

**New Issue: Riverside Community College District, CA**

**MOODY'S ASSIGNS Aa3 RATING TO RIVERSIDE COUNTY CCD (CA) GO REFUNDING BONDS 2005**

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**APPROXIMATELY \$57.0 MILLION IN DEBT AFFECTED, INCLUDING CURRENT OFFERING**

Primary & Secondary Education  
CA

**Moody's Rating**

<b>ISSUE</b>	<b>RATING</b>
General Obligation Refunding Bonds, 2005	Aa3
<b>Sale Amount</b> \$57,000,000	
<b>Expected Sale Date</b> 05/23/05	
<b>Rating Description</b> GENERAL OBLIGATION BONDS	

**Moody's Outlook** No Outlook

**Opinion**

NEW YORK, May 20, 2005 -- Moody's Investors Service has assigned an Aa3 rating to Riverside Community College District's \$57.0 million 2005 General Obligation Refunding Bonds. Proceeds from the current offering refund the district's outstanding General Obligation Bonds Election of 2004, Series 2004A. The bonds are secured by the District's general obligation unlimited ad valorem property tax pledge. The rating reflects the District's very large, diverse and growing tax base, satisfactory financial operations despite narrowing general fund reserves, and a favorable debt position.

**RAPIDLY GROWING COMMUNITY WITH A LARGE AND GROWING TAX BASE; SOCIOECONOMIC INDICATORS ARE SLIGHTLY BELOW STATE AVERAGES**

Riverside Community College District is located in western Riverside County, one of the fastest growing counties in California. The district serves six unified school districts with a combined population of more than 800,000. Riverside County has benefited from its proximity to the diverse and dynamic economies of Los Angeles and Orange counties, which continue to show signs of economic expansion by outpacing the rest of the state on a number of indices. Riverside County also benefits from very strong job growth across its broad economic base. The County's unemployment rate of 4.3% for March 2005 is lower than the statewide and nationwide rates of 5.7% and 5.0% respectively for the same period.

Home sales remain strong. Average annual tax base growth in the district was a rapid 10.7% from 2000-2005; current assessed value is substantial at \$50.5 billion and comparable to other Aa3 rated California community college districts. Socioeconomic indicators of the district are below state averages. Moody's estimates of per capita and median family incomes were 70% and 92% of the state, respectively based on the service area's unified school districts. The district's full value per capita is below the state median and is estimated to be \$63,135 in 2005.

**NARROWING YET STILL SATISFACTORY FINANCES; CONSERVATIVE MANAGEMENT PRACTICES MITIGATE FISCAL STRESS**

Moody's believes the district's financial position remains satisfactory despite narrowing reserve levels. District officials inform Moody's that recent draws from the general fund balance were primarily due to one-time capital expenditures. In fiscal 2004, the district's general fund balance had fallen to \$9.7 million or 8.6% of general fund revenues. Preliminary estimates for fiscal 2005 place the general fund balance at \$10.1 million or 8.9% of general fund revenues, well above the targeted reserve level of 5%. Moody's believes that this level of reserves is adequate for the community college district of this size. Moreover, the inherent operating flexibility of California community college districts through enrollment management further mitigates funding pressures from the state. Moody's believes that the fiscal 2005 estimates reflect the district's continuing implementation of earlier budget cuts and reasonable assumptions for increased funding for COLA, and FTE growth.

## LOW DEBT BURDEN; RAPID PAYOUT OF DEBT, SATISFACTORY DEBT STRUCTURE

The current offering refunds a portion of the district's outstanding General Obligation Bonds Election of 2004, Series 2004A for debt service savings. The district's direct debt burdens remains very low 0.1%, while the overall debt burden at 3.9% is relatively high reflecting the high debt levels of overlapping entities, particularly those of community facilities districts and the County of Riverside. The ten-year principal payout rate of 43.8% is relatively rapid fast for California community college districts.

### KEY STATISTICS

Assessed value, FY2005: \$50.5 billion

Estimated Median family income (estimate), 2000 census: \$48,730, (92% of state)

Estimated Per capita income (estimate), 2000 census: \$15,874 (70% of state)

Average annual growth, assessed value, 2000-2005: 10.7%

General Fund balance, FY2004: \$9.7 million (8.6% of revenues)

Full-time equivalent students, FY2004: 23,721

Overall debt burden: 3.9%

Direct debt burden: 0.1%

Payout of principal (10 years): 43.8%

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