

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

**MOODY'S ASSIGNS Aa3 RATING TO RIVERSIDE CCD (CA) GO BONDS SERIES 2007C**

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**APPROXIMATELY \$170 MILLION IN DEBT AFFECTED, INCLUDING CURRENT OFFERING**

Primary & Secondary Education  
CA

**Moody's Rating**

<b>ISSUE</b>	<b>RATING</b>
General Obligation Bonds, Series 2007C	Aa3
<b>Sale Amount</b> \$90,000,000	
<b>Expected Sale Date</b> 06/07/07	
<b>Rating Description</b> General Obligation Bonds	

**Opinion**

NEW YORK, Jun 6, 2007 -- Moody's Investors Service has assigned an Aa3 rating to the \$90 million offering of the Riverside Community College District, Election of 2004 General Obligation Bonds, Series 2007C. The bonds are secured by an unlimited property tax pledge of the district. Proceeds will be used for new construction and renovation of district facilities. Moody's has also affirmed the Aa3 on the district's outstanding general obligation bonds. The Aa3 rating is based upon the district's exceptionally large and rapidly expanding tax base, average wealth levels, strong financial position, and manageable debt levels.

**EXCEPTIONALLY LARGE AND RAPIDLY GROWING TAX BASE; AVERAGE RESIDENT WEALTH LEVELS**

The district's assessed valuation (AV) has averaged a rapid 14.6% growth since 2002 and in 2007 reached \$72 billion. The district's AV is well above the median for Aa3 rated California community college districts. Growth in the local economy has been fueled by several factors. The district's population of approximately 1 million is still growing and expected to reach 1.3 million by 2020. Riverside County is among the fastest growing counties in California. The district serves the cities of Riverside, Corona, Moreno Valley, Norco, and Perris which have each experienced double-digit population growth between 2000 and 2006. These new residents have been drawn to the district's affordable housing which is approximately 60 miles from the City of Los Angeles and within commuting distance to the massive and diverse greater Los Angeles area economy. As home sales and population have continued to grow, the City of Riverside, which is about 30% of the district, has ascended to become one of California's largest suburban retail centers. As a result of these developments the district's retail and construction industries are the largest sectors of the economy.

Income levels in the district are somewhat low, with resident per capita and median family incomes at only 81% and 97% of state levels respectively and below the median for the California Aa3 rating level.

**SOUND FISCAL MANAGEMENT RESULTS IN SOLID AND CONSISTENT FINANCIAL POSITION**

The district's 2006 audited general fund balance of 11.9% is in keeping with the district's four year general fund balance average of 10%. Though the district has a fund balance policy of 5%, they have consistently exceeded this level due to sound and conservative financial management practices. These practices include only budgeting for known revenues, calculating reserves from revenues as opposed to expenditures, crafting a multi-year budget outlook and allocating funds to their reserves prior to allocating other expenditures. As a result, the district has had positive operating results since 2004. The district anticipates a 2007 fund balance of 10.1% which will still place it ahead of the Aa3 median for California community college districts. The district's conservative projections have forecasted a \$468,000 operating deficit for 2007. However, the district normally exceeds its projections and Moody's expects that will in fact show another operating surplus. The district's long range outlook calls for an operating surplus of \$6.8 million in 2008 on the strength of grants and one-time funds from the state.

**MANAGEABLE DEBT POSITION**

The district's direct and overall debt levels are 0.2% and 4.1% respectively, the latter of which is somewhat higher than the California community college median. However, due to the rapid AV growth of the area, Moody's does not expect these obligations to be overly burdensome for district taxpayers. The district has a 10-year payout of 35.5% which is typical for a California community college district. This issuance is the district's second within a \$350 million authorization passed by voters in 2004. The district plans to issue the remaining \$175 in authorization over the next nine to 12 years.

## KEY STATISTICS

Assessed Value, FY2007: \$72 billion

Average annual growth, A.V., 2002-2007: 14.6%

General Fund balance, FY2006: \$16.9 million (11.9% of general fund revenues)

Overall debt burden: 4.1%

Direct debt burden: 0.2%

Principal payout in ten years: 35.5%

Per capita income: 81%

Median family income: 97%

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