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 Series 2010D-1 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 certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Series 2010D 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 (and original issue discount) on the Series 2010D Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.

$7,699,278.45
RIVERSIDE COMMUNITY COLLEGE DISTRICT
(Riverside County, California)
Election of 2004 General Obligation Bonds,
Series 2010D
(Tax-Exempt)

$102,300,000
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)

Dated: Date of Delivery **Due: August 1, as shown on 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 County, California) Election of 2004 General Obligation Bonds, Series 2010D (Tax-Exempt) (the "Series 2010D Bonds") and Series 2010D-1 (Build America Bonds – Direct Payment to District) (Federally Taxable) (the "Series 2010D-1 Bonds" and referred to herein with the Series 2010D Bonds as the "Bonds") were authorized at an election of the registered voters of the Riverside Community College District (the "District") held on March 2, 2004, at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of $350,000,000 principal amount of general obligation bonds of the District. The Bonds are being issued 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* taxes. The Board of Supervisors of Riverside County is empowered and obligated to levy *ad valorem* taxes, without limitation as to rate or amount, upon all property within the District subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of the principal of and interest on the Bonds when due.

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 The Depository Trust Company, New York, New York ("DTC"). Purchasers will not receive certificates representing their interest in the Bonds.

The Series 2010D-1 Bonds will be issued as current interest bonds and the Series 2010D Bonds will be issued as capital appreciation bonds. Interest with respect to the Series 2010D-1 Bonds accrues from the date of their delivery and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2011. The Series 2010D-1 Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof. The Series 2010D Bonds are dated their date of delivery and accrete interest from such date, compounded semiannually on February 1, and August 1 of each year, commencing February 1, 2011. The Series 2010D Bonds are issuable in denominations of $5,000 Maturity Value or any integral multiple thereof.

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% of the interest payable on such Series 2010D-1 Bonds. The District is obligated to make all payments of principal of and interest on the Series 2010D-1 Bonds from the sources described herein whether or not it receives cash subsidy payments pursuant to the Stimulus Act.

Payments of principal and Maturity Value of and interest on the Bonds will be made by U.S. Bank National Association, as the designated Paying Agent, Bond Registrar and Transfer Agent (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 "APPENDIX D – BOOK-ENTRY ONLY SYSTEM.")

The Series 2010D-1 Bonds are subject to optional redemption and mandatory sinking fund redemption prior to their stated maturity dates, as described herein. The Series 2010D Bonds are not subject to redemption prior to their stated maturity dates.

The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel. Certain matters will be passed upon for the Underwriter by Kutak Rock LLP, Denver, Colorado, and for the District by Best Best & Krieger LLP, Riverside, California. The Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about November 10, 2010.

PiperJaffray®

Dated: October 27, 2010

$7,699,278.45
RIVERSIDE COMMUNITY COLLEGE DISTRICT
(Riverside County, California)
Election of 2004 General Obligation Bonds,
Series 2010D
(Tax-Exempt)

MATURITY SCHEDULE

Maturity (August 1)	Principal Amount	Accretion Rate	Yield	Price	CUSIP†
2015	$ 216,213.75	12.000%	2.360%	89.506%	76886PDS9
2016	292,495.50	12.000%	2.730%	85.621%	76886PDT7
2017	349,375.50	12.000%	3.100%	81.312%	76886PDU4
2018	394,266.20	12.000%	3.440%	76.837%	76886PDV2
2019	425,056.25	12.000%	3.850%	71.697%	76886PDW0
2020	538,845.60	9.750%	4.190%	66.813%	76886PDX8
2021	945,859.20	4.720%	4.720%	60.632%	76886PDY6
2022	1,002,768.50	4.930%	4.930%	56.494%	76886PDZ3
2023	1,037,941.50	5.120%	5.120%	52.554%	76886PEA7
2024	1,061,033.10	5.350%	5.350%	48.449%	76886PEB5
2025	1,435,423.35	5.530%	5.530%	44.787%	76886PEE9

$102,300,000
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)

$36,580,000 6.971% Term Bonds due August 1, 2035 - Yield 6.971%, CUSIP† 76886PEC3
$65,720,000 7.021% Term Bonds due August 1, 2040 - Yield 7.021%, CUSIP† 76886PED1

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data on the cover hereof and 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. The District, the Financial Advisor and the Underwriter are not responsible for 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. 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 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 respective 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 the 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 SECURITIES 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.

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$7,699,278.45 RIVERSIDE COMMUNITY COLLEGE DISTRICT (Riverside County, California) Election of 2004 General Obligation Bonds, Series 2010D (Tax-Exempt)	$102,300,000 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)

INTRODUCTION

This Official Statement, which includes the cover page and appendices hereto, provides information in connection with the sale of Riverside Community College District (Riverside County, California) Election of 2004 General Obligation Bonds, Series 2010D (Tax-Exempt) (the "Series 2010D Bonds") and the Election of 2004 General Obligation Bonds, Series 2010D-1 (Build America Bonds – Direct Payment to District) (Federally Taxable) (the "Series 2010D-1 Bonds" and referred to herein with the Series 2010D Bonds as 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 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

The Riverside Community College District (the "District"), located in Riverside, California, serves western Riverside County and encompasses 440 square miles. It contains the Riverside Unified, Alvord Unified, Corona/Norco Unified, Jurupa Unified, Moreno Valley Unified and Val Verde Unified School Districts. The District was founded in 1916.

The District provides educational services on three college campuses, Riverside City, Moreno Valley and Norco. The campuses served approximately 31,566 full-time equivalent students in 2008-09, and approximately 31,696 full-time equivalent students in 2009-10. Estimated enrollment for 2010-11 is 28,596 full-time equivalent students. There are approximately 2,472 persons employed by the District. The District offers a broad-based curriculum and basic transfer programs to four-year colleges and universities in California. The District also provides specialized programs leading directly to employment and to improving the skill and knowledge of those already employed in the work force. Such efforts include the District's nursing and automotive technology programs. In addition, the District provides a variety of educational and special interest non-credit courses through its Community Education Program. For more complete information concerning the District, including certain financial information, see "RIVERSIDE COMMUNITY COLLEGE DISTRICT" herein. Excerpts from the audited financial report for the fiscal year ended June 30, 2009 are attached hereto as APPENDIX B.

The District is governed by a five-member Board of Trustees (the "Board of Trustees"), each member of which is elected to a four-year term. Elections for positions to the Board of Trustees are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Chancellor appointed by the Board of Trustees who is responsible for day to day District operations as well as the supervision of the District's other key personnel. Dr. Gregory Gray is the current Chancellor of the District.

Purpose of the Bonds

The Bonds are being issued to finance 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. See "THE BONDS – Application and Investment of Bond Proceeds."

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the State of California Government Code and pursuant to resolutions adopted by the Board of Trustees of the District and the Board of Supervisors of the County. See "THE BONDS – Authority for Issuance."

Security and Sources of Payment for the Bonds

The Bonds are general obligations of the District payable solely from proceeds of *ad valorem* taxes. The Board of Supervisors of the County has the power and is obligated to annually levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except upon certain personal property which is taxable at limited rates), for the payment of principal of or Maturity Value (as defined below) of and interest on the Bonds. See "RIVERSIDE COMMUNITY COLLEGE DISTRICT" and "THE BONDS – Security and Sources of Payment."

Description of the Bonds

General. The Series 2010D-1 Bonds will be issued as current interest bonds and the Series 2010D Bonds will be issued as capital appreciation bonds. The Series 2010D-1 Bonds mature on August 1 in the years indicated on the inside cover page hereof. The Series 2010D Bonds are payable only at maturity and will not pay interest on a current basis. The maturity value of a Series 2010D Bond is equal to its accreted value upon the maturity thereof (the "Maturity Value"), being composed of its initial principal amount (the "Denominational Amount") and the interest accreting thereon between the delivery date thereof and its respective maturity date.

Series 2010D-1 Bonds. The Series 2010D-1 Bonds are being issued under the provisions 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 ("Federal Subsidy") equal to 35% of the interest payable on the Series 2010D-1 Bonds. The Series 2010D-1 Bonds mature on August 1 in the years indicated on the inside cover page hereof.

Form, Registration and Denominations. The Bonds will be issued in fully registered form only, without coupons. 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 "APPENDIX D – BOOK-ENTRY ONLY SYSTEM." 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). Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in denominations of $5,000 principal amount of $5,000 Maturity Value, as applicable, or any integral multiple thereof.

Payments. Interest on the Series 2010D-1 Bonds accrues from their initial date of delivery, and is payable semiannually on each February 1 and August 1 (each a "Bond Payment Date"), commencing February 1, 2011. Principal on the Series 2010D-1 Bonds is payable on August 1 in the amounts and years as set forth on the inside cover page hereof. Each Series 2010D Bond accretes in value from its initial principal amount on the date of delivery to its Maturity Value on the maturity thereof at the Accretion Rate per annum set forth in APPENDIX F attached hereto, compounded semiannually on February 1 and August 1 of each year commencing February 1, 2011, and is payable only at maturity according to the amounts set forth in the accreted value tables as shown in APPENDIX F. Payments of the principal and Maturity Value of and interest on the Bonds will be made by U.S. Bank National Association, the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement through DTC Participants (defined in APPENDIX D) to the Beneficial Owners (defined in APPENDIX D) of the Bonds.

Redemption. The Series 2010D-1 Bonds may be redeemed before maturity at the option of the District from any source of funds, on August 1, 2020, or any date thereafter, as a whole or in part, as described herein.

The Series 2010D-1 Bonds are also subject to mandatory sinking fund and extraordinary redemption as described herein. See "THE BONDS – Redemption." The Series 2010D Bonds are not subject to redemption prior to maturity.

Tax Matters

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 and truthfulness of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Series 2010D 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. Bond Counsel observes that interest on the Series 2010D-1 Bonds is not excluded from gross income for federal income tax purposes. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS."

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 November 10, 2010.

Continuing Disclosure

The District has covenanted that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. "Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate relating to disclosure of annual financial information and notices of certain events executed by the District as of the date of issuance and delivery of the Bonds, as it may be amended from time to time in accordance with the terms thereof. See "LEGAL MATTERS – Continuing Disclosure" and "APPENDIX C – Form of Continuing Disclosure Certificate."

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is acting as Bond Counsel to the District with respect to the Bonds. Keygent LLC, El Segundo, California, will act as Financial Advisor to the District. U.S. Bank National Association has been appointed as Paying Agent for the Bonds. Certain matters will be passed upon for the Underwriter by Kutak Rock LLP, Denver, Colorado and for the District by Best Best & Krieger LLP, Riverside, California, as District Counsel and as Disclosure Counsel. Stradling Yocca Carlson & Rauth and Best Best & Krieger LLP will receive compensation from the District contingent upon the sale and delivery of the Bonds.

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 Riverside Community College District, 4800 Magnolia Avenue, Riverside, California 92506, telephone: (951) 222-8047. 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 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.

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, commencing with Section 53506, as amended, Article XIIIA of the California Constitution and pursuant to resolutions adopted by the Board of Trustees of the District on September 21, 2010 and by the Board of Supervisors of the County on October 5, 2010 (collectively, the "Resolution"). The District received authorization at an election held on March 2, 2004 by more than fifty-five percent of the votes cast by eligible voters within the District to issue $350,000,000 of general obligation bonds (the "Authorization").

On August 3, 2004 the District issued the first two series of bonds pursuant to the Authorization: (i) the District's General Obligation Bonds, Election of 2004, Series 2004A in the aggregate principal amount of $55,205,000 (the "Series 2004A Bonds") and (ii) the District's General Obligation Bonds, Election of 2004, Series 2004B in the aggregate principal amount of $9,795,000 (the "Series 2004B Bonds"). On June 21, 2007, the District issued the third series of bonds pursuant to the Authorization: the District's Election of 2004 General Obligation Bonds, Series 2007C in the aggregate principal amount of $90,000,000 (the "Series 2007C Bonds"). The Bonds represent the fourth and fifth series of bonds under the Authorization. After the issuance of the Bonds, $85,000,721.55 of the Authorization will remain available.

Security and Sources of Payment

The Bonds are general obligations of the District, payable from *ad valorem* taxes. The Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes, without limitation as to rate or amount, for the payment of the principal of and interest on the Bonds upon all property subject to taxation by the District (except certain personal property which is taxable at limited rates). Such taxes, when collected, will be placed by the County in the District's Election of 2004 General Obligation Bonds, Series 2010D Debt Service Fund (as defined herein), which is segregated and maintained by the County and which is irrevocably pledged for the payment of the Bonds and interest thereon when due. Although the County is obligated to levy an *ad valorem* tax for the payment of the Bonds, and the County will maintain the Debt Service Fund pledged to the repayment of the Bonds, the Bonds are not a debt of the County. See "RIVERSIDE COMMUNITY COLLEGE DISTRICT – *Ad Valorem* Property Taxation" herein for information on the District's tax base.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds as the same becomes due and payable, shall be transferred by the County to the Paying Agent (as defined herein). 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.

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 certificates representing their interest in the Bonds.

Interest with respect to the Series 2010D-1 Bonds accrues from their date of delivery, and is payable semiannually on February 1 and August 1 of each year commencing February 1, 2011. Interest on the Series 2010D-1 Bonds shall be computed on the basis of a 360-day year of twelve 30-day months. Each Series 2010D-1 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 15th day of the month next 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 January 15, 2011, in which event it shall bear interest from its date of delivery. The Series 2010D-1 Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof. The Bonds mature on August 1, in the years and amounts set forth on the inside cover page hereof.

The Series 2010D Bonds are payable only at maturity, and will not pay interest on a current basis. The Series 2010D Bonds are issuable in denominations of $5,000 Maturity Value or any integral multiple thereof. The Series 2010D Bonds accrete in value from the Date of Delivery at the accretion rates per annum set forth in APPENDIX F hereto, compounded semiannually on February 1 and August 1 of each year commencing February 1, 2011. The Maturity Value of a Series 2010D Bond is its Accreted Value at its maturity date. Interest with respect to each Series 2010D Bond is represented by the amount each Series 2010D Bond accretes in value from its initial principal amount on the Date of Delivery (the "Denominational Amount") to the date for which Accreted Value is calculated. The Accreted Value of a Series 2010D Bond is calculated by discounting on a 30-day month, 360-day year basis its Maturity Value on the basis of a constant interest rate (the "Accretion Rate") compounded semiannually on February 1 and August 1, of each year to the date for which an Accreted Value is calculated, and if the date for which Accreted Value is calculated is between February 1 and August 1, by pro-rating the Accreted Values to the closest prior or subsequent February 1 and August 1. See the maturity schedule on the inside cover page hereof and "APPENDIX F – ACCRETED VALUE TABLES."

The principal of the Series 2010D-1 Bonds and the Maturity Value of the Series 2010D Bonds shall be payable in lawful money of the United States of America to the registered owner thereof, upon the surrender thereof at the principal corporate trust office of the Paying Agent. The interest on the Bonds shall be payable in lawful money of the United States of America to the person whose name appears on the bond registration books of the Paying Agent as the registered owner thereof as of the close of business on the 15th day of the month next preceding any Interest Payment Date (a "Record Date"), whether or not such day is a business day, such interest to be paid by check or draft mailed on such Interest Payment Date to such registered owner at such registered owner's address as it appears on such registration books or at such address as the registered owner may have filed with the Paying Agent for that purpose. The interest payments on the Bonds shall be made in immediately available funds (e.g., by wire transfer) to any registered owner of at least $1,000,000 of outstanding Bonds who shall have requested in writing such method of payment of interest on the Bonds prior to the close of business on the Record Date immediately preceding any Bond Payment Date.

Series 2010D-1 Bonds

The Series 2010D-1 Bonds are being issued under Section 54AA(d) of the Internal Revenue Code of 1986 (the "Code") and as "qualified Build America Bonds" (Direct Subsidy) under Section 54AA(g) of the Code. In connection with the issuance of the Series 2010D-1 Bonds, and as permitted by the Stimulus Act, the District will elect (which election is irrevocable pursuant to the provisions of the Stimulus Act) to receive directly from the United States Department of the Treasury on or about each interest payment date for the Series 2010D-1 Bonds a Federal Subsidy payment equal to 35% of the taxable interest it pays on the Series 2010D-1

Bonds to the Holders thereof. The Federal Subsidy payment does not constitute a full faith and credit guarantee of the United States Government, but is required to be paid by the United States Treasury under the Stimulus Act. If the District fails to comply with the conditions to receiving the Federal Subsidy payments throughout the term of the Series 2010D-1 Bonds, it may no longer receive the Federal Subsidy payments and could be subject to a claim for the return of previously received Federal Subsidy payments. The District is obligated to make all payments of principal of and interest on the Series 2010D-1 Bonds from *ad valorem* property tax collected for such purpose whether or not it receives Federal Subsidy payments pursuant to the Stimulus Act.

Annual Debt Service on the Bonds

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

$109,999,278.45
RIVERSIDE COMMUNITY COLLEGE DISTRICT
(Riverside County, California)
Election of 2004 General Obligation Bonds,
Series 2010D (Tax-Exempt) and
Series 2010D-1 (Build America Bonds-Direct Payment to District) (Federally Taxable)

	Series 2010D Bonds		Series 2010D-1 Bonds				
Period Ending August 1	Annual Principal Payment	Annual Accreted Interest Payment [1]	Annual Principal Payment	Annual Interest Payment [2]	Total Debt Service	Less Federal Subsidy Payment [3]	Net Total Annual Debt Service
2011	$ ---	$ ---	$ ---	$5,194,039.93	$5,194,039.93	-$1,817,913.98	$3,376,125.95
2012	---	---	---	7,164,193.00	7,164,193.00	-2,507,467.56	4,656,725.44
2013	---	---	---	7,164,193.00	7,164,193.00	-2,507,467.56	4,656,725.44
2014	---	---	---	7,164,193.00	7,164,193.00	-2,507,467.56	4,656,725.44
2015	216,213.75	158,786.25	---	7,322,979.25	7,539,193.00	-2,507,467.56	5,031,725.44
2016	292,495.50	277,504.50	---	7,441,697.50	7,734,193.00	-2,507,467.56	5,226,725.44
2017	349,375.50	415,624.50	---	7,579,817.50	7,929,193.00	-2,507,467.56	5,421,725.44
2018	394,266.20	575,733.80	---	7,739,926.80	8,134,193.00	-2,507,467.56	5,626,725.44
2019	425,056.25	749,943.75	---	7,914,136.75	8,339,193.00	-2,507,467.56	5,831,725.44
2020	538,845.60	821,154.40	---	7,985,347.40	8,524,193.00	-2,507,467.56	6,016,725.44
2021	945,859.20	614,140.80	---	7,778,333.80	8,724,193.00	-2,507,467.56	6,216,725.44
2022	1,002,768.50	772,231.50	---	7,936,424.50	8,939,193.00	-2,507,467.56	6,431,725.44
2023	1,037,941.50	937,058.50	---	8,101,251.50	9,139,193.00	-2,507,467.56	6,631,725.44
2024	1,061,033.10	1,128,966.90	---	8,293,159.90	9,354,193.00	-2,507,467.56	6,846,725.44
2025	1,435,423.35	1,769,576.65	---	8,933,769.65	10,369,193.00	-2,507,467.56	7,861,725.44
2026	---	---	---	7,164,193.00	7,164,193.00	-2,507,467.56	4,656,725.44
2027	---	---	---	7,164,193.00	7,164,193.00	-2,507,467.56	4,656,725.44
2028	---	---	---	7,164,193.00	7,164,193.00	-2,507,467.56	4,656,725.44
2029	---	---	---	7,164,193.00	7,164,193.00	-2,507,467.56	4,656,725.44
2030	---	---	---	7,164,193.00	7,164,193.00	-2,507,467.56	4,656,725.44
2031	---	---	760,000.00	7,164,193.00	7,924,193.00	-2,507,467.56	5,416,725.44
2032	---	---	7,405,000.00	7,111,213.40	14,516,213.40	-2,488,924.70	12,027,288.70
2033	---	---	8,675,000.00	6,595,010.86	15,270,010.86	-2,308,253.80	12,961,757.06
2034	---	---	9,455,000.00	5,990,276.60	15,445,276.60	-2,096,596.82	13,348,679.78
2035	---	---	10,285,000.00	5,331,168.56	15,616,168.56	-1,865,909.00	13,750,259.56
2036	---	---	11,160,000.00	4,614,201.20	15,774,201.20	-1,614,970.42	14,159,230.78
2037	---	---	12,095,000.00	3,830,657.60	15,925,657.60	-1,340,730.16	14,584,927.44
2038	---	---	13,085,000.00	2,981,467.66	16,066,467.66	-1,043,513.68	15,022,953.98
2039	---	---	14,135,000.00	2,062,769.80	16,197,769.80	-721,969.44	15,475,800.36
2040	---	---	15,245,000.00	1,070,351.46	16,315,351.46	-374,623.02	15,940,728.44

(1) The Series 2010D Bonds are payable only at maturity on August 1 of the years indicated on the inside cover hereof, and interest on such Series 2010D Bonds is compounded semiannually on February 1 and August 1, commencing February 1, 2011.
(2) Interest payments on the Series 2010D-1 Bonds will be made semiannually on February 1 and August 1 of each year, commencing February 1, 2011.
(3) The District anticipates receiving such amounts by way of Federal Subsidy payments. If such Federal Subsidy Payments are not received, the District is required to make the entire principal and interest payment on the Series 2010D-1 Bonds.

See “DISTRICT FINANCIAL MATTERS – District Debt Structure” for a debt service schedule of all District outstanding general obligation bond debt.

Application and Investment of Bond Proceeds

The Bonds are being issued to finance 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 proceeds from the sale of the Series 2010D Bonds shall be paid to the County to the credit of the “Riverside Community College District Election of 2004 General Obligation Bonds, Series 2010D Building Fund” (the “Tax-Exempt Building Fund”). The proceeds from the sale of the Series 2010D-1 Bonds shall be paid to the County to the credit of the “Riverside Community College District Election of 2004 General Obligation Bonds, Series 2010D-1 Building Fund (the “Build America Bond Building Fund” and referred to herein with the Tax-Exempt Building Fund as the “Building Funds”) Any premium received by the County from the sale of the Bonds shall be kept separate and apart in the fund hereby created and established and to be designated as the “Riverside Community College District Election of 2004 General Obligation Bonds, Series 2010D Debt Service Fund” (the “Debt Service Fund”) for the Bonds and used only for payment of principal or Maturity Value of and interest on the Bonds. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of principal or Maturity Value of and interest on the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the General Fund of the District.

Moneys in the Building Funds are authorized to be invested in any one or more investments generally permitted to school districts under the laws of the State of California or as permitted by the Resolution, including guaranteed investment contracts. Moneys in the Building Funds and the Debt Service Fund are expected to be invested through the Riverside County Treasury Pool. See “RIVERSIDE COUNTY POOLED INVESTMENT FUND” herein.

Redemption

No Redemption of Series 2010D Bonds Prior to Maturity. The Series 2010D Bonds are not subject to redemption prior to their fixed maturity dates.

Optional Redemption of Series 2010D-1 Bonds. The Series 2010D-1 Bonds are subject to redemption prior to their stated maturity dates, at the option of the District, from any source of funds, on August 1, 2020 or on any date thereafter, as a whole or in part, at a redemption price equal to the principal amount of Series 2010D-1 Bonds so redeemed, together with interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption of Series 2010D-1 Bonds. The Series 2010D 1 Bonds maturing on August 1, 2035, are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 2031, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount represented by such Series 2010D-1 Bonds to be so redeemed and the dates therefor and the final principal payment date is as indicated in the following table:

Series 2010D-1 Bonds Maturing August 1, 2035

Redemption Date (August 1)	Principal Amount
2031	$ 760,000
2032	7,405,000
2033	8,675,000
2034	9,455,000
2035 (maturity)	10,285,000

The Series 2010D-1 Bonds maturing on August 1, 2040, are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 2036, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount represented by such Series 2010D-1 Bonds to be so redeemed and the dates therefor and the final principal payment date is as indicated in the following table:

Redemption Date (August 1)	**Principal Amount**
2036	$11,160,000
2037	12,095,000
2038	13,085,000
2039	14,135,000
2040 (maturity)	15,245,000

Extraordinary Optional Redemption of Series 2010D-1 Bonds. The Series 2010D-1 Bonds are subject to extraordinary redemption, at the option of the District, upon the occurrence of an "Extraordinary Event" from any source of available funds, in whole or in part, at the "Extraordinary Optional Make-Whole Redemption Price." See "Selection of Series 2010D-1 Bonds for Redemption." The "Extraordinary Optional Make-Whole Redemption Price" means the amount equal to the greater of the following:

(i) the issue price of the Series 2010D-1 Bonds set forth in the bond purchase agreement relating to the Series 2010D-1 Bonds of the principal amount of the Series 2010D-1 Bonds to be redeemed plus accrued interest on the Series 2010D-1 Bonds to be redeemed to the date of redemption; or

(ii) the sum of the present value of the remaining scheduled payments of the principal of and interest with respect to the Series 2010D-1 Bonds to be redeemed to the maturity date of such Series 2010D-1 Bonds, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2010D-1 Bonds are to be redeemed, discounted to the date on which the Series 2010D-1 Bonds are to be redeemed on a semi-annual basis assuming a 360-day year containing twelve 30-day months, at the Treasury Rate, plus 100 basis points plus accrued interest on the Series 2010D-1 Bonds to be redeemed to the date of redemption.

Definitions Applicable to Make-Whole Prepayment Prices. For the purpose of determining the Extraordinary Make-Whole Redemption Price, the following definitions apply:

"Treasury Rate" means, with respect to any redemption date for a particular Build America Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the redemption date (excluding inflation-indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2010D-1 Bonds to be redeemed; provided, however that if the period from the redemption date to the maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

"Extraordinary Event" means an event causing the Federal Subsidy Payment expected to be received with respect to the Series 2010D-1 Bonds to be eliminated or reduced, as reasonably determined by the District, which determination shall be conclusive, as a result of:

(i) a material adverse change to Section 54AA or 6431 of the Code,

(ii) guidance published by the Internal Revenue Service or the United States Treasury with respect to such Sections, or

(iii) a determination by the Internal Revenue Service or the United States Treasury, which determination is not the result of a failure of the District, to satisfy certain requirements of the Code.

Selection of Series 2010D-1 Bonds for Redemption. Whenever provision is made for the optional redemption of Series 2010D-1 Bonds and less than all Series 2010D-1 Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Series 2010D-1 Bonds for redemption as so directed and if not directed, in inverse order of maturity.

Within a maturity, if the Series 2010D-1 Bonds are not registered in book-entry only form, redemption shall be effected by the Paying Agent among the owners on a pro-rata basis in denominations of $5,000 principal amount or any integral multiple thereof. The particular Series 2010D-1 Bonds to be redeemed shall be determined by the Paying Agent, using such method as it shall deem fair and appropriate.

Within a maturity, if the Series 2010D-1 Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the Series 2010D-1 Bonds, the particular Series 2010D-1 Bonds or portions thereof to be redeemed shall be selected on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC procedures, provided further that, such redemption is made in accordance with the operational arrangements of DTC then in effect. Neither the District nor the Paying Agent shall have any responsibility to ensure that DTC or the DTC Participants properly select such 2010D-1 Bonds for redemption.

Notice of Redemption. Notice of any redemption of Bonds will be mailed, postage-prepaid, not less than thirty nor more than forty-five days prior to the redemption date (i) to the respective Registered Owners thereof at the addresses appearing on the bond registration books of the Paying Agent, and (ii) to the Securities Depositories described below. Notice of redemption to the Securities Depository may be given by facsimile transmission or overnight delivery service in lieu of by mail. 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.

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

The actual receipt by an Owner or by the Securities Depository of notice of such redemption shall not be a condition precedent to redemption, and neither failure to receive such notice nor any defect in such notice shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest thereon on the date fixed for redemption.

The notice or notices required for redemption will be given by the Paying Agent or its designee. A certificate by the Paying Agent that notice of call and redemption has been given to owners of Bonds and to the appropriate Securities Depositories and Information Services shall be conclusive as against all parties, and no Owner whose Bond is called for redemption may object thereto or object to the cessation of interest on the fixed redemption date by any claim or showing that said Bondowner failed to actually receive such notice of call and redemption.

Payment of Redeemed Bonds. When notice of redemption has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (principal, interest, and premium, if any) is set aside for that purpose in the Debt Service Fund, as described below, the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the notice of redemption with the form of assignment endorsed thereon executed in blank, said Bonds will be redeemed and paid at the redemption price thereof out of the Debt Service Fund. All unpaid interest payable at or prior to the redemption date will continue to be payable to the respective Owners, but without interest thereon.

Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent will execute and 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 County and the District will be released and discharged thereupon from all liability to the extent of such payment.

Effect of Notice of Redemption. If on the applicable designated redemption date, money for the redemption of the Bonds to be redeemed, together with interest to such redemption date, is held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof will have been given substantially as described above, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue and become payable.

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity, 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 by the Paying Agent irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and accrued interest with respect thereto to the date fixed for redemption, then such Bonds will no longer be deemed Outstanding and shall be surrendered to the Paying Agent for cancellation.

Transfer and Exchange

Any Bonds may be exchanged for Bonds of any authorized denomination upon presentation and surrender at the office of the Paying Agent, initially located in Los Angeles, California, 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 registration books upon presentation and surrender of the Bond at such office of the Paying Agent together with an assignment executed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of any authorized denomination or denominations requested by the owner equal in the aggregate to the unmatured 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 to exchange or transfer any Bond during the period from the 15th day of the month preceding each Interest Payment Date to such Interest Payment Date or from the sixteenth day next preceding a date for which such Bond has been selected 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 the Paying Agent or with an independent escrow agent selected by the District an amount of cash which together with amounts then on deposit in the Debt Service Fund is sufficient to pay all Bonds outstanding and designated for defeasance, including all principal, Maturity Value and interest and premium, if any; or

(b) Government Obligations: by irrevocably depositing with the Paying Agent or with an independent escrow agent selected by the District noncallable Government Obligations together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, satisfactory to the County, together with interest to accrue thereon and moneys then on deposit in the Debt Service Fund together with the interest to accrue thereon, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal, Maturity Value and interest represented thereby and prepayment premiums, if any) at or before their maturity date;

then, notwithstanding that any Bonds shall not have been surrendered for payment, all obligations of the District and the Paying Agent with respect to all outstanding Bonds shall cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) above, to the owners of the 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 (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, or "prerefunded" municipal obligations rated in the highest rating category by Moody's Investors Service or Standard & Poor's. 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 "AAA" by Standard & Poor's or "Aaa" by Moody's Investors Service.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds	Series 2010D	Series 2010D-1	Total
Principal Amount of Bonds	$7,699,278.45	$102,300,000.00	$109,999,278.45
Original Issue Premium	1,725,886.65	---	1,725,886.65
Total Sources	$9,425,165.10	$102,300,000.00	$111,725,165.10
Uses of Funds			
Building Funds	$7,699,278.45	102,300,000.00	109,999,278.45
Debt Service Fund	780,890.62	---	780,890.62
Costs of Issuance (1)	944,996.03	---	944,996.03
Total Uses	$9,425,165.10	$102,300,000.00	$111,725,165.10

(1) Costs of issuance includes Underwriter's discount, legal and financial advisory fees, printing and expenses, demographics and filing fees.

RIVERSIDE COUNTY POOLED INVESTMENT FUND

The following information concerning Riverside County Pooled Investment Fund has been provided by Riverside County Treasurer-Tax Collector (the "County Treasurer") and has not been confirmed or verified by the District or the Underwriter. No representation is made herein 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. Further information may be obtained from the County Treasurer.

The County Treasurer maintains one Pooled Investment Fund (the "PIF") for all local jurisdictions having funds on deposit in the County Treasury. As of September 30, 2010, the portfolio assets comprising the PIF had a market value of $5,246,149,168.28.

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, 2010, the Auditor-Controller performed an analysis on the County Treasury which resulted in the identification and classification of "mandatory" vs. "discretionary" depositors. Collectively, these mandatory deposits constituted approximately 73.50% of the funds on deposit in the County Treasury, while approximately 26.50% of the total funds on deposit in the County Treasury represented discretionary deposits.

While State law permits other governmental jurisdictions, with the prior consent of the Board and the County Treasurer, to participate in the County's PIF, none have been authorized entry, nor are any pending consideration. The desire of the County 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 2010 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 Pooled Investment Fund as of September 30, 2010 were as follows:

	Market Value	**Percent of Total**
U.S. Treasury Securities	$ 395,825,059	7.53
Federal Agency Securities	4,208,741,432	80.09
Cash Equivalent & Money Market Funds	525,162,162	9.99
Commercial Paper	99,910,972	1.90
Medium Term Notes	---	0.00
Municipal Notes	25,036,547	0.48
Certificates of Deposit	---	0.00
Local Agency Obligation(1)	635,000	0.01
TOTAL	$5,255,311,172	100.00
Book Yield:	0.78	
Weighted Average Maturity:	1.05	

(1) Represents County obligations issued by the Riverside District Court Financing Corporation.

As of September 30, 2010, the market value of the PIF was 100.17% 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, Section 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. This committee was reorganized to conform to new State requirements requiring the County to have a local oversight committee. The committee is utilized by the County to manage, audit, and safeguard public funds and to perform other internal control measures.

The County has obtained a rating on the PIF of "AAA/MR1" 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.

FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA

The information in this section concerning the funding of community college districts in the State of California 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 from the proceeds of an ad valorem tax levied by the County for the payment thereof. See "THE BONDS – Security and Sources of Payment."

Major Revenues

California community college districts (other than Basic Aid Districts, as described below) receive, on average, approximately 52 percent of their funds from the State, 44 percent from local sources, and 4 percent from federal sources. State funds include general apportionment, categorical funds, capital construction, the lottery (which is less than 3 percent), and other minor sources. Local funds include property taxes, student fees, and miscellaneous sources.

Historically a community college district determined its revenue allocation using a program-based model. The model used different factors to establish support levels for five different categories at the community college district: (1) Instruction and Instructional Administration; (2) Instructional Services; (3) Student Services; (4) Operation and Maintenance of Plants; and (5) Institutional Support. Different standards were used in each category to determine funding requirements. The target allocation was obtained by calculating the exact cost of funding the specific standards in each category, on a district by district basis. The aggregate total of the financial needs of the five categories established the amount of funding a district received. State general fund moneys, local property taxes, and certain other local revenues were allocated to the community college districts based on annual State apportionments of basic and equalization aid to community college districts for general purposes computed up to a base revenue per unit of full time equivalent students ("FTES"). Such apportionments, generally speaking, amounted to the difference between a district's base revenue and its local property tax allocation and student enrollment fees. Base revenue calculations were adjusted annually in accordance with a number of factors designed primarily to provide cost of living increases and to equalize revenues among all community college districts in the State.

SB 361 signed by the Governor on September 29, 2006, established a new community college funding system. 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 is 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.

For the 2010-11 fiscal year the minimum funding per FTES will be: (a) not less than $4,367 per credit FTES (subject to cost of living adjustments funded through the budget act in subsequent fiscal years); (b) at a uniform rate of $2,626 per noncredit FTES (adjusted for the change in cost of living provided in the budget act in subsequent fiscal years); and (c) set at $3,092 per FTES (adjusted for the change in cost of living provided in the budget act in subsequent fiscal years) for a new instructional category of "career development and college preparation." Pursuant to SB 361, the Chancellor of the California Community Colleges (the "Chancellor") has developed criteria for one-time grants for districts that would have received more funding under the prior system or a proposed rural college access grant, than under the new system and the Budget Act of 2006.

The District's base revenue per credit unit of FTES for 2007-08, 2008-09 and 2009-10 were approximately $4,367, $4,565 and $4,565, respectively, and per non-credit unit of FTES for the same years were, excluding maintenance and operations appropriations, on average, approximately $2,626, $2,745 and $2,745. The District expects that its base revenue per unit of FTES for 2010-11 will be approximately $4,565, and that its base revenue per non-credit unit of FTES will be approximately $2,745 before COLA is applied to the base and before enhanced non-credit funding is applied.

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 legislature to the District. The sum of the property taxes, student enrollment fees, and State aid generally comprise the District's revenue limit.

"Basic Aid" community college districts are those districts whose local property tax and student enrollment fee collections exceed the revenue allocation determined by the program-based model. Basic Aid districts do not receive any funds from the State. The current law in California allows these districts to keep the excess funds without penalty. The implication for Basic Aid Districts is that the legislatively determined annual cost of living adjustment 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 determinant 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. It is expected that the swap of sales taxes for property taxes would terminate once the deficit financing bonds are repaid, which is currently expected to occur in approximately 6 to 10 years.

Budget Procedures

On or before September 15, the Board of Trustees of the District is required under Section 58305 of the California 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 June 10 a proposed State budget is presented by the governor to the legislature. The Governor's 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 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 statewide governing board of the California community colleges (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 California'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.

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 California Education Code, is to be followed by all California community college districts. The Governmental Accounting Standards Board ("GASB") has released Statement No. 35, which makes changes in the annual financial statements for, among other entities, school districts and community college districts, 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. These requirements became effective on June 15, 2002 for the District, as well as for any other community college district with annual revenues of between $10 million and $100 million. 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.

The following table shows the District's general fund budgets for fiscal years 2006-07 through 2009-10, the District's audited actuals for fiscal years 2006-07 through 2008-09 and unaudited totals for fiscal year 2009-10. For further information, see also "APPENDIX B – EXCERPTS FROM THE DISTRICT'S 2008-09 AUDITED FINANCIAL STATEMENTS." The District's Fiscal Year 2010-11 Budget will be considered for approval on October 19, 2010. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – State Assistance – 2010-11 Adopted State Budget.

RIVERSIDE COMMUNITY COLLEGE DISTRICT
Comparison of Adopted General Fund Budgets and Actual Results
for Fiscal Years 2006-07, 2007-08, 2008-09 and 2009-10 and Proposed 2010-11 Budget

	Adopted Budget 2006-07	Audited 2006-07	Adopted Budget 2007-08	Audited 2007-08	Adopted Budget 2008-09	Audited 2008-09	Adopted Budget 2009-10	Unaudited Totals 2009-10	Adopted Budget 2010-11
REVENUES:									
Revenue limit sources	$ 80,673,790	$ 88,570,788	$ 86,992,915	$ 89,708,647	$ 96,236,269	$ 92,202,709	$ 89,974,154	$ 93,586,200	$ 95,962,326
Federal revenues	9,938,459	7,689,575	10,574,534	8,185,548	11,067,128	9,463,459	17,519,186	13,180,491	17,602,958
Other state revenues	18,626,105	14,517,905	17,648,542	14,129,194	25,117,849	21,362,113	15,772,343	12,366,273	12,563,777
Other local revenues	51,821,441	48,765,352	51,476,331	52,047,914	52,275,055	52,962,748	50,729,691	48,989,724	50,272,284
TOTAL REVENUES	**$161,059,795**	**$159,543,620**	**$166,692,322**	**$164,071,303**	**$184,696,301**	**$175,991,029**	**$173,995,374**	**$168,122,688**	**$176,401,345**
EXPENDITURES:									
Academic salaries	$ 66,366,869	$ 66,040,348	$ 72,366,452	$ 69,449,942	$ 75,012,515	$ 73,669,433	$ 70,792,226	$ 70,050,847	$ 70,631,988
Classified salaries	37,558,038	34,076,663	39,881,802	37,580,340	41,737,170	40,218,258	43,843,825	41,705,917	43,837,985
Employee benefits	26,253,655	25,264,647	28,760,108	27,232,022	31,589,861	29,843,925	31,833,319	30,747,552	34,130,281
Books and supplies	5,175,362	3,909,654	4,814,932	3,977,553	4,968,061	4,375,418	4,495,782	3,667,176	5,503,243
Services and operating expenditures	19,748,866	17,242,049	22,969,103	17,542,802	30,190,075	24,947,101	22,680,499	17,753,535	23,019,033
Capital Outlay	5,320,448	5,370,011	4,394,722	4,236,134	4,520,734	4,285,417	4,211,816	3,268,276	7,415,460
TOTAL EXPENDITURES	**$160,423,238**	**$151,903,372**	**$173,187,119**	**$160,018,793**	**$188,018,416**	**$177,339,552**	**$177,857,467**	**$167,193,303**	**$184,537,990**
Excess (Deficiency) of revenues over (under) Expenditures	**$636,557**	**$7,640,248**	**($6,494,797)**	**$4,052,510**	**($3,322,115)**	**($1,348,523)**	**($3,862,093)**	**$929,385**	**($8,136,645)**
OTHER FINANCING SOURCES (USES)									
Operating transfers in	$1,423,325	$1,380,996	$1,295,010	$1,133,065	$1,340,636	$1,210,241	$3,204,056	$2,916,110	$5,094,900
Operating transfers out	(2,384,270)	(2,531,251)	(2,700,940)	(2,562,173)	(3,321,599)	(3,021,556)	(4,863,293)	(4,545,614)	(2,380,653)
Other sources	269,479	192,831	245,600	271,925	695,633	525,605	512,667	479,453	763,952
Other uses	(448,252)	(344,159)	(215,837)	(350,790)	(452,016)	(364,986)	(469,772)	(334,995)	(632,703)
TOTAL OTHER FINANCING SOURCES (USES)	**($1,139,718)**	**($1,301,583)**	**($1,376,167)**	**($1,507,973)**	**($1,737,346)**	**($1,650,696)**	**($1,616,342)**	**($1,485,046)**	**$2,845,496**
Excess of revenues and other financing sources over (under) expenditures and other uses	($503,161)	$6,338,665	($7,870,964)	$2,544,537	($5,059,461)	($2,999,219)	($5,478,435)	($555,661)	($5,291,149)
Beginning Fund balance, July 1	16,913,697	16,913,697	23,252,362	23,252,362	25,796,899	25,796,899	22,797,680	22,797,680	22,161,151
Ending Fund Balance, June 30	**$16,410,536**	**$23,252,362**	**$15,381,398**	**$25,796,899**	**$20,737,438**	**$22,797,680**	**$17,319,245**	**$22,242,019**	**$16,870,002**

Source: The District.

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

General. In 1988, California 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 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" 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 cost of living adjustment (COLA) for the minimum guarantee for annual K-14 funding would be the change in California's per-capita personal income, which is the same COLA used to make annual adjustments to the State appropriations limit (Article XIII B).

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 1989-90. 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 Proposition 98 guarantee (K-14 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 community colleges and K-12 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 (ADA) and per-capita personal income COLA.

A third formula, established pursuant to Proposition 111 as "Test 3," 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 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.

State Assistance

California community college districts' principal funding formulas and revenue sources are derived from the budget of the State of California. The following information concerning the State of California's budgets has been obtained from publicly available information which the District believes to be reliable; however, either the District nor the Underwriter takes any responsibility as to the accuracy or completeness thereof and has not independently verified such information.

Recent State Budgets. Certain information about the State budgeting process and the State Budget is available through several State of California sources. A convenient source of information is the State's website, where recent official statements for State bonds are posted. The references to internet websites shown below are shown for reference and convenience only, the information contained within the websites may not be current and has not been reviewed by the District and is not incorporated in this Official Statement by reference.

- The California State Treasurer Internet home page at www.treasurer.ca.gov, under the heading "Bond Information," posts various State of California Official Statements, many of which contain a summary of the current State Budget, past State Budgets, and the impact of those budgets on school districts in the State.

- The California State Treasurer's Office Internet home page at www.treasurer.ca.gov, under the heading "Financial Information," posts the State's audited financial statements. In addition, the Financial Information section includes the State's Rule 15c2-12 filings for State bond issues. The Financial Information section also includes the Overview of the State Economy and Government, State Finances, State Indebtedness, Litigation from the State's most current Official Statement, which discusses the State budget and its impact on school districts.

- The California Department of Finance's Internet home page at www.dof.ca.gov, under the heading "California Budget," includes the text of proposed and adopted State Budgets.

- The State Legislative Analyst's Office (the "LAO") prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the heading "Subject Area – Budget (State)."

2009-10 Adopted State Budget. On January 9, 2009, the Governor submitted his proposed 2009-10 Budget (the "2009-10 Proposed Budget") to the State Legislature. The 2009-10 Proposed Budget proposed $41.7 billion in budgetary solutions to close a $39.6 billion gap and establish a $2.2 billion reserve. Subsequently, on February 19, 2009, the California Legislature approved a budget package (the "Budget Package"), which included revisions to the then-current 2008-09 Budget and adoption of the 2009-10 Budget, thus covering a 17-month period ending July 1, 2010. The Governor signed the Budget Package, using his veto power to achieve additional savings, including replacing general fund appropriations for higher education with federal funds. On February 13, 2009, the U.S. Congress had approved the American Recovery and Reinvestment Act, committing a total of $787 billion nationwide, including an estimated $31 billion in aid to the State and billions more nationwide in competitive grants, about $8 billion of which would be available in 2008-09 and 2009-10.

On July 1, 2009, the Governor declared a fiscal emergency and ordered a special session of the Legislature to solve the State's deficit, ordered State employees to implement State furlough days and proposed further cuts to school spending. On July 2, 2009, the State began issuing registered warrants, or IOU's, to several classes of creditors, including certain local governments.

On July 24, 2009, the California Legislature approved amendments to the 2009-10 Budget and the Governor signed the 2009-10 Budget on July 28, 2009, which included reductions in spending ($84 billion, down from nearly $91.7 billion in 2008-09 and nearly $103 billion in 2007-08) through reductions in K-14 education and Cal State University and UC systems spending, implementation of State furlough days, and cuts in health and human services, including Medicaid. The approved amendments included borrowing from local governments (to be repaid with interest under Proposition 1A) and various accounting shifts to generate additional revenues in the 2009-10. The Governor made nearly $500 million in additional cuts to social services, state prisons and higher education, and providing for a general fund reserve of $500 million.

Under the amended 2009-10 Budget, total Proposition 98 funding was reduced by $2.1 billion in 2008-09 and $4.5 billion in 2009-10. However, Proposition 98 general fund savings were $5.3 billion in 2009-10 because of a property tax shift of $850 million from redevelopment agencies to schools.

With respect to K-14 education, prior categorical cuts would be restored in 2009-10 but an equal amount of approximately $250 per ADA would be reduced from revenue limits statewide. In addition, general purpose spending for local educational agencies would be cut, resulting in cuts of approximately $390 per ADA for K-14 Districts. In addition, $1.7 billion in 2009-10 payments would be deferred from April and May into August of fiscal year 2010-11. Additional changes include provisions to permit school districts to reduce the number of school days by five days to 175 days through 2012-13 and lowering the reserve requirement for economic uncertainty to one-third of the usual requirement.

With respect to redevelopment agencies, the 2009-10 Budget included taking $2.05 billion in redevelopment funds ($1.7 billion in 2009-10 and $350 million in 2010-11), to be deposited in county "Supplemental" Educational Revenue Augmentation Funds ("SERAF") in order to meet the State's Proposition 98 obligations to schools. The structure for taking redevelopment revenue is similar to the 2008-09 trailer bill, AB 1389, which attempted to take $350 million. The Department of Finance will determine each agency's SERAF payment by November 15 of each year, calculated based on half of each agency's net tax increment (net of pass-throughs) and half on gross tax income. Payments are due by May 10 of the applicable year and agencies that do not make their payment by this date must increase their housing set aside to 25% for the remainder of the redevelopment project area's life. The increased housing set-aside lasts until the required payments have been made and means that an agency could not adopt a new redevelopment plan, amend an existing plan to add territory, issue bonds, further encumber funds or expend any moneys derived from any source except to pay pre-existing indebtedness, contractual obligations and 75% of the amount expended on agency administration for the preceding fiscal year.

The California Redevelopment Association ("CRA") filed a lawsuit to challenge the State's taking redevelopment funds approved in the budget amendments. The CRA was successful in overturning the ERAF shift authorized by AB 1389 in 2008-09. On May 4, 2010, the Superior Court ruled that the 2009 SERAF Legislation is constitutional. However, the CRA has announced that it will appeal the judgment of the Superior Court and that it will seek a temporary stay of the judgment from the California Court of Appeal pending the appeal.

2010-11 State Budget Process. Set forth below is a summary of information available with respect to the 2010-11 State Budget.

<u>January 8, 2010 – 2010-11 Proposed Budget Submitted by Governor to Legislature</u>. The Governor submitted his 2010-11 Budget (the "2010-11 Proposed Budget") to the State Legislature. The 2010-11 Proposed Budget assumed that, without corrective action, the State would face a deficit of $19.9 billion at the end of 2010-11. The 2010-11 Proposed Budget cuts health programs ($2.9 billion); includes extensive cuts to welfare programs; corrections cuts of ($1.2 billion); assumes $6.9 billion increase in federal aid; extends temporary tax increases adopted as part of 2009-10 State Budget; and delays implementation of tax breaks adopted as part of 2009-10 State Budget.

<u>March 1, 2010</u>. The Governor signed AB X85 which implemented funding deferrals for numerous state and local agencies, including the community colleges. For the community colleges, the bill requires that $131 million of the scheduled March 2010 payment (including both general apportionments and categorical funds) be deferred until as late as May 1, 2010. However, better than projected cash receipts resulted in this deferral not being implemented for the community colleges.

May 12, 2010 – Governor Submits May Revise to 2010-11 Budget. The Governor submitted a revised 2010-11 Budget which called for $12.4 billion in spending cuts to help bridge a $20 billion deficit over the next fiscal year. The Governor's May 2010 Budget Revision estimated a general fund budget gap of $19.1 billion, $7.7 billion for the 2009-10 fiscal year, $10.2 billion for the 2010-11 fiscal year, and a modest reserve of $1.2 billion. The May Revision proposed $12.4 billion in spending reductions and alternative funding solutions, representing two-thirds of the solutions, borrowing and fund shifts totaling approximately 10% of the solutions and approximately 5% of the package relies on new revenues. Major spending reduction proposals included reductions of $4.3 billion of Proposition 98 spending, including the elimination of need-based, subsidized childcare, reductions of $2.1 billion by reducing state employees pay and staffing and shifting pension costs to employees, and the elimination of the CalWORKs program, which provides cash grants and welfare-to-work services, representing $1.2 billion in savings.

For the California Community Colleges, the May Revision remained virtually unchanged from the Governor's Budget released in January with 2.2 percent enrollment growth ($126 million) and -0.38% COLA (-$22.9 million). While the economic factors used to calculate the COLA have changes slightly since January, the Administration chose not to update this figure. The revision also included a downward revision of $6 million in 2010-11 local property tax revenues. The Governor proposed an augmentation of $6 million in state funding to offset this reduction and a reduction of approximately $6 million in federal TANF funds as a result of his proposed elimination of the CalWORKs program. In addition, the Governor proposed that the $26.7 million in state funding previously provided for CCC CalWORKs be redirected to support any categorical expenditure through the Categorical Flexibility provision.

The May Revision noted that the state continues to face an extremely tight cash position. While no new proposals are made to address these challenges, the Governor does indicate that the Department of Finance, State Controller, and State Treasurer will continue to monitor the situation and present additional solutions as needed. This indicates a risk of additional funding deferrals being enacted.

July 1, 2010: 2010-11 Fiscal Year Begins. The June 15, 2010 deadline for the State legislature to pass the State Budget bill passed and the 2010-11 Budget Act, which must be approved by a two-thirds majority vote of each House of the Legislature, had not yet been approved. The District cannot predict when the 2010-11 State Budget will be approved or what impact it might have on the District's finances.

August 4, 2010: The Conference Committee adopted the 2010-11 Education Budget. Following the issuance of the May Revision, each house of the California legislature reviews the Governor's proposal and issued their own budget proposals. Those two proposals are then sent to a conference committee consisting of representatives from the Assembly and the Senate, with the resulting proposal being named the Conference Committee Proposal.

The Conference Committee proposal for Community Colleges included the Governor's proposed $126 million for enrollment growth funding (2.21 percent) but rejected negative COLA ($23 million). In addition, the proposal has funding of $35 million to backfill the 2009-10 one-time federal ARRA funding directed to categorical programs and a $25 million augmentation for the Economic and Workforce Development program to support workforce training enrollments.

2010-11 Adopted State Budget. The *2010–11 Budget Bill* was passed by the Legislature and signed by the Governor on October 8, 2010. The plan attempts to address state budget shortfalls—the product of a continuing structural imbalance between state revenues and expenditures and a slow recovery from a severe recession that began in 2007 and ended in 2009.

In May 2010, the administration estimated that there would be a gap of $17.9 billion between General Fund resources and expenditures in 2010–11 under then–existing laws and policies. To address this projected gap, the Legislature and Governor opted for a package of budget actions. That package (including vetoes) includes the following actions (based on LAO's categorization):

- $7.8 billion of expenditure–related solutions (including ongoing and temporary cost or service reductions).

- $5.4 billion of new federal funding (most of it not yet approved by Congress).

- $3.3 billion of revenue actions (including $1.4 billion in higher assumed baseline state revenues consistent with LAO's May 2010 state revenue forecast).

- $2.7 billion of largely one–time loans, transfers, and funding shifts

The package does not include the Governor's proposed elimination of the California Work Opportunity and Responsibility to Kids (CalWORKs) and subsidized childcare, and it does not include reductions in social services grant levels.

If all of the assumptions are met in the package, the state would be left with a $1.3 billion General Fund reserve at the end of 2010–11,

The budget package includes legislation proposed by the Governor to decrease pension benefits for state employees hired in the future. The package also places a measure on a future state ballot that is intended to stabilize state finances in the future by increasing amounts deposited to the state's rainy–day fund in certain years. While these changes would help the state's longer–term fiscal situation, they would have little effect in the shorter term. The LAO estimates that well over two–thirds of the 2010–11 budget solutions are one–time or temporary in nature. This means that California will continue to face sizable annual budget problems in 2011-12 and beyond.

When signing the budget, the Governor vetoed $963 million in General Fund spending that had been approved by the Legislature. In doing so, the anticipated year–end reserve increased from $364 million to $1.3 billion. The vetoes included:

- The elimination of CalWORKs Stage 3 child care ($256 million), effective November 1, 2010. This will mean the loss of subsidized child care for approximately 55,000 children from low–income families who formerly received cash aid through the CalWORKs program.

- The assumed accelerated receipt of future federal Temporary Assistance for Needy Families funds, allowing a like reduction ($366 million) in state CalWORKs General Fund spending.

- The rejection of various legislative augmentations to health and social services programs. The Governor vetoed similar amounts as part of last year's budget. Specifically, he vetoed $80 million for child welfare services, $52 million for HIV/AIDS programs, $10 million for health clinics, and $6 million for community–based programs in the Department of Aging.

- The deletion of $133 million of funding for the AB 3632 mandate for students' mental health services. As part of the veto, the Governor declared his intent that the mandate be suspended for 2010–11

Ongoing Proposition 98 funding is slightly higher in 2010–11 ($49.7 billion) than the revised 2009–10 level ($49.5 billion). To fund at this level, the Legislature suspended the Proposition 98 minimum funding requirement (commonly known as the minimum guarantee) for 2010–11. Absent suspension, LAO estimates the minimum guarantee would require $53.8 billion, which is $4.1 billion higher than the amount appropriated for 2010–11.The state also is ending 2009–10 with a "settle–up obligation," meaning the state appropriated less in 2009–10 than the revised estimate of the minimum guarantee for that year. LAO estimates the 2009–10 settle–up obligation is $1.8 billion. The budget also spends $242 million in 2010–11 using one–time Proposition 98 funds available from prior years.

The budget reflects a net increase of $108 million in ongoing Proposition 98 funding for community colleges. This largely is the result of a 2.2 percent increase in budgeted enrollment.

In addition to Proposition 98 funds, the budget plan for 2010–11 provides $300 million as a payment to begin to meet the state's outstanding 2009–10 Proposition 98 settle–up obligation. Of these settle–up monies, $90 million is provided for annual education mandate costs and $210 million will be distributed on an equal per–student basis and applied to school districts' and community colleges' unpaid prior–year mandate claims.

In addition to these state funds, related budget bills provide K–12 education with $1.5 billion in special one–time federal funding. Of this amount, $1.2 billion is from recent federal grants provided specifically to help retain K–12 jobs, and $272 million is from the last round of federal stabilization funding from the 2009 stimulus package.

Though the state is providing slightly more ongoing funding in 2010–11 than 2009–10, the large reliance on one–time solutions last year resulted in the need for 2010–11 reductions. Under the budget plan, however, the reductions largely are treated as deferrals of payments rather than cuts. Specifically, the package defers $1.9 billion in additional K–14 payments ($1.7 billion for K–12 education and $189 million for community colleges). Rather than being paid in the spring of 2011, these payments will be made in July 2011 (that is, the next fiscal year). Virtually all other K–12 reductions are technical adjustments designed to align appropriations with anticipated program costs, such as for the K–3 Class Size Reduction program. The package also makes some reductions in child care funding. Most notably, the package achieves child care savings by drawing down some provider reserves, reducing the reimbursement rate for license–exempt providers (from 90 percent to 80 percent of the licensed–provider rate), and reducing the administrative allowance for certain providers (from 19 percent to 17.5 percent of total contract amounts). As described above, the Governor also vetoed $256 million in funding for child care.

The budget increases spending on higher education programs. The budget provides General Fund augmentations of $250 million for the University of California and $260 million for the California State University. These augmentations are each $106 million lower than the amount proposed in the May Revision, reflecting that the universities recently each received a like amount of federal stimulus funding.

The budget includes a reduction of $100 million for the state's Cal Grant financial aid programs, and backfills this reduction with $100 million in excess revenue in the Student Loan Operating Fund (monies derived from the servicing of federal student loans).

Uncertainty Regarding Future State Budgets. The District cannot predict what actions will be taken in future years by the State Legislature and the Governor to address the State's current or future budget deficits. Future State budgets will be affected by national and state economic conditions and other factors over which the District has no control. The District cannot predict what impact any future budget proposals will have on the financial condition of the District. To the extent that the State budget process results in reduced revenues to the District, the District will be required to make adjustments to its budgets.

The State has not entered into any contractual commitment with the District, the County, or the Owners of the Bonds to provide State budget information to the District or the owners of the Bonds. Although they believe the State sources of information listed above are reliable, the District does not assume any responsibility for the accuracy of the State Budget information set forth or referred to in this Official Statement or incorporated herein.

2010 Legal Challenge to State Funding of Education

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. For a discussion of how the provisions of Proposition 98 have been applied to school funding see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICTS IN CALIFORNIA – Proposition 98 – State Funding of Education and Recent State Budgets."

On May 20, 2010, a plaintiff class of numerous current California public school students and the Alameda Unified, Alpine Union, Del Norte County Unified, Folsom Cordova Unified, Hemet Unified, Porterville Unified, Riverside Unified, San Francisco Unified, and Santa Ana Unified School Districts, together with the California Congress of Parents, Teachers & Students, the Association of California School Administrators and the California School Boards Association filed suit in Alameda County Superior Court challenging the system of financing for public schools in California as unconstitutional. In *Maya Robles-Wong, et al. v. State of California*, plaintiffs seek declaratory and injunctive relief, including a permanent injunction compelling the State to abandon the existing system of public school finance. The District cannot predict the outcome of the *Robles-Wong* litigation, however, if successful, the lawsuit could result in a change in how school finance is implemented in the State of California.

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 tax levied by the County for the payment thereof. (See "THE BONDS – Security and Sources of Payment") 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 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 County to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the District's voters in compliance with Article XIIIA, Article XIIIC, and all applicable laws.

Article XIIIA of the California Constitution

Article XIIIA of the State Constitution ("Article XIIIA") limits the amount of *ad valorem* taxes on real property to 1% of "full cash value" as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 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. 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 base year value. 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 "FINANCIAL MATTERS – Appeals of Assessed Value."

Article XIIIA requires a vote of two-thirds 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 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 of the proposition, but only if certain accountability measurers are included in the proposition. 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 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 redevelopment agency, if 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 California 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 California State Supreme Court have upheld the general validity of Article XIIIA.

Unitary 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 ("unitary property"). 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. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special countywide 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 California 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, authority 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 to mean the percentage change in California per capita income from the preceding year, and

(b) "change in population" with respect to a school district to mean the percentage change in the average daily attendance of the school district 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 the 1986/87 fiscal year 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 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 of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIIIC and XIIID (respectively, "Article XIIIC" and "Article XIIID"), which contain a number of provisions affecting the ability of local agencies, including school 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 California 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 California 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 California 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 98

On November 8, 1988, California 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-12 school districts and community college districts (hereinafter referred to collectively as "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 Legislature to suspend this formula for a one-year period. The current level of guaranteed funding pursuant to Proposition 98 is 34.55% of the State general fund.

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 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 Budget.

Proposition 111

On June 5, 1990, the voters of California approved the "Traffic Congestion Relief and Spending Limitation Act of 1990 ("Proposition 111"), which modified the State Constitution to alter the Article XIIIB spending limit and the education funding provisions of Proposition 98. 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 California 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 school attendance.

b. Treatment of Excess Tax Revenue. "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 the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school 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 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 (the "first test") 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 (the "second test"). Under Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in California per capita personal income. Under the third test, schools 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 the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as Proposition 39) to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by 55 percent (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1 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 California Constitution previously limited property taxes to 1 percent of the value of property. Prior to Proposition 39, Property taxes could only exceed this limit to pay for

(1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to buy or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55 percent vote requirement would apply 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 school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school 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 percent 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 a high school or elementary school district), or $25 (for a community college district), per $100,000 of taxable property value. These requirements are not part of this proposition and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Proposition 1A

On November 2, 2004, California 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 can not (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. Beginning in 2008-09, the State was allowed to shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions were met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments with in 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.

A fiscal emergency was declared and the suspension of Proposition 1A was passed by the California Legislature and signed by the Governor as ABX4 14 and ABX4 15 as part of the 2009-10 budget package on July 28, 2009. Under the provision, the State borrowed eight percent of the amount of property tax revenue apportioned to cities, counties and special districts. The state is required to repay those obligations plus interest by June 30, 2013. Also authorized under ABX4 14 and ABX4 15 was the Proposition 1A Securitization Program instituted by California Communities to enable local agencies to sell their respective Proposition 1A Receivables to California Communities. SB 67 clarified specific aspects of ABX4 14 and ABX4 15. Under the Securitization Program, California Communities was allowed to simultaneously purchase Proposition 1A Receivables, issue bonds ("Prop 1A Bonds") and provide each local agency with the cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010 (to coincide with the dates that the State would shift property taxes from local agencies). The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 39, 98 and 111 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 are 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 from the proceeds of an ad valorem tax levied by the County for the payment thereof. See "THE BONDS – Security and Sources of Payment."

General

The Riverside Community College District, located in Riverside, California, serves western Riverside County which encompasses 440 square miles. It contains the Riverside Unified, Alvord Unified, Corona/Norco Unified, Jurupa Unified, Moreno Valley Unified and Val Verde Unified School Districts. The District was founded in 1916.

The District provides educational services on three campuses, Riverside City, Moreno Valley and Norco. The campuses served approximately 31,566 full-time equivalent students in 2008-09, and approximately 31,696 full-time equivalent students in 2009-10. Estimated enrollment for 2010-11 is 28,596 full-time equivalent students. There are approximately 2,472 persons employed by the District. The District offers a broad-based curriculum and basic transfer programs to four-year colleges and universities in California. While recognizing the importance of general education, the District also provides specialized programs leading directly to employment and to improving the skill and knowledge of those already employed in the work force. Such efforts include the District's highly successful nursing and automotive technology programs. In addition, the District provides a wide variety of educational and special interest non-credit courses through its Community Education program.

Administration

The District is governed by a five-member Board of Trustees, 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 members of the Board, together with their offices and the dates their terms expire, are listed below:

Name	Office	Term Expires
Virginia Blumenthal	President	December 2010
Janet Green	Vice President	December 2010
Mark A. Takano	Secretary	December 2012
Jose Medina	Board Member	December 2010
Mary Figueroa	Board Member	December 2012

Dr. Gregory Gray, the Chancellor of the District, is responsible for administering the affairs of the District in accordance with the policies of the Board. Dr. James L. Buysse is the Vice Chancellor, Administration and Finance.

Enrollment

The following table shows the District's full-time equivalent students ("FTES") for fiscal years 2000-01 through 2009-10, and projected FTES for fiscal year 2010-11:

Year	FTES
2000-01	21,578
2001-02	23,677
2002-03	23,721
2003-04	23,423
2004-05	25,088
2005-06	26,789
2006-07	24,404
2007-08	27,529
2008-09	31,566
2009-10	31,696
2010-11(1)	28,596

(1) Projected
Source: The District.

Labor Relations

The District employs 414 full-time certified professionals and 617 full-time classified employees and managers. In addition, the District employs 1,441 part-time faculty and staff. These employees, except management, confidential and some part-time employees, are represented by two bargaining units as noted below:

RIVERSIDE COMMUNITY COLLEGE DISTRICT
Labor Relations Organizations

Labor Organization	Number of Full Time Employees In Organization	Contract Expiration Date
California School Employees Association	496	June 30, 2011
California Teachers Association	1,344	June 30, 2012

Source: The District.

Retirement Programs

The District participates in the State of California Teachers Retirement System ("STRS"). This plan covers all full-time and most part-time certificated employees. The District's contribution to STRS was $5,560,377 in fiscal year 2008-09, $5,415,308 in fiscal year 2009-10, and is projected to be $5,506,936 in fiscal year 2010-11. In order to receive STRS benefits, an employee must be at least 55 years old and have provided five years of service to California public schools.

The District also participates in the State of California Public Employees Retirement System ("PERS"). This plan covers all classified personnel who are employed more than four hours per day. The District's contribution to PERS was $3,263,162 in fiscal year 2008-09, $3,560,099 in fiscal year 2009-10, and is projected to be $4,130,196 in fiscal year 2010-11. In order to receive PERS benefits, an employee must be at least 50 years old and have provided five years of service to California public schools.

Contribution rates to these two retirement systems vary annually depending on changes in actuarial assumptions and other factors, such as changes in benefits. The contribution rates are based on statewide rates set by the STRS and PERS retirement boards. STRS has substantial statewide unfunded liability. Since this liability has not been broken down by each school district, it is impossible to determine the District's share.

Other Postemployment Benefits

The District provides postemployment health care benefits for retired employees in accordance with approved Board Policy. 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 their spouses. Membership of the Plan consists of 65 retirees and beneficiaries currently receiving benefits and 802 active plan members.

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 2008-2009, the District contributed $517,462 to the Plan, all of which was used for current premiums.

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	$1,474,187
Annual OPEB cost (expense)	517,462
Increase in net OPEB obligation	956,725
Net OPEB obligation, July 1, 2008	---
Net OPEB obligation, June 30, 2009	$ 956,725

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2009 was as follows:

Annual Required Contribution	Percentage Contributed	Net OPEB Obligation
$1,474,187	35.1%	$956,725

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, follows the notes to the financial statements and presents multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Since this is the first year of implementation, only the current year information is presented.

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, 2007, actuarial valuation, the unit credit cost method was used. The actuarial assumptions include healthcare cost trend rates ranged from an initial ten percent to an ultimate rate of five percent. The UAAL is being amortized at a level dollar method. The remaining amortization period at July 1, 2007, was 30 years. The actuarial value of assets was not determined in this actuarial valuation. As of June 30, 2009, 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.

Joint Powers Authorities

The District participates in three joint powers agreements with the following entities (each a "JPA"): the school's Excess Liability Fund, the Riverside Community College-County Superintendent Self-Insurance Program for Employees, and the Riverside Employers/Employees Plan for property and liability, workers' compensation and dental insurance. The relationship between the Riverside Community College District and the JPAs are such that the JPAs are not component units of the Riverside Community College District for financial reporting purposes.

Based upon prior claims experiences, the District believes that it has adequate insurance coverage

DISTRICT FINANCIAL MATTERS

General

The economic position of the District is closely tied to the State of California as State apportionments, and property taxes represent approximately 87.11 percent of the total sources of revenue received within the unrestricted General Fund. Due to significant declines in apportionment funding from the State in fiscal years 2008-2009 and 2009-2010, the District plans to offer 1,000 fewer sections to reduce costs and the number of unfunded FTES. The District's fiscal year 2009-2010 adopted budget contained other targeted expenditures reductions to be budgeted totaling approximately $9.0 million to align spending with available funds. The District continues to monitor enrollment and operating costs of the District to ensure ongoing financial stability and retain the reserve levels required by Board Policy and the State System's Office.

District Financial Statements

Excerpts from the audited financial statements of the District for Fiscal Year 2008-09 are attached hereto as APPENDIX B. The financial statements should be read in their entirety. The information set forth herein does not purport to be a summary of the District's financial statements.

Comparative Financial Statements

The following table reflects the District's audited revenues, expenditures and fund balances for fiscal years 2005-06 through 2008-09 and unaudited final results for fiscal year 2009-10.

RIVERSIDE COMMUNITY COLLEGE DISTRICT
Summary of General Fund Revenues, Expenditures and Changes in Fund Balances
for Fiscal Years 2005-06 through 2009-10

	Audited 2005-06	Audited 2006-07	Audited 2007-08	Audited 2008-09	Unaudited 2009-10
REVENUES:					
Revenue limit sources	$ 67,520,611	$ 88,570,788	$ 89,708,647	$ 92,202,709	$ 93,586,200
Federal revenues	7,830,737	7,689,575	8,185,548	9,463,459	13,180,491
Other state revenues	11,873,262	14,517,905	14,129,194	21,362,113	12,366,273
Other local revenues	51,461,823	48,765,352	52,047,914	52,962,748	48,989,724
TOTAL REVENUES	**$138,686,433**	**$159,543,620**	**$164,071,303**	**$175,991,029**	**$168,122,688**
EXPENDITURES:					
Academic salaries	$ 58,378,896	$ 66,040,348	$ 69,449,942	$ 73,669,433	$ 70,050,847
Classified salaries	29,167,763	34,076,663	37,580,340	40,218,258	41,705,917
Employee benefits	22,765,123	25,264,647	27,232,022	29,843,925	30,747,552
Books and supplies	3,390,317	3,909,654	3,977,553	4,375,418	3,667,176
Services and operating expenditures	15,487,990	17,242,049	17,542,802	24,947,101	17,753,535
Capital Outlay	8,774,817	5,370,011	4,236,134	4,285,417	3,268,276
TOTAL EXPENDITURES	**$137,964,906**	**$151,903,372**	**$160,018,793**	**$177,339,552**	**$167,193,303**
Excess (Deficiency) of revenues over (under) Expenditures	**$721,527**	**$7,640,248**	**$4,052,510**	**($1,348,523)**	**$929,385**
OTHER FINANCING SOURCES (USES)					
Operating transfers in	$2,683,431	$1,380,996	$1,133,065	$1,210,241	$2,916,110
Operating transfers out	(2,636,491)	(2,531,251)	(2,562,173)	(3,021,556)	(4,545,614)
Other sources	192,008	192,831	271,925	525,605	479,453
Other uses	(336,723)	(344,159)	(350,790)	(364,986)	(334,995)
TOTAL OTHER FINANCING SOURCES (USES)	**($97,775)**	**($1,301,583)**	**($1,507,973)**	**($1,650,696)**	**($1,485,046)**
Excess of revenues and other financing sources over (under) expenditures and other uses	$ 623,752	$ 6,338,665	$ 2,544,537	($ 2,999,219)	($ 555,661)
Beginning Fund balance, July 1	16,289,945	16,913,697	23,252,362	25,796,899	22,797,680
Ending Fund Balance, June 30	**$16,913,697**	**$23,252,362**	**$25,796,899**	**$22,797,680**	**$22,242,019**

Source: The District.

For the fiscal years ended June 30, 2006 and later, the District has implemented Government Accounting Standard Board Statements Nos. 34 and 35. Among the changes implemented under these revised accounting rules is a change in the financial reporting format. The revised reporting format provides a comprehensive entity-wide perspective of the District's assets, liabilities, and cash flows and replaces the fund-group perspective previously required. The following table reflects the District's financial data for fiscal years 2006-07 through 2008-09 and unaudited final data for 2009-10 under the revised reporting format:

RIVERSIDE COMMUNITY COLLEGE DISTRICT
Statement of
Revenues, Expenditures and Changes in Net Assets
(Revised Reporting Format)

	Audited 2006-07	Audited 2007-08	Audited 2008-09	Unaudited 2009-10
OPERATING REVENUES				
Tuition and Fees	$18,278,142	$17,220,116	$20,344,186	$25,287,574
Less: Scholarship discounts and allowances	(5,354,970)	(4,726,243)	(6,568,018)	(10,154,399)
Net tuition and fees	12,923,172	12,493,873	13,776,168	15,133,175
Other Operating Revenue	1,631	98,054	21,531	53,357
TOTAL OPERATING REVENUES	**$12,924,803**	**$12,591,927**	**$13,797,699**	**$15,186,532**
OPERATING EXPENSES				
Salaries	$101,977,931	$110,676,431	$115,416,313	$116,073,026
Employee benefits	22,889,973	24,535,244	28,685,083	27,691,693
Supplies, materials and other operating expenses and services	29,779,736	29,979,694	39,047,761	29,532,675
Student Financial Aid	13,680,879	18,458,245	24,837,204	36,424,698
Equipment, maintenance, and repairs	4,239,456	5,252,176	4,721,534	2,100,885
Depreciation	5,165,636	5,917,666	8,242,147	8,481,149
TOTAL OPERATING EXPENSES	**$177,733,611**	**$194,819,456**	**$220,950,042**	**$220,304,126**
OPERATING LOSS	**($164,808,808)**	**($182,227,529)**	**($207,152,343)**	**($205,117,594)**
NONOPERATING REVENUES (EXPENSES)				
State apportionments, non-capital	$88,436,441	$89,611,058	$92,108,018	$93,478,402
Federal	19,939,276	25,132,430	32,754,061	47,991,459
State	11,874,851	11,801,545	19,284,379	9,476,664
Local property taxes levied for general purposes	29,604,089	32,330,029	31,955,768	28,277,296
Local property taxes levied for capital debt	13,496,402	11,565,586	11,139,248	9,685,568
State taxes and other revenues	4,529,367	4,287,522	4,072,155	4,901,096
Investment income, net	4,170,219	7,445,762	3,529,205	1,976,617
Interest expense on capital related debt	(3,928,624)	(7,839,793)	(7,499,410)	(7,313,415)
Interest income on capital asset-related debt, net	412,550	679,403	369,969	156,053
Other non-operating revenues	12,190,417	11,398,245	12,281,649	16,659,090
TOTAL NONOPERATING REVENUES (EXPENSES)	**$180,724,988**	**$186,411,787**	**$199,995,042**	**$205,288,830**
GAIN (LOSS) BEFORE OTHER REVENUES	**$15,916,180**	**$4,184,258**	**($7,157,301)**	**$171,236**
OTHER REVENUES				
State revenues, capital	$9,619,978	$7,298,445	$13,148,656	$10,959,353
Gain (Loss) on disposal of assets	---	(389,862)	---	---
TOTAL OTHER REVENUES	**$9,619,978**	**$6,908,583**	**$13,148,656**	**$10,959,353**
NET INCREASE IN NET ASSETS	$ 25,536,158	$ 11,092,841	$ 5,991,355	$ 11,130,589
NET ASSETS, BEGINNING OF YEAR	143,927,018	169,463,176	180,556,017	186,547,372
NET ASSETS, END OF YEAR	**$169,463,176**	**$180,556,017**	**$186,547,372**	**$197,677,961**

Source: The District.

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 are county, city and special district taxes. Assessed valuations are the same for both District and County taxing purposes.

The valuation of secured property is established as of January 1 and is subsequently equalized in August. Property taxes are payable in two installments due November 1 and February 1, respectively, and become delinquent on December 10 and April 10 for each respective installment. Taxes on unsecured property (personal property and leasehold) are due on August 31 of each year based on the preceding fiscal year's secured tax rate and become delinquent on October 31.

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.

Future assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will 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. The availability of revenue from growth in tax bases to such entities may be affected by the establishment of redevelopment agencies which, under certain circumstances, may be entitled to revenues resulting from the increase in certain property values.

For assessment and collection purposes, property is classified as either "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is the part of the assessment roll containing State-assessed property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Unsecured property comprises all property not attached to land such as personal property or business property. Boats and airplanes are examples of unsecured property. Unsecured property is assessed on the "unsecured roll."

The following table represents the eleven-year history of assessed valuations in the District:

RIVERSIDE COMMUNITY COLLEGE DISTRICT
Assessed Valuations
Fiscal Year 2000-01 through 2010-11

	Local Secured	Utility	Unsecured	Total
2000-01	$31,378,164,982	$52,368,568	$1,887,550,262	$33,318,083,812
2001-02	34,441,981,474	52,420,492	2,191,458,212	36,685,860,178
2002-03	37,741,392,325	50,079,728	2,512,284,792	40,303,756,845
2003-04	41,739,002,603	42,700,414	2,424,297,600	44,206,000,617
2004-05	47,923,316,465	50,568,694	2,533,766,343	50,507,651,502
2005-06	56,723,300,750	40,456,349	2,858,938,378	59,622,695,477
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(1)	72,856,368,535	17,341,229	3,679,778,103	76,553,487,867
2010-11(1)	70,884,555,342	17,070,552	3,510,312,658	74,411,938,552

(1) Property values have decreased within Riverside County, in part, due to appeals of assessed values and a decline in property values generally. See "Appeals of Assessed Values."

Source: California Municipal Statistics, Inc.

The following is an analysis of the District's assessed valuation (excluding utility and unsecured property) by land use.

RIVERSIDE COMMUNITY COLLEGE DISTRICT
Assessed Valuation and Parcels by Land Use
2010-11

	2010-11 Assessed Valuation [1]	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural	$565,247,508	0.80%	1,114	0.42%
Commercial/Office	10,851,269,325	15.31	8,012	3.04
Vacant Commercial	1,577,237,236	2.23	4,518	1.72
Industrial	3,596,253,569	5.07	2,229	0.85
Vacant Industrial	542,152,153	0.76	789	0.30
Recreational	19,863,574	0.03	315	0.12
Government/Social/Institutional	754,936,256	1.07	422	0.16
Miscellaneous	15,893,256	0.02	369	0.14
Subtotal Non-Residential	$17,922,852,877	25.28%	17,768	6.75%
Residential:				
Single Family Residence	$43,437,976,818	61.28%	200,581	76.21%
Condominium/Townhouse	1,633,383,976	2.30	11,681	4.44
Mobile Home	263,596,419	0.37	4,396	1.67
Mobile Home Park	99,542,636	0.14	101	0.04
2+ Residential Units/Apartments	6,003,964,568	8.47	4,213	1.60
Vacant Residential	1,210,781,116	1.71	19,806	7.53
Subtotal Residential	$52,649,245,533	74.27%	240,778	91.48%
Other Vacant	$ 312,456,932	0.44%	4,645	1.76%
Total	$70,884,555,342	100.00%	263,191	100.00%

(1) Local Secured Assessed Valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Appeals of Assessed Value

There are two types of appeals of assessed values that could adversely impact property tax revenues with the District.

Appeals may be based on Proposition 8 of November 1978 ("Proposition 8"), which requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value.

Under California 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 appropriate county board of equalization or assessment appeals board. In most cases, the 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. Proposition 8 reductions may also be unilaterally applied by a county assessor.

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. These reductions are subject to yearly reappraisals and are 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.

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.

No assurance can be given that property tax appeals in the future will not significantly reduce the assessed valuation of property within the District.

Principal Taxpayers

The following table lists the major taxpayers in the District in terms of their 2010-11 secured assessed valuations. The District provides educational services to and its boundaries include portions of the County.

RIVERSIDE COMMUNITY COLLEGE DISTRICT
Largest 2010-11 Local Secured Taxpayers

	Property Owner	Primary Land Use	2010-11 Assessed Valuation	% of Total (1)
1.	BRE Prop Inc.	Apartments	$201,425,450	0.28%
2.	Tyler Mall LP	Shopping Center	185,497,060	0.26
3.	Watson Laboratories Inc.	Industrial	180,712,908	0.25
4.	Castle & Cooke Corona Crossings Inc.	Residential Development	167,371,572	0.24
5.	Lowes HIW Inc.	Industrial	161,562,439	0.23
6.	Walgreen Co.	Industrial	156,831,095	0.22
7.	Prologis California I	Industrial	129,119,126	0.18
8.	Teachers Insurance and Annuity Assoc. of America	Industrial	125,836,517	0.18
9.	Homecoming at Eastvale	Apartments	122,075,888	0.17
10.	Costco Wholesale Corp.	Industrial	120,038,886	0.17
11.	Waterstone Apartments NF	Apartments	118,815,948	0.17
12.	Wal Mart Real Estate Business Trust	Industrial	117,526,706	0.17
13.	AMB Institutional Alliance Fund III	Industrial	116,487,127	0.16
14.	Riverside Healthcare System	Medical Building	105,572,681	0.15
15.	Eastvale Gateway	Industrial	103,032,413	0.15
16.	Ridge Moreno Valley	Industrial	101,585,819	0.14
17.	Metal Container Corp.	Industrial	101,416,402	0.14
18.	DB Reef Perris CA Inc.	Industrial	100,000,000	0.14
19.	Ross Dress for Less Inc.	Industrial	94,806,535	0.13
20.	UPS Supply Chain Solutions General Services Inc.	Industrial	94,333,792	0.13
			$2,604,048,364	3.67%

(1) 2010-11 Local Secured Assessed Valuation: $70,884,555,342
Source: California Municipal Statistics, Inc.

Tax Rates

A representative tax rate area located within the District is Tax Rate Area 9-002. The table below demonstrates the total *ad valorem* tax rates levied by all taxing entities in this tax rate area during the seven-year period from 2007-08 through 2009-10.

RIVERSIDE COMMUNITY COLLEGE DISTRICT
Typical Tax Rate (TRA 9-002)

	2007-08	2008-09	2009-10
General	1.00000	1.00000	1.00000
City of Riverside	.00627	.00747	.00577
Riverside City Community College District	.01259	.01254	.01242
Riverside Unified School District	.03516	.04120	.05354
Metropolitan Water District	.00450	.00430	.00430
Total	1.05852	1.06551	1.07603

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 ten percent 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 County Tax Collector.

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 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 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 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.

The County levies and collects all property taxes for property falling within its taxing boundaries.

Alternative Method of the Apportionment - Teeter Plan

The Board of Supervisors of Riverside County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 et seq. of the California 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 treasury is the legal depository of the tax collections. As adopted by the County, the Teeter Plan excludes Mello Roos Community Facilities Districts and special assessment districts which provide for accelerated judicial foreclosure of property for which assessments are delinquent.

The *ad valorem* property tax to be levied to pay the interest on and principal of the Bonds will be subject to the Teeter Plan. The District will receive 100% of the *ad valorem* property tax levied to pay the Bonds irrespective of actual delinquencies in the collection of the tax by the County.

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 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 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.

District Debt Structure

Long-Term Debt. A schedule of changes in general long-term debt for the year ended June 30, 2009, is shown below:

RIVERSIDE COMMUNITY COLLEGE DISTRICT
SCHEDULE OF LONG TERM DEBT, AS OF JUNE 30, 2009

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
Bonds Payable					
General obligation bonds, Series A and B	$ 3,475,000	$ ---	$ ---	$3,475,000	$ ---
General obligation bonds, Refunding Bond 2005	56,552,557	666,520	1,260,000	55,959,077	1,495,000
Net unamortized debt premium	4,705,774	---	162,838	4,542,936	---
General obligation bonds, Series 2007 C	83,980,000	---	5,125,000	78,855,000	5,160,000
Net unamortized debt premium	2,640,907	---	176,061	2,464,846	---
Total Bonds Payable	$151,354,238	$666,520	$6,723,899	$145,296,859	$6,655,000
Other Liabilities					
Compensated absences	2,608,658	246,135	---	2,854,793	713,698
Capital leases	56,250	---	14,674	41,576	14,674
Golden handshake	2,273,357	---	916,229	1,357,128	452,376
Load banking	698,507	350,174	219,946	828,735	---
Other post employment benefits (OPEB)	---	1,474,187	517,462	956,725	---
Total Other Liabilities	$5,636,772	$2,070,496	$1,668,311	$6,038,957	$1,180,748
Total Long-Term Obligations	$156,991,010	$2,737,016	$8,392,210	$151,335,816	$7,835,748

Source: The District.

Short Term Notes. The District issued a Tax Revenue Anticipation Note on July 1, 2010. Such note was issued in the principal amount of $7,355,000, bears interest at the rate of 2.00% and matures on March 1, 2011.

General Obligation Bonds. On August 3, 2004 the District issued (i) its Election of 2004 General Obligation Bonds, Series 2004A in the aggregate principal amount of $55,205,000 (the "Series 2004A Bonds") and (ii) its Election of 2004 General Obligation Bonds, Series 2004B in the aggregate principal amount of $9,795,000 (the "Series 2004B Bonds"). On June 8, 2005 the District issued its 2005 General Obligation Refunding Bonds in the aggregate principal amount of $58,386,109.30 (the "2005 Refunding Bonds"), the proceeds of which were used to refund a portion of the Series 2004A Bonds. On June 21, 2007, the District issued its Election of 2004 General Obligation Bonds, Series 2007C in the aggregate principal amount of $90,000,000. The following table shows the annual debt service requirements of all the District's general obligation bonded debt, including the Bonds.

RIVERSIDE COMMUNITY COLLEGE DISTRICT
General Obligation Bonds – Consolidated Debt Service Schedule[1]

Period Ending (August 1)	Series 2004A Bonds[2]	2005 Refunding Bonds	Series 2007C Bonds	Series 2010D Bonds	Series 2010D-1 Bonds[3]	Total Annual Debt Service[3]
2011	$ 646,075	$ 4,152,750	$ 3,425,500	$ ---	$ 5,194,040	$ 13,418,365
2012	746,075	4,313,250	3,425,500	---	7,164,193	15,649,018
2013	896,275	4,463,250	3,425,500	---	7,164,193	15,949,218
2014	1,069,475	4,613,250	3,425,500	---	7,164,193	16,272,418
2015	44,475	5,228,250	3,425,500	375,000	7,164,193	16,237,418
2016	43,838	5,463,250	3,425,500	570,000	7,164,193	16,666,781
2017	48,088	5,710,000	3,425,500	765,000	7,164,193	17,112,781
2018	47,088	5,966,500	3,425,500	970,000	7,164,193	17,573,281
2019	51,088	6,236,250	3,425,500	1,175,000	7,164,193	18,052,031
2020	49,838	6,517,500	3,425,500	1,360,000	7,164,193	18,517,031
2021	53,588	6,813,500	3,425,500	1,560,000	7,164,193	19,016,781
2022	57,013	7,117,250	3,425,500	1,775,000	7,164,193	19,538,956
2023	60,175	7,442,000	3,425,500	1,975,000	7,164,193	20,066,868
2024	63,075	7,775,250	3,425,500	2,190,000	7,164,193	20,618,018
2025	60,713	---	10,750,500	3,205,000	7,164,193	21,180,406
2026	63,350	---	11,074,250	---	7,164,193	18,301,793
2027	70,725	---	11,398,500	---	7,164,193	18,633,418
2028	72,425	---	11,741,500	---	7,164,193	18,978,118
2029	73,850	---	12,095,500	---	7,164,193	19,333,543
2030	---	---	12,538,000	---	7,164,193	19,702,193
2031	---	---	12,912,500	---	7,924,193	20,836,693
2032	---	---	1,050,000	---	14,516,213	15,566,213
2033	---	---	---	---	15,270,011	15,270,011
2034	---	---	---	---	15,445,277	15,445,277
2035	---	---	---	---	15,616,169	15,616,169
2036	---	---	---	---	15,774,201	15,774,201
2037	---	---	---	---	15,925,658	15,925,658
2038	---	---	---	---	16,066,468	16,066,468
2039	---	---	---	---	16,197,770	16,197,770
2040	---	---	---	---	16,315,351	16,315,351
Total	$4,217,225	$81,812,250	$130,467,750	$15,920,000	$290,365,017	$523,832,242

(1) Omits cents due to rounding.
(2) Includes only the Series 2004A Bonds not refunded from proceeds of the 2005 Refunding Bonds.
(3) Does not include expected Federal Subsidy payments.

Statement of Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and effective as of September 1, 2010. 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 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. Column 2 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 column 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

RIVERSIDE COMMUNITY COLLEGE DISTRICT
Statement of Direct and Overlapping Bonded Debt

2010-11 Assessed Valuation:	$74,411,938,552	(Riverside County only)
Redevelopment Incremental Valuation:	16,802,550,917	(Preliminary)
Adjusted Assessed Valuation:	$57,609,387,635	

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable [1]	Debt 9/1/10	
Metropolitan Water District	3.234%	$ 8,544,875	
Eastern Municipal Water District Improvement Districts	0.058-100.	6,651,136	
Riverside City Community College District	**100.**	**122,611,109**	(2)
Alvord Unified School District	100.	211,504,394	
Corona-Norco Unified School District	100.	257,292,399	
Jurupa Unified School District	100.	53,007,972	
Moreno Valley Unified School District	100.	44,163,521	
Riverside Unified School District	100.	155,730,000	
Val Verde Unified School District	100.	41,816,948	
City of Riverside	100.	16,640,000	
Community Facilities Districts	Various	1,274,460,804	
1915 Act Bonds	100.	41,665,000	
TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$2,234,088,158	
Less: City of Moreno Valley Community Facilities District No. 87-1 & No. 3 (100% supported from tax increment revenues)		10,815,000	
TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$2,223,273,158	
OVERLAPPING GENERAL FUND DEBT:			
Riverside County General Fund Obligations	38.760%	$ 285,420,563	
Riverside County Pension Obligations	38.760	145,388,760	
Riverside County Board of Education Certificates of Participation	38.760	2,806,224	
Corona-Norco Unified School District General Fund Obligations	100.	27,040,000	
Moreno Valley Unified School District Certificates of Participation	100.	21,355,000	
Val Verde Unified School District Certificates of Participation	100.	85,995,000	
Other Unified School District Certificates of Participation	100.	24,997,061	
City of Corona General Fund Obligations	100.	67,815,000	
City of Moreno Valley Certificates of Participation	99.880	79,269,762	
City of Riverside General Fund and Pension Obligations	100.	350,295,000	
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$1,090,382,370	
Less: Riverside County supported obligations		5,861,476	
City of Corona supported obligations		2,800,000	
TOTAL NET OVERLAPPING GENERAL FUND DEBT		$1,081,720,894	
GROSS COMBINED TOTAL DEBT		$3,324,470,528	(3)
NET COMBINED TOTAL DEBT		$3,304,994,052	

(1) Based on 2009-10 ratios.
(2) Excludes issue to be sold.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2010-11 Assessed Valuation:
Direct Debt ($122,611,109)... 0.16%
Total Gross Overlapping Tax and Assessment Debt.............. 3.00%
Total Net Overlapping Tax and Assessment Debt 2.99%

Ratios to Adjusted Assessed Valuation:
Gross Combined Total Debt 5.77%
Net Combined Total Debt.. 5.74%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/10: $0

Source: California Municipal Statistics, Inc.

TAX MATTERS

Series 2010D Bonds

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 on the Series 2010D 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 Series 2010D Bonds is exempt from State of California personal income tax. Bond Counsel notes that, with respect to corporations, interest on the Series 2010D Bonds is not included as an adjustment in the calculation of alternative minimum taxable income.

The difference between the issue price of a Tax-Exempt Bond (the first price at which a substantial amount of the Series 2010D Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the 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 Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Tax-Exempt Bondowner will increase the Tax-Exempt Bondowner's basis in the applicable Tax-Exempt Bond. The amount of original issue discount that accrues to the owner of the Tax-Exempt Bond is excluded from 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.

Bond Counsel's opinion as to the exclusion from gross income of interest on the Series 2010D Bonds (and original issue discount) 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 Code, that must be satisfied subsequent to the issuance of the Series 2010D Bonds to assure that interest on the Series 2010D Bonds (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 the interest on the Series 2010D Bonds (and original issue discount) to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2010D Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Tax-Exempt Bondowner'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 Bondowner'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 Bondowner 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 Series 2010D 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 Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar 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 Series 2010D 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 on the Series 2010D Bonds (and original issue discount) 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 Series 2010D 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 Series 2010D Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Series 2010D 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 Series 2010D Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Series 2010D Bonds.

A copy of the proposed form of opinion of Bond Counsel for the Series 2010D Bonds is attached hereto as APPENDIX A-1.

Series 2010D-1 Bonds

The District has elected to issue the Series 2010D-1 Bonds to be issued as Build America Bonds for purposes of Section 54AA of the Code, for which the District is allowed a refundable credit which, with respect to any Interest Payment Date for the Series 2010D-1 Bonds, is equal to thirty-five percent (35%) of the amount of interest payable on the Series 2010D-1 Bonds on such date. The District will elect to receive a cash subsidy payment from the United States Treasury equal to thirty-five (35%) of the interest payable by the District on the Series 2010D-1 Bonds which cash subsidy payment will be used as an offset to future debt service on the Series 2010D-1 Bonds. **UNDER NO CIRCUMSTANCES WILL THE BENEFICIAL OWNERS OF THE SERIES 2010D-1 BONDS RECEIVE OR BE ENTITLED AT ANY TIME TO A CREDIT AGAINST THE TAX IMPOSED BY THE CODE WITH RESPECT TO THEIR OWNERSHIP OF THE SERIES 2010D-1 BONDS.** The District cannot ensure that it will receive such a refundable credit at any time and in any given amount.

The cash subsidy payment with respect to the Series 2010D-1 Bonds, for which the District is entitled, is treated by the IRS as a refund of a tax credit and such refund may be offset by the Department of the Treasury by any liability of the District payable to the Federal government, including in respect of any internal revenue tax (including any interest and penalties), past due and legally enforceable debt due federal agencies, unemployment compensation debts, and past due legally enforceable state income tax debts. The payment of the cash subsidy payments do not represent a full faith and credit obligation or guarantee of the federal government and there can be no assurance that the subsidy payments will be timely received in any particular amount.

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Series 2010D-1 Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code but is exempt from State of California personal income tax.

Except for certain exceptions, the difference between the issue price of a Series 2010D-1 Bond (the first price at which a substantial amount of the Series 2010D-1 Bond of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Series 2010D-1 Bond (to the extent the redemption price at maturity is greater than the issue price) constitute original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the Beneficial Owner of a Series 2010D-1 Bond will increase the Beneficial Owner's basis in the Series 2010D-1 Bond. Beneficial Owners of Series 2010D-1 Bonds should consult their own tax advisor with respect to taking into account any original issue discount on the Series 2010D-1 Bonds.

The amount by which a Series 2010D-1 Bond Beneficial Owner's original basis for determining loss on sale or exchange in the applicable Series 2010D-1 Bond (generally, the purchase price) exceed the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the Beneficial Owner of a Series 2010D-1 Bond may elect to amortize under Section 171 of the Code. Such amortizable bond premium reduces the Series 2010D-1 Bond Beneficial Owner's basis in the applicable Series 2010D-1 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 Series 2010D-1 Bond premium may result in the Beneficial Owner of a Series 2010D-1 Bond realizing a taxable gain when a Series 2010D-1 Bond is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the Series 2010D-1 Bond to the Beneficial Owner. The Beneficial Owners of the Series 2010D-1 Bonds that have a basis in the Series 2010D-1 Bonds that is greater than the principal amount of the Series 2010D-1 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 qualification of the Series 2010D-1 Bonds and receipt of the refundable credit for purposes of Section 54AA of the Code is subject to the condition that the District and others comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2010D-1 Bonds to assure that the Series 2010D-1 Bonds qualify as Build America Bonds under Section 54AA of the Code for which the District has made an irrevocable election to receive a refundable credit. Failure to comply with such requirements of the Code might result in the District not receiving such a refundable credit, possibly retroactive to the date of issue of the Series 2010D-1 Bonds.

The IRS has initiated an expanded program for the auditing of bond issues, including both random and targeted audits. It is possible that the Series 2010D-1 Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2010D-1 Bonds might be affected as a result of such an audit of the 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, that Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Series 2010D-1 Bonds to the extent that it adversely affects the status of the Series 2010D-1 Bonds as Build America Bonds for purposes of Section 54AA of the Code for which the District is entitled to a refundable credit, or the market value of a Series 2010D-1 Bond.

It is possible that subsequent to the issuance of the Series 2010D-1 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 Series 2010D-1 Bonds or the market value of the Series 2010D-1 Bonds. No assurance can be given that subsequent to the issuance of the Series 2010D-1 Bonds such changes or interpretations will not occur.

The federal tax and State of California personal income tax discussion set forth above with respect to the Series 2010D-1 Bonds is included for general information only and may not be applicable depending upon a Beneficial Owner's particular situation. The ownership and disposal of the Series 2010D-1 Bonds and the accrual or receipt of interest with respect to the Series 2010D-1 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 SERIES 2010D-1 BONDS IS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED, FOR THE PURPOSES OF AVOIDING PENALTIES UNDER THE CODE. THE FEDERAL TAX ADVICE CONTAINED HEREIN WITH RESPECT TO THE SERIES 2010D-1 BONDS WAS WRITTEN TO SUPPORT THE PROMOTING AND MARKETING OF THE SERIES 2010D-1 BONDS. BEFORE PURCHASING ANY OF THE SERIES 2010D-1 BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR INDEPENDENT TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES RELATING TO THE SERIES 2010D-1 BONDS AND THE TAXPAYER'S PARTICULAR CIRCUMSTANCES.**

A copy of the proposed form of opinion of Bond Counsel will respect to the Series 2010D-1 Bonds is attached hereto in APPENDIX A-2.

LEGAL MATTERS

Legality for Investment in California

Under provisions of the California Financial Code, the Bonds are legal investments for commercial banks in California 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 Government Code of the State, are eligible security for deposits of public moneys in the State.

Continuing Disclosure

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 (the "Annual Report") 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 2009-10 Fiscal Year, and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the District with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System (the "National Repository"). The notices of material events will be filed by the District with the National Repository. The specific nature of the information to be contained in the Annual Report or the notices of material events is included under the caption "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule").

The District is current with respect to all filings required under its existing continuing disclosure obligations.

No Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery 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* taxes or to collect other revenues or contesting the District's ability to issue and retire the Bonds.

New 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 will be subject to information reporting in a manner similar to interest paid on taxable obligations. The effective date for 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.

Legal Opinion

Legal opinions of Bond Counsel, approving the validity of the Series 2010D Bonds and the Series 2010D-1 Bonds, will be supplied to the original purchasers of the Bonds without cost. A copy of the proposed forms of such legal opinions are attached to this Official Statement as APPENDIX A. Bond Counsel expresses no opinion herein as to the accuracy, completeness or sufficiency of this Official Statement, and expressly disclaims any duty to advise the owners of the Bonds with respect to matters contained in this Official Statement.

MISCELLANEOUS

Ratings

The Bonds have been assigned ratings of "Aa2" and "AA" by Moody's Investors Service ("Moody's") and Standard & Poor's, a Division of McGraw Hill Companies ("S&P"), respectively.

The ratings reflect only the views of the respective rating agency, 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, 250 Greenwich Street, New York, New York 10007 and Standard & Poor's, a Division of McGraw-Hill Companies, 55 Water Street, 45th Floor, New York, NY 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.

Underwriting

Piper Jaffray & Co. (the "Underwriter") has agreed, pursuant to a purchase contract between the District and the Underwriter (the "Purchase Contract"), to purchase all of the Series 2010D Bonds for a purchase price of $8,480,169.07 (consisting of the principal amount of the Series 2010D Bonds of $7,699,278.45, plus net original issue premium of $1,725,886.65, less $944,996.03 to be used by the Underwriter to pay costs of issuance (including Underwriter's discount of $604,996.03) for the Series 2010D Bonds.

The Underwriter has agreed, pursuant to a Purchase Contract between the District and the Underwriter, to purchase all of the Series 2010D-1 Bonds for a purchase price of $102,300,000.00 (consisting of the principal amount of Series 2010D-1 Bonds of $102,300,000.00, with no Underwriter's discount thereon).

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 front 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 Underwriter has entered into an agreement (the "Distribution Agreement") with Advisors Asset Management, Inc. ("AAM") for the distribution of certain municipal securities offerings, including the Bonds, allocated to the Underwriter at the original offering prices. Under the Distribution Agreement, the Underwriter will share with AAM a portion of the fee or commission, exclusive of management fees, paid to 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 Resolutions 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.

All data contained herein about the District 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 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.

This Official Statement and the delivery thereof have been duly approved and authorized by the District.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

By: /s/ Dr. James L. Buysse
Vice Chancellor, Administration and Finance

APPENDIX A-1

FORM OF OPINION OF BOND COUNSEL WITH RESPECT TO THE SERIES 2010D BONDS

Upon issuance and delivery of the Bonds, Stradling Yocca Carlson & Rauth, Bond Counsel, proposes to render its final approving opinion with respect to the Series 2010D Bonds substantially in the following form:

November 10, 2010

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 $7,699,278.45 Riverside Community College District Election of 2004 General Obligation Bonds, Series 2010D (the "Series 2010D 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 Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Act"), a greater than fifty-five percent vote of the qualified electors of the Riverside Community College District (the "District") voting at an election held on March 2, 2004 and resolutions of the Board of Trustees of the District and the Board of Supervisors of the County of Riverside (collectively, the "Resolutions").

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. It should be noted that, with respect to corporations, such interest is not included as an adjustment in the calculation of alternative minimum taxable income.

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. For purposes of the previous sentence, the stated redemption price at maturity includes the aggregate sum of all debt service payments on Series 2010D Bonds. 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 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 Resolutions 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.

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 by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

APPENDIX A-2

FORM OF OPINION OF BOND COUNSEL
WITH RESPECT TO THE SERIES 2010D-1 BONDS

Upon issuance and delivery of the Bonds, Stradling Yocca Carlson & Rauth, Bond Counsel, proposes to render its final approving opinion with respect to the Series 2010D-1 Bonds substantially in the following form:

November 10, 2010

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 $102,300,000 Riverside Community College District Election of 2004 General Obligation Bonds, Series 2010D-1 (Build America Bonds – Direct Payment to District) (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 Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Act"), a greater than fifty-five percent vote of the qualified electors of the Riverside Community College District (the "District") voting at an election held on March 2, 2004 and resolutions of the Board of Trustees of the District and the Board of Supervisors of the County of Riverside (collectively, the "Resolutions").

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. The District expects to receive a cash subsidy payment from the United States Treasury (the "Treasury") equal to 35% of the interest payable on the Bonds on or about each interest payment date. The cash payment does not constitute a full faith and credit guarantee of the United States Government, but is required to be paid by the Treasury under the American Recovery and Reinvestment Act of 2009.

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

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 Resolutions permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

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.

Any federal tax advice contained herein (including any attachments) is not intended or written to be used, and it cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code of 1986, as amended, or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.

Respectfully submitted,

APPENDIX B

EXCERPTS FROM THE DISTRICT'S 2008-09 AUDITED FINANCIAL STATEMENTS

RIVERSIDE COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2009

RIVERSIDE COMMUNITY COLLEGE DISTRICT

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JUNE 30, 2009

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RIVERSIDE COMMUNITY COLLEGE DISTRICT

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FINANCIAL SECTION

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

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Riverside Community College District
Riverside, California

We have audited the accompanying basic financial statements of the business-type activities of Riverside Community College District (the District) as of and for the years ended June 30, 2009 and 2008, and its discretely presented component unit, Riverside Community College District Foundation (the Foundation), as listed in the Table of Contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Riverside Community College District and its discretely presented component unit as of June 30, 2009 and 2008, and the respective changes in financial position and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 10 to the Financial Statements, the accompanying financial statements reflect certain changes required as a result of the implementation of Governmental Accounting Standards Board (GASB) Statement No. 45 for the year ended June 30, 2009.

As discussed in Note 13 to the financial statements, the State of California continues to suffer the effects of a recessionary economy, which directly impacts the funding allocations of Riverside Community College District.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2009, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

8270 Aspen Street Rancho Cucamonga, CA 91730 Tel: 909.466.4410 Fax: 909.466.4431 www.vtdcpa.com

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

The Management's Discussion and Analysis, as listed in the Table of Contents, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the District's management. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion.

Our audit was 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, which is required by U.S. Office of Management and Budget 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Additional Supplementary Information on pages 85 through 92 has been presented at the request of District management for purposes of additional analysis. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Vavrinek, Trine, Day & Co LLP

Rancho Cucamonga, California
November 20, 2009

RIVERSIDE COMMUNITY COLLEGE DISTRICT

Moreno Valley Campus • Norco Campus • Riverside City College

USING THIS ANNUAL REPORT

The purpose of this annual report is to provide readers with information about the activities, programs, and financial condition of the Riverside Community College District (the District) as of June 30, 2009. The report consists of three basic financial statements: the Statement of Net Assets; Statement of Revenues, Expenses, and Changes in Net Assets; and Statement of Cash Flows and provides information about the District as a whole. This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2009. Please read it in conjunction with the District's financial statements, which immediately follow this section. Responsibility for the completeness and accuracy of this information rests with District management.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The California Community Colleges System'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 2008-2009 fiscal year, total reported resident FTES were 30,969 as compared to 27,011 in the 2007-2008 fiscal year. The District's credit FTES was fully funded except for 3,650 credit FTES for fiscal year 2008-2009 and was fully funded except for 141 credit FTES for fiscal year 2007-2008.
- Several construction and modernization projects at the District's three campuses resulted in completed buildings, building improvements, and improvements to sites of $56,018,917 in the 2008-2009 fiscal year. The projects, listed below, are funded both through State construction revenues and through the District's voter approved general obligation bond, Measure C.

  Quad Remodel – Riverside
  Modular Redistribution Project – Riverside
  Industrial Technology Building – Norco
  Food Service Remodel – Riverside
  ECS Secondary Effects Project – Moreno Valley
  Hot Water Loop – Moreno Valley
  Utility Retrofit – Riverside
  Utility Retrofit – Moreno Valley
  Utility Retrofit – Norco
  Paper Removal and Painting Project – Moreno Valley
  Soccer Field – Norco

RIVERSIDE COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

- Costs for employee salaries increased by 4.28 percent or $4.7 million from the 2007-2008 fiscal year, and costs associated with employee benefits increased by 16.91 percent or $4.1 million. The increase in salaries is primarily due to a 1.0 percent contractual increase, a one year 0.68 percent unfunded COLA increase, scheduled salary step increases, employee reclassifications, and an increased number of categorically funded positions. The increase in the benefit costs is due to rising costs of health and welfare benefits paid on behalf of both current employees and retirees.
- During the 2008-2009 fiscal year, the District provided almost $35.3 million in financial aid to students attending classes at the three campuses. This aid was provided in the form of grants, scholarships, loans, and tuition reductions funded through the Federal government, State System's Office, and local funding as shown below.

Federal Pell Grants (PELL)	$ 21,737,716
Federal Supplement Education Opportunity Grant (FSEOG)	673,337
Federal Family Education Loans (FFEL)	3,901,647
Federal Work Study Program (FWS)	736,399
Federal Academic Competitiveness Grant (ACG)	41,075
State of California Cal Grant B (CALG-B)	1,565,391
State of California Cal Grant C (CALG-C)	83,286
California Community College Board of Governor's Fee Wavier	6,568,018
Total Financial Aid Provided to Students	$ 35,306,869

RIVERSIDE COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

THE DISTRICT AS A WHOLE

Net Assets

Table 1

(Amounts in thousands)

	2009	2008	Change	2007	Change
ASSETS					
Current Assets					
Cash and investments	$116,332	$150,191	$ (33,859)	$162,395	$ (46,063)
Accounts receivable (net)	36,375	23,186	13,189	21,120	15,255
Other current assets	222	148	74	162	60
Total Current Assets	152,929	173,525	(20,596)	183,677	(30,748)
Other noncurrent assets	881	949	(68)	1,017	(136)
Capital assets (net)	215,168	190,938	24,230	172,156	43,012
Total Assets	368,978	365,412	3,566	356,850	12,128
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	29,181	25,699	3,482	22,225	6,956
Amounts held in trust for others	1,914	2,166	(252)	2,043	(129)
Current portion of long-term obligations	7,836	8,372	(536)	9,183	(1,347)
Total Current Liabilities	38,931	36,237	2,694	33,451	5,480
Long-Term Obligations	143,500	148,619	-	153,936	(10,436)
Total Liabilities	182,431	184,856	2,694	187,387	(4,956)
NET ASSETS					
Invested in capital assets	149,616	127,166	22,450	106,844	42,772
Restricted	26,209	34,874	(8,665)	43,892	(17,683)
Unrestricted	10,722	18,516	(7,794)	18,727	(8,005)
Total Net Assets	$186,547	$180,556	$ 5,991	$169,463	$ 17,084

Cash and investments consist primarily of funds held in the Riverside County Treasury. The changes in our cash position are explained in the Statement of Cash Flows on pages 15 and 16.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

Operating Results for the Year

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

Table 2

(Amounts in thousands)

	2009	2008	Change	2007	Change
Operating Revenues					
Tuition and fees (net)	$ 13,776	$ 12,494	$ 1,282	$ 12,923	$ 853
Other operating revenues	22	98	(76)	2	20
Total Operating Revenues	13,798	12,592	1,206	12,925	873
Operating Expenses					
Salaries and benefits	144,101	135,211	8,890	124,868	19,233
Supplies and maintenance	43,770	53,690	(9,920)	47,700	(3,930)
Student financial aid	24,837	-	-	-	-
Depreciation	8,242	5,918	2,324	5,166	3,076
Total Operating Expenses	220,950	194,819	1,294	177,734	18,379
Loss on Operations	(207,152)	(182,227)	(88)	(164,809)	(17,506)
Nonoperating Revenues					
State apportionments	92,108	89,611	2,497	88,437	3,671
Property taxes	43,095	43,895	(800)	43,101	(6)
State revenues	4,072	4,288	(216)	4,529	(457)
Federal and State grants and contracts	52,038	36,934	15,104	31,814	20,224
Net investment income	3,899	8,125	(4,226)	4,170	(271)
Net interest expense	(7,499)	(7,840)	341	(3,516)	(3,983)
Other nonoperating revenues	12,282	11,399	883	12,190	92
Loss on disposal of assets	-	(390)	390	-	-
Total Nonoperating Revenue	199,995	186,022	13,973	180,725	19,270
Other Revenues					
State and local capital income	13,148	7,298	5,850	9,620	3,528
Net Increase in Net Assets	$ 5,991	$ 11,093	$ 19,735	$ 25,536	$ 5,292

The District's primary revenue is from the State apportionment calculation which is comprised of three sources: local property taxes, student enrollment fees, and State apportionment. Property taxes levied and received from property within the County decreased slightly. State apportionments increased due to increased funded base FTES and growth funding decreased.

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

Interest income of $3.9 million was off set by interest expense of $7.5 million. The interest income is primarily the result of cash held in the Riverside County Treasury. Interest income has decreased approximately $4.2 million over the 2007-2008 fiscal year. Interest income and expense have decreased over fiscal year 2007-2008 due to significantly lower interest rates, the State's apportionment deferral strategy passed along to community colleges, and a lower balance of the Series C General Obligation Bond in the Riverside County Treasury during fiscal year 2008-2009. Reduced General Obligation Bond principal resulting from debt service payments have resulted in lower interest expense.

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

Table 3

Year ended June 30, 2009:

(Amounts in thousands)

	Salaries and Employee Benefits	Supplies, Material, and Other Expenses and Services	Equipment, Maintenance, and Repairs	Depreciation	Total
Instructional activities	$ 70,311	$ 4,069	$ 2,887	$ -	$ 77,267
Academic support	38,222	24,193	1,193	-	63,608
Student services	15,529	1,913	42	-	17,484
Plant operations and maintenance	6,457	4,214	356	-	11,027
Instructional support services	4,715	421	31	-	5,167
Community services and economic development	1,663	831	1	-	2,495
Ancillary services and auxiliary operations	7,128	2,990	38	-	10,156
Student aid	-	24,837	-	-	24,837
Physical property and related acquisitions	76	417	174	-	667
Unallocated depreciation	-	-	-	8,242	8,242
Total	$ 144,101	$ 63,885	$ 4,722	$ 8,242	$ 220,950

RIVERSIDE COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

Year ended June 30, 2008:

(Amounts in thousands)

	Salaries and Employee Benefits	Supplies, Material, and Other Expenses and Services	Equipment, Maintenance, and Repairs	Depreciation	Total
Instructional activities	$ 65,765	$ 3,866	$ 2,814	$ -	$ 72,445
Academic support	35,401	15,259	905	-	51,565
Student services	14,946	1,649	323	-	16,918
Plant operations and maintenance	6,174	3,908	475	-	10,557
Instructional support services	4,472	375	370	-	5,217
Community services and economic development	1,672	924	77	-	2,673
Ancillary services and auxiliary operations	6,708	2,817	143	-	9,668
Student aid	-	18,458	-	-	18,458
Physical property and related acquisitions	73	1,182	145	-	1,400
Unallocated depreciation	-	-	-	5,918	5,918
Total	$ 135,211	$ 48,438	$ 5,252	$ 5,918	$ 194,819

Changes in Cash Position

Table 4

(Amounts in thousands)

	2009	2008	Change	2007	Change
Cash Provided by (Used in)					
Operating activities	$ (196,247)	$ (172,488)	$ (23,759)	$ (125,332)	$ (70,915)
Noncapital financing activities	178,331	171,475	6,856	130,134	48,197
Capital financing activities	(20,268)	(18,167)	(2,101)	73,275	(93,543)
Investing activities	4,325	6,976	(2,651)	3,998	327
Net Increase (Decrease) in Cash	(33,859)	(12,204)	(21,655)	82,075	(115,934)
Cash, Beginning of Year	150,191	162,395	(12,204)	80,320	69,871
Cash, End of Year	$ 116,332	$ 150,191	$ (33,859)	$ 162,395	$ (46,063)

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.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

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, 2009, the District had $215.1 million in a broad range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2008, the District's net capital assets were $190.9 million. Major capital improvement projects are ongoing throughout the college campuses. These projects are primarily funded through State Construction Revenues and District General Obligation Bonds. Projects are accounted for within our Construction in Progress account until the project is completed at which time the cost of the buildings and/or improvements will be recorded to the depreciable Buildings and Improvement category.

Table 5

(Amounts in thousands)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land and construction in progress	$ 74,049	$ 28,582	$ (56,551)	$ 46,080
Buildings and land improvements	143,207	56,949	-	200,156
Equipment and vehicles	22,440	3,492	(96)	25,836
Subtotal	239,696	89,023	(56,647)	272,072
Accumulated depreciation	(48,758)	(8,242)	96	(56,904)
	$ 190,938	$ 80,781	$ (56,551)	$ 215,168

Obligations

At the end of the 2008-2009 fiscal year, the District had $145.2 million in General Obligation Bonds outstanding. These bonds are repaid annually in accordance with the obligation requirements through property tax assessments on property within the Riverside Community College District boundaries.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

In addition to the above obligations, the District is obligated to employees of the District for vacation and load banking benefits and lease purchase agreements for equipment.

Table 6

(Amounts in thousands)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
General obligation bonds	$ 151,354	$ 667	$ (6,724)	$ 145,297
Other liabilities	5,637	2,070	(1,668)	6,039
Total Long-Term Obligations	$ 156,991	$ 2,737	$ (8,392)	$ 151,336
Amount due within one year				$ 7,836

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 2008-2009 fiscal year on June 16, 2009.

The District's final revised budget for the unrestricted General Fund anticipated that expenditures would exceed revenue by $7.0 million. The actual results for the year showed expenditures exceeded revenues by $5.5 million.

ECONOMIC FACTORS AFFECTING THE FUTURE OF THE RIVERSIDE COMMUNITY COLLEGE DISTRICT

The economic position of the District is closely tied to the State of California as State apportionments, and property taxes represent approximately 87.11 percent of the total sources of revenue received within the unrestricted General Fund. The District increased reported FTES during fiscal year 2008-2009. Due to significant declines in apportionment funding from the State in fiscal years 2008-2009 and 2009-2010, the District plans to offer 1,000 fewer sections to reduce costs and the number of unfunded FTES. The District's fiscal year 2009-2010 adopted budget also contains other targeted expenditures reductions to be budgeted totaling approximately $9.0 million to align spending with available funds. The District continues to monitor enrollment and operating costs of the District to ensure ongoing financial stability and retain the reserve levels required by Board Policy and the State System's Office.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

RIVERSIDE COMMUNITY COLLEGE DISTRICT

STATEMENTS OF NET ASSETS
JUNE 30, 2009 AND 2008

	2009	2008
ASSETS		
Current Assets		
Cash and cash equivalents	$ 2,411,961	$ 2,711,773
Investments - Unrestricted	16,635,941	36,942,057
Investments - Restricted	97,283,646	110,536,702
Accounts receivable	35,615,880	22,538,827
Student accounts receivable, net	759,386	648,152
Prepaid expenses	125,040	60,348
Deferred cost on issuance	67,802	67,802
Inventories	29,051	19,353
Total Current Assets	152,928,707	173,525,014
Noncurrent Assets		
Deferred cost on issuance - noncurrent portion	881,425	949,227
Nondepreciable capital assets	46,079,762	74,048,749
Depreciable capital assets, net of depreciation	169,088,049	116,889,388
Total Noncurrent Assets	216,049,236	191,887,364
TOTAL ASSETS	368,977,943	365,412,378
LIABILITIES		
Current Liabilities		
Accounts payable	15,338,730	14,567,402
Accrued interest payable	2,694,959	2,806,625
Deferred revenue	5,782,440	5,023,107
Claims liability	5,364,973	3,302,565
Amounts held in custody on behalf of others	1,913,653	2,165,652
Compensated absences payable - current portion	713,698	1,046,309
Bonds payable - current portion	6,655,000	6,385,000
Lease obligations - current portion	14,674	14,674
Other long-term obligations - current portion	452,376	926,172
Total Current Liabilities	38,930,503	36,237,506
Noncurrent Liabilities		
Compensated absences payable - noncurrent portion	2,141,095	1,562,349
Bonds payable - noncurrent portion	131,634,077	137,622,557
Net debt premium	7,007,782	7,346,681
Lease obligations - noncurrent portion	26,902	41,576
Other long-term obligations - noncurrent portion	2,690,212	2,045,692
Total Noncurrent Liabilities	143,500,068	148,618,855
TOTAL LIABILITIES	182,430,571	184,856,361
NET ASSETS		
Invested in capital assets, net of related debt	149,616,408	124,524,678
Restricted for:		
Debt service	14,288,845	15,362,003
Capital projects	2,375,787	15,157,376
Educational programs	9,543,831	6,995,880
Unrestricted	10,722,501	18,516,080
TOTAL NET ASSETS	$ 186,547,372	$ 180,556,017

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
OPERATING REVENUES		
Student Tuition and Fees	$ 20,344,186	$ 17,220,116
Less: Scholarship discount and allowance	(6,568,018)	(4,726,243)
Net tuition and fees	13,776,168	12,493,873
Other Operating Revenues	21,531	98,054
TOTAL OPERATING REVENUES	13,797,699	12,591,927
OPERATING EXPENSES		
Salaries	115,416,313	110,676,431
Employee benefits	28,685,083	24,535,244
Supplies, materials, and other operating expenses and services	39,047,761	29,979,694
Student financial aid	24,837,204	18,458,245
Equipment, maintenance, and repairs	4,721,534	5,252,176
Depreciation	8,242,147	5,917,666
TOTAL OPERATING EXPENSES	220,950,042	194,819,456
OPERATING LOSS	(207,152,343)	(182,227,529)
NONOPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	92,108,018	89,611,058
Federal grants	32,754,061	25,132,430
State grants	19,284,379	11,801,545
Local property taxes levied for general purposes	31,955,768	32,330,029
Local property taxes levied for capital debt	11,139,248	11,565,586
State taxes and other revenues	4,072,155	4,287,522
Investment income	3,529,205	7,445,762
Interest expense on capital related debt	(7,499,410)	(7,839,793)
Investment income on capital asset-related debt, net	369,969	679,403
Deletion of capital assets	-	(389,862)
Other nonoperating revenue	12,281,649	11,398,245
TOTAL NONOPERATING REVENUES (EXPENSES)	199,995,042	186,021,925
INCOME (LOSS) BEFORE OTHER REVENUES AND EXPENSES	(7,157,301)	3,794,396
State revenues, capital	13,148,656	7,298,445
TOTAL INCOME BEFORE OTHER REVENUES AND EXPENSES	13,148,656	7,298,445
CHANGE IN NET ASSETS	5,991,355	11,092,841
NET ASSETS, BEGINNING OF YEAR	180,556,017	169,463,176
NET ASSETS, END OF YEAR	$ 186,547,372	$ 180,556,017

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 13,822,365	$ 12,208,973
Payments to vendors for supplies and services	(42,088,460)	(33,048,438)
Payments to or on behalf of employees	(142,913,546)	(133,412,121)
Payments to students for Federal direct student aid	(23,188,527)	(16,847,386)
Payments to students for State direct student aid	(1,648,677)	(1,610,859)
Other operating receipts	(230,468)	220,836
Net Cash Flows From Operating Activities	(196,247,313)	(172,488,995)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State apportionments	81,847,295	89,646,982
Federal grants and contracts	32,488,626	25,141,266
State grants and contracts	19,841,622	11,801,545
Property taxes - nondebt related	34,956,551	32,391,969
State taxes and other apportionments	(319,866)	3,288,415
Other nonoperating	9,517,096	9,204,648
Net Cash Flows From Noncapital Financing Activities	178,331,324	171,474,825
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(31,422,634)	(23,818,870)
State revenue, capital projects	13,148,657	7,298,445
Property taxes - related to capital debt	11,139,248	11,565,586
Principal paid on capital debt	(6,738,573)	(8,396,092)
Interest paid on capital debt	(7,499,410)	(6,156,127)
Interest received on capital asset-related debt	369,969	679,403
Accreted interest on general obligation bonds	666,520	593,201
Deferred cost on issuance	67,802	67,802
Net Cash Flows From Capital Financing Activities	(20,268,421)	(18,166,652)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from investments	4,325,426	6,975,840
Net Cash Flows From Investing Activities	4,325,426	6,975,840
NET CHANGE IN CASH AND CASH EQUIVALENTS	(33,858,984)	(12,204,982)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	150,190,532	162,395,514
CASH AND CASH EQUIVALENTS, END OF YEAR	$116,331,548	$150,190,532

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

STATEMENTS OF CASH FLOWS, Continued
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	$ (207,152,343)	$ (182,227,529)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:		
Depreciation and amortization expense	8,242,147	5,917,666
Changes in Operating Assets and Liabilities:		
Receivables, net	(111,234)	(162,285)
Inventories	(9,698)	1,957
Prepaid expenses	(64,692)	12,789
Accounts payable and other accrued liabilities	2,481,557	1,941,559
Deferred revenue	202,090	228,820
Funds held for others	(251,999)	122,782
Compensated absences	416,859	1,675,246
Total Adjustments	10,905,030	9,738,534
Net Cash Flows From Operating Activities	$ (196,247,313)	$ (172,488,995)
CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:		
Cash in banks	$ 2,411,961	$ 2,711,773
Unrestricted cash in county treasury	16,635,941	36,942,057
Restricted cash in county treasury	97,283,646	110,536,702
Total Cash and Cash Equivalents	$ 116,331,548	$ 150,190,532
NON CASH TRANSACTIONS		
On behalf payments for benefits	$ 3,029,760	$ 2,824,786
Deletion of capital assets	-	389,862
	$ 3,029,760	$ 3,214,648

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

DISCRETELY PRESENTED COMPONENT UNIT
RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION

RIVERSIDE COMMUNITY COLLEGE DISTRICT

DISCRETELY PRESENTED COMPONENT UNIT
RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009 AND 2008

	2009	2008
ASSETS		
Current Assets		
Cash and Cash Equivalents		
Unrestricted	$ -	$ 61,852
Restricted	2,451,552	1,972,479
Accounts receivable	2,545	267
Unconditional promises to give	122,940	72,607
Total Current Assets	2,577,037	2,107,205
Noncurrent Assets		
Investments - restricted	2,815,387	2,739,990
Long-term unconditional promises to give, net of allowance	362,729	276,585
Total Noncurrent Assets	3,178,116	3,016,575
Total Assets	$ 5,755,153	$ 5,123,780
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 197,525	$ 181,470
Borrowing from restricted funds	13,841	-
Refundable advances	-	77,148
Obligation to Riverside Community College District	346,478	-
Total Current Liabilities	557,844	258,618
Long-Term Obligations		
Long-term obligation to Riverside Community College District	357,550	610,870
Total Long-Term Obligations	357,550	610,870
Total Liabilities	915,394	869,488
NET ASSETS		
Unrestricted		
Undesignated	(887,243)	(712,741)
Board designated	12,289	14,768
Total Unrestricted	(874,954)	(697,973)
Temporarily restricted	3,011,599	2,018,794
Permanently restricted	2,703,114	2,933,471
Total Net Assets	4,839,759	4,254,292
Total Liabilities and Net Assets	$ 5,755,153	$ 5,123,780

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

DISCRETELY PRESENTED COMPONENT UNIT
RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES				
Donations	$ 6,266	$1,728,202	$ 276,666	$ 2,011,134
In-kind donations				
Donated assets	73,727	-	-	73,727
Donated material	45,310	-	-	45,310
Donated services	433,102	-	-	433,102
Assets released from restrictions	899,717	(685,482)	(214,235)	-
Total Revenues	1,458,122	1,042,720	62,431	2,563,273
EXPENSES				
Operating expenses	213,757	-	-	213,757
Program expenses	1,223,890	-	-	1,223,890
Fundraising expenses	127,734	-	-	127,734
Total Expenses	1,565,381	-	-	1,565,381
OTHER INCOME (EXPENSE)				
Realized gain (loss) on sale of investments	(8,429)	(7,933)	(33,219)	(49,581)
Unrealized loss	(59,371)	(55,879)	(233,993)	(349,243)
Interest and dividends income	345	325	1,362	2,032
Interest expense	(15,633)	-	-	(15,633)
Transfers	13,366	13,572	(26,938)	-
Total Other Income (Expense)	(69,722)	(49,915)	(292,788)	(412,425)
CHANGE IN NET ASSETS	(176,981)	992,805	(230,357)	585,467
NET ASSETS, BEGINNING OF YEAR	(697,973)	2,018,794	2,933,471	4,254,292
NET ASSETS, END OF YEAR	$ (874,954)	$3,011,599	$ 2,703,114	$ 4,839,759

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

2008			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ 38,274	$ 629,173	$ 197,254	$ 864,701
21,044	-	-	21,044
50,146	-	-	50,146
406,859	-	-	406,859
702,196	(628,425)	(73,771)	-
1,218,519	748	123,483	1,342,750
694,564	-	-	694,564
714,132	-	-	714,132
133,856	-	-	133,856
1,542,552	-	-	1,542,552
138	70	1,583	1,791
(8,122)	(2,018)	(92,867)	(103,007)
5,887	62,676	67,306	135,869
(22,341)	-	-	(22,341)
31,054	(20,223)	(10,831)	-
6,616	40,505	(34,809)	12,312
(317,417)	41,253	88,674	(187,490)
(380,556)	1,977,541	2,844,797	4,441,782
$ (697,973)	$ 2,018,794	$ 2,933,471	$ 4,254,292

RIVERSIDE COMMUNITY COLLEGE DISTRICT

DISCRETELY PRESENTED COMPONENT UNIT
RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 585,467	$ (187,490)
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities		
Unrealized loss	349,243	103,007
Contributions of long-term investments	(2,004,868)	(632,068)
Changes in Assets and Liabilities		
(Increase) decrease in accounts receivable	(2,278)	6,862
(Increase) decrease in unconditional promises to give	71,501	(29,053)
Increase in accounts payable	16,055	67,570
Decrease in refundable advances	(77,148)	(72,852)
Net Cash Flows From Operating Activities	(1,062,028)	(744,024)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(481,824)	(332,740)
Proceeds from sale of investments	629,867	380,568
Net Cash Flows From Investing Activities	148,043	47,828
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of debt	93,158	189,502
Increase in long-term unconditional promises to give	(207,978)	(276,585)
Proceeds from restricted fund borrowing	13,841	-
Collections of contributions restricted for long-term purposes	953,112	632,068
Net Cash Flows From Financing Activities	852,133	544,985
NET CHANGE IN CASH AND CASH EQUIVALENTS	(61,852)	(151,211)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	61,852	213,063
CASH AND CASH EQUIVALENTS, END OF YEAR	$ -	$ 61,852

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

NOTES TO FINANCIAL STATEMENTS

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 1 - ORGANIZATION

The Riverside Community College District (the District) was established in 1916 as a political subdivision of the State of California and provides 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 campuses located within western Riverside County. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39.

Financial Reporting Entity

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

- **Riverside Community College District Foundation**

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

  The Foundation is a not-for-profit organization under Internal Revenue Code (IRS) Section 501(c)(3) that reports its financial results under Financial Accounting Standards Board (FASB) Statements. Most significant to the Foundation's operations and reporting model are FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made,* and FASB Statement No. 117, *Financial Reporting for Not-For-Profit Organizations.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the District's financial reporting entity for these differences.

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

- **Riverside Community College District Development Corporation**

  The Riverside Community College District Development Corporation (the Corporation) is a legally separate organization 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. 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.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain grants, entitlements, and donations, and are classified as nonoperating revenue. Federal and State grants received to provide direct grants to students are classified as nonoperating revenues because the District does not generally receive any direct benefit from the grants and are recognized in the fiscal year in which all eligibility requirements are satisfied. Eligibility requirements may include time and/or purpose requirements. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges System's Office and is based on reporting of full-time equivalent student (FTES) attendance. This apportionment revenue is recognized in the period the FTES are generated.

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (US GAAP) as applicable to colleges and universities, as well as those prescribed by the California Community Colleges System's Office. The District reports are based on all applicable GASB pronouncements, as well as applicable 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. When applicable, certain prior year amounts have been reclassified to conform to current year presentation. The budgetary and financial accounts of the District are maintained in accordance with the State System's Office *Budget and Accounting Manual*.

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:
  - Statement of Net Assets
  - Statement of Revenues, Expenses, and Changes in Net Assets
  - Statement of Cash Flows
- 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 represented balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

Investments

Investments held at June 30, 2009 and 2008, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

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 $325,451 and $277,779 for the years ended June 30, 2009 and 2008, 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. 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 normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Major outlays for capital improvements are capitalized as construction-in-progress as the projects are constructed.

Depreciation of capital assets is computed and recorded by 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.

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, 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. Credit for unused sick leave is available to all full-time employees based on CalPERS and CalSTRS 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.

Net Assets

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

Invested in Capital Assets, Net of Related Debt: Capital Assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

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

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

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

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The entity-wide financial statements report $26,208,463 of restricted net assets.

State Apportionments

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

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 the California State Teachers' Retirement System (CalSTRS) and the California Public Employees Retirement Systems (CalPERS) 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.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. The County 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 District capital assets. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are billed and collected as noted above and remitted to the District when collected. The property tax revenue received for the repayment of the bonds for the years ended June 30, 2009 and 2008, were $11,139,248 and $11,565,586, respectively.

Scholarship Discounts and Allowances

Student tuition and fee revenue is reported net of scholarship discounts and allowances in the Statement of Revenues, Expenditures, and Changes in Net Assets. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf. To the extent that fee waivers and discounts 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, FSEOG Grants, Federal Work-Study, Academic Competitiveness Grants, and Federal Family Education Loan programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. These programs are audited in accordance with the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget's revised Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations,* and the related *Compliance Supplement.* During the year ended June 30, 2009 and 2008, the District distributed $3,901,647 and $1,976,657, respectively, in direct lending through the U.S. Department of Education. These amounts have not been included as revenues or expenses within the accompanying financial statements as the amounts were passed directly to qualifying students; however, the amounts are included on the Schedule of Expenditures of Federal Awards.

Interfund Activity

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

Foundation Presentation

The Riverside Community College District Foundation presents its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the statement, the Foundation does not use fund accounting.

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

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

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

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

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

Changes in Accounting Principles

In July 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions.* This Statement requires local governmental employers who provide other postemployment benefits (OPEB) as part of the total compensation offered to employees to recognize the expense and related liabilities (assets) in the entity-wide financial statements of net assets and activities. This Statement established standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of State and local government employers.

This Statement provided for prospective implementation – that is that employers set the beginning OPEB obligation at zero as of the beginning of the initial year. The District has implemented the provision of the Statement for the fiscal year ended June 30, 2009. The District had an annual required contribution of $1,474,187 for the year June 30, 2009, and made a contribution of $517,462 resulting in a net OPEB obligation of $956,725.

New Accounting Pronouncements

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Classifications*. The objectives of this Statements is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this Statement are effective for the financial statements for periods beginning after June 15, 2010. The District does not anticipate a significant impact in reporting as a result of this Statement as fund financial information is not reported.

In April 2009, the GASB issued Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for State and local governments into the GASB authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements for State and local governmental entities that are presented in conformity with GAAP and the framework for selecting those principles. GASB Statement No. 55 is effective immediately.

In April 2009, the GASB issued Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statement on Auditing Standards.* The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the AICPA's Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles: related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than auditing literature. GASB Statement No. 56 is effective immediately.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

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 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, 2009, consist of the following:

Cash on hand and in banks	$ 2,361,961
Cash in revolving	50,000
Investments	113,919,587
Total Deposits and Investments	$ 116,331,548

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
County Pooled Investment	$ 114,424,867	1.06*

*Weighted average of maturity in years.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the County pool are rated Aaa by Fitch Ratings Ltd. as of June 30, 2009.

Investment Type	Minimum Legal Rating	Rating June 30, 2009	Fair Market Value
County Pooled Investment	Not Required	Aaa	$ 114,424,867

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. As of June 30, 2009, the District's bank balance of $1,469,304 was exposed to custodial credit risk because it was uninsured and collateralized at 110 percent of balance over $100,000 with securities held by the pledging financial institution's trust department or agent, but not in the name of the District. Of the $1,469,304 exposed to custodial credit risk, $1,262,319 relates to funds of the associated students.

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, 2009, $113,919,587 is invested in the Riverside County Treasurer's Pooled Investment Fund. The Pooled Investment Fund is currently rated Aaa by Fitch Ratings Ltd.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 4 - ACCOUNTS RECEIVABLE

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

The accounts receivable are as follows:

	2009	2008
Federal Government		
Categorical aid	$ 2,323,228	$ 2,057,793
State Government		
Apportionment	15,024,738	5,572,690
Categorical aid	865,091	473,300
Lottery	1,806,440	1,978,201
Other State sources	8,937,772	4,853,760
Local Sources		
Interest	412,953	1,209,174
Property taxes	2,063,400	3,619,567
Riverside Community College District Foundation	704,028	390,556
Riverside County Redevelopment Agency	898,653	1,145,600
Other local sources	2,579,577	1,238,186
Total	$ 35,615,880	$ 22,538,827
Student receivables	$ 1,084,837	$ 925,931
Less allowance for bad debt	(325,451)	(277,779)
Student receivables, net	$ 759,386	$ 648,152
Total receivables, net	$ 36,375,266	$ 23,186,979

Discretely Presented Component Unit

The Foundation's accounts receivables consist primarily of donations and unconditional promises to give. The Foundation routinely analyzes the collectability of the outstanding balance and has provided for the determined valuation.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2009, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	$ 32,502,697	$ -	$ -	$ 32,502,697
Construction in progress	41,546,052	28,582,347	56,551,334	13,577,065
Total Capital Assets Not Being Depreciated	74,048,749	28,582,347	56,551,334	46,079,762
Capital Assets Being Depreciated				
Land improvements	5,719,137	3,578,719	-	9,297,856
Buildings and improvements	137,488,061	53,370,336	-	190,858,397
Furniture and equipment	22,440,352	3,491,753	95,530	25,836,575
Total Capital Assets Being Depreciated	165,647,550	60,440,808	95,530	225,992,828
Total Capital Assets	239,696,299	89,023,155	56,646,864	272,072,590
Less Accumulated Depreciation				
Land improvements	4,604,364	329,276	-	4,933,640
Buildings and improvements	29,010,366	4,640,170	-	33,650,536
Furniture and equipment	15,143,432	3,272,701	95,530	18,320,603
Total Accumulated Depreciation	48,758,162	8,242,147	95,530	56,904,779
Net Capital Assets	$ 190,938,137	$ 80,781,008	$ 56,551,334	$ 215,167,811

Depreciation expense for the year was $8,242,147.

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 few 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, 2009, the District has not recorded a value of the collection in the financial statements.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

Capital asset activity for the District for the fiscal year ended June 30, 2008, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	$ 32,502,697	$ -	$ -	$ 32,502,697
Construction in progress	52,489,178	21,432,362	32,375,488	41,546,052
Total Capital Assets Not Being Depreciated	84,991,875	21,432,362	32,375,488	74,048,749
Capital Assets Being Depreciated				
Land improvements	5,135,661	583,476	-	5,719,137
Buildings and improvements	105,529,914	32,386,566	428,419	137,488,061
Furniture and equipment	19,669,005	3,063,215	291,868	22,440,352
Total Capital Assets Being Depreciated	130,334,580	36,033,257	720,287	165,647,550
Total Capital Assets	215,326,455	57,465,619	33,095,775	239,696,299
Less Accumulated Depreciation				
Land improvements	4,454,024	150,340	-	4,604,364
Buildings and improvements	25,635,147	3,413,776	38,557	29,010,366
Furniture and equipment	13,081,750	2,353,550	291,868	15,143,432
Total Accumulated Depreciation	43,170,921	5,917,666	330,425	48,758,162
Net Capital Assets	$ 172,155,534	$ 51,547,953	$ 32,765,350	$ 190,938,137

Depreciation expense for the year was $5,917,666.

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	2009	2008
Accrued payroll and benefits	$ 1,757,188	$ 986,197
Apportionment	3,185,605	3,994,280
State categorical programs	160,112	217,153
Construction payables	7,195,994	6,146,806
Vendor payables	2,913,071	2,994,940
Other	126,760	228,026
Total	$ 15,338,730	$ 14,567,402

Discretely Presented Component Unit

The accounts payable of the Foundation consist primarily of amounts owed to vendors for supplies and services.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 7 - DEFERRED REVENUE

Deferred revenue at consisted of the following:

	2009	2008
Federal financial assistance	$ -	$ 20,427
State categorical aid	2,851,954	2,294,711
Enrollment fees	898,508	752,650
Theater subscriptions	314,986	300,275
Health and liability self-insurance	1,156,712	1,088,938
Summer community education fees	119,862	123,000
Other local	440,418	443,106
Total	$ 5,782,440	$ 5,023,107

NOTE 8 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Balances owing between funds at year-end were for cost allocation. The balances result from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances at June 30, 2009 and 2008, have been eliminated in the consolidation process for financial statement presentation.

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 between funds of the District have been eliminated in the consolidation process.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 9 - LONG-TERM OBLIGATIONS

Long-Term Obligations Summary

The changes in the District's long-term obligations during the 2009 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 and B	$ 3,475,000	$ -	$ -	$ 3,475,000	$ -
General obligation bonds,					
Refunding Bond 2005	56,552,557	666,520	1,260,000	55,959,077	1,495,000
Net unamortized debt premium	4,705,774	-	162,838	4,542,936	-
General obligation bonds, Series 2007 C	83,980,000	-	5,125,000	78,855,000	5,160,000
Net unamortized debt premium	2,640,907	-	176,061	2,464,846	-
Total Bonds Payable	151,354,238	666,520	6,723,899	145,296,859	6,655,000
Other Liabilities					
Compensated absences	2,608,658	246,135	-	2,854,793	713,698
Capital leases	56,250	-	14,674	41,576	14,674
Golden handshake	2,273,357	-	916,229	1,357,128	452,376
Load banking	698,507	350,174	219,946	828,735	-
Other post employment benefits (OPEB)	-	1,474,187	517,462	956,725	-
Total Other Liabilities	5,636,772	2,070,496	1,668,311	6,038,957	1,180,748
Total Long-Term Obligations	$156,991,010	$2,737,016	$ 8,392,210	$151,335,816	$7,835,748

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

The changes in the District's long-term obligations during the 2008 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 and B	$ 5,020,000	$ -	$ 1,545,000	$ 3,475,000	$ -
General obligation bonds, Refunding Bond 2	56,434,356	593,201	475,000	56,552,557	1,260,000
Net unamortized debt premium	4,868,611	-	162,837	4,705,774	-
General obligation bonds, Series 2007 C	90,000,000	-	6,020,000	83,980,000	5,125,000
Net unamortized debt premium	2,816,967	-	176,060	2,640,907	-
Total Bonds Payable	159,139,934	593,201	8,378,897	151,354,238	6,385,000
Other Liabilities					
Compensated absences	2,328,743	279,915	-	2,608,658	1,046,309
Capital leases	73,445	-	17,195	56,250	14,674
Golden handshake	927,706	2,261,880	916,229	2,273,357	916,229
Load banking	648,827	242,945	193,265	698,507	9,943
Total Other Liabilities	3,978,721	2,784,740	1,126,689	5,636,772	1,987,155
Total Long-Term Obligations	$163,118,655	$ 3,377,941	$ 9,505,586	$156,991,010	$8,372,155

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 other special revenue fund. The compensated absences are made by the fund for which the employees' salaries are paid from. The District's General Fund makes payments for the Golden Handshake 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, 2009, the principal outstanding was $3,475,000.

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

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 are not subject redemption prior to maturity.

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 with interest rates ranging from 3.00 to 5.00 percent. The bonds were issued as current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting $5,755,644, and an aggregate principal debt service balance of $56,434,356. 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, 2009, the principal outstanding was $55,959,077, and net unamortized debt premium was $4,542,936.

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, 2009
Deferred loss on refunding	$ (3,050,917)
Debt issue costs	(726,523)
Debt premium	8,320,376
Net unamortized debt premium	$ 4,542,936

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, 2009, the principal outstanding was $78,855,000 and unamortized premium and issuance costs of $2,464,846 and $949,227, respectively. Premium and issuance costs are amortized over the life of the bonds as a component of interest expense on the bonds.

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2008	Issued	Accreted Interest Addition	Redeemed	Bonds Outstanding June 30, 2009
2004	2030	4.00%-5.25%	$ 55,205,000	$ 3,475,000	$ -	$ -	$ -	$ 3,475,000
2005	2025	3.00%-5.00%	68,181,109	56,552,557	-	666,520	1,260,000	55,959,077
2007	2033	4.00%-5.00%	90,000,000	83,980,000	-	-	5,125,000	78,855,000
				$ 144,007,557	$ -	$ 666,520	$ 6,385,000	$ 138,289,077

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

Fiscal Year	Principal	Interest to Maturity	Total
2010	$ -	$ 146,075	$ 146,075
2011	-	146,075	146,075
2012	500,000	136,075	636,075
2013	620,000	113,675	733,675
2014	795,000	85,375	880,375
2015-2019	1,070,000	161,269	1,231,269
2020-2024	155,000	112,694	267,694
2025-2029	265,000	58,175	323,175
2030	70,000	1,925	71,925
Total	$ 3,475,000	$ 961,338	$ 4,436,338

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

Fiscal Year	Principal	Accreted Interest	Current Interest to Maturity	Total
2010	$ 1,495,000	$ -	$ 2,440,762	$ 3,935,762
2011	1,740,000	-	2,366,250	4,106,250
2012	1,544,393	92,886	2,310,500	3,947,779
2013	1,340,075	147,417	2,298,250	3,785,742
2014	1,281,442	140,963	2,298,250	3,720,655
2015-2019	13,333,167	285,254	10,727,750	24,346,171
2020-2024	27,820,000	-	5,611,000	33,431,000
2025	7,405,000	-	185,125	7,590,125
Total	$ 55,959,077	$ 666,520	$ 28,237,887	$ 84,863,484

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

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

Fiscal Year	Principal	Interest to Maturity	Total
2010	$ 5,160,000	$ 3,746,850	$ 8,906,850
2011	5,185,000	3,534,575	8,719,575
2012	-	3,425,500	3,425,500
2013	-	3,425,500	3,425,500
2014	-	3,425,500	3,425,500
2015-2019	-	17,127,500	17,127,500
2020-2024	-	17,127,500	17,127,500
2025-2029	33,600,000	13,950,250	47,550,250
2030-2033	34,910,000	2,813,250	37,723,250
Total	$ 78,855,000	$ 68,576,425	$ 147,431,425

Capital Leases

The District has utilized capital leases purchase agreements to primarily purchase land, buildings, and equipment. The current lease purchase agreement in the amount of $41,576 will be paid through 2012.

The District has entered into various capital lease arrangements for equipment:

Equipment	$ 138,445
Less: Accumulated depreciation	(33,706)
Total	$ 104,739

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

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

Year Ending June 30,	Lease Payment
2010	$ 17,195
2011	17,195
2012	12,228
Total	46,618
Less: Amount Representing Interest	5,042
Present Value of Minimum Lease Payments	$ 41,576

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

NOTE 10 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFIT (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 their spouses. Membership of the Plan consists of 65 retirees and beneficiaries currently receiving benefits and 802 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 2008-2009, the District contributed $517,462 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	$ 1,474,187
Annual OPEB cost (expense)	517,462
Increase in net OPEB obligation	956,725
Net OPEB obligation, July 1, 2008	-
Net OPEB obligation, June 30, 2009	$ 956,725

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2009 was as follows:

Annual Required Contribution	Percentage Contributed	Net OPEB Obligation
$ 1,474,187	35.1%	$ 956,725

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

Funding Status and Funding Progress

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, follows the notes to the financial statements and presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Since this is the first year of implementation, only the current year information is presented.

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, 2007, actuarial valuation, the unit credit cost method was used. The actuarial assumptions include healthcare cost trend rates ranged from an initial ten percent to an ultimate rate of five percent. The UAAL is being amortized at a level dollar method. The remaining amortization period at July 1, 2007, was 30 years. The actuarial value of assets was not determined in this actuarial valuation. As of June 30, 2009, 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 11 - RISK MANAGEMENT

Insurance Coverages

The District is exposed to various risks of loss related to torts and liability; theft of, damage to and destruction of assets; errors and omissions and injuries to employees. The District obtains coverage for these risks as a member of various joint powers authorities or through the purchase of coverage from a risk retention group. The District has coverage up to $20,000,000 for liability and tort risks. This coverage is subject to a $100,000 self-insured retention. The District carries replacement coverage on its buildings and furniture and equipment with limits of $295,277,000 and a $100,000 deductible. Employee health benefits are covered by the employees enrolling in either one of two health maintenance organizations or in the District's self-insured health plan. The District's self-insured limit for the self-insured plan is $100,000, and it purchases insurance coverage for the excess claims. The District purchases coverage for the dental benefits from a joint powers authority.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

Joint Powers Authority Risk Pools

During fiscal year ending June 30, 2009, 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 2008-2009, 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 $350,000 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.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

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, 2007 to June 30, 2009:

	Self-Insurance
Liability Balance, July 1, 2007	$ 2,831,205
Claims and changes in estimates	6,664,980
Claims payments	(6,193,620)
Liability Balance, June 30, 2008	3,302,565
Claims and changes in estimates	9,430,110
Claims payments	(7,367,702)
Liability Balance, June 30, 2009	$ 5,364,973
Assets available to pay claims at June 30, 2009	$ 8,722,572

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 historical experience and internal actuarial analysis.

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

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

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

CalSTRS

Plan Description

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

Funding Policy

Active members of the DB Plan are required to contribute eight percent of their salary while the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2008-2009 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's total contributions to CalSTRS for the fiscal years ended June 30, 2009, 2008, and 2007, were $5,560,357, $5,207,094, and $5,000,706, respectively, and equal 100 percent of the required contributions for each year.

Other Information

Under CalSTRS law, certain early retirement incentives require the employer to pay the present value of the additional benefit which may be paid on either a current or deferred basis. The District has obligations to CalSTRS totaling $696,377 for early retirement incentives granted to terminated employees.

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 seven percent of their salary (seven percent of monthly salary over $133.33 if the member participates in Social Security), and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The District's contribution rate to CalPERS for fiscal year 2008-2009 was 9.428 percent of covered payroll. The District's contributions to CalPERS for fiscal years ending June 30, 2009, 2008, and 2007, were $3,263,162, $3,003,354, and $2,702,097, respectively, and equaled 100 percent of the required contributions for each year.

On-Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS which amounted to $3,029,760, $2,824,786, and $2,720,297 (4.517 percent) of salaries subject to CalSTRS for the years ending June 30, 2009, 2008, and 2007, respectively. 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, permits 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 San Diego County Office of Education Fringe Benefit Consortium is the Financial Agent for the District.

Public Agency Retirement System (PARS)

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 Number 763 as of June 30, 2009. Total contributions to the plan amounted to $761,526.

NOTE 13 - 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, 2009.

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 position of the District at June 30, 2009.

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
2010	$ 216,339
2011	53,226
Total	$ 269,565

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

Construction Commitments

As of June 30, 2009, the District had the following budgetary commitments with respect to the unfinished capital projects:

CAPITAL PROJECT	Spent to Date	Budgeted Construction Commitment	Expected Fiscal Year Completion
Aquatic Project	$ 1,176,122	$ 12,855,003	11-12
Cosmo, Ceramic Bldg. Bridge, and Music Room Project	147,409	135,681	09-10
District ADA Transition Plan	457,691	5,902,309	11-12
Humanities Upgrade	50,181	91,290	09-10
MLK Stem Center	30,650	113,350	09-10
Moreno Valley - Network Operations Center	82,667	2,930,690	09-10
Moreno Valley Phase III	645,284	18,964,998	11-12
Moreno Valley - Allied Health Redistribution	1,133,967	3,663,624	11-12
Moreno Valley - ECS Upgrade and Retrofit Project	248,179	4,117	09-10
Moreno Valley - Health Science Center	94,271	27,375,729	11-12
Moreno Valley - Food Service Remodel	295,756	3,100,147	10-11
Moreno Valley - Parking Structure	110,310	29,889,690	10-11
Norco - Campus Beautification Project	89,978	41,563	09-10
Norco - Center for Health Wellness and Kinesiology	83,000	30,917,000	11-12
Norco - ECS Upgrade and Retrofit Project	117,827	255,204	09-10
Norco - Network Operations Center	13,147	1,586,853	09-10
Norco Student Support Center	2,573,756	17,420,744	11-12
Nursing/Science Project	5,379,832	79,778,701	11-12
P.E. Phase II	730,841	17,870,910	10-11
Quad Basement Remodel	12,960	454,540	09-10
Riverside - Black Box Theatre	25,846	735,904	09-10
Riverside School of the Arts	197,749	2,202,251	12-13
Stoko ECS Upgrade	46,325	543,127	09-10
Technology Building A Remodel	11,375	923,625	09-10
	$ 13,755,123	$ 257,757,050	

The projects are funded through a combination of general obligation bonds and capital project apportionments from the State System's Office.

Deferral of State Apportionments

Due to the inability of the California State legislature to enact a budget by June 30, 2009, certain apportionments owed to the Community College District System and the Riverside Community College District for funding of FTES, categorical programs, and construction reimbursements which are attributable to the 2008-2009 fiscal year have been deferred to the 2009-2010 fiscal year. The total amount of funding deferred into the 2009-2010 fiscal year was $15.024 million. As of July 14, 2009, $0 remains outstanding. These deferrals of apportionment are considered permanent with future funding also being subject to deferral into future years.

NOTE 14 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the School Excess Liability Fund (SELF), the Riverside Community College - County Superintendent Self-Insurance Program for Employees (RCCCSSIPE), the Riverside Employers/Employees Plan (REEP), and the 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, 2009, the District made payments of $340,535, $4,518, $1,384,318, and $434,161 to SELF, RCCCSSIPE, REEP, and ASCIP, respectively.

NOTE 15 - SUBSEQUENT EVENT

The District issued $10,725,000 of tax and revenue anticipation notes dated July 1, 2009. The notes mature on June 30, 2010, with an interest rate of 2.5 percent, and yield ranging from 0.53 to 0.60 percent interest. The notes were sold to supplement cash flow.

Repayment requirements are that a percentage of principal and interest be deposited with the fiscal agent each month beginning February 2010 until 100 percent of principal and interest due is on account in June 2010.

REQUIRED SUPPLEMENTARY INFORMATION

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2009

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	$ -	$ 101,478,679	9.62%

SUPPLEMENTARY INFORMATION

RIVERSIDE COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION
JUNE 30, 2009

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

BOARD OF TRUSTEES

MEMBER	OFFICE	TERM EXPIRES
Virginia Blumenthal	President	December 2010
Janet Green	Vice President	December 2010
Jose Medina	Secretary	December 2010
Mary Figueroa	Member	December 2012
Mark A. Takano	Member	December 2012

ADMINISTRATION

Dr. Irving Hendrick (1)	Interim Chancellor
Dr. James L. Buysse	Vice Chancellor, Administration and Finance
Dr. Ray Maghroori	Vice Chancellor, Academic Affairs
Ms. Melissa Kane	Vice Chancellor, Diversity and Human Resources
Dr. Linda Lacy	Vice Chancellor, Student Services/Operations

(1) Dr. Gregory Gray, Chancellor as of July 1, 2009

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
Water Quality Research	10.223	$ 81,547
GS-5 Certified: Increasing Soil Science Education	10.223	25,986
Pass through California Department of Education (CDE)		
Child and Adult Care Food Program	10.558	22,412
Total U.S. Department of Agriculture		129,945
U.S. DEPARTMENT OF DEFENSE		
Procurement Assistance Center (PAC)	12.002	251,871
U.S. DEPARTMENT OF LABOR		
WORKFORCE INVESTMENT ACT		
Pass through from the County of Riverside (EDA)		
WIA Cluster		
Title I Community College Education Assistance Center	17.258	184,397
ARRA - Summer Youth Employment Program	17.259	11,303
Subtotal WIA Cluster		195,700
Pass through from California Community College System's Office		
California Transportation and Logistics Institute (CaTLI)	17.269	87,340
Total U.S. Department of Labor		283,040
NATIONAL ENDOWMENT FOR THE ARTS		
NEA Challenge America	45.024	10,000
NATIONAL SCIENCE FOUNDATION		
Advanced Technological Education (ATE)	47.076	78,240
Logistics Technicians: Goods to Go	47.076	115,638
National Center of Logistic and Supply Chain Tech Planning	47.076	40,887
Total National Science Foundation		234,765
SMALL BUSINESS ADMINISTRATION		
Pass through from California State University, Fullerton		
Auxiliary Services Corporation		
Small Business Development Center	59.037	325,477
Tri-Tech Small Business Development Center	59.037	14,281
Total Small Business Administration		339,758
U.S. DEPARTMENT OF VETERANS AFFAIRS		
Veteran Outreach Program - Administration	64.000	5,103
U.S. DEPARTMENT OF EDUCATION		
TRIO Cluster		
Student Support Services Program	84.042	239,709
Upward Bound Program	84.047	808,609
Subtotal TRIO Cluster		1,048,318

(Continued)

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2009

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION, Continued		
Student Financial Assistance Cluster		
Federal Supplement Education Opportunity Grant (FSEOG)	84.007	$ 673,337
FSEOG Administrative	84.007	37,216
Federal Family Education Loans (FFEL)	84.032	3,901,647
Federal Work Study Program (FWS)	84.033	736,399
Federal Work Study Administrative	84.033	43,892
Federal Pell Grants (PELL)	84.063	21,737,716
Federal Pell Administrative	84.063	45,151
Academic Competitiveness Grant (ACG)	84.375	41,075
Subtotal Student Financial Assistance Cluster		27,216,433
HIGHER EDUCATIONAL ACT		
Strengthening Institutions - Student Learning Cooperative	84.031	922,143
Strengthening Institutions - Hispanic Serving Institutions	84.031	568,826
Pass through from Chaffey Community College District		
Title V - Cooperative	84.031	252,784
CCRAA - Access to Success	84.031	200,027
CCRAA - Project Success Program	84.031	321,212
CCRAA - Step up to Success Cooperative	84.031	421,771
Subtotal Higher Education - Institutional Aid		2,686,763
Fund for Improvement of Post-Secondary Education (FIPSE)	84.116B	90,839
Child Care Access Means Parents in School (CCAMPIS)	84.335A	192,126
Pass through from University of California, Riverside		
Teacher Quality Enhancement Grants	84.336	108,900
Aurora	84.336	2,995
Copernicus Alliance Science through Literacy (CASTL)	84.336B	11,608
CAREER AND TECHNICAL EDUCATION ACT		
Passed through from California Community College System's Office		
Career and Technical Education, Title I-B Regional Consortia Desert	84.048	164,880
Career and Technical Education, Title I-C	84.048	971,918
Technical Preparation Regional Coordination	84.243	180,194
Title II, Technical Preparation	84.243	243,901
Success by Design - A Demonstration Model for Institutional Partnerships Serving Out-of-School Youth	84.353A	139,434
REHABILITATION ACT		
Pass through from California Department of Rehabilitation		
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	202,200
ELEMENTARY AND SECONDARY EDUCATION ACT		
FIE Earmark Grant Awards	84.215K	84,682
Total U.S. Department of Education		33,345,191

(Continued)

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Nurse Education, Practice, and Retention	93.359	$ 381,537
Career Ladder, Nursing Education	93.359	7,544
Pass through from California Community College System's Office		
Temporary Assistance to Needy Families (TANF)	93.558	91,155
Foster Care Education Program	93.658	60,574
Pass through from Yosemite Community College District		
Early Childhood Study - Consortium Grant	93.575	17,466
Pass through from Foundation for California Community College (FCCC)		
Temporary Assistance to Needy Families (TANF) - CDC Program	93.575	141,372
Pass through from Riverside County Department of Public Social Services		
Foster Care Education Program	93.658	48,399
Independent Living Skills - Emancipation	93.674	1,084,742
Pass through from Riverside County Office of Education (RCOE)		
Independent Living Program	93.674	94,584
Pass through from California Department of Health Services		
Medical Assistance Program (MAA)	93.778	79,663
Total U.S. Department of Health and Human Services		2,007,036
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
Pass through from Foundation for California Community College (FCCC)		
Americorps	94.006	48,999
Total Federal Expenditures		$ 36,655,708

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

	Program Entitlements		
Program	Current Year	Prior Year	Total Entitlement
GENERAL FUND			
Board Financial Assistance Program (BFAP)	$ 94,691	$ -	$ 94,691
Basic Skills Reappropriation	-	74,813	74,813
Basic Skills and Immigrant Education	-	406,281	406,281
Basic Skills/ESL 2008-2009	650,988	522,542	1,173,530
Part Time Faculty Insurance	28,217	-	28,217
Part Time Faculty Office Hours	138,672	-	138,672
Part Time Faculty Compensation	1,160,915	-	1,160,915
Homeowner Property Tax Relief	432,426	-	432,426
Timber Tax Yield	42	-	42
State Tax Subventions	2,101	-	2,101
State Lottery	3,147,254	-	3,147,254
Career Exploration and Develop 7th and 8th Grade	-	123,732	123,732
CTE Fiscal Agent	6,916,000	-	6,916,000
CTE Strengthening Career Tech Ed SB 70	-	170,256	170,256
CTE Community Collaborative Project UNITE	469,700	-	469,700
CTE Community Collaborative Project 2008-2009	400,000	-	400,000
CTE Community Collaborative Project Supplement	100,000	-	100,000
CTE Teacher Preparation Pipeline	-	140,623	140,623
CTE Entrepreneurship Career Pathways	50,000	-	50,000
CTE Enrollment Growth and Retention AND-RN	736,738	-	736,738
CAHSEE Prep Program 2008-2009	65,000	-	65,000
Associate Degree Nursing Enroll Growth	-	-	-
California Articulation Number (CAN)	4,000	-	4,000
Song Brown Nursing 2007-2009	-	99,973	99,973
Song Brown Nursing 2008-2010	200,000	-	200,000
Song Brown RN Special Programs	66,448	-	66,448
Physician's Assistant Base	108,864	-	108,864
Nursing Capacity Building - Program Expansion	-	387,672	387,672
Nursing Capacity Building - Renovation FP3	-	143,334	143,334
Extended Opportunity Program and Service - (EOPS)	798,623	-	798,623
Extended Opportunity Program and Service - (EOPS/CARE)	135,643	-	135,643
Board Financial Assistance Program (BFAP)	893,456	-	893,456
Telecommunication Technology Infrastructure Program - TCO	-	10,291	10,291
Instructional Equipment and Library Materials	285,790	88,073	373,863
TTIP Plan E - Library Automation	36,036	-	36,036
Matriculation Grant	1,791,762	-	1,791,762
Matriculation Grant - Noncredit	-	-	-

See accompanying note to supplementary information.

Program Revenues					
Cash Received	Accounts Receivable	Accounts Payable	Deferred Revenue	Total Revenue	Program Expenditures
$ 94,691	$ -	$ -	$ -	$ 94,691	$ 94,691
74,812	-	601	-	74,211	74,211
406,281	-	6,707	-	399,574	399,574
1,173,530	-	-	868,053	305,477	305,477
25,571	-	-	-	25,571	25,571
114,259	-	-	-	114,259	114,259
1,160,915	-	-	-	1,160,915	1,160,915
457,573	-	-	-	457,573	457,573
42	-	-	-	42	42
1,266	835	-	-	2,101	2,101
1,688,360	1,458,894	-	-	3,147,254	3,147,254
123,732	-	2,901	-	120,831	120,831
6,570,200	345,800	-	344,249	6,571,751	6,571,751
170,255	-	40,086	-	130,169	130,169
469,700	-	-	184,847	284,853	284,853
400,000	-	-	400,000	-	-
100,000	-	-	100,000	-	-
114,082	-	-	-	114,082	114,082
50,000	-	-	9,224	40,776	40,776
714,620	-	-	461,117	253,503	253,503
26,000	-	-	741	25,259	25,259
18	-	18	-	-	-
4,000	-	-	4,000	-	-
74,953	25,013	-	-	99,966	99,966
74,980	25,405	-	-	100,385	100,385
52,970	3,847	-	-	56,817	56,817
49,516	56,584	-	-	106,100	106,100
387,672	-	425	-	387,247	387,247
143,334	-	93	-	143,241	143,241
790,407	-	-	23,494	766,913	766,913
135,643	-	-	-	135,643	135,643
893,456	-	-	52,906	840,550	840,550
10,291	-	-	250	10,041	10,041
373,863	-	-	66,011	307,852	307,852
36,036	-	-	7	36,029	36,029
1,791,762	-	-	21,915	1,769,847	1,769,847
355	-	355	-	-	-

(Continued)

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

	Program Entitlements		
Program	Current Year	Prior Year	Total Entitlement
Staff Development	$ -	$ 63,785	$ 63,785
Foster Care Education Program	59,929	-	59,929
Middle College High School	121,846	11,575	133,421
Responsive Training Funds	-	66,291	66,291
Economic Development - Center for International Trade Development	205,000	-	205,000
Economic Development - Center for Applied Competitive Technology	205,000	-	205,000
EWD Regional Consortia Demonstration Project	90,890	-	90,890
Game Art - Mini Grant	9,000	-	9,000
IDRC Logistics/Mt. SAC	-	9,541	9,541
Teeth Are Us	128,655	-	128,655
Staff Diversity	25,236	73,917	99,153
Economic Development - Center for Applied Competitive Technology - HUB FP1	-	-	-
Economic Development - Center for International Trade Development - HUB FP1	-	-	-
Economic Development - Center for Applied Competitive Technology - HUB FP2	-	57,117	57,117
Economic Development - Center for International Trade Development - HUB FP2	-	21,740	21,740
Economic Development - Center for Applied Competitive Technology - HUB FP3	121,000	-	121,000
Economic Development - Center for International Trade Development - HUB FP3	121,000	-	121,000
Economic Development - Center for International Trade Development - C/O	-	31,445	31,445
CA Civil Liberties Public Ed Program	5,000	-	5,000
Disabled Student Program and Services - DSPS	1,989,652	-	1,989,652
Nursing Faculty Recruitment and Retention	-	207,442	207,442
CalWORKS	441,433	-	441,433
CalWORKS Community College Set-Aside	150,000	-	150,000
RCOE Zenith Mentoring Foster Youth/ILP	61,500	-	61,500
Equipment for Nursing and Allied Health Programs	-	35,641	35,641
Economic Development - CITD State Leadership	172,500	-	172,500
CA High School Exit Exam Prep	-	367,010	367,010
SFAA Augment C/O	-	48,654	48,654
Small Business Development Center State CCCCO	50,000	-	50,000
State Lottery	512,151	-	512,151

See accompanying note to supplementary information.

Program Revenues					
Cash Received	Accounts Receivable	Accounts Payable	Deferred Revenue	Total Revenue	Program Expenditures
$ 63,785	$ -	$ -	$ 15,830	$ 47,955	$ 47,955
47,127	14,975	-	-	62,102	62,102
24,309	108,526	-	-	132,835	132,835
51,596	-	-	-	51,596	51,596
172,200	32,800	-	-	205,000	205,000
180,678	-	-	20,315	160,363	160,363
76,348	-	-	40,949	35,399	35,399
-	7,810	-	-	7,810	7,810
8,441	-	-	-	8,441	8,441
-	77,927	-	-	77,927	77,927
99,153	-	-	61,720	37,433	37,433
4,406	-	4,406	-	-	-
15,434	-	15,434	-	-	-
37,936	15,309	-	-	53,245	53,245
2,380	19,360	-	-	21,740	21,740
101,640	12,641	-	-	114,281	114,281
101,640	17,743	-	-	119,383	119,383
31,444	-	32	-	31,412	31,412
3,750	1,250	-	-	5,000	5,000
1,988,009	1,643	-	-	1,989,652	1,989,652
207,440	-	-	172,984	34,456	34,456
441,433	-	2,487	-	438,946	438,946
125,018	-	-	-	125,018	125,018
360	60,255	-	-	60,615	60,615
35,641	-	-	3,342	32,299	32,299
145,900	26,600	-	-	172,500	172,500
190,936	-	-	-	190,936	190,936
48,654	-	-	-	48,654	48,654
42,000	7,994	-	-	49,994	49,994
11,485	347,546	-	-	359,031	359,031

(Continued)

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

	Program Entitlements		
Program	Current Year	Prior Year	Total Entitlement
CHILD DEVELOPMENT FUND			
Campus Child Care Tax Bailout	$ 143,552	$ -	$ 143,552
Child Nutrition Program	-	-	-
STUDENT FINANCIAL AID FUND			
Cal Grant B and C	1,732,874	-	1,732,874
Total State Programs			

See accompanying note to supplementary information.

Program Revenues					
Cash Received	Accounts Receivable	Accounts Payable	Deferred Revenue	Total Revenue	Program Expenditures
$ 143,552	$ -	$ -	$ -	$ 143,552	$ 143,552
943	404	-	-	1,347	1,347
1,732,874	2,370	86,567	-	1,648,677	1,648,677
$ 24,891,657	$ 2,671,531	$ 160,112	$ 2,851,954	$ 24,551,122	$ 24,551,122

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT - ANNUAL (ACTUAL) ATTENDANCE AS OF JUNE 30, 2009

CATEGORIES	Revised* Reported Data	Audit Adjustments	Revised Audited Data
Credit Full-Time Equivalent Student (FTES)			
A. Summer Intersession (Summer 2008 only)			
1. Credit	2,645	-	2,645
B. Summer Intersession (Summer 2009 - Prior to July 1, 2009)			
1. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure			
(a) - Weekly Census Contact Hours	19,651	-	19,651
(b) - Daily Census Contact Hours	3,287	-	3,287
2. Actual Hours of Attendance			
(a) - Credit	1,880	-	1,880
3. Independent Study/Work Experience			
(a) - Weekly Census Procedure Courses	1,833	-	1,833
(b) - Daily Census Procedure Courses	1,375	-	1,375
Subtotal	30,671	-	30,671
Noncredit FTES			
A. Summer Intersession (Summer 2008 only)			
1. Noncredit	49	-	49
B. Summer Intersession (Summer 2009 - Prior to July 1, 2009)			
1. Noncredit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Actual Hours of Attendance			
(a) - Noncredit	249	-	249
2. Independent Study/Work Experience			
(a) - Noncredit Independent Study	-	-	-
Subtotal	298	-	298
Total FTES	30,969	-	30,969
Supplemental Information (subset of above information)			
In-Service Training Courses (FTES)			944
Basic Skills Courses			
1. Noncredit			-
2. Credit			2,556
Total Basic Skills FTES			2,556
Comprehensive Center FTES			
1. Noncredit			14,115
2. Credit			63
Total Comprehensive Center FTES			14,178

*Annual report revised as of October 1, 2009.

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH FUND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Summarized below are the fund balance reconciliations between the Annual Financial and Budget Report (CCFS-311) and the fund financial statements.

	General Fund	Internal Service Fund
June 30, 2009, Annual Financial and Budget Report (CCFS-311)		
Reported Fund Balance	$ 13,253,849	$ 4,022,520
Adjustments to Decrease Fund Balance		
Accounts payable	80,868	-
Claims liability	-	1,578,805
Net Adjustments	80,868	1,578,805
Audited Fund Balance	$ 13,172,981	$ 2,443,715

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEETS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:		
Total Fund Balance and Due to Student Groups:		
General Funds	$ 22,716,812	
Special Revenue Funds	276,285	
Capital Outlay Projects	81,230,787	
Debt Service Funds	16,983,804	
Proprietary Fund	2,443,715	
Fiduciary Funds	1,913,653	
Total Fund Balance and Due to Student Groups - All District Funds		**$ 125,565,056**
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	272,072,591	
Accumulated depreciation is	(56,904,780)	215,167,811
Amounts held in trust on behalf of others (Trust and Agency Funds)		(1,913,653)
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term obligations is recognized when it is incurred.		(2,694,959)
Governmental funds report cost of issuance associated with the issuance of debt when first issued, whereas the amounts are deferred and amortized in the statements of activities.		
Cost of issuance at year end amounted to:		949,227
Long-term obligations at year end consist of:		
Bonds payable	145,296,859	
Capital leases payable	41,576	
Compensated absences	2,854,793	
Load banking	828,735	
Early retirement (Golden Handshake)	1,357,128	
Other postemployment benefits (OPEB)	956,725	
Less compensated absences already recorded in funds	(809,706)	(150,526,110)
Total Net Assets		**$ 186,547,372**

See accompanying note to supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2009

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

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

Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The following schedule provides reconciliation between revenues reported on the statement of revenues, expenses, and changes in net assets and the related expenditures reported on the schedule of expenditures of Federal awards. The reconciling amounts represent Federal funds that have been recorded as revenues or expenses within the accompanying financial statements as the amounts were passed directly to qualifying students.

Description	CFDA Number	Amount
Total Federal Revenues per Statement of Revenues, Expenses, and Changes in Net Assets:		$ 32,754,061
Federal Family Education Loans (FFEL)	84.032	3,901,647
Total Expenditures of Federal Awards		$ 36,655,708

Subrecipients

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

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Amount Provided to Subrecipients
Water Quality Research	10.223	$ 56,027
GS-5 Certified: Increasing Soil Science Education	10.223	17,124
Logistics Technicians: Goods to Go	47.076	36,839
National Center of Logistic and Supply Chain Tech Planning	47.076	21,347
Strengthening Institutions - Student Learning Cooperative	84.031S	162,290
CCRAA - Step Up to Success Cooperative	84.031C	89,192
Technical Preparation Regional Coordination	84.243	132,537
Title II, Technical Preparation	84.243	75,714
Independent Living Skills - Emancipation	93.674	67,134
Total Pass-Through		$ 658,204

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2009

Schedule of Expenditures of State Awards

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

Schedule of Workload Measures for State General Apportionment - Annual (Actual) Attendance

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

Reconciliation of Annual Financial and Budget Report (CCFS-311) with Fund Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the District's internal fund financial statements.

Reconciliation of the Governmental Fund Balance Sheets to the Statement of Net Assets

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

INDEPENDENT AUDITORS' REPORTS

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

VALUE THE DIFFERENCE

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

Board of Trustees
Riverside Community College District
Riverside, California

We have audited the financial statements of the business-type activities of Riverside Community College District (the District) for the years ended June 30, 2009 and 2008, and have issued our report thereon dated November 20, 2009. 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.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting as referenced at 2009-1.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Riverside Community College District in a separate letter dated November 20, 2009.

Riverside Community College District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Riverside Community College District's response and, accordingly, express no opinion.

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

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California
November 20, 2009

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

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees
Riverside Community College District
Riverside, California

Compliance

We have audited the compliance of Riverside Community College District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2009. Riverside Community College District's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of Riverside Community College District's management. Our responsibility is to express an opinion on Riverside Community College District's compliance based on our audit.

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

Internal Control Over Compliance

The management of Riverside Community College District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered Riverside Community College District's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Riverside Community College District's internal control over compliance.

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A *control deficiency* in a district's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California
November 20, 2009

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

VALUE THE DIFFERENCE

REPORT ON STATE COMPLIANCE

Board of Trustees
Riverside Community College District
Riverside, California

We have audited the compliance of Riverside Community College District (the District) with the types of compliance requirements described in Section 400 of the California State System's Office's *California Community College District Audit Manual (CDAM)* that are applicable to community colleges in the State of California. The specific requirements are described below.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements with State laws and regulations have occurred. An audit includes examining, on a test basis, evidence about Riverside Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Riverside Community College District's compliance with those requirements.

General Directive

Section 424: MIS Implementation - State General Apportionment Funding System

Administration

Section 435: Open Enrollment
Section 437: Student Fees - Instructional Materials and Health Fees

Apportionments

Section 423: Apportionment of Instructional Service Agreements/Contracts
Section 425: Residency Determination for Credit Courses
Section 427: Concurrent Enrollment of K-12 Students in Community College Credit Courses
Section 432: Enrollment Fee
Section 426: Students Actively Enrolled

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Fiscal Operations

Section 421: Salaries of Classroom Instructors (50% Law)
Section 431: Gann Limit Calculation

Student Services

Section 428: Use of Matriculation Funds
Section 433: CalWORKs - Use of State and Federal TANF Funding

Facilities

Section 434: Scheduled Maintenance Program

In our opinion, Riverside Community College District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2009. However, the results of our auditing procedures disclosed other instances of noncompliance with those requirements, which are required to be reported and are described in the accompanying schedule of findings and questioned costs as items 2009-2 and 2009-3.

Riverside Community College District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Riverside Community College District's responses and, accordingly, we express no opinion.

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

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California
November 20, 2009

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2009

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	No
Identification of major programs:	

CFDA Numbers	Name of Federal Program or Cluster
84.007, 84.032, 84.033, 84.063, and 84.375	Student Financial Assistance Cluster
17.258 and 17.259	WIA Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 1,099,671
Auditee qualified as low-risk auditee?	No

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Type of auditors' report issued on compliance for State programs:	Unqualified

RIVERSIDE COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2009

The following findings represent significant deficiencies and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

2009-1 Finding - Audit Adjustments of Estimated Claims Liability

Criteria or Specific Requirement

Governmental Accounting Standards Board (GASB) Statement No. 10 requires the District to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including allocated loss adjustment expenses (ALAE) and unallocated loss adjustment expenses (ULAE).

Condition

The assumptions used by the District to calculate the claims liability are determined based on estimates by District personnel. Loss development techniques are used to establish the claims liability. Understanding and assessing the variability of these estimates, and the reliability of historical experience as an indicator of future loss payments, requires a careful analysis of the historical loss data and the use of projection methods that are sensitive to the particular circumstances. While these indicators are in place, mathematical errors in the calculation resulted in an understatement of the overall claims liability.

Isolated Instance or Systemic

Isolated Instance - Mathematical errors were noted on loss development calculations that were used for the variability of claims liability estimates which resulted in an understatement of claims liability.

Questioned Costs

Audit adjustment totaling $1,578,805 for estimated claims liability.

Effect

The financial statements could be materially misstated if an understanding and assessing the variability of claims liability estimates is not obtained which industry standards would indicate are best provided by an actuary.

Recommendation

The District should strengthen internal controls in the calculation of claims liability to include a review of formulas to ensure amounts recorded on the general ledger are accurate. The District claims liability calculation noted mathematical errors that resulted in an audit adjustment to the overall liability. The District should consider the use of a specialist which industry standards would indicate are best provided by an actuary. An updated actuarial study of the claims costs should be performed at least every three years.

District Response and Planned Corrective Actions

The District has employed a well tested methodology for determining its estimated claims liability each year. Said methodology has been considered satisfactory internally and by audit firms over the ten years since it was first implemented. However, we concur that there were mathematical errors in the most recent calculation, and hence, that internal controls should be strengthened. In this regard, in the future, the District will periodically engage the services of an actuary to test the currency and validity of its methodology and assumptions. This process will begin with the fiscal 2010 audit and be repeated every five years thereafter.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

None reported.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2009

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

2009-2 Finding - Concurrent Enrollment

Criteria or Specific Requirement

- *Education Code* Sections 48800(a), 48800.5, 76300, 76001(d)
- Legal Opinions M 98-17 and M02-20 issued by the Chancellor's Office, California Community Colleges
- Legal Advisory 05-01, "Questions and Answers Re. Concurrent Enrollment" - issued January 5, 2005 by the Chancellor's Office, California Community Colleges

Condition

Enrollment fees are not being assessed to K-12 students for all units once 11 units has been exceeded and the student becomes a special full-time student. The District's Datatel System exempts all special part-time and full-time K-12 students from any enrollment fees.

Isolated Instance or Systemic

Systemic - *Education Code* Section 73600 provides that a district may not exempt special full-time students as a group from paying the $20 per unit enrollment fee. However, it was noted that the District exempts all K-12 students from any enrollment fees.

Questioned Costs

$10,050 - approximately

Effect

Without procedures that require special full-time K-12 students to be assessed enrollment fees, this could materially impact the District's State apportionment revenues. If enrollment fees are materially understated, then State apportionment revenues could be materially overstated since enrollment fee revenue is used to determine State apportionment revenues the District will receive.

Recommendation

Districts admitting special K-12 students should have procedures in place to ensure enrollment fees are assessed for all units once 11 units is exceeded and the student becomes a special full-time student.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

District Response and Planned Corrective Actions

Concurrently Enrolled Students (Special Enrolled Students K12) are billed within Datatel (Student System) at $0.00 per unit plus the Student Services Fee and Health Services fees. Students are blocked from enrolling in greater than 11 units, unless that restriction is over written by appropriate College/Campus personnel. The District's Information Services and Accounting Services departments researched this problem and found that 40 student records were impacted during fiscal year 2008-2009. This resulted in the loss of tuition revenue in the amount of approximately $10,500. The majority of the instances occurred at the Moreno Valley campus with students from their Middle College High School and Nuview programs. Information Services department has corrected the billing system to ensure all Special Enrolled Students are billed for all units taken if a student is enrolled in greater than 11 units in a semester.

For future terms starting in fiscal year 2009-2010, the following procedures will be in place:

- The campus administration will communicate to the program directors on the limitations in terms of units and the implication on the tuition fees.
- The campus administration will also keep the students/parents and other entities informed due to the impact by this regulation at all times.
- No concurrently enrolled students should be allowed to register in more than 11 units.
- If for any administrative reason the students are allowed to enroll in more than 11 units, the campus will ensure that procedures are in place for billing.

2009-3 Finding - Ineligible CalWORKs recipients were provided services

Program

CalWORKs - Use of State and Federal TANF Funding

Award Year

2008-2009

Criteria or Specific Requirement

- *Education Code* Sections 79200-79203 and 84759
- 2007-08 *Final Budget Summary*, Page 630, Item 6870-101-0001, Provision 15; and Page 646, Item 6870-111-0001, Provision 2
  http://www.documents.dgs.ca.gov/osp/GovernorsBudget/pdf/fbudsum_07.pdf
- Chancellor's Office CalWORKs Program Handbook Guidelines_2007-08
- *Clarification on CalWORKs Supplantation Prohibition*, Chancellor's Office Letter, March 13, 2006 (See Appendix M)
  OMB A-133 Compliance Supplement

RIVERSIDE COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

Condition

In our sample of 25 CalWORKs recipients, we noted three CalWORKs recipients who did not have the proper eligibility documented through the County Welfare Department for each academic term the recipient was served.

Isolated Instance or Systemic

Isolated Instance - Once the initial eligibility determination is made by the County Welfare Department, ongoing communication with the County is essential to ensure that a student remains in good standing. Eligibility determinations must be conducted at the beginning of each term to ensure students are eligible for services prior to receiving them.

Questioned Costs

None noted.

Effect

Without the proper controls in place, unauthorized program costs and services provided to ineligible recipients could be reimbursed by the State program.

Recommendation

We recommend that the District develop an independent internal tracking of student eligibility. Services provided through other college departments, like the Child Care Center, must be coordinated with the CalWORKs program office to also verify a student's ongoing eligibility for services, academic progress, and to monitor programs expenses that are directly attributable to support for the identified CalWORKs eligible students.

District Response and Planned Corrective Actions

To comply with CalWORKs and Education Code requirements in the future, we have implemented the following practices:

1. Eligibility documentation must be provided by all new referrals at or before the CalWORKs student's first appointment with a counselor. Acceptable documentation includes a Notice of Action (NOA), a Department of Public Social Services generated referral, or a Department of Public Social Services Welfare-to-Work Plan.
2. Each term (summer, fall, winter, and spring), Riverside Community College District creates a list of all CalWORKs students enrolled at the Riverside, Moreno Valley, or Norco campuses. This list is submitted electronically to Riverside County Department of Public Social Services (DPSS) for verification of eligibility. DPSS returns the list to the District identifying those students who are receiving cash assistance. This meets eligibility requirements for these students, and they are eligible for services.
3. Prior to the end of each term, every CalWORKs student's file will be internally audited to verify that appropriate and timely eligibility documentation is physically in the file.

4. All files for CalWORKs participants who are identified as "post-employment" will be internally audited to verify appropriate employment and wage information is physically in the file.
5. Any student who is not verified by the above process will be required to provide eligibility documentation prior to receiving any services.
6. No student will be input to MIS data (submitted to California Community College Chancellor's Office) until eligibility has been verified.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2009

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of audit findings and questioned costs.

STATE AWARD FINDINGS

2008-1 Finding

Ineligible CalWORKs recipients were provided services.

Program: CalWORKs – Use of State and Federal TANF Funding
Award Year: 2007-2008
Questioned Costs: None could be determined.

Program Affected

CalWORKs

Criteria

- *Education Code* Sections 79200-79203 and 84759
- 2007-08 *Final Budget Summary*, Page 630, Item 6870-101-0001, Provision 15; and Page 646, Item 6870-111-0001, Provision 2
  http://www.documents.dgs.ca.gov/osp/GovernorsBudget/pdf/fbudsum_07.pdf
- Chancellor's Office CalWORKs Program Handbook Guidelines_2007-08
- *Clarification on CalWORKs Supplantation Prohibition*, Chancellor's Office Letter, March 13, 2006 (See Appendix M)

Condition

In our sample of 25 recipients for eligibility requirements, we noted eight CalWORKs recipients who did not have the proper eligibility documented through the County Welfare Department for each academic term the recipient was served.

Questioned Costs

None could be determined.

Isolated Instance or Systemic

Systemic - Once the initial eligibility determination is made by the County Welfare Department, on-going communication with the County is essential to ensure that a student remains in good standing. Eligibility determinations must be conducted at the beginning of each term to ensure students are eligible for services prior to receiving them.

Effect

Without the proper controls in place, unauthorized program costs and services provided to ineligible recipients could be reimbursed by the State program.

Recommendation

We recommend that the District develop an independent, internal tracking process for student eligibility. Services provided through other College departments, like the Child Care Center, must be coordinated with the CalWORKs program office to also verify a student's ongoing eligibility for services, academic progress, and to monitor programs expenses that are directly attributable to support for the identified CalWORKs eligible students.

Current Status

Implemented.

ADDITIONAL SUPPLEMENTARY INFORMATION

RIVERSIDE COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEETS
JUNE 30, 2009

	General Unrestricted	General Restricted
ASSETS		
Cash and cash equivalents	$ 227,296	$ 75,328
Investments	1,717,324	7,744,455
Accounts receivable	20,800,230	5,960,868
Due from other funds	48,544	656,637
Prepaid expenses	104,068	20,972
Inventories	-	-
Total Assets	$22,897,462	$14,458,260
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts payable	$ 7,021,517	$ 1,611,705
Due to other funds	1,359,772	20,188
Deferred revenue	1,343,192	3,282,536
Total Liabilities	9,724,481	4,914,429
FUND EQUITY		
Fund Balances		
Reserved	104,068	9,543,831
Unreserved		
Designated	900,000	-
Undesignated	12,168,913	-
Total Fund Equity	13,172,981	9,543,831
Total Liabilities and Fund Equity	$22,897,462	$14,458,260

See accompanying note to additional supplementary information.

Special Revenue			Capital Project	Debt Service	
Food Service	Child Development	R.C.C.D. Development Corporation	Capital Outlay Projects	Bond Interest and Redemption	Total Governmental Fund (Memorandum Only)
$ 14,110	$ 15,437	$ 16,238	$ -	$ -	$ 348,409
149,052	136,736	-	78,486,069	16,983,804	105,217,440
8,306	42,100	-	9,243,341	-	36,054,845
20,676	5,719	-	618,283	-	1,349,859
-	-	-	-	-	125,040
29,051	-	-	-	-	29,051
$ 221,195	$ 199,992	$ 16,238	$ 88,347,693	$ 16,983,804	$ 143,124,644
$ 75,882	$ 82,927	$ -	$ 7,116,906	$ -	$ 15,908,937
404	1,927	-	-	-	1,382,291
-	-	-	-	-	4,625,728
76,286	84,854	-	7,116,906	-	21,916,956
29,051	-	-	-	-	9,676,950
-	-	-	-	16,983,804	17,883,804
115,858	115,138	16,238	81,230,787	-	93,646,934
144,909	115,138	16,238	81,230,787	16,983,804	121,207,688
$ 221,195	$ 199,992	$ 16,238	$ 88,347,693	$ 16,983,804	$ 143,124,644

RIVERSIDE COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2009

	General Unrestricted	General Restricted
REVENUES		
Federal revenues	$ 142,432	$ 9,321,027
State revenues	95,809,679	17,755,143
Local revenues	46,476,891	6,485,856
Total Revenues	142,429,002	33,562,026
EXPENDITURES		
Current Expenditures		
Academic salaries	69,645,020	4,024,414
Classified salaries	31,013,643	9,204,615
Employee benefits	26,232,389	3,611,535
Books and supplies	2,509,640	1,865,779
Services and operating expenditures	14,221,226	10,725,872
Capital outlay	2,314,496	2,037,115
Debt service - principal	14,674	-
Debt service - interest and other	-	-
Total Expenditures	145,951,088	31,469,330
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,522,086)	2,092,696
OTHER FINANCING SOURCES (USES)		
Operating transfers in	(820,241)	820,241
Operating transfers out	(1,291,930)	-
Other sources	6,220	-
Other uses	-	(364,986)
Total Other Financing Sources (Uses)	(2,105,951)	455,255
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(5,628,037)	2,547,951
FUND BALANCE, BEGINNING OF YEAR	18,801,018	6,995,880
FUND BALANCE, END OF YEAR	$ 13,172,981	$ 9,543,831

See accompanying note to additional supplementary information.

Special Revenue			Capital Project	Debt Service	
Food Service	Child Development	R.C.C.D Development Corporation	Capital Outlay Projects	Bond Interest and Redemption	Total Governmental Fund (Memorandum Only)
$ -	$ 102,075	$ -	$ -	$ -	$ 9,565,534
-	144,899	-	13,148,656	106,154	126,964,531
1,367,091	1,130,974	6	2,123,891	11,697,572	69,282,281
1,367,091	1,377,948	6	15,272,547	11,803,726	205,812,346
-	996,132	-	-	-	74,665,566
687,645	331,172	-	53,624	-	41,290,699
286,990	220,824	-	24,124	-	30,375,862
736,518	64,924	-	2,619	-	5,179,480
286,560	61,576	20	371,536	-	25,666,790
60,693	15,527	-	32,727,233	-	37,155,064
-	-	-	-	6,385,000	6,399,674
-	-	-	-	6,603,550	6,603,550
2,058,406	1,690,155	20	33,179,136	12,988,550	227,336,685
(691,315)	(312,207)	(14)	(17,906,589)	(1,184,824)	(21,524,339)
676,930	365,000	-	-	-	1,041,930
-	-	-	-	-	(1,291,930)
-	-	-	-	-	6,220
-	-	-	-	-	(364,986)
676,930	365,000	-	-	-	(608,766)
(14,385)	52,793	(14)	(17,906,589)	(1,184,824)	(22,133,105)
159,294	62,345	16,252	99,137,376	18,168,628	143,340,793
$ 144,909	$ 115,138	$ 16,238	$ 81,230,787	$ 16,983,804	$ 121,207,688

RIVERSIDE COMMUNITY COLLEGE DISTRICT

PROPRIETARY FUNDS
BALANCE SHEETS
JUNE 30, 2009

	Internal Service Fund
ASSETS	
Cash and cash equivalents	$ 20,425
Investments	8,702,147
Accounts receivable	282,427
Due from other funds	970
Total Assets	$ 9,005,969
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Accounts payable	$ 40,569
Deferred revenue	1,156,712
Claim liabilities	5,364,973
Total Liabilities	6,562,254
FUND EQUITY	
Retained earnings	2,443,715
Total Liabilities and Fund Equity	$ 9,005,969

See accompanying note to additional supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

PROPRIETARY FUNDS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 2009

	Internal Service Fund
OPERATING REVENUES	
District premiums	$ 6,243,720
OPERATING EXPENSES	
Classified salaries	246,049
Employee benefits	83,718
Books and supplies	2,519
Services and other operating expenditures	7,893,810
Capital outlay	38,291
Total Operating Expenses	8,264,387
Operating Loss	(2,020,667)
NONOPERATING REVENUES	
Interest income	181,467
Miscellaneous revenues	21,531
Operating transfers in	250,000
Total Nonoperating Revenues	452,998
NET LOSS	(1,567,669)
RETAINED EARNINGS, BEGINNING OF YEAR	4,011,384
RETAINED EARNINGS, END OF YEAR	$ 2,443,715

See accompanying note to additional supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

PROPRIETARY FUNDS
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss	$ (2,020,667)
Adjustments to Reconcile Change in Net Assets to Net Cash Flow Operating Activities	
Increase in accounts receivable	(197,863)
Decrease in due from other funds	3,301
Increase in accounts payable	1,908
Increase in claims liabilities	2,062,408
Increase in deferred revenue	67,774
Net Cash Flows from Operating Activities	(83,139)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	181,467
Other nonoperating income	21,531
Transfers in	250,000
Net Cash Flows from Investing Activities	452,998
Net increase in cash and cash equivalents	369,859
Cash and cash equivalents - Beginning	8,352,713
Cash and cash equivalents - Ending	$ 8,722,572
CASH AND CASH EQUIVALENTS CONSISTS OF:	
Cash in banks	$ 20,425
Cash in county pooled investment	8,702,147
	$ 8,722,572

See accompanying note to additional supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

FIDUCIARY FUNDS
BALANCE SHEETS
JUNE 30, 2009

	Associated Students Trust	Student Financial Aid	Total
ASSETS			
Cash and cash equivalents	$ 1,880,585	$ 162,542	$ 2,043,127
Accounts receivable	7,563	30,431	37,994
Due from other funds	74,130	46,853	120,983
Total Assets	$ 1,962,278	$ 239,826	$ 2,202,104
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	$ 20,708	$ 178,222	$ 198,930
Due to other funds	27,917	61,604	89,521
Due to student groups	1,015,519	-	1,015,519
Total Liabilities	1,064,144	239,826	1,303,970
FUND EQUITY			
Fund Balances			
Unreserved			
Undesignated	898,134	-	898,134
Total Fund Equity	898,134	-	898,134
Total Liabilities and Fund Equity	$ 1,962,278	$ 239,826	$ 2,202,104

See accompanying note to additional supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

FIDUCIARY FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2009

	Associated Students Trust	Student Financial Aid	Total
REVENUES			
Federal revenues	$ -	$ 23,188,527	$ 23,188,527
State revenues	-	1,648,677	1,648,677
Local revenues	699,588	-	699,588
Total Revenues	699,588	24,837,204	25,536,792
EXPENDITURES			
Current Expenditures			
Services and operating expenditures	276,505	-	276,505
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(297,836)	24,837,204	24,539,368
OTHER FINANCING USES			
Other uses	-	(24,837,204)	(24,837,204)
EXCESS OF REVENUES UNDER EXPENDITURES AND OTHER USES	(304,025)	-	(304,025)
FUND BALANCE, BEGINNING OF YEAR	1,202,159	-	1,202,159
FUND BALANCE, END OF YEAR	$ 898,134	$ -	$ 898,134

See accompanying note to additional supplementary information.

RIVERSIDE COMMUNITY COLLEGE DISTRICT

NOTE TO ADDITIONAL SUPPLEMENTARY INFORMATION
JUNE 30, 2009

NOTE 1 - PURPOSE OF SCHEDULES

Fund Financial Statements

The accompanying financial statements report the governmental, proprietary, and fiduciary fund activities of Riverside Community College District and are presented on the modified accrual basis of accounting. Therefore, some amounts presented in these financial statements may differ from amounts presented in, or used in, the preparation of the basic financial statements. The information is not a required component of the financial statements in accordance with GASB Statements No. 34 and No. 35 and is presented at the request of the District management.

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

VALUE THE DIFFERENCE

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

We have audited the basic financial statements of the business-type activities of Riverside Community College District (the District) for the year ended June 30, 2009, and have issued our report thereon dated November 20, 2009. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

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

As stated in our engagement letter dated March 3, 2009, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

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

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

Planned Scope and Timing of the Audit

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

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Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Riverside Community College District are described in Note 2 to the financial statements. During the 2008-2009 year, the District was required to implement provisions of Governmental Accounting Standards Board (GASB) Statement No. 45: *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (OPEB). The effect of the implementation required the District to recognize a current net obligation in the amount of $956,725 in the financial statements, and disclose the Actuarial Accrued Liability in the Required Supplementary Information section of the audit report in the amount of $9,766,204. This liability will be amortized over a 30 year period within the financial statements of the District.

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management: Mathematical errors were noted on loss development calculations that were used for the variability of claims liability that resulted in an adjustment of $1,578,805 in the Internal Service Fund for claims liability.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 20, 2009.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

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

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California
November 20, 2009

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

VALUE THE DIFFERENCE

To the Board of Trustees and
Dr. Gregory Gray, Chancellor
Riverside Community College District
Riverside, California

In planning and performing our audit of the financial statements of Riverside Community College District (the District) for the year ended June 30, 2009, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organization's financial statements, that is more than inconsequential, will not be prevented or detected by the organization's internal control. We consider the following deficiencies to be control deficiencies in internal control. However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. We consider the following deficiencies to be control deficiencies in internal controls.

CURRENT YEAR MANAGEMENT COMMENTS

Proper Job Title Descriptions and Budget Codes

During our testing of employee coding within the object code classifications of the general ledger, one classified instructional aide selected during testing was charged to an instructional object code (2230). However, the job description in the employee file did not provide for instructional duties. This information is necessary to support whether the classification is in accordance with the *Budget and Accounting Manual* and the *Education Code*.

Recommendation

The District should review and, if necessary, revise job titles to match the actual duties assigned and documented within the personnel files. Instructional duties should be provided for instructional aides charged to object code 2230. Employees that are given multiple budgets of instructional and non-instructional duties should utilize timecards to document actual time spent within each portion of the assignment.

Management Response

The instance noted above was for a non-classified short-term employee who performed instructional duties yet was paid at the higher hourly rate of an Office Assistant rather than the rate for an Instructional Aide. This issue was discussed with the Math/Math Learning Department on the Riverside campus who indicated that the employee performs instructional duties for the department and has for years.

A list of job duties for short-term employees performing instructional duties will be prepared. A memo will be issued to each campus reminding them to use the appropriate job title of instructional aide on the Non-Classified Short-Term and Substitute Employee Assignment Authorization Form when hiring short-term employees to perform these duties.

Riverside Community College District Foundation's Debt Obligation

We identified that Riverside Community College District Foundation (the Foundation) entered into an agreement with the District to undertake a major gift campaign to support targeted initiatives of the District. The agreement called for the District to advance up to $1.3 million to the Foundation to cover costs associated with the campaign. Campaign costs, coupled with negative investment returns, have resulted in an operational deficit in the unrestricted fund of the Foundation. The Foundation has taken action to raise additional unrestricted income and to reduce operating expenses, but a deficit remains. Repayment of advances was set to begin July 1, 2009; however, the Foundation currently has no unrestricted funds to pay the obligation to the District. All cash and cash equivalents are restricted to temporarily and permanently restricted funds.

Recommendation

The District management should work closely with the Board and the Foundation to address the repayment of the borrowed funds. Additionally, a plan should be developed to provide for unrestricted contributions that will enable the Foundation to repay the District and restore the unrestricted fund to a positive position.

Management Response

District and Foundation management are taking several steps to address the unrestricted fund deficit. District staff has approved the extension of the fundraising component of the campaign, knowing that unrestricted dollars are typically secured at the end of a campaign. The Foundation and District staffs have entered into discussions regarding modification of the Major Gift Campaign agreement as it relates to the repayment schedule.

Two additional measures have been undertaken that will increase unrestricted income. At its September 15, 2009, meeting, the Riverside Community College District Foundation Board of Directors voted to institute a five percent fee on all gifts to the Foundation. This fee will be transferred to the Foundation's unrestricted fund to be used to repay funds borrowed from the District. In addition, in fiscal year 2009-2010, the Foundation will establish a new gift club, membership in which is available to all donors who contribute unrestricted dollars at specific gift levels. Management believes these two actions will provide a new and dependable income stream and, along with future investment returns, will be used in part to repay borrowed funds, as well as to support other priorities as determined on an annual basis by the Foundation Board.

PRIOR YEAR MANAGEMENT COMMENTS

Compensation for Personal Services for Federal Programs

We identified the following control deficiencies regarding compensation for personal services for federally funded programs, the effect of which was determined to be inconsequential to the financial statements in accordance with guidance from the OMB. However, the controls over the procedures are noted here.

- The Riverside campus TRIO Cluster program did not timely prepare documentation to support payroll data in accordance with OMB A-21, Cost Principles for Educational Institutions. It was noted only one individual was subject to this compliance requirement. The required documentation was not completed until after the request for information was given.

- The Norco campus TRIO Cluster program overstated payroll expenditures by $1,263.29. It was noted that an allocation adjustment was incorrectly calculated and recorded for one individual, which resulted in the overstatement of payroll expense to the program. Supporting documentation was provided to verify that a second adjustment was made to the program expenses after the audit identified the control deficiency.

Recommendation

The District's Grants and Contracts Office should develop specific written procedures based on the OMB A-21, Cost Principles for Education Institutions, that will be provided to all District managers of Federal programs to ensure that salary and benefit costs, which are allocated to programs, are documented appropriately. The program managers should review the certifications and/or personnel activity reports to ensure any payroll allocation adjustments made are supported by adequate documentation.

Current Status

The recommendation has been implemented by the District.

We appreciate the time and assistance the staff of the District has provided during our audit. We will follow up on each of the areas noted above during the early stage of our fieldwork for the 2009-2010 fiscal year.

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

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California
November 20, 2009

APPENDIX C

CONTINUING DISCLOSURE CERTIFICATE

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 $7,699,278.45 Election of 2004 General Obligation Bonds, Series 2010D and the $102,300,000 Election of 2004 General Obligation Bonds, Series 2010D-1 (Build America Bonds – Direct Payment to District) (Federally Taxable) (together, the "Bonds"). The Bonds are being issued pursuant to a Resolution of the District dated September 21, 2010 and Resolution of the Board of Supervisors of the County dated October 5, 2010 (together, the "Resolution"). 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 mean initially 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 registered owners of the Bonds.

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

"National Repository" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) System and any other Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission can be found at www.sec.gov/info/municipal/nrmsir.htm or www.sec.gov.

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

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 1 5c2-1 2(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.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Certificate, there is no State Repository.

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 2009-10 Fiscal Year, provide to each 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(c).

(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 Repositories to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the District shall send a notice to each 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 Repositories 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 and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. 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) enrollment 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.

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 each of the Repositories 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.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, 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. principal and interest payment delinquencies,

2. non-payment related defaults,

3. modifications to rights of Bondholders,

4. optional, contingent or unscheduled bond calls,

5. defeasances,

6. rating changes,

7. adverse tax opinions or events affecting the tax-exempt status of the Bonds,

8. unscheduled draws on the debt service reserves reflecting financial difficulties,

9. unscheduled draws on the credit enhancements reflecting financial difficulties,

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

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

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

(c) If the District determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the District shall promptly file a notice of such occurrence with the Repositories or provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repositories. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution. 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(b).

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).

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, or 5(a), 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(a), 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 Repositories. 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.

Date: November 10, 2010

RIVERSIDE COMMUNITY COLLEGE DISTRICT

By: ______________________________________

Vice Chancellor, Administration and Finance

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of District: RIVERSIDE COMMUNITY COLLEGE DISTRICT

Name of Bond Issue: Election of 2004 General Obligation Bonds, Series 2010D (Tax-Exempt) and Series 2010D-1 (Build America Bonds – Direct Payment to District) (Federally Taxable)

Date of Issuance: November 10, 2010

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]___________

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, 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 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 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 85 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 Standard & Poor's highest rating: AAA. 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 and www.dtc.org. The information on such websites is not incorporated herein by reference.

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 actual purchaser of each Note ("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 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, tenders, defaults, and proposed amendments to the Note documents. 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 a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity 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 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, distributions, and interest payments 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 Trustee, on payment 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 nor its nominee, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, 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.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book entry credit of tendered Bonds to the Trustee's DTC account.

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 Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical Bonds 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.

APPENDIX E

REGIONAL AND COUNTY INFORMATION FOR RIVERSIDE COUNTY

The following information is included only for the purpose of supplying general information regarding the County of Riverside (the "County"). This information is provided only for general informational purposes, and provides prospective investors limited information about the County and the economic base of the District. The Bonds are not a debt of the County, the State or any of its political subdivisions, and neither the County, the State nor any of its political subdivisions is liable therefor.

Set forth below is certain demographic and economic information with respect to the County of Riverside (the "County"). Such information is provided as general information and has been obtained from sources that the District believes to be reliable, but the District makes no representation as to the accuracy or completeness of the information included. The weakness of the economy at the County, State and national levels may not be reflected in the data presented below, as more recent information has not been made available to the District.

Population

According to the State Department of Finance, Demographic Research Unit, the County's population was estimated at 2,139,535 as of January 1, 2010, representing a 38.4% increase since the 2000 Census or a simple annual average of 3.8%.

The County's population grew by over half a million since 2000, ranking it as one of the major growth areas in the nation. During this period, nine cities and the unincorporated County area each grew by over 20,000 persons. The city of Murrieta added the most residents (over 57,000) to its population. Murrieta is followed by Riverside (48,885), Temecula (47,313), Moreno Valley (46,156), Indio (34,559), Corona (25,450), Beaumont (22,833), Lake Elsinore (22,055) and La Quinta (20,727) by number of residents being added to their populations. The city of Beaumont's population on a percentage basis increased the most since 2000 (185%). Several areas in the unincorporated County area also grew rapidly. These include Eastvale, Temescal Canyon, the El Sobrante/Lake Mathews/Woodcrest area, Winchester, French Valley, and the unincorporated area north of Indio. Much of the growth in the city of Menifee occurred during this period while it was an unincorporated area. Recently, the growth in the County has slowed due to the economy. Between January 1, 2009 and January 1, 2010, the County population increased by 1.4%. Although this rate is far below the County average for the decade, it is above the Statewide average.

The following table sets forth annual population figures as of January 1 of each year for cities located within the County for each of the years listed:

COUNTY OF RIVERSIDE
POPULATION OF CITIES WITHIN THE COUNTY
(As of January 1)

CITY	2000	2005	2006	2007	2008	2009	2010
Banning	23,562	27,996	28,185	28,174	28,148	28,457	28,751
Beaumont	11,384	19,051	23,238	28,209	31,317	32,403	34,217
Blythe	20,465	22,052	22,234	22,608	21,627	21,329	21,812
Calimesa	7,139	7,491	7,475	7,435	7,423	7,498	7,555
Canyon Lake	9,952	10,950	10,983	10,955	10,994	11,128	11,225
Cathedral City	42,647	50,819	51,294	52,045	51,972	52,447	52,841
Coachella	22,724	30,879	35,354	38,437	40,317	41,000	42,591
Corona	124,966	144,600	145,265	145,847	146,698	148,597	150,416
Desert Hot Springs	16,582	20,820	23,459	24,856	25,939	26,552	26,811
Hemet	58,812	67,565	70,728	72,537	73,205	74,361	75,820
Indian Wells	3,816	4,796	4,885	4,934	5,000	5,093	5,144
Indio	49,116	66,358	71,949	77,046	80,962	82,230	83,675
Lake Elsinore	28,930	38,185	41,156	47,568	49,556	50,267	50,983
La Quinta	23,694	36,278	38,500	41,039	42,743	43,778	44,421
Menifee	0	0	0	0	0	67,705	68,905
Moreno Valley	142,379	165,935	175,294	180,228	182,945	186,301	188,537
Murrieta	44,282	85,328	93,221	97,031	99,576	100,714	101,487
Norco	24,157	26,783	27,355	27,329	27,143	27,160	27,370
Palm Desert	41,155	49,490	49,774	49,717	50,686	51,509	52,067
Palm Springs	42,805	45,877	46,629	46,796	47,019	47,601	48,040
Perris	36,189	44,758	47,335	50,597	53,340	54,323	55,133
Rancho Mirage	13,249	16,476	16,740	16,923	16,975	17,180	17,008
Riverside	255,166	286,563	288,984	291,812	296,191	300,430	304,051
San Jacinto	23,779	28,540	31,194	34,297	35,491	36,477	36,933
Temecula	57,716	81,681	93,673	97,141	99,873	102,604	105,029
Wildomar	0	0	0	0	0	31,321	31,907
TOTALS							
Incorporated	1,124,666	1,379,271	1,444,904	1,493,561	1,525,140	1,648,465	1,672,729
Unincorporated	420,721	504,464	517,110	536,754	553,461	459,188	466,806
County-Wide	1,545,387	1,883,735	1,962,014	2,030,315	2,078,601	2,107,653	2,139,535
California	33,873,086	36,676,931	37,086,191	37,472,074	37,883,992	38,292,687	38,648,090

Source: U.S. Census Bureau for 2000, State Department of Finance, Demographic Research Unit (with 2000 DRU Benchmark) for 2007¬2010.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other than labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local, nontax payments fines, fees, penalties, etc.) and personal contributions to social security insurance and federal retirement payroll deductions. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the County and the State for the period 2004 through 2008. Figures for 2009 are not available.

RIVERSIDE COUNTY AND CALIFORNIA
TOTAL EFFECTIVE BUYING INCOME,
MEDIAN HOUSEHOLD EFFECTIVE BUYING INCOME AND
PERCENT OF HOUSEHOLDS WITH INCOMES OVER $50,000[(1)]

	Total Effective Buying Income[(2)]	Median Household Effective Buying Income	Percent of Households with Income over $50,000
2004			
Riverside County	$ 29,468,208	$40,275	37.1%
California	705,108,410	43,915	42.5
2005			
Riverside County	32,004,418	41,326	38.9
California	720,798,122	44,681	43.7
2006			
Riverside County	35,656,620	43,490	41.8
California	764,120,082	46,275	45.6
2007			
Riverside County	38,631,365	45,310	44.3
California	814,894,437	48,203	47.9
2008			
Riverside County	40,935,407	46,958	46.2
California	832,531,445	48,952	48.8

(1) Estimated.
(2) Dollars in thousands.
Source: "Survey of Buying Power," Sales & Marketing Management Magazine, dated 2004, 2005 and 2008, and Demographics USA, Trade Dimensions for 2006 and 2007.

Industry and Employment

The County is a part of the Riverside-San Bernardino Primary Metropolitan Statistical Area ("PMSA"), which includes all of Riverside and San Bernardino Counties. The following table sets forth the annual average employment by industry for the PMSA. The table on the following page sets forth an employment data comparison by industry for June 2009 and June 2010.

RIVERSIDE-SAN BERNARDINO-ONTARIO PMSA
ANNUAL AVERAGE EMPLOYMENT BY INDUSTRY[(1)]
(In Thousands)

INDUSTRY	2005	2006	2007	2008	2009
Agriculture	18.3	17.2	16.8	15.9	15.2
Construction	123.3	129.5	112.8	90.7	67.4
Finance, Insurance and Real Estate	49.0	51.8	50.1	46.7	43.6
Government	220.4	224.2	225.7	229.9	227.3
Manufacturing:	121.0	124.0	118.9	106.9	88.5
Nondurables	35.0	36.4	36.4	34.3	30.4
Durables	86.1	87.6	82.5	72.5	58.1
Natural Resources and Mining	1.4	1.4	1.4	1.2	1.2
Retail Trade	165.7	171.5	175.4	168.6	154.9
Prof., Educ. and other Services	416.5	436.2	446.3	440.7	419.6
Trans., Whse. and Utilities	60.2	63.8	66.7	70.2	66.5
Wholesale Trade	49.9	53.8	56.4	54.1	48.3
Information, Pub. and Telecom.	14.5	15.7	15.2	14.9	14.8
Total, All Industries	1,240.3	1,288.4	1,285.5	1,239.7	1,147.1

(1) The employment figures by Industry which are shown above are not directly comparable to the "Total, All Industries" employment figures due to rounded data.
Source: State Employment Development Department, Labor Market Information Division.

The following table sets forth an employment data comparison by industry for the period June 2009 and June 2010. June 2010 figures are preliminary.

RIVERSIDE-SAN BERNARDINO-ONTARIO PMSA
EMPLOYMENT BY INDUSTRY FOR JUNE 2009 AND JUNE 2010[(1)]
(In Thousands)

INDUSTRY	June 2009	June 2010[(2)]	Change
Total Farm	20,900	20,700	(200)
Total Nonfarm	1,138,600	1,106,600	(32,000)
Mining and Logging	1,200	1,200	0
Construction	69,600	58,800	(10,800)
Manufacturing	88,700	85,300	(3,400)
Trade, Transportation & Utilities	268,800	262,900	(5,900)
Information	14,900	14,400	(500)
Financial Advisor	43,300	41,800	(1,500)
Professional & Business Services	126,700	124,800	(1,900)
Educational & Health Services	132,300	132,200	(200)
Leisure & Hospitality	124,100	119,900	(4,200)
Other Services	37,600	36,300	(1,200)
Government	231,500	229,100	(2,400)
Total All Industries	1,159,500	1,127,300	(32,200)

(1) Data not adjusted for seasonality. The employment figures by Industry which are shown above are not directly comparable to the "Total, All Industries" employment figures due to rounded data.
(2) Preliminary.
Source: State Employment Development Department, Labor Market Information Division.

The following table sets forth certain of the ten major employers located in the County as of 2010:

COUNTY OF RIVERSIDE
CERTAIN MAJOR EMPLOYERS[1]
(2010)

Company Name	Product/Service	No. of Local Employees[2]
County of Riverside	County Government	18,456
March Air Reserve Base	Government/Military	8,600
University of California, Riverside	Education Institution	7,321
Stater Brothers Markets	Supermarket Retailer	6,900
Wal-Mart	Retail Store	6,550
Riverside Unified School District	School District	5,099
Abbott Vascular	Medical & Biotech Manufacturer	4,500
Pechanga Resort & Casino	Casino/Resort	4,000
Kaiser Permanente Riverside Medical Center	Healthcare	3,600
Temecula Valley Unified School District	School District	2,752

(1) Certain major employers in the County may have been excluded because of the data collection methodology used by The Business Press.
(2) Includes employees within the County; includes, under certain circumstances, temporary, seasonal and per diem employees.
Source: The Business Press 2010 Book of Lists.

Unemployment statistics for the County, the State and the United States are set forth in the following table.

COUNTY OF RIVERSIDE
COUNTY, STATE AND NATIONAL UNEMPLOYMENT DATA

	2005	2006	2007	2008	2009	March 2010
County [1]	5.4%	5.0%	6.0%	8.5%	13.6%	15.1% [2]
California [1]	5.4	4.9	5.3	7.2	11.4	13.0 [2]
United States	5.1	4.6	4.6	5.8	9.3	9.7 [3]

(1) Data are not seasonally adjusted.
(2) Preliminary.
(3) Data are seasonally adjusted.
Source: State of California Employment Development Department Labor Market Information Division; U.S. Bureau of Labor Statistics.

Commercial Activity

Commercial activity is an important factor in the County's economy. Much of the County's commercial activity is concentrated in central business districts or small neighborhood commercial centers in cities. There are five regional shopping malls in the County: Galleria at Tyler (Riverside), Hemet Valley Mall, Westfield Palm Desert Shopping Center, Moreno Valley Mall, and The Promenade in Temecula. There are also two factory outlet malls (Desert Hills Factory Stores and Lake Elsinore Outlet Center) and over 200 area centers in the County.

Taxable Sales Transactions

The following table sets forth taxable transactions in the County for the years 2004 through 2008. Figures for 2009 are unavailable.

COUNTY OF RIVERSIDE
TAXABLE SALES TRANSACTIONS[(1)]
(In Thousands)

Types of Business	2004	2005	2006	2007	2008
Apparel Stores	$ 867,276	$ 990,129	$ 1,080,385	$ 1,171,103	$ 1,121,543
General Merchandise Stores	2,756,019	3,021,908	3,250,377	3,272,665	3,081,989
Drug Stores	270,316	282,566	303,177	320,469	307,947
Food Stores	1,079,972	1,197,438	1,309,782	1,352,609	1,254,366
Packaged Liquor Stores					98,338
Eating and Drinking Places	1,940,610	2,157,801	2,316,422	2,338,039	2,340,554
Home Furnishing and Appliances	862,551	964,629	948,217	843,945	816,379
Building Materials and Farm Implements	2,476,092	2,756,280	2,738,153	1,961,911	1,435,337
Auto Dealers Supplies	4,179,940	4,474,566	4,326,040	4,301,385	3,115,036
Service Stations	1,855,263	2,277,082	2,630,716	2,835,690	3,011,476
Other Retail Stores	2,361,182	2,641,985	2,860,181	2,794,790	2,106,283
Retail Stores Total	$18,715,949	$20,839,212	$21,842,345	$21,242,516	$18,689,249
All Other Outlets	6,521,199	7,417,279	7,973,892	7,781,093	7,314,346
Total All Outlets	$25,237,148	$28,256,491	$29,816,237	$29,023,609	$26,003,595

Source: California State Board of Equalization, Research and Statistics Division.

The following table sets forth taxable transactions in the County for first and second quarters of 2009. Annual 2010 figures are unavailable.

COUNTY OF RIVERSIDE
2009 TAXABLE SALES TRANSACTIONS[1]
(In Thousands)

Type of Business	First Quarter	Second Quarter
Motor Vehicle and Parts	$612,423	$578,498
Furniture and home Furnishings	95,591	89,081
Electronics and Appliances	123,541	107,051
Bldg. and Garden Materials and Supplies	312,372	328,421
Food and Beverage Stores	298,034	329,766
Health and Personal Care	97,084	97,305
Gasoline Stations	478,046	596,811
Clothing and Accessories	299,946	313,286
Sporting Goods, Books and Music	107,324	93,058
General Merchandise	652,330	686,307
Miscellaneous	165,573	161,569
Nonstore Retailers	25,605	25,299
Food Services and Drinking Places	611,236	586,051
Total Retail and Food Services	3,879,106	3,965,502
All Other Outlets	1,567,104	1,547,852
Total All Outlets	$5,446,210	$5,513,354

(1) The taxable transaction figures by industry which are shown above may not be directly comparable to the "Total, All Outlets" figures due to rounded data. The categories for "Types of Business" are different from those in the prior table which sets forth taxable transactions in the County for the years 2004 through 2008.

Source: California State Board of Equalization, Research and Statistics Division.

Building and Real Estate Activity

The following tables set forth five-year summaries of building permit valuations and new dwelling units authorized in the County (in both incorporated and unincorporated areas) for the years 2005 through 2009.

COUNTY OF RIVERSIDE
BUILDING PERMIT VALUATIONS
(In Thousands)

	2005	2006	2007	2008	2009
RESIDENTIAL					
New Single-Family	$6,243,790	$4,412,257	$2,207,520	$1,214,752	$891,825
New Multi-Family	407,429	431,579	238,316	243,741	76,717
Alterations and	164,312	158,098	141,996	118,490	85,148
Total Residential	$6,815,531	$5,001,934	$2,587,832	$1,576,983	$1,053,690
NON-RESIDENTIAL					
New Commercial	$ 552,665	$ 648,068	$ 682,331	$ 539,944	$ 94,653
New Industry	120,366	288,353	184,506	70,411	12,278
New Other(1)	344,702	290,010	240,765	138,766	107,334
Alterations &	274,339	303,407	350,539	292,694	162,557
Total Nonresidential	$1,292,072	$1,529,838	$1,458,141	$1,041,815	$ 376,822
TOTAL ALL BUILDING	$8,107,603	$6,531,772	$4,045,973	$2,618,798	$1,430,512

(1) Includes churches and religious buildings, hospitals and institutional buildings, schools and educational buildings, residential garages, public works and utilities buildings and non-residential alterations and additions.
Source: Construction Industry Research Board.

COUNTY OF RIVERSIDE
NUMBER OF NEW DWELLING UNITS

	2005	2006	2007	2008	2009
Single Family	29,994	20,692	9,763	3,815	3,424
Multi-Family	4,140	4,519	2,690	2,104	784
TOTAL	34,134	25,211	12,443	5,919	4,208

The following table sets forth a comparison of median housing prices for Los Angeles County, Riverside County and Southern California as of August 2009 and August 2010.

	August 2009	August 2010	Percent Change
County of Riverside	$190,000	$330,000	5.30%
Los Angeles County	329,500	330,000	0.2%
Southern California(1)	275,000	288,000	4.7%

(1) Southern California comprises Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties.
Source: MDA DataQuick Information Systems.

The following table sets forth a comparison of home and condominium foreclosures recorded in Los Angeles County, Riverside County, San Bernardino County and Southern California for the years and quarters indicated.

COUNTY OF RIVERSIDE
COMPARISON OF HOME FORECLOSURES

Year	Los Angeles	Riverside	San Bernardino	Southern California[1]
2005	585	304	402	1,702
2006	1,997	1,778	1,011	7,355
2007	12,466	12,497	7,746	46,086
2008	35,366	32,423	23,557	125,056
2009	30,007	25,362	21,353	101,769
2010 [1]	14,147	11,255	9,129	56,383

(1) Southern California comprises Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties.
(2) First two quarters of 2010.
Source: MDA DataQuick Information Systems.

Agriculture

Agriculture remains an important source of income in the County. Principal agricultural products are: nursery, milk, table grapes, eggs, avocados, grapefruit, alfalfa, bell peppers, dates, and lemons. Four areas in the County account for the major portion of agricultural activity: the Riverside/Corona and San Jacinto/Temecula Valley Districts in the western portion of the County, the Coachella Valley in the central portion and the Palo Verde Valley near the County's eastern border. The value of agricultural production in the County for the years 2005 through 2009 is set forth in the following table.

COUNTY OF RIVERSIDE
VALUE OF AGRICULTURAL PRODUCTION

	2005	2006	2007	2008	2009
Citrus Fruits	$ 138,244,700	$ 107,897,000	$ 121,387,100	$ 135,759,000	$ 101,652,000
Trees and Vines	188,553,200	191,321,200	189,286,500	173,678,000	191,682,600
Vegetables, Melons, Misc.	261,019,500	213,643,300	234,854,700	266,414,900	221,286,700
Field and Seed Crops	77,687,300	68,611,700	94,492,000	123,545,400	69,699,800
Nursery	229,210,200	270,992,800	272,326,200	230,416,200	206,499,900
Apiculture	2,736,800	3,554,300	3,948,900	5,637,000	5,017,600
Aquaculture Products	13,367,300	13,367,300	9,829,200	12,077,700	5,243,900
Total Crop Valuation	$ 910,819,000	$ 869,387,600	$ 926,124,600	$ 947,529,000	$ 801,082,500
Livestock and Poultry Valuation	257,852,100	234,903,400	338,938,600	321,060,000	214,672,800
Grand Total	$1,168,671,100	$1,104,291,000	$1,265,063,200	$1,268,589,900	$1,015,755,300

Source: Riverside County Agricultural Commissioner.

Transportation

Several major freeways and highways provide access between the County and all parts of Southern California. The Riverside Freeway (State Route 91) extends southwest through Corona and connects with the Orange County freeway network in Fullerton. Interstate 10 traverses the width of the County, the western-most portion of which links up with major cities and freeways in the southern part of San Bernardino County with the eastern part linking to the County's Desert cities and Arizona. Interstates 15 and 215 extend north and then east to Las Vegas, and south to San Diego. State Route 60 provides an alternate (to Interstate 10) east-west link to Los Angeles County.

Currently, MetroLink provides commuter rail service to Los Angeles, San Bernardino and Orange Counties from several stations in the County. Transcontinental passenger rail service is provided by Amtrak with stops in Riverside and Indio. Freight service to major west coast and national markets is provided by three transcontinental railroads — Union Pacific Railroad, Burlington Northern and Santa Fe Railway Company. Truck service is provided by several common carriers, making available overnight delivery service to major California cities.

Transcontinental bus service is provided by Greyhound Lines. Intercounty, intercity and local bus service is provided by the Riverside Transit Agency to western County cities and communities. There are also four municipal transit operators in the western County providing services within the cities of Banning, Beaumont, Corona and Riverside. The SunLine Transit Agency provides local bus service throughout the Coachella Valley, including the cities of Palm Springs and Indio. The Palo Verde Valley Transit Authority provided service in the far eastern portion of the County (City of Blythe and surrounding communities).

The County seat, located in the City of Riverside, is within 20 miles of the Ontario International Airport in neighboring San Bernardino County. This airport is operated by the Los Angeles Department of Airports. Four major airlines schedule commercial flight service at Palm Springs Regional Airport. County-operated general aviation airports include those in Thermal, Hemet, Blythe and French Valley. The cities of Riverside, Corona and Banning also operate general aviation airports. There is a military base at March Air Reserve Base, which converted from an active duty base to a reserve-only base on April 1, 1996. Plans for joint military and civilian use of the base thereafter are presently being formulated by the March AFB Joint Powers Authority, comprised of the County and the Cities of Riverside, Moreno Valley and Perris.

Education

There are four elementary school districts, one high school district, eighteen unified (K 12) school districts and four community college districts in the County. Ninety-five percent of all K-12 students attend schools in the unified school districts. The three largest unified school districts are Riverside Unified School District, Moreno Valley Unified School District and Corona-Norco Unified School District.

There are seven two-year community college campuses located in the communities of Riverside, Moreno Valley, Norco, San Jacinto, Menifee, Coachella Valley and Palo Verde Valley. There are also three universities located in the City of Riverside: the University of California at Riverside, La Sierra University and California Baptist University.

APPENDIX F

ACCRETED VALUES TABLE

ACCRETED VALUES TABLE

Date	CAB Bond 08/01/2015 @12%	CAB Bond 08/01/2016 @12%	CAB Bond 08/01/2017 @12%	CAB Bond 08/01/2018 @12%	CAB Bond 08/01/2019 @12%	CAB Bond 08/01/2020 @9.75%	CAB Bond 08/01/2021 @4.72%	CAB Bond 08/01/2022 @4.93%	CAB Bond 08/01/2023 @5.12%	CAB Bond 08/01/2024 @5.35%	CAB Bond 08/01/2025 @5.53%
11/10/2010	$2,882.85	$2,565.75	$2,283.50	$2,032.30	$1,808.75	$1,981.05	$3,031.60	$2,824.70	$2,627.70	$2,422.45	$2,239.35
02/01/2011	2,959.45	2,633.90	2,344.15	2,086.30	1,856.80	2,023.95	3,063.60	2,855.80	2,657.75	2,451.40	2,267.00
08/01/2011	3,137.05	2,791.95	2,484.80	2,211.50	1,968.20	2,122.60	3,135.90	2,926.20	2,725.80	2,517.00	2,329.70
02/01/2012	3,325.25	2,959.45	2,633.90	2,344.15	2,086.30	2,226.10	3,209.90	2,998.35	2,795.60	2,584.35	2,394.10
08/01/2012	3,524.80	3,137.05	2,791.95	2,484.80	2,211.50	2,334.60	3,285.65	3,072.25	2,867.15	2,653.45	2,460.30
02/01/2013	3,736.25	3,325.25	2,959.45	2,633.90	2,344.15	2,448.40	3,363.20	3,147.95	2,940.55	2,724.45	2,528.35
08/01/2013	3,960.45	3,524.80	3,137.05	2,791.95	2,484.80	2,567.80	3,442.55	3,225.55	3,015.85	2,797.30	2,598.25
02/01/2014	4,198.05	3,736.25	3,325.25	2,959.45	2,633.90	2,692.95	3,523.80	3,305.10	3,093.05	2,872.15	2,670.10
08/01/2014	4,449.95	3,960.45	3,524.80	3,137.05	2,791.95	2,824.25	3,606.95	3,386.55	3,172.20	2,949.00	2,743.90
02/01/2015	4,716.95	4,198.05	3,736.25	3,325.25	2,959.45	2,961.95	3,692.10	3,470.05	3,253.40	3,027.85	2,819.80
08/01/2015	5,000.00	4,449.95	3,960.45	3,524.80	3,137.05	3,106.30	3,779.25	3,555.55	3,336.70	3,108.85	2,897.75
02/01/2016	---	4,716.95	4,198.05	3,736.25	3,325.25	3,257.75	3,868.40	3,643.20	3,422.15	3,192.05	2,977.90
08/01/2016	---	5,000.00	4,449.95	3,960.45	3,524.80	3,416.60	3,959.70	3,733.00	3,509.75	3,277.40	3,060.20
02/01/2017	---	---	4,716.95	4,198.05	3,736.25	3,583.15	4,053.15	3,825.05	3,599.60	3,365.10	3,144.85
08/01/2017	---	---	5,000.00	4,449.95	3,960.45	3,757.80	4,148.85	3,919.35	3,691.75	3,455.10	3,231.80
02/01/2018	---	---	---	4,716.95	4,198.05	3,941.00	4,246.75	4,015.95	3,786.25	3,547.55	3,321.15
08/01/2018	---	---	---	5,000.00	4,449.95	4,133.15	4,346.95	4,114.95	3,883.20	3,642.40	3,413.00
02/01/2019	---	---	---	---	4,716.95	4,334.65	4,449.55	4,216.35	3,982.60	3,739.85	3,507.35
08/01/2019	---	---	---	---	5,000.00	4,545.95	4,554.55	4,320.30	4,084.55	3,839.90	3,604.35
02/01/2020	---	---	---	---	---	4,767.55	4,662.05	4,426.80	4,189.10	3,942.60	3,704.00
08/01/2020	---	---	---	---	---	5,000.00	4,772.05	4,535.90	4,296.35	4,048.10	3,806.40
02/01/2021	---	---	---	---	---	---	4,884.70	4,647.75	4,406.35	4,156.35	3,911.65
08/01/2021	---	---	---	---	---	---	5,000.00	4,762.30	4,519.15	4,267.55	4,019.80
02/01/2022	---	---	---	---	---	---	---	4,879.70	4,634.85	4,381.70	4,130.95
08/01/2022	---	---	---	---	---	---	---	5,000.00	4,753.50	4,498.90	4,245.20
02/01/2023	---	---	---	---	---	---	---	---	4,875.15	4,619.25	4,362.55
08/01/2023	---	---	---	---	---	---	---	---	5,000.00	4,742.85	4,483.20
02/01/2024	---	---	---	---	---	---	---	---	---	4,869.70	4,607.15
08/01/2024	---	---	---	---	---	---	---	---	---	5,000.00	4,734.55
02/01/2025	---	---	---	---	---	---	---	---	---	---	4,865.45
08/01/2025	---	---	---	---	---	---	---	---	---	---	5,000.00