDS. NO ASSURANCE CAN BE GIVEN THAT, SUBSEQUENT TO THE ISSUANCE OF THE TAX-EXEMPT BONDS, SUCH CHANGES (OR OTHER CHANGES) WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE TAX-EXEMPT BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE TAX-EXEMPT BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Tax-Exempt Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) on the Tax-Exempt Bonds for federal income tax purposes with respect to any Tax-Exempt Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Tax-Exempt Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Tax-Exempt Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Tax-Exempt Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Tax-Exempt Bonds.

A copy of the proposed form of opinion of Bond Counsel for the Tax-Exempt Bonds is attached hereto as APPENDIX A.

Federally Taxable Bonds. In the opinion of Bond Counsel, under existing statutes, regulation, rulings and judicial decisions, interest on the Federally Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code but is exempt from State personal income tax.

Except for certain exceptions, the difference between the issue price of a Federally Taxable Bond (the first price at which a substantial amount of the Federally Taxable Bonds of the same maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Federally Taxable Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the Owner of a Federally Taxable Bond will increase the Owner's basis in the Federally Taxable Bond. Owners of Federally Taxable Bonds should consult their own tax advisor with respect to taking into account any original issue discount on the Federally Taxable Bonds.

The amount by which a Federally Taxable Bond Owner's original basis for determining loss on sale or exchange in the applicable Federally Taxable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the Owner of a Federally Taxable Bond may elect to amortize under Section 171 of the Code. Such amortizable bond premium reduces the Federally Taxable Bond Owner's basis in the applicable Federally Taxable Bond (and the amount of taxable interest received) and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of Federally Taxable Bond premium may result in the Owner of a Federally Taxable Bond realizing a taxable gain when a Federally Taxable Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Federally Taxable Bond to the Owner. The Owners of the Federally Taxable Bonds that have a basis in the Federally Taxable Bonds that is greater than the principal amount of the Federally Taxable Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

The federal tax and State personal income tax discussion set forth above with respect to the Federally Taxable Bonds is included for general information only and may not be applicable depending upon an Owner's particular situation. The ownership and disposal of the Federally Taxable Bonds and the accrual or receipt of interest with respect to the Federally Taxable Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. ANY FEDERAL TAX ADVICE CONTAINED HEREIN WITH RESPECT TO THE FEDERALLY TAXABLE BONDS IS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED, FOR THE PURPOSE OF AVOIDING PENALTIES UNDER THE CODE. THE FEDERAL TAX ADVICE CONTAINED HEREIN WITH RESPECT TO THE FEDERALLY TAXABLE BONDS WAS WRITTEN TO SUPPORT THE PROMOTING AND MARKETING OF THE FEDERALLY TAXABLE BONDS. BEFORE PURCHASING ANY OF THE FEDERALLY TAXABLE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR INDEPENDENT TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES RELATING TO THE FEDERALLY TAXABLE BONDS AND THE TAXPAYER'S PARTICULAR CIRCUMSTANCES.

A copy of the proposed form of opinion of Bond Counsel for the Federally Taxable Bonds is attached hereto as APPENDIX A.

LEGAL MATTERS

Legality for Investment in California

Under provisions of the State Financial Code, the Bonds are legal investments for commercial banks in the State to the extent that the Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and, under provisions of the State Government Code, are eligible security for deposits of public moneys in the State.

Continuing Disclosure

Current Undertaking. In connection with the issuance of the Bonds, the District has covenanted for the benefit of Bondholders (including Beneficial Owners of the Bonds) to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board (the "Annual Reports") by not later than nine months following the end of the District's fiscal year (which currently ends June 30), commencing with the report for the 2013-14 fiscal year, and to provide notices of the occurrence of certain listed events. These covenants have been made in order to assist the Underwriter in complying with the Rule. The Annual Reports and notices of listed events will be filed by the District in accordance with the requirements of the Rule. The specific nature of the information to be contained in the Annual Reports or the notices of listed events is included in "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS" attached hereto.

Previous Undertakings. The District has previously entered into undertakings pursuant to the Rule with respect to its outstanding general obligation bonds. Within the past five years, the District has failed to file in a timely manner the annual report for fiscal year 2008-09, as well as certain listed event notices, as required by its prior continuing disclosure undertakings. All such reports and notices have since been filed, and, for the past five years, the District is currently in material compliance with its existing continuing disclosure undertakings. Within the past five years, the District has never filed a notice of a failure to provide annual financial information, on or before the date specified in its prior continuing disclosure agreements. The District has retained a dissemination agent to assist it in preparing and filing the annual reports and notices of enumerated events required under its existing continuing disclosure obligations with respect to the District's outstanding general obligation bonds, including the Bonds.

No Litigation

No litigation is pending or threatened concerning the validity of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* property taxes or to collect other revenues or contesting the District's ability to issue and retire the Bonds.

Information Reporting Requirements

On May 17, 2006, the President signed the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"). Under Section 6049 of the Internal Revenue Code of 1986, as amended by TIPRA, interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. The effective date of this provision is for interest paid after December 31, 2005, regardless of when the tax-exempt obligations were issued. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

Escrow Verification

Upon delivery of the Bonds, Causey Demgen & Moore P.C., Denver, Colorado, will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions assumptions provided to them by the Underwriter (defined herein) relating to (a) the adequacy of the maturing principal of and interest on the Federal Securities in the Escrow Funds, together with any moneys held therein as cash, to pay the redemption price of and interest on the Refunded Bonds and (b) the computations of yield of the Bonds and the Federal Securities (as defined in the Escrow Agreement) in the Escrow Funds which support Bond Counsel's opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes.

Legal Opinions

The legal opinions of Bond Counsel, approving the validity of the Bonds, will be supplied to the original purchasers thereof without cost. Copies of the proposed forms of such legal opinions for the Bonds are attached to this Official Statement as APPENDIX A.

MISCELLANEOUS

Ratings

The Bonds have been assigned ratings of "Aa2" and "AA" by Moody's and S&P, respectively. The ratings reflect only the view of the rating agencies, and any explanation of the significance of such ratings should be obtained from the rating agencies at the following addresses: Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, NY 10007; Standard & Poor's, 55 Water Street, 45th Floor, New York, New York 10041. There is no assurance that the ratings will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agencies if, in the judgment of the rating agencies, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings obtained may have an adverse effect on the market price of the Bonds.

Financial Statements

Excerpts from the District's audited financial statements with required supplemental information for the year ended June 30, 2013, the independent auditor's report of the District, the related statements of activities and of cash flows for the year then ended, and the report dated November 18, 2013 of Vavrinek, Trine, Day & Co., LLP, Certified Public Accountants (the "Auditor"), are included in this Official Statement as APPENDIX B. In connection with the inclusion of the excerpts from financial statements and the report of the Auditor thereon in APPENDIX B to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

Underwriting

The Bonds are being purchased by Piper Jaffray & Co. (the "Underwriter"). The Underwriter has agreed, pursuant to a purchase contract by and between the District and the Underwriter, to purchase (i) all of the Tax-Exempt Bonds for a purchase price of $33,875,619.25 (which is equal to the principal amount of the Tax-Exempt Bonds of $29,130,000.00, plus original issue premium of $4,876,704.25, and less an Underwriter's discount of $131,085.00), and (ii) all of the Federally Taxable Bonds for a purchase price of $43,762,180.00 (which is equal to the principal amount of the Federally Taxable Bonds of $43,960,000.00, less an Underwriter's discount of $197,820.00). The purchase contract related to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the purchase contract, the approval of certain legal matters by bond counsel and certain other conditions. The initial offering prices stated on the inside cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices. The offering prices may be changed from time to time by the Underwriter.

Additional Information

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolution providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

Some of the data contained herein has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in the light of the circumstances under which they were made, not misleading. This Official Statement has been approved by the District.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended only as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners, beneficial or otherwise, of any of the Bonds.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

By: /s/ Aaron Brown
Vice Chancellor, Business and Financial Services

APPENDIX A

FORMS OF OPINIONS OF BOND COUNSEL FOR THE BONDS

Upon issuance and delivery of the Tax-Exempt Bonds, Stradling Yocca Carlson & Rauth, Bond Counsel, proposes to render its final approving opinion with respect to the Tax-Exempt Bonds substantially in the following form.

May 29, 2014

Board of Trustees
Riverside Community College District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $29,130,000 Riverside Community College District (Riverside and San Bernardino Counties, California) 2014 General Obligation Refunding Bonds, Series A (Tax-Exempt) (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution (the "Resolution") of the Board of Trustees of the Riverside Community College District (the "District").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that, with respect to corporations, such interest on the Bonds may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of such corporations.

4. Interest on the Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue

discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

6. The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases, and the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

Stradling Yocca Carlson & Rauth

Upon issuance and delivery of the Federally Taxable Bonds, Stradling Yocca Carlson & Rauth, Bond Counsel, proposes to render its final approving opinion with respect to the Federally Taxable Bonds substantially in the following form.

May 29, 2014

Board of Trustees
Riverside Community College District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $43,960,000 Riverside Community College District (Riverside and San Bernardino Counties, California) 2014 General Obligation Refunding Bonds, Series B (Federally Taxable) (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution (the "Resolution") of the Board of Trustees of the Riverside Community College District (the "District").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* taxes on all property within the boundaries of the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code").

4. Interest on the Bonds is exempt from State of California personal income tax.

5. Except for certain exceptions, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated payment price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by a Bond owner will increase the Bond owner's basis in the applicable Bond.

Except as expressly set forth in paragraphs (3), (4) and (5), we express no opinion regarding any tax consequences with respect to the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement as bond counsel to the District terminates upon the issuance of the Bonds.

Any federal tax advice contained herein with respect to the Bonds is not intended or written to be used, and it cannot be used, for the purpose of avoiding penalties under the Code. The federal tax advice contained herein with respect to the Bonds was written to support the promoting and marketing of the Bonds. Before purchasing any of the Bonds, all potential purchasers should consult their independent tax advisors with respect to the tax consequences relating to the Bonds and the taxpayer's particular circumstances.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases, and the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

Stradling Yocca Carlson & Rauth

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APPENDIX B

EXCERPTS FROM THE 2012-13 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

RIVERSIDE COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2013 AND 2012

RIVERSIDE COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS
JUNE 30, 2013 AND 2012

FINANCIAL SECTION

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

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Riverside Community College District
Riverside, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Riverside Community College District (the District) as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District as of June 30, 2013 and 2012, and the changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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FRESNO • LAGUNA HILLS • PALO ALTO • PLEASANTON • RANCHO CUCAMONGA • RIVERSIDE • SACRAMENTO

Changes in Accounting Principles

As discussed in the Notes to the basic financial statements, the accompanying financial statements reflect certain changes required as a result of the implementation of GASB Statement No. 62 for the year ended June 30, 2013. These changes require a restatement of the beginning net position of the District as discussed in Note 17. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 4 through 11 and the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 55 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co., LLP.

Riverside, California
November 18, 2013

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, 2013. The report consists of three basic financial statements: the Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows and provides information about the District as a whole. This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2013. Please read it in conjunction with the District's financial statements, which immediately follow this section. Responsibility for the completeness and accuracy of this information rests with District management.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

FINANCIAL HIGHLIGHTS

- The District's primary funding source is from apportionment received from the State of California. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). During the 2012-2013 fiscal year, total reported resident FTES were 25,119 as compared to 25,858 in the 2011-2012 fiscal year. Total unfunded credit FTES was 9 for fiscal year 2012-2013 and 983 for fiscal year 2011-2012.

- Several construction and modernization projects at the District's three colleges resulted in completed buildings, building improvements, and improvements to sites totaling $27,476,535 in the 2012-2013 fiscal year. The projects, listed below, are funded through the District's voter approved General Obligation Bond, Measure C.

  Alumni Carriage House Restoration – District
  Mechanical Upgrades – Moreno Valley
  Network Operations Center – Norco
  Emergency Phones – Moreno Valley
  HVAC Retrofit – Moreno Valley
  Secondary Effects - Norco

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- Employee salaries decreased by 2.86 percent or $3.0 million from the 2011-2012 fiscal year and employee benefits decreased by 1.38 percent or $.5 million. The decrease in salaries is primarily due to a District-wide hiring freeze for full-time employees, employee layoffs, and a supplementary retirement plan (SRP) offer enacted in fiscal year 2011-2012. In addition, the District reduced the number of sections offering to realize net budget reductions resulting in a decrease in the use of associate faculty. The decrease in benefit costs is primarily due to the aforementioned hiring freeze, layoffs, and SRP offered in addition to an increase in health and welfare benefits.

- During the 2012-2013 fiscal year, the District provided over $65.4 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)	$ 38,040,410
Federal Supplement Education Opportunity Grant (FSEOG)	980,884
Federal Direct Student Loans (Direct Loans)	4,235,107
Federal Work Study Program (FWS)	1,015,681
State of California Cal Grant B (CALG-B)	1,845,632
State of California Cal Grant C (CALG-C)	73,564
California Community College Board of Governor's Fee Wavier	19,192,627
Total Financial Aid Provided to Students	$ 65,383,905

THE DISTRICT AS A WHOLE

Net Position

Table 1

(Amounts in thousands)

	2013	2012*	Change	2011	Change
ASSETS					
Current Assets					
Cash and investments	$ 96,506	$ 110,626	$ (14,120)	$ 161,776	$ (65,270)
Accounts receivable (net)	44,588	48,244	(3,656)	52,590	(8,002)
Other current assets	351	265	86	236	115
Total Current Assets	141,445	159,135	(17,690)	214,602	(73,157)
Other noncurrent assets	1,415	1,541	(126)	1,623	(208)
Capital assets (net)	369,636	352,225	17,411	301,606	68,030
Total Assets	$ 512,496	$ 512,901	$ (405)	$ 517,831	$ (5,335)
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	43,548	35,100	8,448	42,785	763
Current portion of long-term obligations	5,592	8,592	(3,000)	7,101	(1,509)
Total Current Liabilities	49,140	43,692	5,448	49,886	(746)
Long-Term Obligations	248,847	250,264	(1,417)	250,959	(2,112)
Total Liabilities	297,987	293,956	4,031	300,845	(2,858)
NET POSITION					
Net investment in capital assets	189,182	196,848	(7,666)	181,872	7,310
Restricted	22,018	21,943	75	27,176	(5,158)
Unrestricted	3,309	154	3,155	7,938	(4,629)
Total Net Position	$ 214,509	$ 218,945	$ (4,436)	$ 216,986	$ (2,477)

* As restated.

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

Operating Results for the Year

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

Table 2

(Amounts in thousands)

	2013	2012	Change	2011	Change
Operating Revenues					
Tuition and fees (net)	$ 15,255	$ 13,820	$ 1,435	$ 14,248	$ 1,007
Other operating revenues	-	3	(3)	2	(2)
Total Operating Revenues	15,255	13,823	1,432	14,250	1,005
Operating Expenses					
Salaries and benefits	134,462	137,923	(3,461)	146,574	(12,112)
Supplies and maintenance	33,531	41,668	(8,137)	31,623	1,908
Student financial aid	46,767	45,575	1,192	51,888	(5,121)
Depreciation	18,593	11,833	6,760	11,095	7,498
Total Operating Expenses	233,353	236,999	(3,646)	241,180	(7,827)
Loss on Operations	(218,098)	(223,176)	5,078	(226,930)	8,832
Nonoperating Revenues					
State apportionments	84,732	88,517	(3,785)	100,149	(15,417)
Property taxes	37,187	36,803	384	36,033	1,154
State revenues	5,604	4,814	790	5,078	526
Federal and State grants and contracts	69,029	67,186	1,843	74,535	(5,506)
Net investment income	950	1,331	(381)	1,622	(672)
Net interest expense	(13,785)	(15,265)	1,480	(12,287)	(1,498)
Other nonoperating revenues	20,800	12,174	8,626	12,877	7,923
Loss on disposal of assets	(584)	(10)	(574)	(22)	(562)
Total Nonoperating Revenue	203,933	195,550	8,383	217,985	(14,052)
Other Revenues					
State capital income	9,729	12,941	(3,212)	30,377	(20,648)
Net Increase (Decrease) in Net Position	$ (4,436)	$ (14,685)	$ 10,249	$ 21,432	$ (25,868)

The District's primary revenue sources are local property taxes, student enrollment fees, and State apportionment, which increased in fiscal year 2012-2013. Property taxes levied and received from property within the District's boundaries increased slightly during the year.

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

During 2012-2013, the District's interest income was $1.0 million and interest expense was $13.8 million. Interest income is primarily derived from cash held in the Riverside County Treasury. Interest income has decreased approximately $.4 million from the 2011-2012 fiscal year due to significantly lower interest rates and the State's apportionment deferral strategy passed along to community colleges. A decrease of $1.5 million in interest expense for the year is the result of lower General Obligation Bond principal and slightly lower interest rates on that principal.

In accordance with requirements set forth by the California Community Colleges Chancellor's Office, the District reports operating expenses by object code. Operating expenses by functional classification are as follows:

Table 3

Year ended June 30, 2013:

(Amounts in thousands)

	Salaries and Employee Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Depreciation	Total
Instructional activities	$ 64,743	$ 3,473	$ -	$ -	$ 68,216
Academic support	33,066	16,738	-	-	49,804
Student services	17,097	3,324	-	-	20,421
Plant operations and maintenance	6,594	5,764	-	-	12,358
Instructional support services	5,069	756	-	-	5,825
Community services and economic development	1,177	461	-	-	1,638
Ancillary services and auxiliary operations	6,140	2,999	-	-	9,139
Student aid	-	-	46,767	-	46,767
Physical property and related acquisitions	576	16	-	-	592
Unallocated depreciation	-	-	-	18,593	18,593
Total	$ 134,462	$ 33,531	$ 46,767	$ 18,593	$ 233,353

Year ended June 30, 2012:

	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

Changes in Cash Position

Table 4

(Amounts in thousands)

	2013	2012	Change	2011	Change
Cash Provided by (Used in)					
Operating activities	$ (191,018)	$ (211,183)	$ 20,165	$ (210,238)	$ 19,220
Noncapital financing activities	207,545	201,311	6,234	212,464	(4,919)
Capital financing activities	(31,613)	(42,709)	11,096	72,875	(104,488)
Investing activities	966	1,431	(465)	1,505	(539)
Net Increase (Decrease) in Cash	(14,120)	(51,150)	37,030	76,606	(90,726)
Cash, Beginning of Year	110,626	161,776	(51,150)	85,170	25,456
Cash, End of Year	$ 96,506	$ 110,626	$ (14,120)	$ 161,776	$ (65,270)

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.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the District had $475.4 million in a broad range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2013, the District's net capital assets were $369.6 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, as Restated	Additions	Deletions	Balance End of Year
Land and construction in progress	$ 59,427	$ 32,726	$ (25,562)	$ 66,591
Buildings and land improvements	347,313	27,477	(2,353)	372,437
Equipment and vehicles	34,809	1,948	(359)	36,398
Subtotal	441,549	62,151	(28,274)	475,426
Accumulated depreciation	(89,325)	(18,593)	2,128	(105,790)
	$ 352,224	$ 43,558	$ (26,146)	$ 369,636

Obligations

At the end of the 2012-2013 fiscal year, the District had $241.5 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.

Table 6

(Amounts in thousands)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
General obligation bonds	$ 243,149	$ 1,399	$ (3,032)	$ 241,516
Other liabilities	12,567	3,406	(3,049)	12,924
Total Long-Term Obligations	$ 255,716	$ 4,805	$ (6,081)	$ 254,440
Amount due within one year				$ 5,592

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 2012-2013 fiscal year on June 18, 2013.

The District's final revised budget for the unrestricted General Fund anticipated that expenditures would exceed revenue by $2.3 million. The actual results for the year showed revenues exceeded expenditures by $4.3 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 62.19 percent. The District reported a decrease of 739 FTES during fiscal year 2012-2013 which resulted from the District budget strategy to offer fewer course sections to reduce costs and the number of unfunded FTES. The District's fiscal year 2013-2014 adopted budget incorporated the following budget strategies among others: imposed a District office and support services budget reduction of $.74 million; reduced the off-year election budget by $.30 million; and a Board-approved contingency reduction from 5 percent to 3.8 percent to help mitigate an initial projected budget shortfall of $4.1 million. The District continues to monitor enrollment and operating costs 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 POSITION - PRIMARY GOVERNMENT
JUNE 30, 2013 AND 2012

	2013	2012
ASSETS		
Current Assets		
Cash and cash equivalents	$ 872,926	$ 1,243,741
Investments - unrestricted	12,424,343	1,333,557
Investments - restricted	83,208,895	108,048,997
Accounts receivable	44,143,201	47,912,606
Student accounts receivable, net	445,158	331,086
Due from fiduciary funds	94,410	28,742
Prepaid expenses	102,801	107,561
Deferred cost on issuance	125,978	99,156
Inventories	27,367	29,791
Total Current Assets	141,445,079	159,135,237
Noncurrent Assets		
Deferred cost on issuance - noncurrent portion	1,414,748	1,541,226
Nondepreciable capital assets	66,590,738	59,426,570
Depreciable capital assets, net of depreciation	303,045,236	292,797,687
Total Noncurrent Assets	371,050,722	353,765,483
TOTAL ASSETS	512,495,801	512,900,720
LIABILITIES		
Current Liabilities		
Accounts payable	10,270,030	15,032,228
Short-term borrowing	19,805,000	8,960,000
Accrued interest payable	5,412,174	6,371,623
Due to fiduciary funds	57,584	38,159
Deferred revenue	4,802,660	4,698,014
Claims liability	3,200,000	3,140,000
Compensated absences payable - current portion	1,299,513	1,498,186
Bonds payable - current portion	2,960,000	2,635,000
Lease obligations - current portion	47,578	33,913
Other long-term obligations - current portion	1,284,856	1,284,856
Total Current Liabilities	49,139,395	43,691,979
Noncurrent Liabilities		
Compensated absences payable - noncurrent portion	1,249,300	1,090,966
Bonds payable - noncurrent portion	231,327,828	232,889,196
Net debt premium	7,227,791	7,624,866
Lease obligations - noncurrent portion	118,548	108,593
Other long-term obligations - noncurrent portion	8,924,218	8,550,056
Total Noncurrent Liabilities	248,847,685	250,263,677
TOTAL LIABILITIES	297,987,080	293,955,656
NET POSITION		
Net investment in capital assets	189,182,238	196,848,316
Restricted for:		
Debt service	5,811,860	5,279,651
Capital projects	6,716,128	7,891,527
Educational programs	9,489,127	8,771,829
Unrestricted	3,309,368	153,741
TOTAL NET POSITION	$ 214,508,721	$ 218,945,064

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
OPERATING REVENUES		
Student Tuition and Fees	$ 34,447,543	$ 28,691,148
Less: Scholarship discount and allowance	(19,192,627)	(14,870,480)
Net tuition and fees	15,254,916	13,820,668
Other Operating Revenues	296	2,794
TOTAL OPERATING REVENUES	15,255,212	13,823,462
OPERATING EXPENSES		
Salaries	102,014,682	105,022,839
Employee benefits	32,447,122	32,900,152
Supplies, materials, and other operating expenses and services	32,151,415	31,269,625
Student financial aid	46,767,408	45,575,301
Equipment, maintenance, and repairs	1,380,028	10,397,955
Depreciation	18,592,580	11,833,261
TOTAL OPERATING EXPENSES	233,353,235	236,999,133
OPERATING LOSS	(218,098,023)	(223,175,671)
NONOPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	84,731,624	88,517,209
Federal grants	58,614,887	57,390,248
State grants	10,414,479	9,795,854
Local property taxes levied for general purposes	24,675,519	24,351,264
Local property taxes levied for capital debt	12,511,382	12,451,654
State taxes and other revenues	5,604,071	4,814,300
Investment income	923,765	1,292,122
Interest expense on capital related debt	(13,784,557)	(15,264,865)
Investment income on capital related debt, net	25,705	38,544
Loss on disposal of capital assets	(584,330)	(10,513)
Other nonoperating revenue	20,800,350	12,174,187
TOTAL NONOPERATING REVENUES (EXPENSES)	203,932,895	195,550,004
LOSS BEFORE OTHER REVENUES	(14,165,128)	(27,625,667)
OTHER REVENUES		
State revenues, capital	9,728,785	12,940,526
CHANGE IN NET POSITION	(4,436,343)	(14,685,141)
NET POSITION, BEGINNING OF YEAR	218,945,064	216,986,120
PRIOR PERIOD RESTATEMENT (see Note 17)	-	16,644,085
NET POSITION, END OF YEAR	$ 214,508,721	$ 218,945,064

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, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 15,076,347	$ 14,054,074
Short-term borrowings	10,845,000	(2,750,000)
Payments to vendors for supplies and services	(36,093,864)	(39,968,023)
Payments to or on behalf of employees	(134,078,075)	(136,946,669)
Payments to students for Federal direct student aid	(44,272,080)	(43,696,556)
Payments to students for State direct student aid	(1,919,196)	(1,878,745)
Payments to students for Local direct student aid	(576,132)	-
Other operating receipts	296	2,794
Net Cash Flows From Operating Activities	(191,017,704)	(211,183,125)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State apportionments	88,194,864	81,559,205
Federal grants and contracts	60,563,696	59,575,682
State grants and contracts	10,826,447	8,852,242
Property taxes - non-debt related	24,735,651	24,513,244
State taxes and other apportionments	2,387,405	12,722,803
Other nonoperating	20,836,563	14,087,527
Net Cash Flows From Noncapital Financing Activities	207,544,626	201,310,703
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(38,584,131)	(51,625,122)
Proceeds from issuance of capital leases	68,256	-
State revenue, capital projects	9,728,785	12,940,526
Property taxes - related to capital debt	12,511,382	12,451,654
Principal paid on capital debt	(3,076,711)	(2,769,555)
Interest paid on capital debt	(13,784,557)	(15,264,865)
Interest received on capital related debt	25,705	38,544
Accreted interest on general obligation bonds	1,398,632	1,435,921
Deferred cost on issuance	99,656	84,487
Net Cash Flows From Capital Financing Activities	(31,612,983)	(42,708,410)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from investments	965,930	1,430,940
NET CHANGE IN CASH AND CASH EQUIVALENTS	(14,120,131)	(51,149,892)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	110,626,295	161,776,187
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 96,506,164	$ 110,626,295

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, 2013 AND 2012

	2013	2012
RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	$ (218,098,023)	$ (223,175,671)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities:		
Depreciation	18,592,580	11,833,261
Changes in Operating Assets and Liabilities:		
Student receivables, net	(114,072)	34,282
Inventories	2,424	1,545
Prepaid expenses	4,760	(34,211)
Accounts payable and other accrued liabilities	(2,275,028)	1,240,905
Deferred revenue	(309,168)	520,453
Compensated absences	(44,424)	(99,672)
Supplementary Retirement Plan (SRP)	(1,284,856)	202,782
Other postemployment benefits (OPEB)	1,663,103	1,043,201
Short-term borrowings	10,845,000	(2,750,000)
Total Adjustments	27,080,319	11,992,546
Net Cash Flows From Operating Activities	$ (191,017,704)	$ (211,183,125)
CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:		
Cash in banks	$ 872,926	$ 1,243,741
Unrestricted cash in county treasury	12,424,343	1,333,557
Restricted cash in county treasury	83,208,895	108,048,997
Total Cash and Cash Equivalents	$ 96,506,164	$ 110,626,295
NON CASH TRANSACTIONS		
On behalf payments for benefits	$ 3,301,204	$ 3,132,192
Loss on disposal of capital assets	584,330	10,513
	$ 3,885,534	$ 3,142,705

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2013 AND 2012

	2013 Trust	2012 Trust
ASSETS		
Cash and cash equivalents	$ 2,041,953	$ 1,877,595
Accounts receivable, net	13,137	1,171
Due from primary government funds	57,584	38,159
Total Assets	2,112,674	1,916,925
LIABILITIES		
Accounts payable	97,560	48,474
Due to primary government funds	94,410	28,742
Due to student groups	1,114,982	991,095
Total Liabilities	1,306,952	1,068,311
NET POSITION		
Unreserved	805,722	848,614
Total Net Position	$ 805,722	$ 848,614

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013 Trust	2012 Trust
ADDITIONS		
Local revenues	$ 594,712	$ 614,011
DEDUCTIONS		
Books and supplies	388,447	371,377
Services and operating expenditures	335,812	245,507
Capital outlay	3,991	111,896
Total Deductions	728,250	728,780
OTHER FINANCING SOURCES (USES)		
Other sources	90,646	-
Other uses	-	(31,178)
Total Other Financing Sources (Uses)	90,646	(31,178)
Change in Net Position	(42,892)	(145,947)
Net Position - Beginning	848,614	994,561
Net Position - Ending	$ 805,722	$ 848,614

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

- **Riverside Community College District Development Corporation**

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

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 students (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State grants and entitlements are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

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

The District reports are based on all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The District has not elected to apply FASB pronouncements after that date.

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments,* and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,* as amended by GASB Statements No. 37 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 Position - Primary Government
  - Statements of Revenues, Expenses, and Changes in Net Position - Primary Government
  - Statements of Cash Flows - Primary Government
  - Financial Statements for the Fiduciary Funds including:
    - Statements of Fiduciary Net Position
    - Statements of Changes in Fiduciary Net Position
- Notes to the Financial Statements

Cash and Cash Equivalents

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

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools,* investments held at June 30, 2013 and 2012, 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 Position 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.

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 $111,289 and $82,771 for the years ended June 30, 2013 and 2012, 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.

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 Position

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

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

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

Unrestricted: Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is 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 $22,017,115 of restricted net position.

State Apportionments

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

Property Taxes

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

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

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 Position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf. To the extent that fee waivers have been used to satisfy tuition and fee charges, the District has recorded a scholarship discount and allowance.

Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, SEOG Grants, and Federal Work-Study programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. These programs are audited in accordance with 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*.

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.

Changes in Accounting Principles

In March 2012, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre November 30, 1989 FASB and AICPA Pronouncements*. GASB Statement No. 62 establishes standards of financial accounting and reporting for capitalizing interest cost as a part of the historical cost of acquiring certain assets. For the purposes of applying this Statement, interest cost includes interest recognized on obligations having explicit interest rates and interest imputed on certain types of payables, as well as interest related to capital leases.

The District has implemented the provisions of this Statement for the year ended June 30, 2013. See Note 17 for more information.

In June 2011, the 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. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

The District has implemented the provisions of this Statement for the year ended June 30, 2013.

New Accounting Pronouncements

In March 2012, the 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.

Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement No. 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, requires a deferred inflow of resources to be reported by a transferor government in a qualifying service concession arrangement. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement No. 4. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Early implementation is encouraged.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement 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 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.

- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.

- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).

- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes, but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.

- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a non-employer entity has a legal requirement to make contributions directly to a pension plan.

This Statement is effective for fiscal years beginning after June 15, 2014. Early implementation is encouraged.

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.

General Authorizations

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

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

Summary of Deposits and Investments

Deposits and investments as of June 30, 2013, consist of the following:

	Primary Government
Cash on hand and in banks	$ 822,926
Cash in revolving	50,000
Investments	95,633,238
Total Deposits and Investments	$ 96,506,164

	Fiduciary Funds
Cash on hand and in banks	$ 2,041,953

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:

Investment Type	Fair Market Value	Maturity Date
Riverside County Investment Pool	$ 95,354,669	*1.41

*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/V1 by Fitch Ratings Ltd. as of June 30, 2013.

Investment Type	Minimum Legal Rating	Rating June 30, 2013	Fair Market Value
Riverside County Investment Pool	Not Required	AAA/V1	$ 95,354,669

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, 2013, the District and fiduciary funds had bank balances of $869,711 and $2,034,722, respectively, totaling $2,904,433 of which $1,950,063 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.

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, 2013, $95,633,238 is invested in the Riverside County Treasurer's Pooled Investment Fund. The Pooled Investment Fund is currently rated AAA/V1 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:

	Primary Government	
	2013	2012
Federal Government		
Categorical aid	$ 2,913,569	$ 4,860,532
State Government		
Apportionment	27,360,791	32,195,723
Categorical aid	2,777,988	2,181,720
Other State sources	7,505,657	4,885,258
Local Sources		
Interest	66,441	108,606
Property taxes	1,094,723	1,154,855
Riverside Community College District Foundation	69,799	32,710
Riverside County Redevelopment Agency	-	93,213
Contributions from Foundation for Aquatics Complex	37,826	101,048
Other local sources	2,316,407	2,298,941
Total	$ 44,143,201	$ 47,912,606
Student receivables	$ 556,447	$ 413,857
Less allowance for bad debt	(111,289)	(82,771)
Student receivables, net	$ 445,158	$ 331,086
Total Receivables, Net	$ 44,588,359	$ 48,243,692

	Fiduciary Funds	
	2013	2012
Other local	$ 13,137	$ 1,171

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2013, was as follows:

	Beginning of Year, as Restated	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	$ 32,502,697	$ -	$ -	$ 32,502,697
Construction in progress	26,923,873	32,725,936	25,561,768	34,088,041
Total Capital Assets Not Being Depreciated	59,426,570	32,725,936	25,561,768	66,590,738
Capital Assets Being Depreciated				
Land improvements	12,419,190	237,328	-	12,656,518
Buildings and improvements	334,894,638	27,239,207	2,353,339	359,780,506
Furniture and equipment	34,808,902	1,947,924	358,547	36,398,279
Total Capital Assets Being Depreciated	382,122,730	29,424,459	2,711,886	408,835,303
Total Capital Assets	441,549,300	62,150,395	28,273,654	475,426,041
Less Accumulated Depreciation				
Land improvements	6,270,961	1,652,721	-	7,923,682
Buildings and improvements	55,259,053	13,885,278	1,882,671	67,261,660
Furniture and equipment	27,795,029	3,054,581	244,885	30,604,725
Total Accumulated Depreciation	89,325,043	18,592,580	2,127,556	105,790,067
Net Capital Assets	$ 352,224,257	$ 43,557,815	$ 26,146,098	$ 369,635,974

Depreciation expense for the year was $18,592,580.

Interest expense on capital related debt for the year was $13,784,557. Of this amount, $1,375,826 was capitalized.

The District was the beneficiary of an extensive bequest of Mine Okubo's estate, a Japanese-American artist, inclusive of paintings, works of art, reference materials, photographs, books, writings, letters, and printed material. The District took possession of the materials bequeathed from the estate of Ms. Okubo as of June 30, 2009. The District has included the collection and materials as priceless in the District's capital assets (non-depreciable assets). During the course of the next several years and as the District learns the collection's long-term historical value, the values will be added to the District's capital assets. As of June 30, 2013, the District has not recorded a value for the collection in the financial statements.

Capital asset activity for the District for the fiscal year ended June 30, 2012, was as follows:

	Balance Beginning of Year	Additions	Deductions	*GASB Statement No. 62 Restatement	Balance End of Year, as Restated
Capital Assets Not Being Depreciated					
Land	$ 32,502,697	$ -	$ -	$ -	$ 32,502,697
Construction in progress	79,011,622	42,736,962	96,291,533	1,466,822	26,923,873
Total Capital Assets Not Being Depreciated	111,514,319	42,736,962	96,291,533	1,466,822	59,426,570
Capital Assets Being Depreciated					
Land improvements	11,598,766	489,309	-	331,115	12,419,190
Buildings and improvements	223,391,830	94,919,467	-	16,583,341	334,894,638
Furniture and equipment	31,046,995	3,963,888	201,981	-	34,808,902
Total Capital Assets Being Depreciated	266,037,591	99,372,664	201,981	16,914,456	382,122,730
Total Capital Assets	377,551,910	142,109,626	96,493,514	18,381,278	441,549,300
Less Accumulated Depreciation					
Land improvements	5,773,770	402,927	-	94,264	6,270,961
Buildings and improvements	45,251,975	8,364,149	-	1,642,929	55,259,053
Furniture and equipment	24,920,312	3,066,185	191,468	-	27,795,029
Total Accumulated Depreciation	75,946,057	11,833,261	191,468	1,737,193	89,325,043
Net Capital Assets	$ 301,605,853	$ 130,276,365	$ 96,302,046	$ 16,644,085	$ 352,224,257

* As restated. See Note 17 for more information.

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

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	Primary Government	
	2013	2012
Accrued payroll and benefits	$ 803,980	$ 754,074
Apportionment	1,466,897	2,838,589
Student financial aid grants	1,636,868	1,518,294
State categorical programs	99,031	131,712
Construction payables	3,642,338	5,637,842
Vendor payables	2,620,916	4,151,717
Total	$ 10,270,030	$ 15,032,228

	Fiduciary Funds	
	2013	2012
Vendor payables	$ 97,560	$ 48,474

NOTE 7 - DEFERRED REVENUE

Deferred revenue consisted of the following:

	Primary Government	
	2013	2012
Federal financial assistance	$ 1,063	$ 2,909
State categorical aid	1,548,578	1,130,669
Other State aid	262,516	505,609
Enrollment fees	1,741,830	1,625,671
Theater subscriptions	27,076	168,849
Health and liability self-insurance	1,050,581	1,008,832
Summer community education fees	17,911	56,794
Other local	153,105	198,681
Total	$ 4,802,660	$ 4,698,014

NOTE 8 - TAX AND REVENUE ANTICIPATION NOTES

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.

On July 1, 2012, the District issued $5,000,000 Tax and Revenue Anticipation Notes bearing interest at two percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on March 1, 2013. The total outstanding Tax and Revenue Anticipation Notes of $5,000,000 was paid in full to the fiscal agent on January 31, 2013.

At June 30, 2013, the District had outstanding Tax and Revenue Anticipation Notes in the amount of $19,805,000 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 2013 until 100 percent of the total principal and interest is due at maturity on October 31, 2013. The total outstanding Tax and Revenue Anticipation Notes of $19,805,000 was paid in full to the fiscal agent on July 31, 2013. As of June 30, 2013, the Tax and Revenue Anticipation Notes of $19,805,000, and the related accrued interest and cash held in trust, are included in these financial statements.

	Outstanding Beginning of Year	Additions	Deletions	Outstanding End of Year
2011-2012 2.00% TRANS, Series T	$ 8,960,000	$ -	$ 8,960,000	$ -
2012-2013 2.00% TRANS, Series A	-	5,000,000	5,000,000	-
2012-2013 2.00% TRANS, Series T	-	19,805,000	-	19,805,000
Total	$ 8,960,000	$ 24,805,000	$ 13,960,000	$ 19,805,000

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, 2013, the amounts owed between the government and the fiduciary funds were $94,410 and $57,584, 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.

NOTE 10 - LONG-TERM OBLIGATIONS

Long-Term Obligations Summary

The changes in the District's long-term obligations during the 2013 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	$ 2,975,000	$ -	$ 620,000	$ 2,355,000	$ 795,000
General obligation bonds, Refunding Bond 2005	53,362,166	793,412	2,015,000	52,140,578	2,165,000
Net unamortized debt premium	4,054,425	-	162,837	3,891,588	-
General obligation bonds, Series 2007 C	68,510,000	-	-	68,510,000	-
Net unamortized debt premium	1,936,666	-	176,062	1,760,604	-
General obligation bonds, Series 2010 D/D-1	110,677,030	605,220	-	111,282,250	-
Net unamortized debt premium	1,633,775	-	58,176	1,575,599	-
Total Bonds Payable	243,149,062	1,398,632	3,032,075	241,515,619	2,960,000
Other Liabilities					
Compensated absences	2,589,152	-	40,339	2,548,813	1,299,513
Capital leases	142,506	68,256	44,636	166,126	47,578
Supplementary Retirement Plan (SRP)	4,700,629	223,833	1,508,689	3,415,773	1,284,856
Load banking	752,754	241,854	245,939	748,669	-
Other postemployment benefits (OPEB)	4,381,529	2,872,832	1,209,729	6,044,632	-
Total Other Liabilities	12,566,570	3,406,775	3,049,332	12,924,013	2,631,947
Total Long-Term Obligations	$ 255,715,632	$ 4,805,407	$ 6,081,407	$ 254,439,632	$ 5,591,947

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

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, 2013, the principal outstanding was $2,355,000.

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.

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, 2013, the principal outstanding was $52,140,578, and net unamortized debt premium was $3,891,588.

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

Net debt premium consists of the following:

	June 30, 2013
Deferred loss on refunding	$ (1,686,893)
Debt issue costs	(532,783)
Debt premium	6,111,264
Net unamortized debt premium	$ 3,891,588

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, 2013, the principal outstanding was $68,510,000 and unamortized premium and issuance costs of $1,760,604 and $678,019, 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.

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, 2013, the principal balance outstanding was $111,282,250 and unamortized premium and issuance cost of $1,575,599 and $862,707, 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 Outstanding July 1, 2012	Issued	Accreted Interest Addition	Redeemed	Bonds Outstanding June 30, 2013
2004	2030	4.00%-5.25%	$ 55,205,000	$ 2,975,000	$ -	$ -	$ 620,000	$ 2,355,000
2005	2025	3.00%-5.00%	58,386,109	53,362,166	-	793,412	2,015,000	52,140,578
2007	2033	3.62%-4.47%	90,000,000	68,510,000	-	-	-	68,510,000
2010	2041	2.36%-5.53%	109,999,278	110,677,030	-	605,220	-	111,282,250
				$ 235,524,196	$ -	$1,398,632	$ 2,635,000	$ 234,287,828

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

Fiscal Year	Principal	Interest to Maturity	Total
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	20,000	27,588	47,588
2019-2023	135,000	120,157	255,157
2024-2028	240,000	71,663	311,663
2029-2030	135,000	7,562	142,562
Total	$ 2,355,000	$ 419,438	$ 2,774,438

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

Fiscal Year	Principal (Including accreted interest to date)	Accreted Interest	Current Interest to Maturity	Total
2014	$ 2,042,439	$ 122,561	$ 2,298,250	$ 4,463,250
2015	1,943,696	371,304	2,298,250	4,613,250
2016	2,189,443	740,557	2,298,250	5,228,250
2017	3,165,000	-	2,219,125	5,384,125
2018	3,570,000	-	2,050,750	5,620,750
2019-2023	25,090,000	-	6,933,750	32,023,750
2024-2025	14,140,000	-	723,750	14,863,750
Total	$ 52,140,578	$ 1,234,422	$ 18,822,125	$ 72,197,125

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

Fiscal Year	Principal	Interest to Maturity	Total
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	-	3,425,500	3,425,500
2019-2023	-	17,127,500	17,127,500
2024-2028	24,080,000	15,392,250	39,472,250
2029-2033	44,430,000	4,796,750	49,226,750
Total	$ 68,510,000	$ 54,444,000	$ 122,954,000

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
2014	$ -	$ -	$ 7,164,193	$ 7,164,193
2015	-	-	7,164,193	7,164,193
2016	280,219	94,781	7,322,979	7,697,979
2017	379,078	190,922	7,441,698	8,011,698
2018	452,795	312,205	7,579,817	8,344,817
2019-2023	3,894,659	2,945,340	39,354,169	46,194,168
2024-2028	3,975,499	3,394,501	39,656,567	47,026,567
2029-2033	8,165,000	-	35,483,394	43,648,394
2034-2038	51,670,000	-	24,554,544	76,224,544
2039-2041	42,465,000	-	4,623,856	47,088,856
Total	$ 111,282,250	$ 6,937,749	$ 180,345,410	$ 298,565,409

Capital Leases

The District has utilized capital leases purchase agreements to primarily purchase equipment. The current lease purchase agreement in the amount of $166,126 will be paid through 2017.

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

Year Ending June 30,	Lease Payment
2014	$ 57,941
2015	57,940
2016	54,612
2017	18,003
Total	188,496
Less: Amount Representing Interest	22,370
Present Value of Minimum Lease Payments	$ 166,126

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

Equipment	$ 266,105
Less: Accumulated depreciation	(172,306)
Total	$ 93,799

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, 2013, the outstanding balance was $3,415,733. See Note 14 for additional information regarding the SRP obligation.

Fiscal Year	SRP Payment
2014	$ 1,284,856
2015	1,284,857
2016	846,060
Total	$ 3,415,773

Compensated Absences

Compensated absence obligations for the District at June 30, 2013, amounted to $2,548,813 of which $1,299,513 is considered current.

Other Postemployment Benefits Obligation

The District's annual required contribution for the year ended June 30, 2013, was $2,925,208, and contributions made by the District during the year were $1,209,729. Interest on the net OPEB obligation and adjustments to the annual required contribution were $219,076 and $(271,452), respectively, which resulted in an increase to the net OPEB obligation of $1,663,103. As of June 30, 2013, the net OPEB obligation was $6,044,632. 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, 2013, amounted to $748,669.

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 94 retirees and beneficiaries currently receiving benefits and 883 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 2012-2013, the District contributed $1,209,729 to the Plan, all of which was used for current premiums.

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	$ 2,925,208
Interest on net OPEB obligation	219,076
Adjustment to annual required contribution	(271,452)
Annual OPEB cost (expense)	2,872,832
Contributions made	(1,209,729)
Increase in net OPEB obligation	1,663,103
Net OPEB obligation, beginning of year	4,381,529
Net OPEB obligation, end of year	$ 6,044,632

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
2011	$ 2,262,462	$ 577,224	26%	$ 3,338,328
2012	2,242,316	1,199,115	53%	4,381,529
2013	2,872,832	1,209,729	42%	6,044,632

Funding Status and Funding Progress

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

Actuarial Accrued Liability (AAL)	$ 24,642,278
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 24,642,278
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll	N/A
UAAL as Percentage of Covered Payroll	N/A

The above noted actuarial accrued liability was based on the July 1, 2011, actuarial valuation. Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Other Postemployment Benefits Funding Progress, presented as required supplementary information, follows the notes to the financial statements and presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the July 1, 2011, 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, 2013, was 25 years. The actuarial value of assets was not determined in this actuarial valuation. As of June 30, 2013, 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.

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2013, 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 2012-2013, 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.

Insurance Program / JPA Name	Type of Coverage	Limits
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.

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, 2011 to June 30, 2013:

	Self-Insurance
Liability Balance, July 1, 2011	$ 2,156,829
Claims and changes in estimates	6,485,852
Claims payments	(5,502,681)
Liability Balance, June 30, 2012	3,140,000
Claims and changes in estimates	8,517,537
Claims payments	(8,457,537)
Liability Balance, June 30, 2013	$ 3,200,000
Assets available to pay claims at June 30, 2013	$ 6,491,992

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).

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, 100 Waterfront Place, West Sacramento, CA 95605.

Funding Policy

Active members of the DB Plan are required to contribute 8.0 percent of their salary, 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 CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2012-2013 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalSTRS for the fiscal years ended June 30, 2013, 2012, and 2011, were $4,744,140, $4,995,773, and $5,263,423, 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, 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 required employer contribution rate for fiscal year 2012-2013 was 11.417 percent of covered payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ended June 30, 2013, 2012, and 2011, were $3,975,690, $3,827,482, and $3,960,411, respectively, and equal 100 percent of the required contributions for each year.

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal years ended June 30, 2013, 2012, and 2011, which amounted to $3,301,204, $3,132,192, and $3,029,760, respectively, (5.176 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the years ended June 30, 2013, 2012, and 2011. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

Deferred Compensation

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

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

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

Public Agency Retirement System (PARS) - Alternate Retirement System

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

The District is a member of the Public Agency Retirement System (PARS), a multiple-employer retirement trust established in 1990 by a coalition of public employers. The plan covers the District's part-time, temporary, and other employees not covered under CalPERS or CalSTRS, but whose salaries would otherwise be subject to Social Security tax. Benefit provisions and other requirements are established by District management based on agreements with various bargaining units. PARS is a defined contribution qualified retirement plan under Section 401 (a) of the Internal Revenue Code.

The minimum total contribution is 7.5 percent of employees' salaries, of which the employee contributes the total 7.5 percent. District employees are covered under PARS Plan #763 as of June 30, 2013. Total contributions to the plan amounted to $541,744.

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, 2013, the District made payments of $46,607, $17,995, $1,115,691, and $571,766 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, 2013.

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, 2013.

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
2014	$ 795,222
2015	751,610
2016	8,811
Total	$ 1,555,643

Construction Commitments

As of June 30, 2013, the District had the following budgetary commitments with respect to the unfinished capital projects:

Project	Estimated Cost to Complete	Percent Complete	Estimated Completion
District - ADA Transition Plan	$ 2,932,599	53.89%	FY 14/15
District - IT Upgrade (Includes Audit)	4,130,249	29.28%	FY 14/15
District - Swing Space - Market Street Properties	118,310	75.58%	FY 15/16
District - Utility Infrastructure	4,599,283	30.16%	FY 14/15
Moreno Valley - Network Operations Center	2,914,448	3.63%	FY 13/14
Moreno Valley - Physicians Assistant Laboratory Remodel	109,838	8.47%	FY 13/14
Moreno Valley - Science Laboratories Remodel Project	3,197,458	8.64%	FY 14/15
Moreno Valley - Student/Academic Services Facility Project	7,259,278	67.22%	FY 13/14
Norco - Groundwater Monitoring Wells	396,465	23.40%	FY 15/16
Norco - Self Generation Incentive Program	2,164,739	30.39%	FY 13/14
Riverside City College Coil School for the Arts	33,438,587	8.46%	FY 15/16
Riverside City College Culinary Arts and District Office Building	12,781,700	22.22%	FY 15/16
Riverside City College Lovekin Parking/Tennis Project	1,995,140	40.94%	FY 13/14
Riverside City College Student Services Building	27,458,797	0.98%	FY 15/16
	$ 103,496,891		

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.

NOTE 17 - RESTATEMENT OF PRIOR YEAR FUND BALANCES

The District's prior year beginning net position has been restated as of June 30, 2013.

Effective in fiscal year 2012-2013, the District was required to capitalize interest as part of the historical cost of constructing certain business-type activity assets. The implementation of this standard required a change in accounting principle and restatement of the beginning net position of the District by $16,644,085.

Primary Government	
Net Position - Beginning	$ 216,986,120
Restatement of capital assets for implementation of GASB Statement No. 62	16,644,085
Net Position - Beginning, as Restated	$ 233,630,205

REQUIRED SUPPLEMENTARY INFORMATION

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2013

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

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Riverside Community College District (the "District") in connection with the issuance of (i) $29,130,000 of the District's 2014 General Obligation Refunding Bonds, Series A (Tax-Exempt), and (ii) $43,960,000 of the District's 2014 General Obligation Refunding Bonds, Series B (Federally Taxable) (collectively, the "Bonds"). The Bonds are being issued pursuant to a Resolution of the Board of Trustees of the District adopted on March 18, 2014. The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall initially mean Keygent LLC, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"Holders" shall mean the registered owners of the Bonds.

"Listed Events" shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

"Official Statement" shall mean the Official Statement, dated as of April 30, 2014, relating to the offer and sale of the Bonds.

"Participating Underwriter" shall mean Piper Jaffray & Co. or any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean, the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org/, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2013-14 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than thirty (30) days (nor more than sixty (60) days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided.

SECTION 4. Content and Form of Annual Reports. (a) The District's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

(a) State funding received by the District for the last completed fiscal year;

(b) FTES of the District for the last completed fiscal year;

(c) outstanding District indebtedness;

(d) summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year;

(e) assessed valuation for real property located within the District for the current fiscal year; and

(f) secured *ad valorem* tax delinquencies within the District for the current year, to the extent that either Riverside County or San Bernardino County discontinues the Teeter Plan (as such term is defined in the Official Statement).

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format, and accompanied by identifying information, as prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. defeasances.

4. rating changes.

5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).

6. unscheduled draws on the debt service reserves reflecting financial difficulties.

7. unscheduled draws on credit enhancement reflecting financial difficulties.

8. substitution of the credit or liquidity providers or their failure to perform.

9. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.

2. modifications to rights of Bondholders.

3. optional, contingent or unscheduled Bond calls.

4. unless described under Section 5(a)(5) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

5. release, substitution or sale of property securing repayment of the Bonds.

6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

7. Appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a) or Section 5(b), as applicable.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon fifteen (15) days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: May 29, 2014

RIVERSIDE COMMUNITY COLLEGE DISTRICT

By: ____

Vice Chancellor, Business and Financial Services

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: RIVERSIDE COMMUNITY COLLEGE DISTRICT

Name of Bond Issue: 2014 General Obligation Refunding Bonds, Series A (Tax-Exempt), and
2014 General Obligation Refunding Bonds, Series B (Federally Taxable)

Date of Issuance: May 29, 2014

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____________.

Dated:_______________________

RIVERSIDE COMMUNITY COLLEGE DISTRICT

By ____[form only; no signature required]_____

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APPENDIX D

ECONOMIC AND DEMOGRAPHIC PROFILE OF THE CITY OF RIVERSIDE AND THE COUNTY OF RIVERSIDE

The following information concerning the communities served by the District, including the City of Riverside and the County of Riverside is included only for the purpose of supplying general information thereof. The Bonds are not obligations of the County of Riverside and do not represent a lien or charge against any funds or property of County of Riverside or of the City of Riverside. The following information is provided only to give prospective investors an overview of the general economic condition of the County of Riverside and the State of California (the "State").

General

Riverside County (the County") is geographically the fourth largest county in the State of California (the "State"), encompassing approximately 7,243 square miles. It is located in the southern portion of the State and is bordered by San Bernardino County on the north, Los Angeles and Orange Counties on the west, the State of Arizona and the Colorado River on the east, and San Diego and Imperial Counties on the south. The County, incorporated in 1893, is a general law county with its seat located in the City of Riverside (the "City").

Population

The following table summarizes population estimates for the City, County and State from 2001 through 2013.

POPULATION ESTIMATES
City of Riverside, Riverside County and the State of California
2001-2013

Year[1]	City of Riverside	Riverside County	State of California
2001	261,464	1,589,708	34,256,789
2002	269,746	1,655,291	34,725,516
2003	275,867	1,730,219	35,163,609
2004	279,829	1,814,485	35,570,847
2005	284,715	1,895,695	35,869,173
2006	286,720	1,975,913	36,116,202
2007	289,674	2,049,902	36,399,676
2008	293,988	2,102,741	36,704,375
2009	298,721	2,140,626	36,966,713
2010	302,597	2,179,692	37,223,900
2011	306,069	2,205,731	37,427,946
2012	309,407	2,234,193	37,668,804
2013	311,955	2,255,059	37,966,471

(1) As of January 1.
Source: California State Department of Finance, Demographic Research Unit. March 2010 Benchmark.

Personal Income

The following tables summarize personal income and per capita personal income for the County, State and United States during years 2005 through 2012.

PERSONAL INCOME
County of Riverside, State of California, and United States
2005-2012

Year	County of Riverside	California	United States
2005	$55,776,492	$1,396,173,422	$10,605,645,000
2006	60,993,887	1,499,451,517	11,376,460,000
2007	64,062,308	1,564,440,661	11,990,244,000
2008	64,995,060	1,596,281,897	12,429,284,000
2009	63,184,275	1,536,429,610	12,073,738,000
2010	65,107,626	1,579,148,473	12,423,332,000
2011	69,522,078	1,683,203,700	13,179,561,000
2012	72,015,057	1,768,039,281	13,729,063,000

Note: Dollars in Thousands.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

PER CAPITA PERSONAL INCOME[1]
County of Riverside, State of California, and United States
2005-2012

Year	County of Riverside	California	United States
2005	$28,873	$38,969	$35,888
2006	30,039	41,627	38,127
2007	30,871	43,157	39,804
2008	30,808	43,609	40,873
2009	29,433	41,569	39,357
2010	29,563	42,297	40,163
2011	31,074	44,666	42,298
2012	31,742	46,477	43,735

(1) Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Employment

The following table presents the Annual Average Labor Force for the City, County and State during years 2007 through 2013.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT[(1)]
City of Riverside, County of Riverside and State of California
2007-2013

Year	Area	Labor Force	Employment[(2)]	Unemployment[(3)]	Unemployment Rate
2007	City of Riverside	158,800	149,100	9,700	6.1%
	Riverside County	903,400	848,900	54,500	6.0
	State of California	17,921,000	16,960,700	960,300	5.4
2008	City of Riverside	160,500	146,700	13,800	8.6
	Riverside County	912,900	835,200	77,800	8.5
	State of California	18,191,000	16,883,400	1,307,600	7.2
2009	City of Riverside	161,300	139,500	21,800	13.5
	Riverside County	917,000	794,300	122,700	13.4
	California	18,204,200	16,141,500	2,062,700	11.3
2010	City of Riverside	165,100	140,900	24,200	14.6
	Riverside County	938,400	802,300	136,200	14.5
	State of California	18,176,200	15,916,300	2,259,900	12.4
2011	City of Riverside	165,300	142,400	22,900	13.9
	Riverside County	939,600	810,400	129,200	13.7
	State of California	18,404,500	16,237,300	2,167,200	11.8
2012	City of Riverside	166,100	145,600	20,500	12.3
	Riverside County	944,500	828,800	115,600	12.2
	State of California	18,494,900	16,560,300	1,934,500	10.5
2013	City of Riverside	167,600	150,300	17,400	10.4
	Riverside County	953,200	855,300	97,900	10.3
	State of California	18,596,800	16,933,000	1,663,500	8.9

(1) Data is based on annual averages, unless otherwise specified, and is not seasonally adjusted.
(2) Includes persons involved in labor-management trade disputes.
(3) Includes all persons without jobs who are actively seeking work.
Source: California Employment Development Department and U.S. Department of Labor, Bureau of Labor Statistics.

Industry

The District is included in the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (the "MSA"). The distribution of employment in the MSA is presented in the following table for calendar years 2008 through 2013. These figures are multi county-wide statistics and may not necessarily accurately reflect employment trends within the communities served by the District.

INDUSTRY EMPLOYMENT & LABOR FORCE
Riverside-San Bernardino-Ontario Metropolitan Statistical Area
2008-2013[(1)]

	2008	2009	2010	2011	2012	2013
Total Farm	15,900	14,900	15,000	14,900	15,000	14,600
Mining and Logging	1,200	1,100	1,000	1,000	1,200	1,200
Construction	90,700	67,900	59,700	59,100	62,600	69,300
Manufacturing:	106,900	88,700	85,100	85,100	86,700	86,800
Service Providing:						
Wholesale Trade	54,100	48,900	48,600	49,000	52,100	56,000
Retail Trade	168,600	156,200	155,500	158,500	162,300	164,800
Transportation, Warehousing & Utilities	70,200	66,800	66,600	68,800	73,800	78,600
Information	14,800	14,100	14,000	12,100	11,500	11,300
Financial Activities	46,100	42,500	41,000	39,900	40,800	42,000
Professional & Business Services	138,200	125,200	123,400	125,800	127,100	132,600
Education & Health Services	149,300	155,000	154,000	157,600	167,200	182,000
Leisure & Hospitality	131,000	123,800	122,800	124,000	129,300	136,200
Other Services	40,800	37,300	38,200	39,100	40,100	40,800
Government	231,000	235,200	234,300	227,500	224,600	225,000
Total (all industries)	1,258,800	1,177,600	1,159,300	1,162,200	1,194,200	1,241,000

(1) Annual averages, unless otherwise specified.
Note: Items may not add to total due to independent rounding.
Source: California Employment Development Department, Labor Market Information Division. March 2013 Benchmark.

Largest Employers

The following tables show the largest employers located in the County and City as of fiscal year 2013.

LARGEST EMPLOYERS
County of Riverside
2013

Rank	Name of Business	Employees
1.	County of Riverside	18,728
2.	March Air Reserve Base	9,000
3.	Stater Bros. Markets	6,900
4.	Walmart	5,681
5.	UC Riverside	5,497
6.	Riverside Unified School District	5,000
7.	Corona-Norco Unified School District	4,633
8.	Kaiser Permanente Riverside Med. Center	4,500
9.	Moreno Valley Unified School District	3,355
10.	Hemet Valley Unified School District	3,270

Source: County of Riverside 'Comprehensive Annual Financial Report' for the year ending June 30, 2013.

LARGEST EMPLOYERS
City of Riverside
2013

Rank	Name of Business	Employees
1.	County of Riverside	11,187
2.	Riverside Unified School District	5,580
3.	University of California	5,497
4.	Kaiser Permanente Riverside Med. Center	4,500
5.	City of Riverside	2,687
6.	Riverside Community College District[(1)]	2,087
7.	Riverside Community Hospital	1,880
8.	Riverside County Office of Education	1,765
9.	Alvord Unified School District	1,445
10.	Parkview Community Hospital	1,350

(1) For updated information regarding the District's bargaining units, see "RIVERSIDE COMMUNITY COLLEGE DISTRICT – Employee Relations" in the front part of this Official Statement.
Source: City of Riverside 'Comprehensive Annual Financial Report' for the year ending June 30, 2013.

Taxable Sales

The following tables show the recent history of taxable transactions in the County and City.

TAXABLE SALES
County of Riverside
(Dollars in Thousands)
2007-2012

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2007	22,918	$21,242,516	45,279	$29,023,609
2008	23,604	18,689,249	46,272	26,003,595
2009	29,829	16,057,488	42,765	22,227,877
2010	32,534	16,919,500	45,688	23,152,780
2011	33,398	13,530,016	46,886	18,618,294
2012	34,683	20,016,668	48,316	28,096,009

Note: In 2009, retail permits expanded to include permits for food services.
Source: "Taxable Sales in California (Sales & Use Tax)," California Board of Equalization.

TAXABLE SALES
City of Riverside
(Dollars in Thousands)
2007-2012

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2007	3,812	$3,888,251	7,427	$4,789,554
2008	3,889	3,209,083	7,578	4,093,218
2009	5,033	2,734,550	7,202	3,500,514
2010	5,690	2,889,292	7,907	3,692,302
2011	5,764	3,144,537	8,066	4,019,127
2012	6,196	3,348,220	8,484	4,238,975

Note: In 2009, retail permits expanded to include permits for food services.
Source: "Taxable Sales in California (Sales & Use Tax)," California Board of Equalization.

Building Activity

The following tables provide summaries of the building permit valuations and the number of new dwelling units authorized in the County and City from 2008 through 2012.

BUILDING PERMIT VALUATIONS
County of Riverside
2008-2012

	2008	2009	2010	2011	2012
Valuation ($000):					
Residential	$1,576,984	$1,053,694	$1,079,637	$873,411	$992,034
Non-residential	1,041,813	376,819	539,379	559,398	657,596
Total	$2,618,797	$1,430,513	$1,619,016	$1,432,809	$1,649,630
Residential Units:					
Single family	3,815	3,431	4,031	2,659	3,720
Multiple family	2,104	759	526	1,061	909
Total	5,919	4,190	4,557	3,720	4,629

Note: Totals may not add to sums because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMIT VALUATIONS
City of Riverside
2008-2012

	2008	2009	2010	2011	2012
Valuation ($000):					
Residential	$64,444	$23,944	$58,764	$43,918	$64,245
Non-residential	139,655	45,883	87,269	89,765	53,007
Total	$204,099	$69,827	$146,033	$133,683	$117,252
Residential Units:					
Single family	69	56	107	43	193
Multiple family	216	23	266	236	168
Total	285	79	373	279	361

Note: Totals may not add to sums because of rounding.
Source: Construction Industry Research Board.

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APPENDIX E

RIVERSIDE COUNTY POOLED INVESTMENT FUND

The following information concerning the Riverside County Pooled Investment Fund (the "Investment Fund") has been provided by the Riverside County (the "County") Treasurer-Tax Collector (the "Treasurer") and has not been confirmed or verified by the District, the Financial Advisor, or the Underwriter. The District, the Financial Advisor and the Underwriter have not made an independent investigation of the investments in the Investment Fund and have made no assessment of the current County investment policy. The value of the various investments in the Investment Fund will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors, may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Investment Fund will not vary significantly from the values described herein. Finally, neither the District, the Financial Advisor nor the Underwriter make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Investment Fund may be obtained from the Treasurer.

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RIVERSIDE COUNTY POOLED INVESTMENT FUND

The County Treasurer maintains one Pooled Investment Fund (the "PIF") for all local jurisdictions having funds on deposit in the County Treasury. As of April 30, 2014, the portfolio assets comprising the PIF had a market value of $5,767,857,211.55.

State law requires that all operating moneys of the County, school districts, and certain special districts be held by the County Treasurer. On June 30, 2013, the Auditor-Controller performed an analysis on the County Treasury which resulted in the identification and classification of "mandatory" vs. "discretionary" depositors. The County Auditor-Controller reports that collectively, these mandatory deposits constituted approximately 77.18% of the funds on deposit in the County Treasury, while approximately 22.82% of the total funds on deposit in the County Treasury represented discretionary deposits.

While State law permits other governmental jurisdictions to participate in the County's PIF, the desire of the County Treasurer is to maintain a stable depositor base for those entities participating in the PIF.

All purchases of securities for the PIF are to be made in accordance with the County Treasurer's 2013 Statement of Investment Policy, which is more restrictive than the investments authorized pursuant to Sections 53601 and 53635 of the California Government Code. The Policy Statement requires that all investment transactions be governed by first giving consideration to the safety and preservation of principal and liquidity sufficient to meet daily cash flow needs prior to achieving a reasonable rate of return on the investment. Investments are not authorized in reverse-repurchase agreements except for an unanticipated and immediate cash flow need that would otherwise cause the Treasurer to sell portfolio securities prior to maturity at a principal loss.

The investments in the Treasurer's Pooled Investment Fund as of April 30, 2014 were as follows:

U.S. Treasury Securities	$320,026,171.90	5.54%
Federal Agency Securities	$2,928,416,835.65	50.74%
Cash Equivalent & Money Market Funds	$1,104,000,000.00	19.12%
Commercial Paper	$1,197,325,971.08	20.75%
Medium Term Notes	-	0.00%
Municipal Notes	$66,306,549.75	1.15%
Certificates of Deposit	$155,000,000.00	2.69%
Repurchase Agreements	-	0.00%
Local Agency Obligations [(1)]	$455,000.00	0.01%
	$5,771,530,528.38	100.00%

Book Yield	0.37%
Weighted Average Maturity (years)	1.225

[(1)] Represents County Obligations issued by the Riverside District Court Financing Corporation.

As of April 30, 2014, the market value of the PIF was 99.94% of book value. The Treasurer estimates that sufficient liquidity exists within the portfolio to meet daily expenditure needs without requiring any sale of securities at a principal loss prior to their maturity.

In keeping with Sections 53684 and 53844 of the California Government Code, all interest, income, gains and losses on the portfolio are distributed quarterly to participants based upon their average daily balance except for specific investments made on behalf of a particular fund. In these instances, Sections 53844 requires that the investment income be credited to the specific fund in which the investment was made.

The Board has established an "Investment Oversight Committee" in compliance with California Government Code Section 27131. Currently, the Committee is composed of the County Finance Director, the County Treasurer-Tax Collector, the County Superintendent of Schools, a school district representative and a public member at large. The purpose of the committee is to review the prudence of the County's investment policy, portfolio holdings and investment procedures, and to make any findings and recommendations known to the Board. As of September 29, 2004, the State no longer required the County to have a local oversight committee; however, the County has elected to maintain the committee. The committee is utilized by the County to safeguard public funds and to perform other internal control measures.

The County has obtained a rating on the PIF of "AAA-bf" from Moody's Investors Service and "AAA/V1" rating from Fitch Ratings. There is no assurance that such ratings will continue for any given period of time or that any such rating may not be lowered, suspended or withdrawn entirely by the respective rating agency if, in the judgment of such rating agency, circumstances so warrant.