

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, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Series B 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. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Refunding Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.

**RIVERSIDE UNIFIED SCHOOL DISTRICT
(Riverside County, California)**

\$172,000,000
Election of 2016 General Obligation Bonds, Series B
(Federally Tax-Exempt)

\$26,555,000
2019 General Obligation Refunding Bonds
(Federally Taxable)

Dated: Date of Delivery

Due: February 1 and August 1 as shown on the inside cover

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page but not otherwise defined will have the meanings assigned thereto as provided in the Official Statement.

The Riverside Unified School District (Riverside County, California) Election of 2016 General Obligation Bonds, Series B (the "Series B Bonds") (Federally Tax-Exempt), were authorized at an election of the registered voters of the Riverside Unified School District (the "District") held on November 8, 2016, at which the requisite 55% of the persons voting on the proposition voted to authorize the issuance and sale of \$392,000,000 aggregate principal amount of general obligation bonds of the District. The Bonds are being issued to (i) finance the repair, upgrading, acquisition, construction and equipping of District sites and facilities, and (ii) pay the costs of issuing the Series B Bonds.

The Riverside Unified School District (Riverside County, California) 2019 General Obligation Refunding Bonds (Federally Taxable) (the "Refunding Bonds," and together with the Series B Bonds, the "Bonds") are being issued by the District to (i) advance refund certain of the District's outstanding Prior Bonds and (ii) pay the costs of issuing the Refunding Bonds.

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

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

The Bonds will be dated as of their date of initial delivery and will be issued as current interest bonds, such that interest thereon will accrue from such date and be payable semiannually on February 1 and August 1 of each year, commencing August 1, 2020. The Bonds are issuable as fully registered bonds in denominations of \$5,000 principal amount or any integral multiple thereof. Payments of principal of and interest on the Bonds will be made by U.S. Bank National Association, as the designated Paying Agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds.

The Series B Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as further described herein. The Refunding Bonds are not subject to optional redemption prior to their stated maturities.

MATURITY SCHEDULE
(see inside front cover)

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 are being passed upon for the District by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Disclosure Counsel. The Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about December 17, 2019.

PiperJaffray

Dated: December 3, 2019

MATURITY SCHEDULE

Base CUSIP[†]: 769059

\$172,000,000

RIVERSIDE UNIFIED SCHOOL DISTRICT

(Riverside County, California)

Election of 2016 General Obligation Bonds, Series B

(Federally Tax-Exempt)

\$141,150,000 Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP[†] Suffix
2020	\$9,700,000	3.000%	0.920%	YZ3
2021	10,445,000	4.000	0.920	ZA7
2022	10,635,000	4.000	0.930	ZB5
2023	485,000	4.000	0.990	ZC3
2024	730,000	4.000	0.990	ZD1
2025	2,110,000	4.000	1.020	ZE9
2026	2,480,000	4.000	1.130	ZF6
2027	3,475,000	4.000	1.230	ZG4
2028	3,950,000	4.000	1.330 ⁽¹⁾	ZH2
2029	4,460,000	4.000	1.420 ⁽¹⁾	ZJ8
2030	4,995,000	4.000	1.600 ⁽¹⁾	ZK5
2031	5,575,000	4.000	1.760 ⁽¹⁾	ZL3
2032	6,185,000	4.000	1.870 ⁽¹⁾	ZM1
2033	6,845,000	4.000	1.950 ⁽¹⁾	ZN9
2034	7,540,000	4.000	2.020 ⁽¹⁾	ZP4
2035	8,280,000	4.000	2.080 ⁽¹⁾	ZQ2
2036	9,070,000	3.000	2.640 ⁽¹⁾	ZR0
2037	9,820,000	3.000	2.700 ⁽¹⁾	ZS8
2038	10,610,000	3.000	2.710 ⁽¹⁾	ZT6
2039	11,440,000	3.000	2.750 ⁽¹⁾	ZU3
2040	12,320,000	3.000	2.790 ⁽¹⁾	A63

\$30,850,000 – 4.000% Term Bonds due August 1, 2042; Yield: 2.290%⁽¹⁾; CUSIP Suffix[†]: ZV1

⁽¹⁾ Yield to call at par on August 1, 2027.

MATURITY SCHEDULE

Base CUSIP[†]: 769059

\$26,555,000

**RIVERSIDE UNIFIED SCHOOL DISTRICT
(Riverside County, California)
2019 General Obligation Refunding Bonds
(Federally Taxable)**

Maturity (February 1)	Principal Amount	Interest Rate	Yield	CUSIP[†] Suffix
2020 ⁽¹⁾	\$850,000	1.696%	1.696%	ZW9
2021	395,000	1.786	1.786	ZX7
2022	4,200,000	1.804	1.804	ZY5
2023	3,565,000	1.911	1.911	ZZ2
2024	4,450,000	1.981	1.981	A22
2025	4,550,000	2.272	2.272	A30
2026	4,280,000	2.372	2.372	A48
2027	4,265,000	2.505	2.505	A55

⁽¹⁾ Maturity date of August 1, 2020.

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

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)2 and 3(a)12, respectively. 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.

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

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

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

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

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 District maintains a website and certain social media accounts. However, the information presented there is not incorporated into this Official Statement by any reference, and should not be relied upon in making investment decisions with respect to the Bonds.

RIVERSIDE UNIFIED SCHOOL DISTRICT

Board of Education

Dr. Angelov Farooq, *President, Trustee Area 3*
Kathy Y. Allavie, *Vice President, Trustee Area 1*
Tom Hunt, *Clerk, Trustee Area 4*
Brent Lee, *Member, Trustee Area 5*
Patricia Lock-Dawson, *Member, Trustee Area 2*

District Administration

Dr. David C. Hansen, *Superintendent*
Mays Kakish, *Chief Business Officer and Governmental Relations*
Sergio San Martin, *Assistant Superintendent, Operations*
Erin Power, *Director of Business Services*

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

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

Municipal Advisor

Fieldman, Rolapp & Associates, Inc.
Irvine, California

Paying Agent and Escrow Agent

U.S. Bank National Association
Los Angeles, California

Escrow Verification

Causey Demgen & Moore, PC
Denver, Colorado

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**RIVERSIDE UNIFIED SCHOOL DISTRICT
(Riverside County, California)**

\$172,000,000
Election of 2016 General Obligation Bonds,
Series B
(Federally Tax-Exempt)

\$26,555,000
2019 General Obligation Refunding Bonds
(Federally Taxable)

INTRODUCTION

This Official Statement, which includes the cover page, inside cover pages and appendices hereto, provides information in connection with the sale of (i) Riverside Unified School District (Riverside County, California) Election of 2016 General Obligation Bonds, Series B (Federally Tax-Exempt) (the “Series B Bonds”), and (ii) Riverside Unified School District (Riverside County, California) 2019 General Obligation Refunding Bonds (Federally Taxable) (the “Refunding Bonds,” and together with the Series B Bonds, the “Bonds”).

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover pages 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

Riverside Unified School District (the “District”) is a unified school district encompassing an area of approximately 92 square miles located in the northwestern portion of Riverside County (the “County”) approximately 47 miles east of the Los Angeles civic center. The District encompasses major portions of the City of Riverside. The District was established in 1963 through the unification of the Riverside City School District and the Riverside City High School District. The District operates 29 elementary schools, seven middle schools, five high schools, and nine specialty schools consisting of one adult school, one alternative school of choice, two continuation high schools, one STEM academy, one virtual school, one opportunity school, one special education school, and one preschool. The District has budgeted for a fiscal year 2019-20 average daily attendance (“ADA”) of 38,627 students, and the District has a fiscal year 2019-20 assessed valuation of \$27,700,355,822.

The District is governed by a five-member Board of Education (the “Board”), each member of which is elected by trustee area to a four-year term. The current board member’s terms were extended by one year to align board member elections with even year elections. Elections for positions to the Board are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Board-appointed Superintendent who is responsible for the day-to-day operations and the supervision of other key personnel. Dr. David C. Hansen currently serves as the District Superintendent.

See “TAX BASE FOR REPAYMENT OF BONDS” herein for more information regarding the District’s assessed valuation, and “RIVERSIDE UNIFIED SCHOOL DISTRICT” herein for more information regarding the District generally. The District’s audited financial statements for fiscal year ending June 30, 2018 are attached hereto as APPENDIX B and should be read in their entirety.

Purpose of the Bonds

Series B Bonds. The Series B Bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of the District sites and facilities, and (ii) pay the costs of issuing the Series B Bonds.

Refunding Bonds. The Refunding Bonds are being issued to (i) advance refund certain of the District's outstanding General Obligation Refunding Bonds, Series 2011 (the "Prior Bonds"), and (ii) pay the costs of issuing the Refunding Bonds.

See also "THE BONDS – Application and Investment of Bond Proceeds" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the Government Code and pursuant to resolutions adopted by the Board of Education of the District on November 4, 2019. See "THE BONDS – Authority for Issuance" herein.

Sources of Payment for the Bonds

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

Description of the Bonds

Form and Registration. 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"), who will act as securities depository for the Bonds. See "THE BONDS – General Provisions" and "– Book-Entry Only System" herein. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds purchased. 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 Resolutions described herein. See "THE BONDS – Discontinuation of Book-Entry Only System; Registration, Payment and Transfer of Bonds" herein.

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

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

Redemption. The Series B Bonds are subject to optional and mandatory sinking fund redemption prior to maturity, as described herein. The Refunding Bonds are not subject to optional redemption prior to their stated maturities. See "THE BONDS – Redemption" herein.

Payments. The Bonds will be dated as of their date of initial delivery (the “Date of Delivery”) and will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery and be payable semiannually on each February 1 and August 1 of each year (each, a “Bond Payment Date”), commencing August 1, 2020. Principal of the Series B Bonds is payable on August 1 in the amounts and years as set forth on the inside cover page hereof, and principal of the Refunding Bonds is payable on February 1 in the amounts and years as set forth on the inside cover page hereof.

Payments of the principal of and interest on the Bonds will be made by U.S. Bank National Association, as the designated paying agent, registrar and transfer agent (the “Paying Agent”), to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners of the Bonds.

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 of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Series B 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. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Refunding Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. See “TAX MATTERS” herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about December 17, 2019.

Bond Owner’s Risks

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes which may be levied on all taxable property in the District, without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). For more complete information regarding the taxation of property within the District, and certain other considerations, see “TAX BASE FOR REPAYMENT OF BONDS” and “LIMITATION ON REMEDIES; BANKRUPTCY” herein.

Continuing Disclosure

Pursuant to that certain Continuing Disclosure Certificate relating to the Bonds, the District will covenant for the benefit of the Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events. The specific nature of the information to be made available and of the notices of listed events is summarized below under “LEGAL MATTERS – Continuing Disclosure – Current Undertaking” and “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE” herein. These covenants have been made in order to assist Piper Jaffray & Co. (the “Underwriter”) in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended (the “Rule”).

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Fieldman, Rolapp & Associates, Inc., Irvine, California is acting as Municipal Advisor to the District with respect to the Bonds. Stradling Yocca Carlson & Rauth, a Professional Corporation and Fieldman, Rolapp & Associates, Inc. will receive compensation from the District contingent upon the sale and delivery of the Bonds. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the District or the Bonds.

Forward Looking Statements

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

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

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Riverside Unified School District, 338 14th Street, Riverside, California 92501, telephone: (951) 788-7135. 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 entirety by reference to each such documents, statutes and constitutional provisions.

The information set forth herein, other than that provided by the District, has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The County, including its officials, officers, employees and representatives, shall have no responsibility with respect to any information in this Official Statement, except for information concerning the Treasurer's Pooled Investment Fund provided by the County Treasurer-Tax Collector. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolutions (as defined herein).

THE BONDS

Authority for Issuance

Series B Bonds. The Bonds are issued by the District pursuant to the provisions of Government Code Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (the "Act"), commencing with Section 53506 *et seq.*, as amended, Article XIII A of the California Constitution and pursuant to a resolution adopted by the Board on November 4, 2019 (the "Series B Resolution").

The District received authorization at an election held on November 8, 2016 by the requisite fifty-five percent of the votes cast by eligible voters within the District to issue \$392,000,000 aggregate principal amount of general obligation bonds (the "Authorization"). The Bonds are the second series of bonds issued under the Authorization, and following the issuance thereof, \$120,000,000 of the Authorization will remain unissued.

Refunding Bonds. The Refunding Bonds are issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the State Government Code, and pursuant to a resolution adopted by the Board on November 4, 2019 (the "Refunding Resolution," and together with the Series B Resolution, the "Resolutions").

Security and Sources of Payment

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The County Board is empowered and obligated to levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation thereby (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. Such *ad valorem* property taxes will be levied annually in addition to all other taxes in an amount sufficient to pay the principal of and interest on the Bonds when due. The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. While the County has historically levied *ad valorem* property taxes to establish such a reserve for other bonds of the District, the County is not obligated to establish or maintain such a reserve for the Bonds, and the District can make no representations that the County will do so in future years. Such taxes, when collected, will be placed by the County in the respective Debt Service Funds (defined herein) established by the Resolutions, which funds are required to be segregated and maintained by the County and which are designated for the payment of the series of Bonds to which such fund relates, and interest thereon when due, and for no other purpose. Pursuant to the Resolutions, the District has pledged funds

on deposit in the Debt Service Funds to the payment of the respective series of the Bonds to which such fund relates. Although the County is obligated to levy *ad valorem* property taxes for the payment of the Bonds as described above, and will maintain the Debt Service Funds, the Bonds are not a debt of the County.

Moneys in the Debt Service Funds, to the extent necessary to pay the principal of and interest on the series of Bonds to which such fund relates, as the same becomes due and payable, will be transferred by the County to the Paying Agent. The Paying Agent will in turn remit the funds to DTC for remittance of such principal and interest to its Participants (as defined herein) for subsequent disbursement to the respective Beneficial Owners of such Bonds.

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

Statutory Lien

Pursuant to Government Code Section 53515, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

This statutory lien, by its terms, secures not only the Bonds, but also any other bonds of the District issued after January 2016 and payable, both principal and interest, from the proceeds of *ad valorem* taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A of the State Constitution. The statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of the tax are insufficient to pay all amounts then due and owing that are secured by the statutory lien.

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. See "—Book-Entry Only System" herein. Beneficial

Owners will not receive certificates representing their interest in the Bonds. The Bonds will be dated as of the Date of Delivery.

The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery and be payable semiannually on each Bond Payment Date, commencing August 1, 2020. Interest on the Bonds will be computed on the basis of a 360-day year of 12, 30-day months. Each Bond shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month 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 July 15, 2020, in which event it shall bear interest from the Date of Delivery. The Bonds are issuable in denominations of \$5,000 principal amount or any integral multiple thereof. The Series B Bonds mature on August 1 and the Refunding Bonds mature on February 1, each in the years and amounts set forth on the inside cover pages hereof.

Payment of interest on any Bond on any Bond Payment Date will be made to the person appearing on the registration books of the Paying Agent as the registered Owner thereof as of the 15th day of the month immediately preceding such Bond Payment Date (the “Record Date”), such interest to be paid by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal of and redemption premiums, if any, payable on the Bonds shall be payable upon maturity upon surrender at the principal office of the Paying Agent. The principal of, and interest, and redemption premiums, if any, on the Bonds shall be payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. So long as the Bonds are held in the book-entry system of DTC, all payments of principal of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered Owner of the Bonds. See “—Book-Entry Only System” herein.

Annual Debt Service

The table on the following page shows the annual debt service requirements of the District for Bonds, together with debt service on the District’s prior outstanding bonded indebtedness (but excluding the debt service on the Prior Bonds being refunded with the Refunding Bonds), and assuming no further optional redemptions.

Year Ending <u>(August 1)</u>	Outstanding Bonded Debt Service ⁽¹⁾	<u>Series B Bonds</u>		<u>Refunding Bonds</u>		Total Annual Debt Service
		<u>Annual Principal Payment</u>	<u>Annual Interest Payment⁽²⁾</u>	<u>Annual Principal Payment⁽³⁾</u>	<u>Annual Interest Payment⁽²⁾</u>	
2020	\$15,015,941.00	\$9,700,000.00	\$3,889,137.78	\$850,000.00	\$351,714.97	\$29,806,793.75
2021	14,595,022.00	10,445,000.00	5,959,400.00	395,000.00	547,312.85	31,941,734.85
2022	11,189,571.00	10,635,000.00	5,541,600.00	4,200,000.00	505,901.50	32,072,072.50
2023	12,073,585.00	485,000.00	5,116,200.00	3,565,000.00	433,953.93	21,673,738.93
2024	11,581,398.00	730,000.00	5,096,800.00	4,450,000.00	355,813.11	22,214,011.11
2025	9,593,751.00	2,110,000.00	5,067,600.00	4,550,000.00	260,047.86	21,581,398.86
2026	10,111,262.00	2,480,000.00	4,983,200.00	4,280,000.00	157,599.06	22,012,061.06
2027	9,202,793.00	3,475,000.00	4,884,000.00	4,265,000.00	53,419.13	21,880,212.13
2028	13,895,629.00	3,950,000.00	4,745,000.00	--	--	22,590,629.00
2029	14,054,216.00	4,460,000.00	4,587,000.00	--	--	23,101,216.00
2030	14,203,268.00	4,995,000.00	4,408,600.00	--	--	23,606,868.00
2031	11,196,261.00	5,575,000.00	4,208,800.00	--	--	20,980,061.00
2032	11,371,261.00	6,185,000.00	3,985,800.00	--	--	21,542,061.00
2033	11,545,923.00	6,845,000.00	3,738,400.00	--	--	22,129,323.00
2034	11,725,036.00	7,540,000.00	3,464,600.00	--	--	22,729,636.00
2035	11,922,586.00	8,280,000.00	3,163,000.00	--	--	23,365,586.00
2036	12,116,573.00	9,070,000.00	2,831,800.00	--	--	24,018,373.00
2037	12,326,398.00	9,820,000.00	2,559,700.00	--	--	24,706,098.00
2038	12,545,464.00	10,610,000.00	2,265,100.00	--	--	25,420,564.00
2039	5,833,400.00	11,440,000.00	1,946,800.00	--	--	19,220,200.00
2040	6,072,000.00	12,320,000.00	1,603,600.00	--	--	19,995,600.00
2041	6,312,800.00	13,240,000.00	1,234,000.00	--	--	20,786,800.00
2042	--	17,610,000.00	704,400.00	--	--	18,314,400.00
Total	<u>\$248,484,134.00</u>	<u>\$172,000,000.00</u>	<u>\$85,984,538.00</u>	<u>\$26,555,000.00</u>	<u>\$2,665,762.00</u>	<u>\$535,689,438.19</u>

⁽¹⁾ Excludes debt service on the Prior Bonds to be refunded with proceeds of the Refunding Bonds (i.e. February 1, 2022 through and including February 1, 2027 maturities). As of December 1, 2019.

⁽²⁾ Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing August 1, 2020.

⁽³⁾ Principal payment dates due February 1 of each year.

See also “RIVERSIDE UNIFIED SCHOOL DISTRICT – District Debt Structure – General Obligation Bonds” herein for a full debt service schedule for all of the District’s bonded debt.

Application and Investment of Bond Proceeds

Series B Bonds. The Series B Bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities, and (ii) to pay the costs of issuing the Series B Bonds.

The net proceeds from the sale of the Series B Bonds will be paid to the County treasury to the credit of the building fund (the “Building Fund”) created by the Series B Resolution, and shall be accounted for separately from all other District and County funds. Any accrued interest or premium received by the County from the sale of the Series B Bonds will be paid to the County treasury, to the credit of the debt service fund created by the Series B Resolution (the “Series B Debt Service Fund”) and used only for payment of principal of and interest on the Series B Bonds, and for no other purpose. Any excess proceeds of the Series B Bonds not needed for the authorized purposes for which the Series B Bonds are being issued shall be transferred to the Series B Debt Service Fund. If, after payment in full of the Series B Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District as permitted by law.

Refunding Bonds. The Refunding Bonds are being issued to (i) advance refund the Prior Bonds, and (ii) pay the costs of issuing the Refunding Bonds.

The net proceeds from the sale of the Refunding Bonds will be deposited with U.S. Bank National Association, as Escrow Agent, to the credit of an escrow fund (the “Escrow Fund”) held pursuant to that certain Escrow Agreement, dated as of December 1, 2019, by and between the District and the Escrow Agent. Amounts deposited in the Escrow Fund will be used to purchase certain non-callable direct and general obligations of the United States of America, or non-callable obligations the payment of which is unconditionally guaranteed by the United States of America (collectively, the “Federal Securities”), the principal of and interest on which will be sufficient, together with any monies deposited in the Escrow Fund and held as cash, to enable the Escrow Agent to pay the redemption price of the Prior Bonds on the first optional redemption date therefor, as well as the interest due on the Prior Bonds on and prior to such dates.

The tables below show information on the specific maturities of the Prior Bonds to be refunded with proceeds of the Refunding Bonds.

**PRIOR BONDS
Riverside Unified School District
General Obligation Refunding Bonds, Series 2011**

<u>Maturity Date (February 1)</u>	<u>CUSIP</u>	<u>Original Principal Amount</u>	<u>Outstanding Principal to be Refunded</u>	<u>Date of Redemption</u>	<u>Redemption Price (% of Principal Amount)</u>
2022	769059WQ5	\$3,860,000	\$3,860,000	2/1/2021	100%
2023	769059WR3	3,335,000	3,335,000	2/1/2021	100
2024	769059WS1	4,330,000	4,330,000	2/1/2021	100
2025	769059WT9	4,555,000	4,555,000	2/1/2021	100
2026	769059WU6	4,410,000	4,410,000	2/1/2021	100
2027	769059WV4	4,490,000	4,490,000	2/1/2021	100

The sufficiency of the amounts on deposit in the Escrow Fund, together with realizable interest and earnings thereon, to refund the Prior Bonds as described above will be verified by Causey Demgen & Moore P.C., as the verification agent (the “Verification Agent”). As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the computations of the Underwriter and the Verification Agent, the Prior Bonds will be defeased and the obligation of the County to levy *ad valorem* property taxes for payment thereof will terminate. See “LEGAL MATTERS – Escrow Verification” herein.

Any accrued interest received by the County from the sale of the Refunding Bonds will be paid to the County treasury, to the credit of the debt service fund created by the Refunding Resolution (the “Refunding Debt Service Fund,” and together with the Series B Debt Service Fund, the “Debt Service Funds”) and used only for payment of principal of and interest on the Refunding Bonds, and for no other purpose.

Investment of Proceeds. Funds on deposit in the Escrow Fund will be invested as described above. Moneys in the Building Fund and Debt Service Funds will be invested through the County’s pooled investment fund. See “APPENDIX E – RIVERSIDE COUNTY TREASURER’S POOLED INVESTMENT FUND” attached hereto.

Redemption

Optional Redemption. The Series B Bonds maturing on or before August 1, 2027 are not subject to redemption prior to their stated maturity dates. The Series B Bonds maturing on or after August 1, 2028 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 2027, at a redemption price equal to the principal amount of the Series B Bonds selected for redemption, without premium, together with interest accrued thereon to the date of redemption.

The Refunding Bonds are not subject to optional redemption prior to their stated maturities.

Mandatory Sinking Fund Redemption. The Series B Bonds maturing on August 1, 2042 (the “Term Bonds”), are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 2041, 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 of such Term Bonds to be so redeemed, the dates therefor and the final principal payment date are as indicated in the following table:

Redemption Date (August 1)	Principal Amount
2041	\$13,240,000
2042 ⁽¹⁾	<u>17,610,000</u>
Total	<u>\$30,850,000</u>

⁽¹⁾ Maturity.

In the event that a portion of the Term Bonds are optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of \$5,000 principal amount, in respect of the portion of such Term Bonds optionally redeemed.

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

Redemption Notice. When redemption is authorized or required pursuant to the County Resolution, the Paying Agent, upon written instruction from the District, will give notice (a “Redemption Notice”) of the redemption of the Bonds. Each Redemption Notice 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 portion of 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.

The Paying Agent will take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the bond register; (b) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, telephonically confirmed facsimile transmission, or overnight delivery service, to the Securities Depository; (c) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, or overnight delivery service, to one of the Information Services; and (d) to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

“Information Services” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System; or, such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or as the Paying Agent may select.

“Securities Depository” shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041.

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided in the Resolutions will be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given will affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds will bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Payment of Redeemed Bonds. When a Redemption Notice 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 irrevocably set aside in trust for that purpose, as described in “—Defeasance,” 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 Redemption Notice, said Bonds will be redeemed and paid at the redemption price out of such funds. 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 amounts 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 Redemption Notice. If on the applicable designated redemption date, money for the redemption of the Bonds to be redeemed, together with interest accrued to such redemption date, is held by an independent escrow agent selected by the District so as to be available therefor on such redemption date as described in “—Defeasance,” and if a Redemption Notice thereof will have been given substantially as described above, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable.

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

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 irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and, accrued interest thereon to the date fixed for redemption, then such Bonds will no longer be deemed outstanding and shall be surrendered to the Paying Agent for cancellation.

Book-Entry Only System

The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the District believes to be reliable, but none of the District, the Municipal Advisor or the Underwriter take any responsibility for the accuracy or completeness thereof. The District and the Underwriter cannot and do not give any assurances that DTC, DTC Direct Participants or Indirect Participants (as defined herein) will distribute to the Beneficial Owners (a) payments of interest on, principal of or premium, if any, on the Bonds, (b) certificates representing ownership interest in or other

confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered Owner of the Bonds, or that they will so do on a timely basis or that DTC, Direct Participants or Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with Participants are on file with DTC.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants," and together with the Direct Participants, the "Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. However, the information presented on such website is not incorporated herein by any 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 Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership.

DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

For every transfer and exchange of Bonds, Owners requesting such transfer or exchange may be charged a sum sufficient to cover any tax, governmental charge or transfer fees that may be imposed in relation thereto, which charge may include transfer fees imposed by the Paying Agent, DTC or the DTC Participant in connection with such transfers or exchanges.

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

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

Discontinuation of Book-Entry Only System; Registration, Payment and Transfer of Bonds

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain at its principal office all books and records necessary for the registration, exchange and transfer of such Bonds, which shall at all times be open to inspection by the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register, exchange or transfer or cause to be registered, exchanged or transferred, on said books, Bonds as provided in the Resolutions.

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

The principal of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the designated office of the Paying Agent, initially located in Los Angeles, California. Interest on the Bonds will be paid by the Paying Agent by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.

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

None of the District, the County nor the Paying Agent will be required to (a) issue or transfer any Bonds during a period beginning with the opening of business on the 16th day next preceding any Bond Payment Date, or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date, or any day on which the applicable notice of redemption is given or (b) transfer any Bonds which have been selected or called for redemption in whole or in part.

Defeasance

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

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

- (b) Government Obligations: by irrevocably depositing 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, together with interest to accrue thereon and any moneys transferred from the Debt Service Fund, be fully sufficient to pay and discharge all the Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premium, if any) at or before their maturity dates or applicable redemption dates;

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

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

ESTIMATED SOURCES AND USES OF FUNDS

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

	<u>Series B Bonds</u>	<u>Refunding Bonds</u>
Sources of Funds		
Principal Amount of Bonds	\$172,000,000.00	\$26,555,000.00
Original Issue Premium	<u>15,226,610.20</u>	<u>--</u>
Total Sources	\$187,226,610.20	\$26,555,000.00
Uses of Funds		
Deposit to Building Fund	\$171,007,200.00	--
Deposit to Debt Service Fund	15,226,610.20	--
Deposit to Escrow Fund	--	\$26,332,785.27
Costs of Issuance ⁽¹⁾	365,000.00	104,044.98
Underwriter’s Discount	<u>627,800.00</u>	<u>118,169.75</u>
Total Uses	<u>\$187,226,610.20</u>	<u>\$26,555,000.00</u>

⁽¹⁾ Reflects all costs of issuance, including but not limited to credit rating fees, printing costs, legal and Municipal Advisory fees, Escrow Agent fees, Verification Agent fees, and the costs and fees of the Paying Agent. See also “MISCELLANEOUS – Underwriting” herein.

TAX BASE FOR REPAYMENT OF BONDS

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

Ad Valorem Property Taxation

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

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

The valuation of secured property is established as of January 1 and is subsequently enrolled in August. Property taxes on the secured roll are due in two installments, November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a minimum 10% penalty attaches to any delinquent installment plus a \$10 cost on the second installment, plus any additional amount determined by the County Treasurer (the "Treasurer"). Property on the secured roll with delinquent taxes is declared tax-defaulted on or about June 30 of the calendar year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a minimum \$15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent if they are not paid by August 31. In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1 of the fiscal year, and a lien may be recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. Information regarding District-level tax delinquencies is not currently available. See also "—Alternative Method of Tax Apportionment – Teeter Plan" herein.

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

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

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

Assessed Valuations

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

The following table shows the 10-year history of assessed valuations in the District, as of the date the equalized assessment roll is established in August of each year.

**ASSESSED VALUATION
Fiscal Year 2010-11 through 2019-20
Riverside Unified School District**

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2010-11	\$18,412,164,052	\$2,022,568	\$920,301,958	\$19,334,488,578
2011-12	18,379,696,341	2,022,568	928,114,086	19,309,832,995
2012-13	18,363,907,720	1,489,719	978,813,194	19,344,210,633
2013-14	19,072,101,547	1,489,719	932,096,406	20,005,687,672
2014-15	20,278,429,984	1,463,612	965,399,694	21,245,293,290
2015-16	21,264,167,828	1,472,437	930,934,041	22,196,574,306
2016-17	22,261,489,364	1,480,840	1,017,156,839	23,280,127,043
2017-18	23,519,273,191	1,488,366	1,007,414,877	24,528,176,434
2018-19	25,026,283,387	1,068,292	1,160,404,605	26,187,756,284
2019-20	26,598,144,638	1,044,302	1,101,166,882	27,700,355,822

Source: California Municipal Statistics, Inc.

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

Appeals and Adjustments of Assessed Valuations. Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the California State Board of Equalization (“SBE”), with the appropriate county board of equalization or assessment appeals board. The County Assessor may independently reduce assessed values as well based upon the above factors or reductions in the fair market value of the taxable property. In most cases, an appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. 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.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, drought, fire, or toxic contamination pursuant to relevant provisions of the State Constitution.

Whether resulting from taxpayer appeals or county assessor reductions, adjustments to assessed value are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIII A. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS — Article XIII A of the California Constitution” herein.

No assurance can be given that property tax appeals currently pending or in the future, actions by the County assessor, or other factors in the future will not significantly reduce the assessed valuation of property within the District.

Assembly Bill 102. On June 27, 2017, the Governor signed into law Assembly Bill 102 (“AB 102”). AB 102 restructures the functions of the SBE and creates two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration will take over programs previously in the SBE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE will continue to perform the duties assigned by the State Constitution related to property taxes, however, beginning January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the District.

Assessed Valuation by Jurisdiction. The following table below shows an analysis of the distribution of taxable property in the District by jurisdiction, in terms of its fiscal year 2019-20 assessed valuation.

ASSESSED VALUATION BY JURISDICTION
Fiscal Year 2019-20
Riverside Unified School District

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Jurupa Valley	\$6,646	0.00%	\$10,567,758,314	0.00%
City of Riverside	23,591,716,292	85.17	31,782,095,968	74.23
Unincorporated Riverside County	<u>4,108,632,884</u>	<u>14.83</u>	45,667,165,927	9.00
Total District	\$27,700,355,822	100.00%		
Riverside County	\$27,700,355,822	100.00%	\$296,389,624,742	9.35%

Source: California Municipal Statistics, Inc.

Assessed Valuation of Single Family Homes. The following table shows the distribution of single family homes within the District among various fiscal year 2019-20 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within the District.

PER PARCEL ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2019-20
Riverside Unified School District

	No. of Parcels	2019-20 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	54,677	\$17,101,610,251	\$312,775	\$285,902

2019-20 Assessed Valuation	No. of Parcels⁽¹⁾	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$49,999	1,112	2.034%	2.034%	\$42,249,865	0.247%	0.247%
50,000 - 99,999	3,720	6.804	8.837	276,089,628	1.614	1.861
100,000 - 149,999	5,022	9.185	18.022	636,024,792	3.719	5.581
150,000 - 199,999	6,480	11.851	29.874	1,135,620,128	6.640	12.221
200,000 - 249,999	6,455	11.806	41.679	1,448,026,508	8.467	20.688
250,000 - 299,999	6,362	11.636	53.315	1,749,286,369	10.229	30.917
300,000 - 349,999	6,171	11.286	64.601	2,002,577,461	11.710	42.627
350,000 - 399,999	5,323	9.735	74.337	1,989,600,336	11.634	54.261
400,000 - 449,999	4,023	7.358	81.694	1,703,498,036	9.961	64.222
450,000 - 499,999	2,950	5.395	87.090	1,396,624,152	8.167	72.389
500,000 - 549,999	2,115	3.868	90.958	1,107,832,466	6.478	78.866
550,000 - 599,999	1,381	2.526	93.484	790,438,005	4.622	83.488
600,000 - 649,999	986	1.803	95.287	614,420,001	3.593	87.081
650,000 - 699,999	702	1.284	96.571	472,615,887	2.764	89.845
700,000 - 749,999	419	0.766	97.337	303,603,911	1.775	91.620
750,000 - 799,999	327	0.598	97.935	252,954,058	1.479	93.099
800,000 - 849,999	249	0.455	98.391	205,609,082	1.202	94.302
850,000 - 899,999	185	0.338	98.729	161,508,295	0.944	95.246
900,000 - 949,999	139	0.254	98.983	128,539,358	0.752	95.998
950,000 - 999,999	106	0.194	99.177	103,386,478	0.605	96.602
1,000,000 and greater	<u>450</u>	<u>0.823</u>	100.000	<u>581,096,435</u>	<u>3.398</u>	100.000
Total	54,677	100.000%		\$17,101,610,251	100.000%	

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

Assessed Valuation and Parcels by Land Use. The following table shows the distribution of taxable property within the District by principal use, as measured by assessed valuation and parcels in fiscal year 2019-20.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2019-20
Riverside Unified School District

	2019-20 Assessed Valuation⁽¹⁾	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural/Rural	\$315,044,548	1.18%	650	0.91%
Commercial/Industrial	5,751,850,062	21.63	3,629	5.09
Vacant Commercial/Industrial	208,057,985	0.78	999	1.40
Miscellaneous	<u>21,069,963</u>	<u>0.08</u>	<u>154</u>	<u>0.22</u>
Subtotal Non-Residential	\$6,296,022,558	23.67%	5,432	7.62%
Residential:				
Single Family Residence	\$17,101,610,251	64.30%	54,677	76.72%
Condominium/Townhouse	611,486,862	2.30	3,479	4.88
Mobile Home	62,252,347	0.23	933	1.31
2-3 Residential Units	394,346,872	1.48	1,423	2.00
4+ Residential Units/Apartments	1,830,528,579	6.88	860	1.21
Vacant Residential	<u>204,258,546</u>	<u>0.77</u>	<u>2,881</u>	<u>4.04</u>
Subtotal Residential	\$20,204,483,457	75.96%	64,253	90.15%
Other Vacant	\$97,638,623	0.37%	1,587	2.23%
Total	\$26,598,144,638	100.00%	71,272	100.00%

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

Tax Levies and Delinquencies

The County levies (except for levies to support prior voter-approved indebtedness) and collects all property taxes for property falling within the County's taxing boundaries. The following table shows secured *ad valorem* property taxes for the payment of bonded indebtedness of the District, and amounts delinquent as of June 30, for fiscal years 2013-14 through 2017-18.

SECURED TAX CHARGES AND DELINQUENCIES
Fiscal Years 2013-14 through 2017-18
Riverside Unified School District

	Secured Tax Charge⁽¹⁾	Amount Delinquent June 30	% Delinquent June 30
2013-14	\$9,968,453.95	\$133,155.92	1.34%
2014-15	10,624,766.11	102,422.63	0.96
2015-16	8,978,840.40	104,052.56	1.16
2016-17	9,249,165.82	90,496.72	0.98
2017-18	22,094,691.37	156,082.99	0.71

⁽¹⁾ Reflects taxes collected by the County within the District for the repayment of the District's general obligation bonds.
Source: California Municipal Statistics, Inc.

Tax Rates

The following table summarizes the total *ad valorem* property tax rates, as a percentage of assessed valuation, levied by all taxing entities in a typical tax rate area (a “TRA”) within the District during the period from fiscal years 2015-16 through 2019-20.

SUMMARY OF *AD VALOREM* PROPERTY TAX RATES (TRA 09-002)
Fiscal Years 2015-16 through 2019-20
Riverside Unified School District

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
General Tax Rate	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
City of Riverside	.00576	.00617	.00608	.00592	.00543
Riverside Unified School District	.04277	.04205	.09481	.09451	.09517
Riverside Community College District	.01725	.01649	.01616	.01478	.01476
Metropolitan Water District	<u>.00350</u>	<u>.00350</u>	<u>.00350</u>	<u>.00350</u>	<u>.00350</u>
Total	1.06928%	1.06821%	1.12055%	1.11871%	1.11886%

Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment - Teeter Plan

Under the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in Revenue and Taxation Code Section 4701 *et seq.* of the, each participating local agency levying property taxes, including school districts, receives from its county the amount of uncollected taxes credited to its fund, in the same manner as if the amount credited had been collected. In return, the county receives and retains delinquent payments, penalties and interest as collected that would have been due the local agency. The Teeter Plan, once adopted by a county, remains in effect unless the applicable county board of supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year, the board of supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the county. A board of supervisors may, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in the county when delinquencies for taxes levied by that agency exceed 3%.

The Teeter Plan applies to the 1% general purpose secured property tax levy. Whether or not the Teeter Plan also is applied to other tax levies for local agencies, such as the tax levy for general obligation bonds of a local agency, varies by county.

The Board of Supervisors of the County has approved the implementation of the Teeter Plan. Under the Teeter Plan, the County funds the District its full secured property tax levy allocation rather than funding only actual collections (levy less delinquencies). In exchange, the County receives the interest and penalties that accrue on delinquent payments when the late taxes are collected. The County includes the District’s 1% general purpose secured property tax levy and the *ad valorem* property tax levy for the District’s general obligation bonds, under 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.

Principal Taxpayers

The more property (by assessed value) which is owned by a single taxpayer within the District, the greater amount of tax collections that are exposed to weaknesses is such a taxpayer's financial situation and ability or willingness to pay property taxes. The following table lists the 20 largest local secured taxpayers in the District in terms of their fiscal year 2019-20 secured assessed valuations. Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representations as to whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

20 LARGEST LOCAL SECURED TAXPAYERS Fiscal Year 2019-20 Riverside Unified School District

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2019-20 Assessed Valuation</u>	<u>% of Total⁽¹⁾</u>
1.	Riverside Healthcare System	Medical Facilities	\$ 256,652,193	0.96%
2.	Tyler Mall LP	Regional Mall	222,550,619	0.84
3.	CPT Riverside Plaza	Shopping Center	162,354,015	0.61
4.	1001 Columbia Pt.	Industrial	103,027,615	0.39
5.	Northrop Drive Apartments Investments	Apartments	83,308,946	0.31
6.	Columbia Business Center	Industrial	79,899,356	0.30
7.	AC Apartments	Apartments	63,100,000	0.24
8.	HRA Highlander	Apartments	57,246,000	0.22
9.	KB Home Coastal Inc.	Residential Development	57,018,000	0.21
10.	Riverside Clinic Investments IV Ltd.	Medical Facilities	50,851,115	0.19
11.	Prologis Targeted US Logistics Fund	Industrial	49,860,070	0.19
12.	HH Riverside Prop	Apartments	48,077,644	0.18
13.	Citrus Towers Inc.	Office Building	46,993,832	0.18
14.	Riverside Fair Isle Drive Apartments	Apartments	46,923,683	0.18
15.	Seritage KMT Finance	Commercial	45,659,518	0.17
16.	Fairfield Copper Canyon	Apartments	44,880,000	0.17
17.	Riverside Lochmoore Drive Apartments	Apartments	44,156,262	0.17
18.	Breit SH University Village Towers	Apartments	42,411,154	0.16
19.	Kienle & Kienle Investments	Auto Dealership	42,311,522	0.16
20.	3100 Van Buren Blvd Apartments Investments	Apartments	<u>42,009,876</u>	<u>0.15</u>
			\$1,589,291,420	5.98%

⁽¹⁾ The fiscal year 2019-20 local secured assessed valuation of the District is \$26,598,144,638.

Source: *California Municipal Statistics, Inc.*

Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the “Debt Report”) prepared by California Municipal Statistics, Inc. effective as of September 6, 2019, and dated as of October 1, 2019. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

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

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

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**STATEMENT OF DIRECT AND OVERLAPPING DEBT
Riverside Unified School District**

2019-20 Assessed Valuation: \$27,700,355,822

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable⁽¹⁾</u>	<u>Debt 10/1/19</u>
Metropolitan Water District	0.897%	\$431,009
Riverside County Flood Control Agency, Zone 4	0.488	61,146
Riverside Community College District	24.748	60,923,640
Riverside Unified School District	100.000	189,385,000⁽²⁾
Riverside Unified School District Community Facilities Districts	100.000	108,590,000 ⁽³⁾
City of Riverside	74.359	5,796,284
City of Riverside 1915 Act Bonds	100.000	<u>12,920,000</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$378,107,079

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	9.342%	\$74,938,835
Riverside County Pension Obligation Bonds	9.342	22,780,467
Riverside Unified School District Certificates of Participation	100.000	14,622,652
City of Riverside General Fund Obligations	74.359	161,570,601
City of Riverside Pension Obligation Bonds	74.359	49,166,171
Western Municipal Water District General Fund Obligations	28.759	<u>2,422,314</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$325,501,040
Less: Riverside County supported obligations		<u>162,280</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$325,338,760

OVERLAPPING TAX INCREMENT DEBT (Successor Agencies): \$134,841,551

GROSS COMBINED TOTAL DEBT \$838,449,670⁽⁴⁾
NET COMBINED TOTAL DEBT \$838,287,390

Ratios to 2019-20 Assessed Valuation:

Direct Debt (\$189,385,000)	0.68%
Total Direct and Overlapping Tax and Assessment Debt	1.36%
Combined Direct Debt (\$204,007,652)	0.74%
Gross Combined Total Debt	3.03%
Net Combined Total Debt	3.03%

Ratios to 2018-19 Redevelopment Incremental Valuation (\$5,411,407,722):

Total Overlapping Tax Increment Debt

2.49%

(1) Represents 2018-19 ratios.

(2) Excludes the Bonds, but includes the Prior Bonds.

(3) Excludes CFD No. 34 (Rivera) of the Riverside Unified School District Series 2019 Special Tax Bonds ("CFD No. 34"), being issued on or about December 17, 2019.

(4) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The Bonds are payable solely from the proceeds of an ad valorem property tax required to be levied by the County on taxable property within the District in an amount sufficient for the payment thereof. (See “THE BONDS – Security and Sources of Payment” herein) Articles XIII A, XIII B, XIII C and XIII D of the Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes on behalf of the District and to 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 Series B Bonds and the Prior Bonds was approved by the District’s voters in compliance with Article XIII A, Article XIII C, and all applicable laws.

Article XIII A of the California Constitution

Article XIII A (“Article XIII A”) of the State Constitution limits the amount of *ad valorem* property taxes on real property to 1% of “full cash value” as determined by the county assessor. Article XIII A 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. Determined in this manner, the full cash value is also referred to as the “base year value.” The full cash value is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

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

Article XIII A requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIII A exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b), as the result of an amendment approved by State voters on June 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 (c) 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 fifty-five percent or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of the Series B Bonds falls within the exception described in (c) of the immediately preceding sentence. In addition, Article XIII A 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.

Split Roll Property Tax Ballot Measure. On October 15, 2018, a proposed ballot initiative became eligible for the November 2020 Statewide ballot (the “2020 Ballot Measure”). If approved by a majority of voters casting a ballot at the November 2020 Statewide election, the 2020 Ballot Measure would amend Article XIII A such that the “full cash value” of commercial and industrial real property that is not zoned for commercial agricultural production, for each lien date, would be equal to the fair market value of that property. If passed, the 2020 Ballot Measure would not affect the “full cash value” of residential property or real property used for commercial agricultural production, which would continue to be subject to annual increases not to exceed 2%. After compensating the State General Fund for resulting reductions in State personal income tax and corporate tax revenues, and compensating cities, counties and special districts for the cost of implementing the 2020 Ballot Measure, approximately 40% of the remaining additional tax revenues generated as a result of the 2020 Ballot Measure would be deposited into a fund created pursuant to the 2020 Ballot Measure called the Local School and Community College Property Tax Fund, with such funds being used to supplement, and not replace, existing funding school districts and community college districts receive under the State’s constitutional minimum funding requirement. The District cannot predict whether the 2020 Ballot Measure will appear on the Statewide ballot at the November 2020 election or, if it does, whether the 2020 Ballot Measure will be approved by a majority of voters casting a ballot. If approved, the District cannot make any assurance as to what effect the implementation of the 2020 Ballot Measure will have on District revenues or the assessed valuation of real property in the District.

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. 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 claims, if any, 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.

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 XIII A.

Proposition 50 and Proposition 171

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIII A of the State Constitution to allow owners of property that was “substantially damaged or destroyed” by a disaster, as declared by the Governor, (the “Damaged Property”), to transfer their existing base year value (the “Original Base Year Value”) to a comparable replacement property within

the same county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the “Original Cash Value”); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50 percent of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the “Replacement Base Year Value”) depends on the relation of the full cash value of the replacement property (the “Replacement Cash Value”) to the Original Cash Value: if the Replacement Cash Value exceeds 120 percent of the Original Cash Value, then the Replacement Base Year Value is calculated by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120 percent of the Original Cash Value, then the Replacement Base Year Value equals the Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

On November 2, 1993, the voters of the State approved Proposition 171. Proposition 171 amends subdivision (e) of Section 2 of Article XIII A of the State Constitution to allow owners of Damaged Property to transfer their Original Base Year Value to a “comparable replacement property” located within another county in the State, which is acquired or newly constructed within three years after the disaster.

Intra-county transfers under Proposition 171 are more restrictive than inter-county transfers under Proposition 50. For example, Proposition 171 (1) only applies to (a) structures that are owned and occupied by property owners as their principal place of residence and (b) land of a “reasonable size that is used as a site for a residence;” (2) explicitly does not apply to property owned by firms, partnerships, associations, corporations, companies, or legal entities of any kind; (3) only applies to replacement property located in a county that adopted an ordinance allowing Proposition 171 transfers; (4) claims must be timely filed within three years of the date of purchase or completion of new construction; and (5) only applies to comparable replacement property, which has a full cash value that is of “equal or lesser value” than the Original Cash Value.

Within the context of Proposition 171, “equal or lesser value” means that the amount of the Replacement Cash Value does not exceed either (1) 105 percent of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110 percent of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115 percent of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction.

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 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 county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year. So long as the District is not a basic aid

district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's school financing formula. See "DISTRICT FINANCIAL INFORMATION" herein.

Article XIII B of the California Constitution

Article XIII B ("Article XIII B") of the State Constitution, 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 XIII B 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 ADA of the school district from the preceding fiscal year.

For fiscal years beginning on or after July 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 XIII B, as amended.

The appropriations of an entity of local government subject to Article XIII B 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 bonded debt service such as the Bonds, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the State legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIII B 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 XIII B 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" herein.

Proposition 26

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

Article XIIC and Article XIID of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218, popularly known as the “Right to Vote on Taxes Act.” Proposition 218 added to the California Constitution Articles XIIC and XIID (respectively, “Article XIIC” and “Article XIID”), 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 XIIC 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 school 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 XIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIC or XIID 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 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIII A 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.

Propositions 98 and 111

On November 8, 1988, voters of the State 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 changed 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 State general fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, and (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State legislature to suspend this formula for a one-year period.

The Accountability Act also changed how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount are, instead of being returned to taxpayers, transferred to K-14 school districts. Any such transfer to K-14 school districts is excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year is automatically increased by the amount of such transfer. These additional moneys 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 XIII B surplus. The maximum amount of excess tax revenues which can be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

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

On June 5, 1990, the voters of the State approved Proposition 111 (Senate Constitutional Amendment No. 1) called the “Traffic Congestion Relief and Spending Limitation Act of 1990” (“Proposition 111”) which further modified Article XIII B and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

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

- a. Annual Adjustments to Spending Limit. The annual adjustments to the Article XIII B 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 Revenues. “Excess” tax revenues with respect to Article XIII B 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 are 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 minimum funding level for such districts. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into K-14 school district 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 exceptions were added to the calculation of appropriations which are subject to the Article XIII B spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the State legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), 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. These latter provisions were necessary to make effective the transportation funding package approved by the State legislature and the Governor, which was expected to raise over \$15 billion in additional taxes from 1990 through 2000 to fund transportation programs.
- d. Recalculation of Appropriations Limit. The Article XIII B 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) 40.9% of State general fund revenues ("Test 1") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to per capita personal income) and enrollment ("Test 2"). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test ("Test 3"), which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in California per capita personal income. Under Test 3, K-14 school districts will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 will become a "credit" (also referred to as a "maintenance factor") 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% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% 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 State 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, including the District, community college districts, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% of the value of property, and 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% vote requirement applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the 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 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate per \$100,000 of taxable property value projected to be 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, when assessed valuation is projected to increase in accordance with Article XIII A of the Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the State legislature and approval by the Governor.

Proposition 1A and Proposition 22

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

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

Jarvis vs. Connell

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

Proposition 55

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"). Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over \$250,000 but less than \$300,001 for single filers (over \$500,000 but less than \$600,001 for joint filers and over \$340,000 but less than \$408,001 for head-of-household filers), (ii) 2% for taxable income over \$300,000 but less than \$500,001 for single filers (over \$600,000 but less than \$1,000,001 for joint filers and over \$408,000 but less than \$680,001 for head-of-household filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$1,000,000 for joint filers and over \$680,000 for head-of-household filers).

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

Proposition 2

On November 8, 2016, voters approved the Rainy Day Budget Stabilization Fund Act (also known as “Proposition 2”). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State’s Budget Stabilization Account (the “BSA”) established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the “Annual BSA Transfer”). Supplemental transfers to the BSA (a “Supplemental BSA Transfer”) are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15-year period ending with the 2029-30 fiscal year, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the State legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changes the conditions under which the Governor and the State legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the State legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a “budget emergency,” defined as an emergency within the meaning of Article XIII B of the Constitution or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the “PSSSA”) into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would be otherwise paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is “Test 1,” (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be

made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year's funding level, as adjusted for ADA growth and cost of living.

SB 858. Senate Bill 858 ("SB 858") became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the PSSSA, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an ADA of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the Education Code, or (b) for school districts with an ADA that is more than 400,000, is not more than three times the amount of the reserve for economic uncertainties mandated by the Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

The District, which has an ADA of less than 400,000, is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses.

SB 751. Senate Bill 751 ("SB 751"), enacted on October 11, 2017, alters the reserve requirements imposed by SB 858. Under SB 751, in a fiscal year immediately after a fiscal year in which the amount of moneys in the PSSSA is equal to or exceeds 3% of the combined total general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised cannot have an assigned or unassigned ending fund balance that exceeds 10% of those funds. SB 751 excludes from the requirements of those provisions basic aid school districts (also known as community funded districts) and small school districts having fewer than 2,501 units of average daily attendance.

The Bonds are payable solely from *ad valorem* property taxes to be levied within the District pursuant to the State Constitution and other State law. Accordingly, the District does not expect SB 858 or SB 751 to adversely affect its ability to pay the principal of and interest on the Bonds as and when due.

Proposition 51

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative that was approved by voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of \$9 billion in State general obligation bonds for the new construction and modernization of K-14 facilities.

K-12 School Facilities. Proposition 51 includes \$3 billion for the new construction of K-12 facilities and an additional \$3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school district lacks sufficient local funding, it may apply for additional state grant funding, up to 100% of the project costs. In addition, a total of \$1 billion will be available for the modernization and new construction of charter school (\$500 million) and technical education (\$500 million) facilities. Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools that cannot cover

their local share for these two types of projects may apply for state loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, state grants are capped at \$3 million for a new facility and \$1.5 million for a modernized facility. Charter schools must be deemed financially sound before project approval.

Community College Facilities. Proposition 51 includes \$2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system, who then decides which projects to submit to the State legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and State legislature will select among eligible projects as part of the annual state budget process.

The District makes no guarantees that it will either pursue or qualify for Proposition 51 state facilitates funding.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the California Constitution and Propositions 22, 26, 30, 39, 98 and 55 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.

DISTRICT FINANCIAL INFORMATION

The information in this section concerning the District’s general fund finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds shall be payable solely from the proceeds of an ad valorem property tax required to be levied by the County on taxable property within the District in an amount sufficient for the payment thereof. See “THE BONDS – Security and Sources of Payment” herein.

State Funding of Education

School district revenues consist primarily of guaranteed State moneys, local property taxes and funds received from the State in the form of categorical aid under ongoing programs of local assistance. All State aid is subject to the appropriation of funds in the State’s annual budget.

Revenue Limit Funding. Previously, school districts operated under general purpose revenue limits established by the State Department of Education. In general, revenue limits were calculated for each school district by multiplying the ADA for such district by a base revenue limit per unit of ADA. Revenue limit calculations were subject to adjustment in accordance with a number of factors designed to provide cost of living adjustments (“COLAs”) and to equalize revenues among school districts of the same type. Funding of a school district’s revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Since fiscal year 2013-14, school districts have been funded based on uniform system of funding grants assigned to certain grade spans, as described below in “—Local Control Funding Formula” herein.

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) (“AB 97”), enacted as part of the 2013-14 State budget, established the current system for funding school districts, charter schools and county offices of education. Certain provisions of AB 97 were amended and clarified by Senate Bill 91 (Stats. 2013, Chapter 49) (“SB 91”).

The primary component of AB 97 was the implementation of the Local Control Funding Formula (“LCFF”), which replaced the revenue limit funding system for determining State apportionments, as well as the majority of categorical program funding. State allocations are now provided on the basis of target base funding grants per unit of ADA (a “Base Grant”) assigned to each of four grade spans. Each Base Grant is subject to certain adjustments and add-ons, as discussed below. The LCFF was implemented over a period of eight years, during which an annual transition adjustment was calculated for each school district, equal to such district’s proportionate share of appropriations included in the State budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. In each year, school districts had the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district’s funding gap.

The Base Grants per unit of ADA for each grade span are as follows: (i) \$6,845 for grades K-3; (ii) \$6,947 for grades 4-6; (iii) \$7,154 for grades 7-8; and (iv) \$8,289 for grades 9-12. During the implementation prior of the LCFF, the Base Grants were required be adjusted for COLAs by applying the implicit price deflator for government goods and services. The provision of COLAs are currently subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels. See also “—State Budget” herein for the adjusted Base Grants provided for by current budgetary legislation.

The Base Grants for grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and the provision of career technical education in high schools. Following full implementation of the LCFF, and unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. Such school districts must also make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period. The LCFF also provides additional add-ons to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

School districts that serve students of limited English proficiency (“EL” students) and students from low income families that are eligible for free or reduced priced meals, including foster youth (“LI” students), are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI. AB 97 authorizes a supplemental grant add-on (each, a “Supplemental Grant”) for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such districts’ percentage of unduplicated EL/LI student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a “Concentration Grant”) equal to 50% of the applicable Base Grant multiplied the percentage of such district’s unduplicated EL/LI student enrollment in excess of the 55% threshold.

The table on the following page shows a breakdown of the District’s ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment for fiscal years 2013-14 through 2019-20.

ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2013-14 through 2019-20
Riverside Unified School District

Fiscal Year	Average Daily Attendance⁽¹⁾					Enrollment	
	K-3	4-6	7-8	9-12	Total ADA	Total Enrollment⁽²⁾	% of EL/LI Enrollment⁽³⁾
2013-14	12,022.76	9,003.84	6,407.33	12,955.74	40,389.67	42,405	66.37%
2014-15	11,997.59	8,980.91	6,303.22	12,692.47	39,974.19	42,040	65.90
2015-16	11,710.81	9,215.34	6,160.22	12,606.96	39,693.33	41,664	65.90
2016-17	11,785.46	9,332.99	6,057.59	12,561.08	39,737.12	41,635	65.05
2017-18	11,472.34	9,291.09	6,085.86	12,358.81	39,208.10	41,099	65.79
2018-19	11,396.78	8,934.81	6,321.52	12,133.66	38,786.77	40,697	66.32
2019-20 ⁽⁴⁾	11,316.87	9,161.43	5,989.01	12,159.41	38,626.72	40,484	67.56

⁽¹⁾ Except for fiscal year 2019-20, reflects P-2 ADA. Excludes students enrolled in the Charter Schools described herein.

⁽²⁾ Reflects certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System (“CALPADS”) in each school year and is used to calculate each school district’s unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the California Department of Education. CALPADS figures generally exclude preschool and adult transitional students. Excludes students enrolled in the Charter Schools described herein.

⁽³⁾ For purposes of calculating Supplemental and Concentration Grants, a school district’s fiscal year 2013-14 percentage of unduplicated EL/LI students is expressed solely as a percentage of its total fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI enrollment is based on the two-year average of EL/LI enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district’s percentage of unduplicated EL/LI students is based on a rolling average of such district’s EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

⁽⁴⁾ Projected.

Source: Riverside Unified School District.

For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target (“ERT”) add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding, implementation of a COLA in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on will be paid incrementally over the implementing period of the LCFF. The District does not qualify for the ERT add-on.

The sum of a school district’s adjusted Base, Supplemental and Concentration Grants will be multiplied by such district’s P-2 ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with any applicable ERT or categorical block grant add-ons, will yield a district’s total LCFF allocation. Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and such district’s share of applicable local property taxes. Most school districts receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues may significantly affect appropriations made by the State legislature to school districts.

Certain schools districts, known as “basic aid” districts, have allocable local property tax collections that equal or exceed such districts’ total LCFF allocation, and result in the receipt of no State apportionment aid. Basic aid school districts receive only special categorical funding, which is deemed to satisfy the “basic aid” requirement of \$120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for basic aid districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their

primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District does not currently qualify as basic aid.

Accountability. Regulations adopted by the State Board of Education require that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such districts on the basis of the number and concentration of such EL/LI students, and detail the conditions under which school districts can use supplemental or concentration funding on a school-wide or district-wide basis.

School districts are also required to adopt local control and accountability plans (“LCAPs”) disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority identified by the LCFF. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority. LCAPs covering a three-year period are required to be updated annually. The State Board of Education has adopted a template LCAP for use by school districts.

Support and Intervention. AB 97, as amended by SB 91, established a new system of support and intervention to assist school districts meet the performance expectations outlined in their respective LCAPs. School districts must adopt their LCAPs (or annual updates thereto) in tandem with their annual operating budgets, and not later than five days thereafter submit such LCAPs or updates to their respective county superintendents of schools. On or before August 15 of each year, a county superintendent may seek clarification regarding the contents of a district’s LCAP (or annual update thereto), and the district is required to respond to such a request within 15 days. Within 15 days of receiving such a response, the county superintendent can submit non-binding recommendations for amending the LCAP or annual update, and such recommendations must be considered by the respective school district at a public hearing within 15 days. A district’s LCAP or annual update must be approved by the county superintendent by October 8 of each year if the superintendent determines that (i) the LCAP or annual update adheres to the State template, and (ii) the district’s budgeted expenditures are sufficient to implement the actions and strategies outlined in the LCAP.

A school district is required to receive additional support if its respective LCAP or annual update thereto is not approved, if the district requests technical assistance from its respective county superintendent, or if the district does not improve student achievement across more than one State priority for one or more student subgroups. Such support can include a review of a district’s strengths and weaknesses in the eight State priority areas, or the assignment of an academic expert to assist the district identify and implement programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by the LCFF and charged with assisting school districts achieve the goals set forth in their LCAPs. The State Board of Education has developed rubrics to assess school district performance and the need for support and intervention.

The State Superintendent of Public Instruction (the “State Superintendent”) is further authorized, with the approval of the State Board of Education, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic trustee to act on his or her behalf. In so doing, the State Superintendent is authorized (i) to modify a district’s LCAP, (ii) impose budget revisions designed to improve student outcomes, and (iii) stay or rescind actions of the local governing board that would prevent such district from improving student outcomes; provided, however, that the State Superintendent is not authorized to rescind an action required by a local collective bargaining agreement.

Other Revenue Sources

Other State Sources. In addition to State allocations determined pursuant to the LCFF, the District receives other State revenues consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into the LCFF. Categorical funding for certain programs was excluded from the LCFF, and school districts will continue to receive restricted State revenues to fund these programs.

Federal and Local Sources. The federal government provides funding for several of the District's programs, including special education programs, programs under the Every Student Succeeds Act, and specialized programs such as Perkins Career and Technical Education, Innovative Strategies, and Adult Education. In addition, school districts may receive additional local revenues beyond local property tax collections, such as interest earnings, interagency services, developer fees (as discussed herein), tax increment revenues and other local sources.

Developer Fees. The District maintains a fund, separate and apart from the general fund, to account for developer fees levied on residential and commercial development pursuant to Education Code Section 17620 (the "Developer Fees"). Developer Fee revenue is required by statute to be expended on the construction or reconstruction of school facilities necessary to accommodate growth in student enrollment caused by development. The table below summarizes the revenues received by the District from Developer Fees from fiscal years 2013-14 through 2018-19, and a projected amount for fiscal year 2019-20.

DEVELOPER FEE COLLECTIONS
Fiscal Years 2013-14 through 2019-20
Riverside Unified School District

<u>Fiscal Year</u>	<u>Total Collections</u>
2013-14	\$1,017,222
2014-15	3,109,941
2015-16	3,551,095
2016-17	4,839,054
2017-18	5,723,469
2018-19	4,683,373
2019-20 ⁽¹⁾	3,000,000

⁽¹⁾ Projected.

Source: Riverside Unified School District.

The District can make no representations that Developer Fees collected will continue to be received by the District in amounts consistent with prior years, or as currently projected.

Tax Offset and Pass-Through Revenues. The District receives tax offset revenue from the County as a part of certain redevelopment projects within the County (the “Tax Offset Revenues”). The Tax Offset Revenues received are deposited directly into the general fund of the District and offset the State apportionment received by the District. The District also receives pass-through tax increment revenue (the “Pass-Through Revenues”) from the former redevelopment agencies within the District’s boundaries. The Pass-Through Revenues received by the District are deposited into the District’s general fund and Special Reserve for Capital Outlay Funds, and are used for capital projects and are not offset against the State apportionment received by the District. The following table shows the amount of Tax Offset Revenues and Pass-Through Revenues received by the District from fiscal years 2013-14 through 2018-19, and projected amounts for fiscal year 2019-20.

TAX OFFSET AND PASS-THROUGH REVENUES
Fiscal Years 2013-14 through 2019-20
Riverside Unified School District

Fiscal Year	Tax Offset Revenues⁽¹⁾	Pass-Through Revenues⁽²⁾
2013-14	\$7,783,297	\$2,587,379
2014-15	9,654,045	2,936,569
2015-16	7,100,645	2,908,105
2016-17	10,716,827	3,269,604
2017-18	15,179,500	3,558,445
2018-19	22,087,364	4,057,689
2019-20 ⁽³⁾	6,000,000	3,500,000

⁽¹⁾ Tax Offset Revenues received offset State apportionments received by the District.

⁽²⁾ Pass-Through Revenues received do not offset State apportionments received by the District.

⁽³⁾ Projected.

Source: Riverside Unified School District.

Investment of District Funds

Most District funds are deposited with the Treasurer and Tax Collector of the County (the “Treasurer”) to the credit of the proper fund of the District. The Treasurer is responsible for the investment of the funds of the County, and certain classes of involuntary depositors such as school districts (including District funds which will be used to make the Lease Payments), community college districts and certain special districts in the County, are required under state law to be deposited into the County treasury. In addition, certain agencies invest certain of their funds in the County treasury on a voluntary basis. Deposits made by the County and the various local agencies are commingled in a pooled investment fund (the “Investment Pool”). For more information regarding the Investment Pool, see “APPENDIX E – RIVERSIDE COUNTY TREASURER’S POOLED INVESTMENT FUND” attached hereto.

Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Education Code Section 41010, is to be followed by all California school districts.

The District’s expenditures are accrued at the end of the fiscal year to reflect the receipt of goods and services in that year. Revenues generally are recorded on a cash basis, except for items that are susceptible to accrual (measurable and/or available to finance operations). Current taxes are considered susceptible to accrual. Delinquent taxes not received after the fiscal year end are not recorded as revenue

until received. Revenues from specific state and federally funded projects are recognized when qualified expenditures have been incurred. State block grant apportionments are accrued to the extent that they are measurable and predictable. The State Department of Education sends the District updated information from time to time explaining the acceptable accounting treatment of revenue and expenditure categories.

The District's accounting is organized on the basis of fund groups, with each group consisting of a separate set of self-balancing accounts containing assets, liabilities, fund balances, revenues and expenditures. The major fund classification is the general fund which accounts for all financial resources not requiring a special type of fund. The District's fiscal year begins on July 1 and ends on June 30.

Comparative Financial Statements

The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Audited financial statements for the District for the fiscal year ended June 30, 2018, and prior fiscal years are on file with the District and available for public inspection at the Deputy Superintendent, Business Services of the District, Riverside Unified School District, 3380 14th Street, Riverside, California 92501. The audited financial statements for the year ended June 30, 2018, are included in APPENDIX B hereto.

The table below reflects the District's audited general fund revenues, expenditures and fund balances from fiscal year 2013-14 to fiscal year 2017-18.

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AUDITED GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES⁽¹⁾
Fiscal Years 2013-14 through 2017-18
Riverside Unified School District

REVENUES	Fiscal Year <u>2013-14</u>	Fiscal Year <u>2014-15</u>	Fiscal Year <u>2015-16</u>	Fiscal Year <u>2016-17</u>	Fiscal Year <u>2017-18</u>
LCFF Sources	\$267,489,315	\$301,239,484	\$341,417,660	\$360,189,116	\$369,479,397
Federal sources	23,656,181	23,569,814	28,880,295	27,335,598	27,927,669
Other state sources	45,608,117	50,144,106	74,070,561	64,301,069	65,213,086
Other local sources	<u>8,064,252</u>	<u>8,459,965</u>	<u>10,274,902</u>	<u>10,223,535</u>	<u>9,664,178</u>
Total Revenues	344,817,865	383,413,369	454,643,418	462,049,318	472,284,330
EXPENDITURES:					
Current:					
Instruction	214,117,944	244,024,199	274,033,398	304,465,680	314,741,875
Instruction-related services:					
Supervision of instruction	10,949,365	14,290,070	19,382,262	23,155,630	23,246,400
Instructional library, media, and technology	2,977,771	3,118,549	3,311,840	3,744,257	3,541,519
School site administration	23,415,823	25,828,509	27,762,967	31,532,993	32,069,626
Pupil support services:					
Home-to-school transportation	10,532,243	10,846,955	11,810,358	10,453,611	11,454,862
Food services	7,985	10,067	10,721	13,567	12,874
All other pupil services	12,845,217	14,698,335	19,581,305	23,661,468	25,184,709
Ancillary services	2,310,952	3,697,650	5,045,013	5,798,196	6,108,082
Community services	63,042	59,870	60,947	61,773	258,109
General administration services:					
Data processing services	4,898,106	5,200,251	5,972,796	8,231,617	6,118,950
Other general administration	10,944,234	12,899,144	13,960,708	15,557,679	17,256,360
Plant services	34,470,945	35,341,159	38,645,157	43,865,883	45,394,992
Transfers of indirect costs	(831,436)	(841,539)	(1,117,447)	(1,221,419)	(1,008,758)
Capital outlay	5,586,485	6,343,052	5,847,949	7,489,962	8,921,522
Intergovernmental	<u>471,987</u>	<u>164,573</u>	<u>63,218</u>	<u>75,587</u>	<u>141,121</u>
Total Expenditures	332,760,663	375,680,844	424,371,192	476,886,484	493,442,243
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,057,202	7,732,525	30,272,226	(14,837,166)	(21,157,913)
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	5,769,152	18,817	--	1,005	42,874
Interfund transfers out	<u>(11,157,630)</u>	<u>(3,091,000)</u>	<u>(3,846,490)</u>	<u>(3,064,727)</u>	<u>(2,520,105)</u>
Total Other Financing Sources & Uses	(5,388,478)	(3,072,183)	(3,846,490)	(3,063,722)	(2,477,231)
Net Change In Fund Balance	6,668,724	4,660,342	26,425,736	(17,900,888)	(23,635,144)
Fund Balance – July 1	<u>78,669,870</u>	<u>85,338,594</u>	<u>89,998,936</u>	<u>116,424,672</u>	<u>98,523,784</u>
Fund Balance – June 30	<u>\$85,338,594</u>	<u>\$89,998,936</u>	<u>\$116,424,672</u>	<u>\$98,523,784</u>	<u>\$74,888,640</u>

Source: Riverside Unified School District.

Budget Process

State Budgeting Requirements. The District is required by provisions of the Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 (“AB 1200”), which became State law on October 14, 1991. Portions of AB 1200 are summarized below. Additional amendments to the budget process were made by Assembly Bill 2585, effective as of September 9, 2014, including the elimination of the dual budget cycle option for school districts. All school districts must now be on a single budget cycle.

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. The county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, and will determine if the budget allows the district to meet its current obligations, if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments, whether the budget includes the expenditures necessary to implement a local control and accountability plan, and whether the budget’s ending fund balance exceeds the minimum recommended reserve for economic uncertainties.

On or before August 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by August 15 of the county superintendent’s recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent’s recommendations. The committee must report its findings no later than August 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than September 22, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget may be disapproved.

For districts whose budgets have been disapproved, the district must revise and readopt its budget by September 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent’s recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final district budgets and not later than October 8, will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. No later than October 8, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget has been disapproved. Until a district’s budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Interim Financial Reports. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the

remainder of the fiscal year or subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

The District has never had an adopted budget disapproved by the County superintendent of schools, and has never received a “negative” certification of an Interim Financial Report pursuant to AB 1200.

General Fund Budgeting Trends. The table on the following page sets forth the District’s general fund adopted budgets for fiscal years 2015-16 through 2019-20, ending results for fiscal years 2015-16 through 2017-18, and unaudited actual results for fiscal year 2018-19.

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GENERAL FUND BUDGETING
Fiscal Years 2015-16 through 2019-20
Riverside Unified School District

	<u>Fiscal Year 2015-16</u>		<u>Fiscal Year 2016-17</u>		<u>Fiscal Year 2017-18</u>		<u>Fiscal Year 2018-19</u>		<u>Fiscal Year 2019-20</u>
	<u>Budget⁽¹⁾</u>	<u>Actual⁽¹⁾</u>	<u>Budget⁽¹⁾</u>	<u>Actual⁽¹⁾</u>	<u>Budget⁽¹⁾</u>	<u>Actual⁽¹⁾</u>	<u>Budget⁽²⁾</u>	<u>Unaudited Actuals⁽³⁾</u>	<u>Budgeted⁽⁴⁾</u>
REVENUES									
LCFF Sources	\$342,084,556	\$341,417,660	\$360,008,471	\$360,189,116	\$369,968,342	\$369,479,397	\$391,303,847	\$393,586,797	\$404,304,171
Federal Sources	23,259,128	28,880,295	24,497,274	27,335,598	26,601,223	27,927,669	26,021,335	27,798,291	25,539,941
Other State Sources	61,712,846	74,070,561	62,544,228	64,301,069	53,699,755	65,213,086	52,200,174	72,633,996	39,002,504
Other Local Sources	<u>5,273,873</u>	<u>10,274,902</u>	<u>5,959,351</u>	<u>10,223,535</u>	<u>5,500,943</u>	<u>9,664,178</u>	<u>6,544,910</u>	<u>10,230,433</u>	<u>8,987,204</u>
TOTAL REVENUES	432,330,403	454,643,418	453,009,324	462,049,318	455,770,263	472,284,330	476,070,266	504,249,517	477,833,820
EXPENDITURES									
Certificated Salaries	203,809,741	204,223,715	213,295,431	220,162,158	222,357,774	226,576,145	227,409,650	228,957,043	221,431,229
Classified Salaries	59,353,040	58,754,990	64,009,279	69,316,927	68,584,176	72,707,655	73,134,587	75,890,083	72,308,950
Employee Benefits	76,213,939	86,998,216	97,584,915	103,379,331	111,667,228	114,465,751	104,866,831	122,754,705	109,149,451
Books & Supplies	24,733,683	24,134,324	33,984,421	26,217,376	30,144,189	21,737,577	25,054,163	25,043,502	23,679,321
Services & Other Operating Expenditures	45,413,759	43,639,115	58,666,238	48,564,967	54,760,941	47,503,784	51,973,994	52,362,911	54,657,598
Capital Outlay	17,917,540	6,557,614	10,006,888	9,170,138	6,915,301	10,310,210	3,019,006	6,281,115	17,026,747
Other Outgo (excluding Transfers of Indirect Costs)	--	--	--	--	--	--	182,318	179,798	175,000
Other Outgo - Transfers of Indirect Costs	--	--	--	--	--	--	(1,159,319)	(1,186,300)	(1,072,489)
Intergovernmental	<u>141,300</u>	<u>63,218</u>	<u>152,000</u>	<u>75,587</u>	<u>80,000</u>	<u>141,121</u>	--	--	--
TOTAL EXPENDITURES	427,583,002	424,371,192	477,699,172	476,886,484	494,509,609	493,442,243	484,481,230	510,282,857	497,355,807
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,747,401	30,272,226	(24,689,848)	(14,837,166)	(38,739,346)	(21,157,913)	(8,410,964)	(6,033,340)	(19,521,987)
OTHER FINANCING SOURCES (USES)									
Interfund Transfers In	--	--	--	1,005	--	42,874	--	5,000	--
Interfund Transfers Out	<u>(3,697,200)</u>	<u>(3,846,490)</u>	<u>(2,631,379)</u>	<u>(3,064,727)</u>	--	<u>(2,520,105)</u>	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	(3,697,200)	(3,846,490)	(2,631,379)	(3,063,722)	--	(2,477,231)	--	5,000	--
Net Change in Fund Balance	1,050,201	26,425,736	(27,321,227)	(17,900,888)	(38,739,346)	(23,635,144)	(8,410,964)	(6,028,339)	(19,521,987)
Fund Balance, July 1	<u>89,998,936</u>	<u>89,998,936</u>	<u>116,424,672</u>	<u>116,424,672</u>	<u>98,523,784</u>	<u>98,523,784</u>	<u>74,888,640</u>	<u>74,888,640</u>	<u>65,175,822</u>
Fund Balance, June 30	<u>\$91,049,137</u>	<u>\$116,424,672</u>	<u>\$89,103,445</u>	<u>\$98,523,784</u>	<u>\$59,784,438</u>	<u>\$74,888,640</u>	<u>\$66,477,676</u>	<u>\$68,860,300</u>	<u>\$45,653,835</u>

(1) From the District's comprehensive audited financial statements for fiscal years 2015-16 through 2017-18, respectively.

(2) From the District's First Interim Financial Report for fiscal year 2018-19, approved by the Board on December 4, 2018.

(3) From the District's Unaudited Actuals Financial Report for fiscal year 2018-19, approved by the Board on September 3, 2019. Figures may not sum due to rounding.

(4) From the District's Proposed Budget for fiscal year 2019-20, approved by the Board on June 11, 2019.

Source: Riverside Unified School District.

State Budget Measures

The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guarantee the accuracy or completeness of this information and has not independently verified such information.

2019-20 Budget. On June 27, 2019, the Governor signed into law the State budget for fiscal year 2019-20 (the "2019-20 Budget"). The following information is drawn from the State Department of Finance's summary of the 2019-20 Budget.

For fiscal year 2018-19, the 2019-20 Budget projects total general fund revenues and transfers of \$138 billion and total expenditures of \$142.7 billion. The State is projected to end the 2018-19 fiscal year with total available general fund reserves of \$20.7 billion, including \$5.4 billion in the traditional general fund reserve, \$14.4 billion in the BSA and \$900 million in the Safety Net Reserve Fund for the CalWORKs and Medi-Cal programs. For fiscal year 2019-20, the 2019-20 Budget projects total general fund revenues and transfers of \$143.8 billion and authorizes expenditures of \$147.8 billion. The State is projected to end the 2019-20 fiscal year with total available general fund reserves of \$18.8 billion, including \$1.4 billion in the traditional general fund reserve, \$16.5 billion in the BSA and \$900 million in the Safety Net Reserve Fund. The 2019-20 Budget also authorizes a deposit to the PSSSA of \$376.5 million in order to comply with Proposition 2. The amount is below the threshold required to trigger certain maximum local reserve levels for school districts created by State legislation approved in 2014 (and amended in 2017). See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2 – SB 858; SB 751" herein.

For fiscal year 2019-20, the Budget sets the minimum funding guarantee at \$81.1 billion. With respect to K-12 education, ongoing per-pupil spending is set at \$11,993. Other significant features with respect to K-12 education funding include the following:

- *Local Control Funding Formula – Local Control Funding Formula* – An increase of \$1.9 billion in Proposition 98 funding for the LCFF, reflecting a 3.26% COLA. For fiscal year 2019-20, the adjusted Base Grants are as follows: (i) \$8,503 for grades K-3, (ii) \$7,818 for grades 4-6, (iii) \$8,050 for grades 7-8, and (iv) \$9,572 for grades 9-12.
- *Settle-Up Payment* – An increase of \$686.6 million for K-14 school districts to pay the balance of past-year Proposition 98 funding owed through fiscal year 2017-18.
- *Special Education* – \$645.3 million in ongoing Proposition 98 funding for special education. Specifically, the 2019-20 Budget allocates (i) \$152.6 million to provide all special education local area plans at least the Statewide target rate for base special education funding, and (ii) \$492.7 million in special education funding, to be allocated to school districts based on the number of children between three to five years of age and with exceptional needs that are being served.
- *Pension Costs* – A \$3.15 billion payment from non-Proposition 98 funds to CalSTRS and CalPERS, to reduce long-term liabilities for K-14 school districts. Of this amount, \$850 million would be provided to buy down employer contribution rates in fiscal years 2019-20 and 2020-21. With these payments, CalSTRS employer contributions will be reduced from 18.13% to 17.1% in fiscal year 2019-20, and from 19.1% to 18.4% in fiscal year 2020-21. The CalPERS employer contribution will be reduced from 20.7% to 19.7% in fiscal year 2019-20, and the projected CalPERS employer contribution is expected to be reduced from 23.6% to 22.9 % in fiscal year 2020-21. The remaining \$2.3 billion would be paid towards

employers' long-term unfunded liability. See also "RIVERSIDE UNIFIED SCHOOL DISTRICT – District Retirement Programs" herein.

- *After School Programs* - \$50 million in ongoing Proposition 98 funding to provide an increase of approximately 8.3% to the per-pupil daily rate for after school education and safety programs.
- *Teacher Support* - \$43.8 million in one-time non-Proposition 98 funding to provide training and resources for classroom educators and paraprofessionals, to build capacity in key State priorities. The 2019-20 Budget also includes \$89.8 million in one-time, non-Proposition 98 funding to provide up to 4,487 grants for students enrolled in professional teacher preparation programs who commit to working in a high-need field at a priority school for at least four years.
- *Broadband Infrastructure* - \$7.5 million in one-time, non-Proposition 98 funding for broadband infrastructure improvements at local educational agencies.
- *Full-Day Kindergarten* - \$300 million in one-time, non-Proposition 98 funding to finance construction or retrofit of facilities to support full-day kindergarten programs.
- *Wildfire-Related Cost Adjustments* – An increase of \$2 million in one-time Proposition 98 funding to reflect adjustments in the estimate for property tax backfill for basic aid school districts impacted by wildfires which occurred in 2017 and 2018. The 2019-20 Budget also holds both school districts and charter schools impacted by wildfires in 2018 harmless in terms of State funding for two years.
- *Proposition 51* – a total allocation of \$1.5 billion in Proposition 51 bond funds for K-12 school facility projects.

For additional information regarding the 2019-20 Budget, see the State Department of Finance website at www.dof.ca.gov. However, the information presented on such website is not incorporated herein by reference.

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

RIVERSIDE UNIFIED SCHOOL 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 shall be payable solely from the proceeds of an ad valorem property tax required to be levied by the County on taxable property within the District in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.

Introduction

The District is a unified school district encompassing an area of about 92 square miles located in the northwestern portion of the County approximately 47 miles east of the Los Angeles civic center. The District encompasses major portions of the City of Riverside. The District was established in 1963 through the unification of the Riverside City School District and the Riverside City High School District. The District operates 29 elementary schools, seven middle schools, five high schools, and nine specialty schools consisting of one adult school, one alternative school of choice, two continuation high schools, one STEM academy, one virtual school, one opportunity school, one special education school, and one preschool. The District has budgeted for a fiscal year 2019-20 ADA of 38,627 students, and taxable property within the District has a fiscal year 2019-20 assessed valuation of \$27,700,355,822.

Administration

The District is governed by the five-member Board, each member of which is elected by trustee area to a four-year term. The current board member's terms were extended by one year to align board member elections with even year elections. Elections for positions to the Board are held every two years, alternating between two and three available positions. The following table shows the current members and terms of the Board:

RIVERSIDE UNIFIED SCHOOL DISTRICT Board of Education

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Dr. Angelov Farooq	President	December 2020
Kathy Y. Allavie	Vice President	December 2022
Tom Hunt	Clerk	December 2020
Brent Lee	Member	December 2022
Patricia Lock-Dawson	Member	December 2020

The management and policies of the District are administered by a Superintendent appointed by the Board who is responsible for day-to-day District operations as well as supervision of the District's other key personnel. Dr. David C. Hansen currently serves as the District Superintendent. Brief biographies of the Superintendent and Chief Business Officer and Governmental Relations follow:

David C. Hansen, Ed.D., Superintendent. Dr. Hansen joined the District in July 2014 as Superintendent. Prior to joining the District, Dr. Hansen served as Assistant Superintendent of the Corona-Norco Unified School District. Dr. Hansen holds a Bachelor of Science degree in industrial technology education from Brigham Young University; a Master's degree in educational administration from California State University, San Bernardino; and a Doctorate of Education focusing on educational leadership from the University of La Verne.

Mays Kakish, Chief Business Officer and Governmental Relations. Mays Kakish was appointed Chief Business Officer and Governmental Relations of the District in July 2015. Ms. Kakish served the Moreno Valley Unified School District as Chief Business Official from April 2011 to June 2015 and prior to that, she served as the Assistant Superintendent, Business Services of the Beaumont Unified School District for five years. Ms. Kakish holds a Bachelor of Science degree from California State University San Bernardino, San Bernardino, California.

Labor Relations

The District currently employs approximately 1940 full-time certificated employees and 602 classified employees. In addition, the District employs 1359 part-time faculty and staff. These employees, except management and some part-time employees, are represented by two bargaining units as noted in the following table:

**RIVERSIDE UNIFIED SCHOOL DISTRICT
Labor Relations**

<u>Labor Organization</u>	<u>Number of Employees in Organization</u>	<u>Contract Expiration Date</u>
Riverside City Teachers Association	1,938	June 30, 2019 ⁽¹⁾
California Association of School Employees	1,682	June 30, 2021

⁽¹⁾ Members continue to work under the terms of the expired contract.
Source: Riverside Unified School District.

Direct Retirement Programs

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

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers’ Retirement System (“STRS”). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the “STRS Defined Benefit Program”). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State passed the legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed AB 1469 (“AB 1469”) into law as a part of the State’s fiscal year 2014-15 budget. AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the “2014 Liability”), within 32 years, by increasing member, K-14 school district and State contributions to STRS. Commencing July 1, 2014, the employee contribution rate increased over a three-year phase-in period in accordance with the following schedule:

**MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)**

<u>Effective Date</u>	<u>STRS Members Hired Prior to January 1, 2013</u>	<u>STRS Members Hired After January 1, 2013</u>
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

Source: AB 1469.

Pursuant to the Reform Act (defined below), the contribution rates for members hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees hired after the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year commencing July 1, 2019, the contribution rate for employees hired after the Implementation Date (defined below) will be 10.205%.

Pursuant to AB 1469, K-14 school districts’ contribution rate will increase over a seven-year phase-in period in accordance with the following schedule:

**K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS (Defined Benefit Program)**

<u>Effective Date</u>	<u>K-14 school districts</u>
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

Source: AB 1469.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers’ Retirement Board (the “STRS Board”), is required to increase or decrease the K-14 school districts’ contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members’ contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to

the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

On June 27, 2019, the Governor signed SB 90 (“SB 90”) into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated \$2.246 billion to be transferred to the Teacher’s Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21. The remainder of the payment not committed for the reduction in employer contribution rates described above, is required to be allocated to reduce the employer’s share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. See also “DISTRICT FINANCIAL INFORMATION – State Budget Measures” herein.

The District’s contributions to STRS were \$21,870,566 in fiscal year 2015-16, \$27,676,114 in fiscal year 2016-17, and \$32,600,983 in fiscal year 2017-18. The District estimates a contribution of \$37,154,525 in fiscal year 2018-19, and projects \$38,031,843 for its contribution to STRS for fiscal year 2019-20.

The State also contributes to STRS, currently in an amount equal to 7.328% for fiscal year 2018-19 and 7.828% for fiscal year 2019-20. The State’s contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State’s contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the “SBPA”), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the Public Employees’ Retirement System (“PERS”). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund (“PERF”). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2017 included 1,624 public agencies and 1,366 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for “classified employees,” which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the “Schools Pool”).

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The District is currently required to contribute to PERS at an actuarially determined rate, which is 18.062% of eligible salary expenditures for fiscal year 2018-19, and will be 20.733% of eligible salary expenditures in fiscal year

2019-20. Participants enrolled in PERS prior to January 1, 2013 contribute at a rate established by statute, which is 7% of their respective salaries in fiscal year 2018-19 and will be 7% in fiscal year 2019-20, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 7% in fiscal year 2018-19 and will be 7% in fiscal year 2019-20. See “—California Public Employees’ Pension Reform Act of 2013” herein.

Pursuant to SB 90, the State Legislature appropriated \$144 million for fiscal year 2019-20 and \$100 million for fiscal year 2020-21 to be transferred to the Public Employees’ Retirement Fund, to pay in advance, on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years. In addition, the State Legislature appropriated \$660 million to be applied toward certain unfunded liabilities for K-14 school district employers. See also “DISTRICT FINANCIAL INFORMATION – State Budget Measures” herein.

The District’s contributions to PERS were \$7,241,357 in fiscal year 2015-16, \$9,752,400 in fiscal year 2016-17, and \$11,494,902 in fiscal year 2017-18. The District estimates a contribution of \$13,662,909 in fiscal year 2018-19, and projects \$16,186,809 for its contribution to PERS for fiscal year 2019-20.

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

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are “forward-looking” information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

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FUNDED STATUS
STRS (Defined Benefit Program) and PERS (Schools Pool)
(Dollar Amounts in Millions)⁽¹⁾
Fiscal Years 2010-11 through 2017-18

<u>STRS</u>					
<u>Fiscal Year</u>	<u>Accrued Liability</u>	<u>Value of Trust Assets (MVA)⁽²⁾</u>	<u>Unfunded Liability (MVA)⁽²⁾</u>	<u>Value of Trust Assets (AVA)⁽³⁾</u>	<u>Unfunded Liability (AVA)⁽³⁾</u>
2010-11	\$208,405	\$147,140	\$68,365	\$143,930	\$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152

<u>PERS</u>					
<u>Fiscal Year</u>	<u>Accrued Liability</u>	<u>Value of Trust Assets (MVA)</u>	<u>Unfunded Liability (MVA)</u>	<u>Value of Trust Assets (AVA)⁽³⁾</u>	<u>Unfunded Liability (AVA)⁽³⁾</u>
2010-11	\$58,358	\$45,901	\$12,457	\$51,547	\$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	-- ⁽⁴⁾	-- ⁽⁴⁾
2014-15	73,325	56,814	16,511	-- ⁽⁴⁾	-- ⁽⁴⁾
2015-16	77,544	55,785	21,759	-- ⁽⁴⁾	-- ⁽⁴⁾
2016-17	84,416	60,865	23,551	-- ⁽⁴⁾	-- ⁽⁴⁾
2017-18 ⁽⁵⁾	92,071	64,846	27,225	-- ⁽⁴⁾	-- ⁽⁴⁾

(1) Amounts may not add due to rounding.

(2) Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.

(3) Reflects actuarial value of assets.

(4) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.

(5) On April 16, 2019, the PERS Board (defined below) approved the K-14 school district contribution rate for fiscal year 2019-20 and released certain actuarial information to be incorporated into the June 30, 2018 actuarial valuation to be released in summer 2019.

Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member's increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the "2016 STRS Actuarial Valuation"). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation (the "2017 STRS Actuarial Valuation"), and (iii) decreasing the projected wage growth to 3.50% and the projected inflation

rate to 2.75%. The 2017 STRS Actuarial Valuation continues using the Entry Age Normal Actuarial Cost Method.

Based on salary increases less than assumed and actuarial asset gains recognized from the current and prior years, the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2018 (the “2018 STRS Actuarial Valuation”) reports that the unfunded actuarial obligation decreased by \$109 million since the 2017 STRS Actuarial Valuation and the funded ratio increased by 1.4% to 64.0% over such time period.

According to the 2018 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2046 of 99.9%, except for a small portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990, for which AB 1469 provides no authority to the STRS Board to adjust rates to pay down that portion of the unfunded actuarial obligation. This finding reflects the scheduled contribution rate increases directed by statute, assumes additional increases in the scheduled contribution rates allowed under the current law will be made, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

In recent years, the PERS Board of Administration (the “PERS Board”) has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

On March 14, 2012, the PERS Board voted to lower the PERS’ rate of expected price inflation and its investment rate of return (net of administrative expenses) (the “PERS Discount Rate”) from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The new discount rate went into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions were first reflected in the Schools Pool in

the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on December 20, 2017, the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.625% for the June 30, 2018 actuarial valuation and to 2.50% for the June 30, 2019 actuarial valuation, (ii) lowering the payroll growth rate to 2.875% for the June 30, 2018 actuarial valuation and 2.75% for the June 30, 2019 actuarial valuation, and (iii) certain changes to demographic assumptions relating to the salary scale for most constituent groups, and modifications to the morality, retirement, and disability retirement rates.

On February 14, 2018, the PERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While PERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

On April 16, 2019, the PERS Board established the employer contribution rates for 2019-20 and released certain information from the Schools Pool Actuarial Valuation as of June 30, 2018, ahead of its summer of 2019 release date. Based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, along with the expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date, the projected contribution rate for 2020-21 is projected to be 23.6%, with annual increases thereafter, resulting in a projected 26.5% employer contribution rate for fiscal year 2025-26.

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those amounts required under AB 1469. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other

changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps “pensionable compensation” for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

GASB Statement Nos. 67 and 68. On June 25, 2012, GASB approved Statements Nos. 67 and 68 (“Statements”) with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government’s balance sheet (currently, such unfunded liabilities are typically included as notes to the government’s financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014..

For fiscal year ending June 30, 2018, the District’s proportionate share of the net STRS pension liability was \$380,853,493. As of such date, the District’s proportionate share of the net PERS pension liability was \$131,440,402. See “APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF RIVERSIDE UNIFIED SCHOOL DISTRICT – Note 11” attached hereto.

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Other Post-Employment Benefits

Riverside Unified District Retiree Benefits Plan.

Plan Description. The District currently provides post-employment health care and vision benefits (the “Benefits”) to eligible retired certificated, classified and management employees through the Riverside Unified District Retiree Benefits Plan (the “Plan”). The Benefits Trust Company (the “BTC”) administers the Plan – a single-employer defined benefit plan – on behalf of the District.

Eligibility requirements for retirees are shown in the following table.

<u>Employee Type</u>	<u>Eligibility Requirements</u>
Certificated	Attainment of age 55 and the completion of 15 years of full-time service out of the last 19 years prior to retirement.
Management, Confidential, and Cabinet	Retirement under PERS or STRS, attainment of age of 50 (PERS) or 55 (STRS), and completion of 15 years of full-time service with 5 years of District service immediately prior to retirement.
Classified	Attainment of age 50 and completion of 10 years of District service.

Membership in the Plan at June 30, 2019 consisted of 431 retirees receiving the Benefits and 445 active Plan members eligible for but not yet receiving Benefits.

Funding Policy. Currently, the District funds the Benefits on a “pay-as-you-go” basis to cover the cost of current premiums, with additional amounts to prefund the Benefits as determined by the Board. The District recognized total expenditures of \$3,265,341 during fiscal 2016-17 and \$2,820,195 during fiscal year 2017-18, and estimates an expenditure of \$2,733,060 during fiscal year 2018-19 for the Benefits. For fiscal year 2019-20, the District projects \$3,558,507 of total expenditures for the Benefits.

The District has also established an irrevocable trust to begin funding its accrued liability for the Benefits (the “OPEB Trust”). The Board has established a Retirement Board of Authority to implement and oversee the Trust’s investment policy, and the Retirement Board of Authority appointed BTC as the discretionary trustee and trust fund custodian of the OPEB Trust. As of June 30, 2019, the market value of the assets in the OPEB Trust was approximately \$22,638,418. The District did not make a contribution to the OPEB Trust in fiscal year 2018-19, and does not currently expect to make a contribution to the OPEB Trust in fiscal year 2019-20.

Accrued Liability. The District has implemented *GASB Statement #74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions* (“GASB Statement No. 74”) and *Governmental Accounting Standards Board Statement #75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB Statement No. 75”), pursuant to which the District has commissioned and received an actuarial study of its liability with respect to the Benefits. GASB statements No. 74 and No. 75 (discussed below) require biennial actuarial valuations for all plans. The most recent actuarial study, dated October 19, 2018 (the “Study”) and with a measurement and valuation date of July 1, 2017, concluded that the Total OPEB Liability (the “TOL”) with respect to such Benefits was \$65,154,526, the Fiduciary Net Position (the “FNP”) of the OPEB Trust was \$20,707,805, and the Net OPEB Liability (the “NOL”) was \$44,446,721. For more information regarding the District’s other post-employment benefit liability, see “APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF RIVERSIDE UNIFIED SCHOOL DISTRICT – Note 12” attached hereto.

GASB Statement Nos. 74 and 75. On June 2, 2015, GASB approved Statements Nos. 74 and 75 with respect to pension accounting and financial reporting standards for public sector post-retirement

benefit programs and the employers that sponsor them. GASB Statement No. 74 replaces GASB Statements No. 43 and 57 and Statement No. 75 replaces GASB Statement No. 45.

Most of GASB Statement No. 74 applies to plans administered through trusts, in which contributions are irrevocable, trust assets are dedicated to providing other post –employment benefits to plan members and trust assets are legally protected from creditors. GASB Statements No. 74 and No. 75 will require a liability for OPEB obligations, known as the net OPEB Liability (NOL), to be recognized on the balance sheet of the plan and the participating employer’s financial statements. In addition, an OPEB expense (service cost plus interest on total OPEB liability plus current-period benefit changes minus member contributions minus assumed earning on plan investments plus administrative expenses plus recognition of deferred outflows minus recognition of deferred inflows) will be recognized in the income statement of the participating employers. In the notes to its financial statements, employers providing other post-employment benefits will also have to include information regarding the year-to-year change in the NOL and a sensitivity analysis of the NOL to changes in the discount rate and healthcare trend rate. The required supplementary information will also be required to show a 10-year schedule of the plan’s net OPEB liability reconciliation and related ratios, and any actuarially determined contributions and investment returns.

Under GASB Statement No. 74, the measurement date must be the same as the plan’s fiscal year end, but the actuarial valuation date may be any date up to 24 months prior to the measurement date. For the total OPEB liability (the TOL), if the valuation date is before the measurement date, the results must be projected forward from the valuation date to the measurement date using standard actuarial roll-forward techniques. For plans that are unfunded or have assets insufficient to cover the projected benefit payments, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate must be used. For plans with assets that meet the GASB Statement No. 74 requirements, a projection of the benefit payments and future Fiduciary Net Position (FNP) is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB.

GASB No. 74 has an effective date for plan fiscal years beginning after June 15, 2016 and GASB Statement No. 75 will be effective for employer fiscal years beginning after June 15, 2017. The District will first recognize GASB No. 74 and GASB No. 75 in their financial statements for fiscal year 2017-18. The full extent of the effect of the new standards on the District is not known at this time.

Medicare Premium Payment Program. The District participates in the Medicare Premium Payment (“MPP”) Program, a cost-sharing multiple-employer other postemployment benefit plan. STRS administers the MPP Program through the Teachers’ Health Benefit Fund (the “THBF”). The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan Defined Benefit Program (“DB Program”) who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium free Medicare Part A. The MPP Program is now closed to new entrants.

The MPP Program is funded on a pay-as-you-go basis from a portion of the monthly District benefit payments. Benefit payments that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs.

An actuarial study of the liability of the MPP Program has been prepared pursuant to GASB statements No. 74 and No. 75. The District’s proportionate share of the net MPP Program liability as of June 30, 2018 was \$2,523,664.

Early Retirement Incentive

On December 4, 2018, the Board approved an early retirement incentive, the Supplemental Early Retirement Plan (the “SERP”). As of early 2019, the SERP was offered to Certificated, Classified, and Management District employees who will be at least 55 years of age by June 30, 2019, will have retired by June 30, 2019 and will have at least five years of service with the District by such date. The District’s first benefit payment under the SERP was due in August 2019. Currently, there are 263 retirees and beneficiaries receiving the SERP benefits. Future payments due under the SERP are listed below:

Year Ending June 30,	Annual Payment
2020	\$3,372,711
2021	3,372,711
2022	3,372,711
2023	3,372,711

Risk Management

The Property and Liability Program, for which the District retains risk of loss, is administered by the District's Self-Insurance Fund. Excess property and liability coverage is obtained through Alliance of Schools for Cooperative Insurance Program (“ASCIP”). General liability claims in excess of a \$100,000 self-insured retention are covered up to \$5,000,000 per occurrence through ASCIP and up to \$55,000,000 through the Schools Excess Liability Fund (“SELF”) (excess liability) joint powers authority. Workers’ Compensation claims in excess of a \$350,000 self-insured retention are covered up to \$10,000,000 per occurrence through ASCIP. The relationship between the District and ASCIP is such that ASCIP is not a component unit of the District for financial reporting purposes. Employee medical life, health, and disability programs are administered through the purchase of commercial insurance and self-insurance.

District Debt Structure

Short-Term Debt. The District currently has no outstanding short-term debt obligations.

Long-Term Debt. A schedule of changes in long-term debt for the year ended June 30, 2018, is shown below:

	Balance, July 1, 2017	Additions	Deductions	Balance, June 30, 2018
General Obligation Bonds				
Principal Payments	\$229,220,000	--	\$4,490,000	\$224,730,000
Unamortized Issuance Premium	<u>15,847,569</u>	--	<u>947,928</u>	<u>14,899,641</u>
Total G.O. Bonds	245,067,569	--	5,437,928	239,629,641
Certificates of Participation	18,595,382	--	1,170,036	17,425,346
Compensated Absences	5,821,335	\$129,743	--	5,951,078
Claims Liabilities	6,509,959	1,296,751	--	7,806,710
Other Postemployment Benefits	<u>65,302,659</u>	<u>6,005,813</u>	<u>24,104,207</u>	<u>47,204,265</u>
Total	<u>\$341,296,904</u>	<u>\$7,432,307</u>	<u>\$30,712,171</u>	<u>\$318,017,040</u>

Source: Riverside Unified School District.

General Obligation Bonds. The District received authorization at an election held on November 6, 2001, by at least 55% of the votes cast by eligible voters within the District, to issue \$175,000,000 maximum principal amount of general obligation bonds (the “2001 Authorization”). On March 14, 2002, the District caused the issuance of \$60,000,000 aggregate principal amount of its Election of 2001, General Obligation Bonds, Series A (the “2001 Series A Bonds”). On April 19, 2006, the District caused the issuance of \$65,000,000 aggregate principal amount of its Election of 2001, General Obligation Bonds, Series B (the “2001 Series B Bonds”). On May 22, 2008, the District caused the issuance of \$50,000,000 aggregate principal amount of its Election of 2001, General Obligation Bonds, Series C (the “2001 Series C Bonds”).

On October 5, 2011, the District issued \$46,125,000 aggregate principal amount of its General Obligation Refunding Bonds, Series 2011 (the “2011 Refunding Bonds”) to refund the then-outstanding 2001 Series A Bonds. On June 17, 2015, the District issued \$48,810,000 aggregate principal amount of its 2015 General Obligation Refunding Bonds (the “2015 Refunding Bonds”) to refund the then-outstanding 2001 Series B Bonds. On May 25, 2016, the District issued \$53,365,000 aggregate principal amount of its 2016 General Obligation Refunding Bonds (Federally Taxable) (the “2016 Refunding Bonds”) to refund the then-outstanding 2001 Series C Bonds.

The District received authorization at an election held on November 8, 2016, by at least 55% of the votes cast by eligible voters within the District, to issue \$392,000,000 maximum principal amount of general obligation bonds (the “2016 Authorization”). On May 25, 2017, the District caused the issuance of \$100,000,000 aggregate principal amount of its Election of 2016 General Obligation Bonds, Series A (the “2016 Series A Bonds”). Currently, \$292,000,000 of the 2016 Authorization remains unissued.

The following table summarizes the District’s prior outstanding general obligation bond issuances.

**OUTSTANDING GENERAL OBLIGATION BOND ISSUANCES
Riverside Unified School District**

<u>Issuance</u>	<u>Initial Principal Amount</u>	<u>Principal Outstanding⁽¹⁾</u>	<u>Date of Delivery</u>
2011 Refunding Bonds ⁽²⁾	\$46,125,000	\$4,085,000	October 5, 2011
2015 Refunding Bonds	48,810,000	36,760,000	June 17, 2015
2016 Refunding Bonds	53,365,000	51,215,000	May 25, 2016
Election of 2016, Series A	100,000,000	72,345,000	May 25, 2017

⁽¹⁾ As of December 1, 2019.

⁽²⁾ Excludes the Prior Bonds, to be refunded with the Refunding Bonds.

Source: Riverside Unified School District.

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The table on the following page shows the combined debt service schedule with respect to the total outstanding general obligation debt of the District, including the Bonds (and assuming no optional redemptions).

GENERAL OBLIGATION BOND ANNUAL DEBT SERVICE
Riverside Unified School District

Year Ending (August 1)	2011 Refunding Bonds⁽¹⁾	2015 Refunding Bonds	2016 Refunding Bonds	2016 Series A Bonds	Series B Bonds⁽²⁾	Refunding Bonds⁽²⁾	Total Annual Debt Service
2020	\$2,069,500.00	\$4,257,900.00	\$2,486,553.00	\$6,201,987.50	\$13,589,137.78	\$1,201,714.97	\$29,806,793.75
2021	2,182,800.00	4,161,150.00	2,489,084.00	5,761,987.50	16,404,400.00	942,312.85	31,941,734.85
2022	--	2,707,650.00	2,490,433.50	5,991,487.50	16,176,600.00	4,705,901.50	32,072,072.50
2023	--	3,345,150.00	2,495,697.30	6,232,737.50	5,601,200.00	3,998,953.93	21,673,738.93
2024	--	2,607,400.00	2,494,760.50	6,479,237.50	5,826,800.00	4,805,813.11	22,214,011.11
2025	--	2,606,400.00	2,497,613.00	4,489,737.50	7,177,600.00	4,810,047.86	21,581,398.86
2026	--	2,946,900.00	2,494,374.26	4,669,987.50	7,463,200.00	4,437,599.06	22,012,061.06
2027	--	3,071,650.00	2,490,155.50	3,640,987.50	8,359,000.00	4,318,419.13	21,880,212.13
2028	--	7,610,400.00	2,492,741.26	3,792,487.50	8,695,000.00	--	22,590,629.00
2029	--	7,571,900.00	2,539,578.00	3,942,737.50	9,047,000.00	--	23,101,216.00
2030	--	7,524,450.00	2,578,980.50	4,099,837.50	9,403,600.00	--	23,606,868.00
2031	--	--	6,936,136.00	4,260,125.00	9,783,800.00	--	20,980,061.00
2032	--	--	6,934,260.50	4,437,000.00	10,170,800.00	--	21,542,061.00
2033	--	--	6,934,323.00	4,611,600.00	10,583,400.00	--	22,129,323.00
2034	--	--	6,930,035.50	4,795,000.00	11,004,600.00	--	22,729,636.00
2035	--	--	6,936,185.50	4,986,400.00	11,443,000.00	--	23,365,586.00
2036	--	--	6,931,923.00	5,184,650.00	11,901,800.00	--	24,018,373.00
2037	--	--	6,932,248.00	5,394,150.00	12,379,700.00	--	24,706,098.00
2038	--	--	6,932,064.00	5,613,400.00	12,875,100.00	--	25,420,564.00
2039	--	--	--	5,833,400.00	13,386,800.00	--	19,220,200.00
2040	--	--	--	6,072,000.00	13,923,600.00	--	19,995,600.00
2041	--	--	--	6,312,800.00	14,474,000.00	--	20,786,800.00
2042	--	--	--	--	18,314,400.00	--	18,314,400.00
Total	<u>\$4,252,300.00</u>	<u>\$48,410,950.00</u>	<u>\$83,017,146.32</u>	<u>\$112,803,737.50</u>	<u>\$257,984,537.78</u>	<u>\$29,220,762.41</u>	<u>\$535,689,438.19</u>

⁽¹⁾ Semi-annual interest payments thereon are due each February 1 and August 1. Principal thereof payable on February 1 of each year. Excludes debt service on the maturities of the Prior Bonds to be refunded with proceeds of the Refunding Bonds (February 1, 2022 through and including February 1, 2027 maturities).

⁽²⁾ Semi-annual interest payments thereon are due each February 1 and August 1, commencing August 1, 2020. Principal of the Series B Bonds is payable on August 1 of each year, and principal of the Refunding Bonds is payable on February 1 of each year.

Source: Riverside Unified School District.

Certificates of Participation; Lease Obligations.

On June 16, 2015, the District executed and delivered its 2015 Lease (the “2015 Lease”) in the aggregate principal amount of \$10,000,000. On March 4, 2016, the District executed and delivered its 2016 Refunding Lease (the “2016 Lease”) in the aggregate principal amount of \$3,673,026 to refinance prior certificates of participation of the District.

On January 29, 2019, the District executed and delivered its 2019 Refunding Certificates of Participation (the “2019 Lease”) in the aggregate principal amount of \$4,170,000 to prepay and defease prior certificates of participation.

The following table displays the total annual debt service requirements of the District for the 2015 Lease, the 2016 Lease and the 2019 Lease:

**LEASE OBLIGATIONS – ANNUAL DEBT SERVICE REQUIREMENTS
Riverside Unified School District**

Year Ending June 30	2015 Lease	2016 Lease	2019 Lease	Total Annual Debt Service
2020	\$678,668.50	\$350,236.43	\$569,701.11	\$1,598,606.04
2021	674,831.00	350,132.82	571,900.00	1,596,863.82
2022	675,532.25	351,451.75	572,250.00	1,599,234.00
2023	675,680.00	352,036.05	569,950.00	1,597,666.05
2024	675,274.25	351,949.24	571,950.00	1,599,173.49
2025	679,222.75	351,130.77	565,875.00	1,596,228.52
2026	677,525.50	349,639.83	566,500.00	1,593,665.33
2027	675,274.75	173,653.58	565,875.00	1,414,803.33
2028	677,378.25	--	582,750.00	1,260,128.25
2029	678,743.75	--	--	678,743.75
2030	679,371.25	--	--	679,371.25
2031	679,260.75	--	--	679,260.75
2032	678,412.25	--	--	678,412.25
2033	676,825.75	--	--	676,825.75
2034	674,501.25	--	--	674,501.25
2035	676,346.50	--	--	676,346.50
2036	<u>677,269.25</u>	<u>--</u>	<u>--</u>	<u>677,269.25</u>
Total	\$11,510,118.00	\$2,630,230.47	\$5,136,751.11	\$19,277,099.58

Source: Riverside Unified School District.

Community Facilities District Bonds. The District has established several community facilities districts (each, a “CFD”) under the Mello Roos Community Facilities Act of 1982, as amended (Government Code Sections 53311 *et seq.*) for the purpose of raising funds for the construction and acquisition of elementary, middle and high school and certain other public facilities within specified areas of the District. Each of the CFDs established by the District has sold special tax bonds (the “Special Tax Bonds”) payable from a special tax (each, a “Special Tax”) to be levied on all taxable property within the respective CFDs, pursuant to a rate and method of apportionment of special taxes (each, an “RMA”) approved by registered voters of each CFD.

Special Tax Bonds issued by a CFD are special obligations thereof, payable solely from the net proceeds of the Special Tax levied within such CFD. The District’s general fund is not a source of payment for the Special Tax Bonds issued by any CFD. Each CFD has covenanted to levy in each year an amount of Special Taxes sufficient to pay any amounts necessary to fund specified administration costs of the CFD as well as the debt service coming due on all outstanding Special Tax Bonds of such CFD in such year.

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The District's CFDs have bonded debt outstanding, effective as of December 1, 2018, for debt issued as of October 17, 2018, as below.

SPECIAL TAX BOND DEBT
Riverside Unified School District Community Facilities Districts

<u>Name of CFD</u>	<u>Date of Issuance</u>	<u>Initial Principal Amount</u>	<u>Principal Outstanding (as of 12/17/19)</u>
No. 26	7/31/2019	\$1,465,000	\$1,465,000
No. 20	7/31/2019	1,315,000	1,315,000
No. 4 ⁽¹⁾	8/15/2012	335,000	45,000
No. 6 (IA No. 1) ⁽¹⁾	8/15/2012	1,525,000	1,025,000
No. 6 (IA No. 2) ⁽¹⁾	8/15/2012	1,760,000	1,210,000
No. 8 ⁽¹⁾	8/15/2012	600,000	395,000
No. 9 (IA No. 1,3,5) ⁽¹⁾	8/15/2012	3,265,000	2,335,000
No. 9 (IA No. 2) ⁽¹⁾	8/15/2012	1,860,000	1,360,000
No. 9 (IA No. 4) ⁽¹⁾	8/15/2012	2,005,000	1,425,000
No. 12 ⁽¹⁾	8/15/2012	5,895,000	4,870,000
No. 15 (IA No. 1) ⁽¹⁾	8/15/2012	14,530,000	11,035,000
No. 15 (IA No. 3) ⁽¹⁾	8/15/2012	4,400,000	3,770,000
No. 27 ⁽¹⁾	8/15/2012	1,530,000	1,270,000
No. 11 ⁽¹⁾	8/15/2012	1,585,000	1,215,000
No. 16 ⁽¹⁾	8/15/2012	4,195,000	3,185,000
No. 10 ⁽²⁾	2/12/2015	1,100,000	945,000
No. 13 (IA No. 1) ⁽²⁾	2/12/2015	5,440,000	4,425,000
No. 14 ⁽²⁾	2/12/2015	4,540,000	3,745,000
No. 15 (IA No. 2) ⁽²⁾	2/12/2015	14,155,000	11,670,000
No. 17 ⁽²⁾	2/12/2015	2,240,000	1,965,000
No. 18 ⁽²⁾	2/12/2015	2,080,000	1,685,000
No. 21 (IA No. 2) ⁽²⁾	2/12/2015	2,785,000	2,510,000
No. 22 ⁽²⁾	2/12/2015	3,835,000	3,165,000
No. 24 ⁽²⁾	2/12/2015	4,805,000	4,285,000
No. 7	8/2/2016	15,550,000	12,880,000
No. 15 (IA No. 3)	12/5/2017	10,105,000	9,515,000
No. 32	5/17/2018	15,945,000	15,880,000
No. 34*	12/17/2019	<u>\$2,375,000</u>	<u>\$2,375,000</u>
TOTALS		<u>\$131,220,000</u>	<u>\$110,965,000</u>

* CFD No. 34 to be issued on or about December 17, 2019.

⁽¹⁾ Secures the 2012 Series A PFA Bonds and 2012 Series B PFA Bonds (as defined herein). See “– Public Financing Authority Bonds” herein.

⁽²⁾ Secures the 2015 Refunding PFA Bonds (as defined herein). See “– Public Financing Authority Bonds” herein.

Source: *Riverside Unified School District.*

The table on the following page shows the combined debt service on Special Tax Bonds not associated with PFA Bonds (as defined herein). For a schedule of debt service on the PFA Bonds, see “– Public Financing Authority Bonds” herein.

SPECIAL TAX BONDS - ANNUAL DEBT SERVICE REQUIREMENTS (NON-PFA BONDS)⁽¹⁾
Riverside Unified School District Community Facility Districts

Year Ending (September 1)	CFD No. 26 2008 Series A	CFD No. 20 2010 Series A	CFD No. 7 2016 Refunding	CFD No. 15 (IA3) Series 2017	CFD No. 32 Series 2018	Total Annual Debt Service
2020	\$115,032.26	\$94,168.05	\$1,277,695.00	\$608,306.26	\$911,068.76	\$3,006,270.33
2021	112,605.00	97,808.75	1,277,775.75	607,106.26	910,868.76	3,006,164.52
2022	105,452.50	95,941.25	1,272,133.25	610,806.26	908,868.76	2,993,202.02
2023	108,300.00	98,970.00	1,280,767.50	609,306.26	909,668.76	3,007,012.52
2024	106,045.00	96,895.00	1,278,810.00	612,293.76	910,881.26	3,004,925.02
2025	108,687.50	94,923.75	1,285,932.00	607,093.76	911,381.26	3,008,018.27
2026	111,227.50	92,848.75	1,282,199.25	608,293.76	910,656.26	3,005,225.52
2027	103,665.00	95,773.75	1,277,874.75	603,893.76	909,656.26	2,990,863.52
2028	106,102.50	93,491.25	1,277,827.00	599,093.76	907,356.26	2,983,870.77
2029	108,437.50	96,105.00	1,281,924.50	607,693.76	909,756.26	3,003,917.02
2030	110,465.00	93,615.00	1,275,233.00	605,693.76	911,162.50	2,996,169.26
2031	107,390.00	96,021.25	259,459.00	603,393.76	911,537.50	1,977,801.51
2032	104,315.00	93,427.50	263,212.75	605,268.76	910,843.76	1,977,067.77
2033	111,137.50	95,626.25	256,703.50	602,218.76	909,043.76	1,974,729.77
2034	112,652.50	97,617.50	260,260.00	613,312.50	911,718.76	1,995,561.26
2035	108,962.50	94,608.75	--	558,625.00	908,050.00	1,670,246.25
2036	105,272.50	91,392.50	--	559,865.00	908,837.50	1,665,367.50
2037	106,480.00	93,280.00	--	555,402.50	908,900.00	1,664,062.50
2038	107,585.00	89,960.00	--	545,387.50	907,525.00	1,650,457.50
2039	108,382.50	91,536.25	--	519,862.52	910,400.00	1,630,181.27
2040	--	93,008.75	--	849,675.00	910,800.00	1,853,483.75
2041	--	--	--	852,843.76	910,200.00	1,763,043.76
2042	--	--	--	--	908,600.00	908,600.00
2043	--	--	--	--	911,000.00	911,000.00
2044	--	--	--	--	912,200.00	912,200.00
2045	--	--	--	--	912,200.00	912,200.00
2046	--	--	--	--	911,000.00	911,000.00
2048	--	--	--	--	908,600.00	908,600.00
2048	--	--	--	--	910,000.00	910,000.00
2049	--	--	--	--	--	--
TOTALS	\$2,168,197.26	\$1,987,019.30	\$15,107,807.25	\$13,545,436.42	\$26,392,781.38	\$59,201,241.61

⁽¹⁾ Excludes debt service on the CFD Bonds that were acquired by the PFA to provide revenues to secure the PFA Bonds. See “-- Public Financing Authority Bonds – PFA Bonds – Annual Debt Service Requirements” herein for a schedule of the debt service due on all of the outstanding PFA Bonds.

Source: Riverside Unified School District.

Public Financing Authority Bonds. The District created the Riverside Unified School District Public Financing Authority (the “PFA”) to refinance certain debt of the District’s CFDs. The PFA has issued bonds in order to acquire certain Special Tax Bonds of some of the District’s CFDs, which Special Tax Bonds were issued to refund prior Special Tax Bonds issued by those CFDs. On August 15, 2012, the PFA issued \$36,830,000 aggregate principal amount of its Revenue Bonds, 2012 Series A (Superior Lien Bonds) (the “2012 Series A PFA Bonds”). Concurrently with the 2012 Series A PFA Bonds, the PFA issued \$10,230,000 aggregate principal amount of its Revenue Bonds, 2012 Series B (Subordinate Lien Bonds) (the “2012 Series B PFA Bonds”). On February 12, 2015, the PFA issued \$40,980,000 aggregate principal amount of its 2015 Special Tax Revenue Refunding Bonds (the “2015 Refunding PFA Bonds” and, together with the 2012 Series A PFA Bonds and the 2012 Series B PFA Bonds, the “PFA Bonds”).

The PFA Bonds are limited obligations of the PFA payable solely from revenues of the PFA, consisting primarily of payments received by the PFA from the respective CFDs in connection with the Special Tax Bonds acquired by the PFA. The payments from the respective CFDs to the PFA consist of Special Taxes levied in the respective CFDs. The District’s general fund is not a source of payment for the PFA Bonds. The following table shows the annual debt service on the outstanding PFA Bonds.

PFA BONDS – ANNUAL DEBT SERVICE REQUIREMENTS
Riverside Unified School District Public Financing Authority

Year Ending (September 1)	2012 Series A PFA Bonds	2012 Series B PFA Bonds	2015 Refunding PFA Bonds	Total Annual Debt Service
2020	\$2,572,800.00	\$674,708.76	\$3,050,925.00	\$6,298,433.76
2021	2,508,800.00	656,933.76	3,058,675.00	6,224,408.76
2022	2,499,800.00	663,433.76	3,077,675.00	6,240,908.76
2023	2,508,050.00	658,233.76	3,097,175.00	6,263,458.76
2024	2,467,550.00	647,633.76	3,123,325.00	6,238,508.76
2025	2,510,550.00	661,833.76	3,128,325.00	6,300,708.76
2026	2,492,800.00	659,833.76	3,143,825.00	6,296,458.76
2027	2,507,050.00	661,793.76	3,164,075.00	6,332,918.76
2028	2,506,550.00	662,243.76	3,188,575.00	6,357,368.76
2029	2,501,800.00	660,043.76	3,196,825.00	6,358,668.76
2030	2,312,800.00	646,918.76	3,209,325.00	6,169,043.76
2031	2,183,550.00	608,331.26	3,240,575.00	6,032,456.26
2032	1,821,300.00	510,437.50	3,254,325.00	5,586,062.50
2033	1,717,800.00	456,012.50	3,271,075.00	5,444,887.50
2034	1,720,800.00	452,725.00	3,285,325.00	5,458,850.00
2035	710,050.00	183,725.00	2,911,825.00	3,805,600.00
2036	711,050.00	181,600.00	694,575.00	1,587,225.00
2037	705,550.00	179,237.50	252,962.50	1,137,750.00
2038	713,800.00	181,637.50	--	895,437.50
2039	306,800.00	78,562.50	--	385,362.50
TOTALS	\$37,979,250.00	\$10,085,880.12	\$51,349,387.50	\$99,414,517.62

Source: Riverside Unified School District.

TAX MATTERS

Series B Bonds. In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, interest on the Series B 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. In the further opinion of Bond Counsel, interest on the Series B Bonds is exempt from State of California personal income tax.

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

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

The amount by which a Series B Bond Owner’s original basis for determining loss on sale or exchange in the applicable Series B 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 Code; such amortizable bond premium reduces the Series B Bond Owner’s basis in the applicable Series B 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 Series B Bond Owner realizing a taxable gain when a Series B Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Series B Bond to the Owner. Purchasers of the Series B Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable 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 Series B Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series B Bonds might be affected as a result of such an audit of the Series B Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Series B Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Series B Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE SERIES B BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE SERIES B BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE SERIES B BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE SERIES B BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE SERIES B BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE SERIES B BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE SERIES B 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 Resolutions and the Tax Certificate relating to the Series B 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 for federal income tax purposes of interest (or original issue discount) on any Series B Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the Series B Bonds is excluded from gross income for federal income tax purposes provided that the District continue to comply with certain requirements of the Code, the ownership of the Series B Bonds and the accrual or receipt of interest (and original issue discount) on the Series B 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 B Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Series B Bonds.

A copy of the proposed form of opinion of Bond Counsel for the Series B Bonds are attached hereto as APPENDIX A.

Refunding Bonds. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Refunding 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 Refunding Bond (the first price at which a substantial amount of the Refunding Bonds of the same maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Refunding Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the Owner of a Refunding Bond will increase the Owner's basis in the Refunding Bond. Owners of Refunding Bonds should consult their own tax advisor with respect to taking into account any original issue discount on the Refunding Bonds.

In the event of a legal defeasance of a Refunding Bond, such bond might be treated as retired and “reissued” for federal tax purposes as of the date of the defeasance, potentially resulting in recognition of taxable gain or loss to the applicable Refunding Bondholder generally equal to the difference between the amount deemed realized from the deemed redemption and reissuance and the Refunding Bondholder’s adjusted tax basis in such bond.

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

The federal tax and State of California personal income tax discussion set forth above with respect to the Refunding Bonds is included for general information only and may not be applicable depending upon a Owner’s particular situation. The ownership and disposal of the Refunding Bonds and the accrual or receipt of interest with respect to the Refunding Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences.

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

LIMITATION ON REMEDIES; BANKRUPTCY; OTHER RISKS

General

State law contains certain safeguards to protect the financial solvency of school districts. See “DISTRICT FINANCIAL INFORMATION – Budget Process” herein. If the safeguards are not successful in preventing a school district from becoming insolvent, the State Superintendent, operating through an administrator appointed thereby, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the “Bankruptcy Code”) on behalf of the school district for the adjustment of its debts, assuming that the school district meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. School districts are not themselves authorized to file a bankruptcy proceeding, and they are not subject to involuntary bankruptcy.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors from taking any action to collect amounts due from the District or to enforce any obligation of the District related to such amounts due, without consent of the District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a chapter 9 bankruptcy case, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long

as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Statutory Lien

Pursuant to Government Code Section 53515, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax, and such lien automatically arises, without the need for any action or authorization by the local agency or its governing board, and is valid and binding from the time the Bonds are executed and delivered. See “THE BONDS – Security and Sources of Payment” herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of “special revenues” within the meaning of the Bankruptcy Code and the pledged *ad valorem* property taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

Special Revenues

If the *ad valorem* property tax revenues that are pledged to the payment of the Bonds are determined to be “special revenues” within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* property revenues should not be subject to the automatic stay. “Special revenues” are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. State law prohibits the use of the tax proceeds for any purpose other than payment of the Bonds and the proceeds general obligation bonds can only be used to finance the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payments of general obligation bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

Possession of Tax Revenues; Remedies

The County on behalf of the District is expected to be in possession of the *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County’s pooled investment fund, as described in “THE BONDS – Application and Investment of Bond Proceeds” herein and “APPENDIX E – RIVERSIDE COUNTY TREASURER’S POOLED INVESTMENT FUND” attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

Opinions of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights

The proposed forms of the approving opinions of Bond Counsel attached hereto as APPENDIX A are qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

LEGAL MATTERS

Legality for Investment in California

Under provisions of the 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, are eligible for security for deposits of public moneys in the State.

Expanded 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.

Continuing Disclosure

Current Undertaking. The District has covenanted for the benefit of Owners and 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 2018-19 Fiscal Year, and to provide notices of the occurrence of certain listed events. The specific nature of the information to be contained in the Annual Report or the notices of listed events is included in "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE. These covenants have been made in order to assist the Underwriter in complying with the Rule.

Prior Undertakings. In connection with prior issuances of debt by the District, as well as certain other CFD's formed by the District and the PFA established by the District (the CFD's and the PFA together, the "District Entities"), the District and the District Entities have entered into continuing disclosure undertakings pursuant to Rule 15c2-12. Within the past five years, the District failed to file in a timely manner annual reports for fiscal years 2013-14 and 2014-15 in connection with certain of the District's then-outstanding certificates of participation. In addition, within the past five years, the PFA failed to file in a timely manner certain notices of listed events. Applied Best Practices, LLC, has been retained to serve as dissemination agent for continuing disclosure undertakings entered into in connection

with debt issuances of the School District. David Taussig & Associates, Inc., has been retained to serve as dissemination agent in connection with debt issuances of the District Entities.

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* property taxes or to collect other revenues or contesting the District's ability to issue and retire the Bonds.

Financial Statements

The financial statements with supplemental information for the year ended June 30, 2018, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report dated November 20, 2018 of Nigro & Nigro, PC (the "Auditor"), are attached to this Official Statement as APPENDIX B. In connection with the inclusion of the financial statements and the report of the Auditor thereon as APPENDIX B to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

Legal Opinions

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

MISCELLANEOUS

Ratings

The Bonds have been assigned ratings of "Aa2" by Moody's and "AA-" by S&P Global Ratings. The ratings reflect only the views of the rating agencies, and any explanation of the significance of such ratings should be obtained therefrom. 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.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

The District has covenanted in a Continuing Disclosure Certificate to file on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("EMMA") notices of any ratings changes on the Bonds. See "APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. Notwithstanding such covenant, information relating to ratings changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA.

Purchasers of the Bonds are directed to the ratings agencies and their respective websites and official media outlets for the most current ratings changes with respect to the Bonds after the initial issuance of the Bonds.

Underwriting

Purchase of Bonds. Piper Jaffray & Co., has agreed, pursuant to purchase contracts relating to each series of the Bonds, each by and between the District and the Underwriter, to purchase all of the Bonds. The Underwriter will purchase the Series B Bonds for a purchase price of \$ 186,598,810.20 consisting of the principal amount of \$172,000,000.00, plus original issue premium of \$15,226,610.20, and less an underwriting discount of \$627,800.00).

The Underwriter will purchase the Refunding Bonds for a purchase price of 26,436,830.25 (which is equal to the principal amount of the Bonds of \$26,555,000.00 and less an Underwriter's discount of \$118,169.75).

The purchase contracts for the Bonds provide 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 such purchase contracts, the approval of certain legal matters by bond counsel and certain other conditions. The initial offering prices stated on the inside cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices.

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.

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

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

RIVERSIDE UNIFIED SCHOOL DISTRICT

By: /s/ David C. Hansen, Ed.D.
 Superintendent

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APPENDIX A

FORMS OF OPINIONS OF BOND COUNSEL

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

December 17, 2019

Board of Education
Riverside Unified School District

Members of the Board of Education:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of \$172,000,000 Riverside Unified School District (Riverside County, California) Election of 2016 General Obligation Bonds, Series B (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 Government Code Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the State of California (the "Act"), commencing with Section 53506 *et seq.*, a fifty-five percent vote of the qualified electors of the Riverside Unified School District (the "District") voting at an election held on November 8, 2016, and a resolution of the Board of Education of the District adopted on November 4, 2019 (the "Resolution").
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.
4. Interest on the Bonds is exempt from State of California personal income tax.
5. The excess of the stated redemption price at maturity over 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) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond Owner will increase the Bond Owner's basis in the applicable Bond. Original issue discount that accrues to the Bond Owner 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 is exempt from State of California personal income tax.

6. The amount by which a Bond Owner's original basis for determining gain or loss on sale or exchange of 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 Bond Owner'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 Bond Owner realizing a taxable gain when a Bond is sold by the Bond Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bond Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

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

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

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

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

Respectfully submitted,

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

December 17, 2019

Board of Education
Riverside Unified School District

Members of the Board of Education:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of \$26,555,000 Riverside Unified School District 2019 General Obligation Refunding Bonds (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution of the Board of Education of the District adopted on November 4, 2019 (the "Resolution").
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* property 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 (and original issue discount) on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code").
4. Interest on the Bonds is exempt from State of California personal income tax.
5. Except for certain exceptions, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by a Bond owner will increase the Bond owner's basis in the applicable Bond.
6. The amount by which a Bond owner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the owner of Bond may elect to amortize under Section 171 of the Code. Such amortizable bond premium reduces the Bond owner's basis in the applicable Bond (and the amount of taxable interest received) for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in the owner of a Bond realizing a taxable gain when a

Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner. The owners of the Bonds that have a basis in the Bonds that is greater than the principal amount of the 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.

Except as expressly set forth in paragraphs (3), (4), (5) and (6), we express no opinion regarding any tax consequences with respect to the Bonds.

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

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 B

2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

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RIVERSIDE UNIFIED SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

December 18, 2018

Public Finance
Public Private Partnerships
Urban Economics

Newport Beach
Riverside
San Francisco
San Jose
Dallas

**RIVERSIDE UNIFIED SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

PREPARED AT THE DIRECTION AND ON BEHALF OF:

**RIVERSIDE UNIFIED SCHOOL DISTRICT
3380 14th Street
Riverside, CA 92501**

PREPARED BY:

**DAVID TAUSSIG & ASSOCIATES, INC.
5000 Birch Street, Suite 6000
Newport Beach, CA 92660**

December 18, 2018

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LIST OF CUSIP-6 AND BOND ISSUE

CUSIP-6	APPLICABLE BOND ISSUE
769069	CFD No. 15 IA No. 3 Series 2017
	CFD No. 20 Series 2010
	CFD No. 26 Series 2008A
	CFD No. 32 Series 2018
769306	Financing Authority 2012
769066	Financing Authority 2015
769059	General Obligation Series 2011
	General Obligation Series 2015
	General Obligation Series 2016
	General Obligation Series 2016A
769062	COP Series 2009A

EXHIBIT A

Audited Financial Statements

**RIVERSIDE UNIFIED
SCHOOL DISTRICT
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2018**



RIVERSIDE UNIFIED SCHOOL DISTRICT
For the Fiscal Year Ended June 30, 2018
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RIVERSIDE UNIFIED SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2018

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Financial Section

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INDEPENDENT AUDITORS' REPORT

Board of Education
Riverside Unified School District
Riverside, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Riverside Unified School District, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Riverside Unified School District, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1.I.1. to the basic financial statements, the District has changed its method for accounting and reporting for postemployment benefits other than pensions during fiscal year 2017-18 due to the adoption of Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". The adoption of this standard required retrospective application resulting in a \$15,685,884 reduction of previously reported net position at July 1, 2017. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in the District's total OPEB liability and related ratios, and the notes to the required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The supplementary information on pages 65 to 68 and the schedule of expenditures of federal awards on page 69 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information on pages 64 and 70 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2018, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Murrieta, California
November 20, 2018

RIVERSIDE UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2018

This discussion and analysis of Riverside Unified School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Net position of governmental activities decreased by approximately \$3.5 million.
- Governmental expenses were about \$534.7 million. Revenues were about \$531.1 million.
- The District spent \$20.7 million in new capital assets during the year.
- The District decreased its outstanding long-term debt by \$23.3 million.
- Grades K-12 average daily attendance (ADA) decreased by 527, or 1.3%.

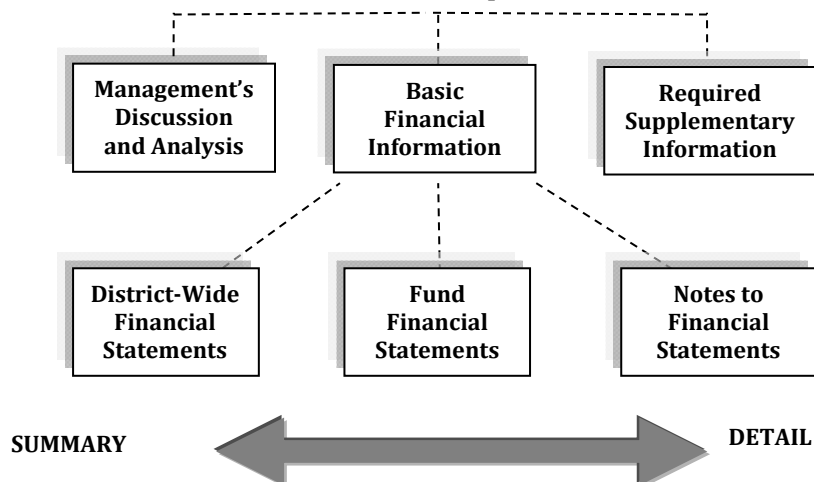
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - The *governmental funds* statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
 - Short and long-term financial information about the activities of the District that operate like businesses (self-insurance funds) are provided in the *proprietary funds statements*.
 - *Fiduciary funds* statement provides information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

Figure A-1. Organization of Riverside Unified School District's Annual Financial Report

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



RIVERSIDE UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire District, except fiduciary activities	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities of the District that operate like a business, such as self-insurance funds	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses & Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; The District's funds do not currently contain nonfinancial assets, though they can	All assets and liabilities, both short-term and long-term; The District's funds do not currently contain nonfinancial assets, though they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

RIVERSIDE UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.
- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues.

The District has three kinds of funds:

- **Governmental funds** – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.
- **Proprietary funds** – When the District charges other District funds for the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the District's internal service fund is included within the governmental activities reported in the district-wide statements but provide more detail and additional information, such as cash flows. The District uses the internal service fund to report activities that relate to the District's self-insured program for workers' compensation claims and liability and property losses.

RIVERSIDE UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

- **Fiduciary funds** – The District is the trustee, or fiduciary, for assets that belong to others, such as the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was lower on June 30, 2018, than it was the year before – decreasing 2.1% to \$161.7 million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		Variance Increase (Decrease)
	2018	2017*	
Assets			
Current assets	\$ 314,480,332	\$ 317,768,089	\$ (3,287,757)
Capital assets	547,764,133	546,294,936	1,469,197
Total assets	<u>862,244,465</u>	<u>864,063,025</u>	<u>(1,818,560)</u>
Deferred outflows of resources	<u>189,613,073</u>	<u>127,646,850</u>	<u>61,966,223</u>
Liabilities			
Current liabilities	41,539,323	37,774,900	3,764,423
Long-term liabilities	318,017,040	341,296,904	(23,279,864)
Net pension liability	512,293,895	426,517,745	85,776,150
Total liabilities	<u>871,850,258</u>	<u>805,589,549</u>	<u>66,260,709</u>
Deferred inflows of resources	<u>18,333,435</u>	<u>20,904,136</u>	<u>(2,570,701)</u>
Net position			
Net investment in capital assets	393,352,713	387,628,967	5,723,746
Restricted	95,644,020	84,715,596	10,928,424
Unrestricted	<u>(327,322,888)</u>	<u>(307,128,373)</u>	<u>(20,194,515)</u>
Total net position	<u>\$ 161,673,845</u>	<u>\$ 165,216,190</u>	<u>\$ (3,542,345)</u>

*As restated

Changes in net position, governmental activities. The District's total revenues increased 2.5% to \$531.1 million (See Table A-2). The increase is due primarily to increased tax collections for general obligation bonds debt service and increases in the local control funding formula.

The total cost of all programs and services increased 2.5% to \$534.7 million. The District's expenses are predominantly related to educating and caring for students, 82.0%. The purely administrative activities of the District accounted for just 4.6% of total costs.

RIVERSIDE UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2018

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table A-2: Statement of Activities

	Governmental Activities		Variance Increase (Decrease)
	2018	2017	
Revenues			
Program Revenues:			
Charges for services	\$ 9,049,082	\$ 8,712,014	\$ 337,068
Operating grants and contributions	101,251,244	111,137,998	(9,886,754)
Capital grants and contributions	657,434	2,024,950	(1,367,516)
General Revenues:			
Property taxes	116,936,586	96,870,789	20,065,797
Federal and state aid not restricted	294,375,327	293,735,289	640,038
Other general revenues	8,877,079	5,861,421	3,015,658
Total Revenues	531,146,752	518,342,461	12,804,291
Expenses			
Instruction-related	379,444,334	378,746,794	697,540
Pupil services	58,933,927	57,270,256	1,663,671
Administration	24,797,730	25,301,928	(504,198)
Plant services	55,196,651	54,278,208	918,443
All other activities	16,316,455	33,055,724	(16,739,269)
Total Expenses	534,689,097	548,652,910	(13,963,813)
Increase (decrease) in net position	\$ (3,542,345)	\$ (30,310,449)	\$ 26,768,104
Total Net position	\$ 161,673,845	\$ 165,216,190	

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$247.3 million, which is below last year's ending fund balance of \$255.8 million. The primary cause of the decreased fund balance is due to spending down funds on construction projects and deficit spending in the General Fund.

Table A-3: The District's Fund Balance

Fund	Fund Balances				
	July 1, 2017	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2018
General Fund	\$ 98,523,784	\$ 472,284,330	\$ 493,442,243	\$ (2,477,231)	\$ 74,888,640
Adult Education Fund	3,028,457	3,553,214	4,254,379	(5,639)	2,321,653
Child Development Fund	-	3,127,236	3,124,322	(2,914)	-
Cafeteria Fund	5,654,069	24,684,776	23,446,525	(1,740)	6,890,580
Building Fund	104,798,701	1,476,610	10,008,897	3,773,693	100,040,107
Capital Facilities Fund	8,784,730	6,026,467	2,452,949	-	12,358,248
County School Facilities Fund	5,200,381	657,435	562,211	(773,693)	4,521,912
Special Reserve Fund (Capital Outlay)	7,765,914	4,839,568	2,550,195	2,415,592	12,470,879
Capital Outlay Fund for Blended Component Units	198,281	6,242	123,123	2,522,060	2,603,460
Bond Interest and Redemption Fund	18,823,890	23,670,907	12,999,727	-	29,495,070
Debt Service Fund	3,062,824	12,291	1,870,513	483,229	1,687,831
	\$ 255,841,031	\$ 540,339,076	\$ 554,835,084	\$ 5,933,357	\$ 247,278,380

RIVERSIDE UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2018

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget. The major budget amendments fall into these categories:

- Revenues – increased by \$25.0 million primarily to reflect changes in estimates from federal and state sources.
- Expenditures – increased \$27.9 million mainly due to the rebudget of carryover funds and increased personnel cost estimates.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues by about \$41.6 million, the actual results for the year show that revenues fell short of expenditures by roughly \$21.2 million. Actual revenues were \$8.5 million less than anticipated, and expenditures were \$29.0 million less than budgeted. That amount consists primarily of restricted categorical program dollars that were not spent as of June 30, 2018, that will be carried over into the 2018-19 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2017-18 the District had invested \$20.7 million in new capital assets, related to the District's facility acquisition and modernization plan. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was approximately \$19.2 million.

Table A-4: Capital Assets at Year End, Net of Depreciation

	<u>Governmental Activities</u>		Variance Increase (Decrease)
	<u>2018</u>	<u>2017</u>	
Land	\$ 46,041,909	\$ 46,041,909	\$ -
Buildings and improvements	493,494,664	478,106,950	15,387,714
Furniture and equipment	3,002,944	1,864,993	1,137,951
Construction in progress	5,224,616	20,281,084	(15,056,468)
Total	<u>\$ 547,764,133</u>	<u>\$ 546,294,936</u>	<u>\$ 1,469,197</u>

Long-Term Debt

At year-end the District had \$318.0 million in general obligation bonds, certificates of participation, claims liabilities, and employment benefits – a decrease of 6.8% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements).

Table A-5: Outstanding Long-Term Debt at Year-End

	<u>Governmental Activities</u>		Variance Increase (Decrease)
	<u>2018</u>	<u>2017*</u>	
General obligation bonds	\$ 239,629,641	\$ 245,067,569	\$ (5,437,928)
Certificates of participation	17,425,346	18,595,382	(1,170,036)
Compensated Absences	5,951,078	5,821,335	129,743
Claims Liabilities	7,806,710	6,509,959	1,296,751
Other Postemployment Benefits	47,204,265	65,302,659	(18,098,394)
Total	<u>\$ 318,017,040</u>	<u>\$ 341,296,904</u>	<u>\$ (23,279,864)</u>

*As restated

RIVERSIDE UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2018

FACTORS BEARING ON THE DISTRICT'S FUTURE

The 2018-19 State Budget

Final Budget Package Includes \$15.9 Billion in Total Reserves

The Legislature passed the final budget package on June 14, 2018. Total reserves in the final budget package are lower than the proposed level in the May Revision, but roughly the same as the level proposed by the Governor in January. The budget package also reflects various choices that shifted spending priorities compared to the Governor's proposal. In particular, the final budget package reduces payments for deferred maintenance by \$700 million—relative to the Governor's proposal—freeing up a like amount of funding. Correspondingly, the final budget package reflects higher General Fund spending for homeless grants and the universities, among others. The Governor signed the *2018-19 Budget Act* and 26 other budget related bills on June 27 and June 28, 2018.

Overall Spending

The budget assumed total state spending of \$197.2 billion (excluding federal and bond funds), an increase of 7% over revised totals for 2017-18. General Fund spending in the budget package is \$138.7 billion—an increase of \$11.6 billion, or 9%, over the revised 2017-18 level. Special fund spending increased \$1.3 billion, or 2%, over the revised 2017-18 level.

Considerable New Spending on Education

The budget package contains significant increases for every education segment. For elementary and secondary schools, the state surpasses the Local Control Funding Formula target rates set in 2013-14. For early education, the budget contains higher spending for more slots, rate increases, staff training, and facilities.

Proposition 98 Establishes Minimum Spending Level

This minimum spending requirement is commonly called the minimum guarantee. The minimum guarantee is determined by three main formulas (known as tests) and various inputs, including General Fund revenue, per capita personal income, and K-12 student attendance. The state can spend at the minimum guarantee or any level above it. If the minimum guarantee increases after budget enactment due to updated inputs, the state owes a "settle-up" obligation. In some years, the state also creates or pays "maintenance factor." Maintenance factor is created when General Fund revenue growth is weak relative to changes in per capita personal income. Maintenance factor is paid when General Fund revenue growth is stronger.

Higher Proposition 98 Spending in 2016-17 and 2017-18

From the June 2017 budget plan to the June 2018 budget plan, spending increased \$252 million in 2016-17 and \$1.1 billion in 2017-18. These upward revisions are attributable mainly to higher General Fund revenue. As part of the 2017-18 increase, the state is making an additional maintenance factor payment of \$789 million (on top of a previous \$536 million payment). After making the \$1.3 billion total payment, the state will have eliminated all remaining maintenance factor for the first time since 2005-06. In both 2016-17 and 2017-18, the state is spending at the calculated minimum guarantee.

2018-19 Spending up Notably Over Revised 2017-18 Level

For 2018-19, total Proposition 98 spending across all segments is \$78.4 billion, an increase of \$2.8 billion (3.7%) from the revised 2017-18 level. Test 2 is the operative test in 2018-19, with the increase in the guarantee attributable to a 3.67% increase in per capita personal income. Though the administration projects a 0.29% decline in student attendance for 2018-19, the budget makes no downward adjustment to the minimum guarantee. This is because the budget assumes that attendance *increases* the previous year (in 2017-18), thereby triggering a hold harmless provision in the State Constitution that negates any attendance declines over the subsequent two years. The budget sets total Proposition 98 spending in 2018-19 equal to the administration's May Revision estimate of the minimum guarantee.

RIVERSIDE UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2018

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

The 2018-19 State Budget (continued)

\$67.9 Billion Proposition 98 Spending on K-12 Education in 2018-19

The enacted 2018-19 level is \$2.4 billion (3.6%) more than the revised 2017-18 level and \$3.2 billion (4.9%) more than the *2017-18 Budget Act* level. The budget increases spending per student by \$579 (5.2%) over the *2017-18 Budget Act* level, bringing Proposition 98 spending per student up to \$11,645.

Package Includes Mix of Ongoing and One-Time Spending

The budget includes \$5.7 billion in Proposition 98 augmentations for K-12 education across the three-year budget period. Of the \$5.7 billion, \$4 billion (70%) is ongoing and \$1.7 billion (30%) is one time. From an accounting perspective, the increase is scored across multiple fiscal years and includes settle-up and some unspent funds from prior years that have been repurposed. In addition to the Proposition 98 increase, the budget includes \$594 million in Proposition 51 bond authority for school facility projects and \$100 million in non-Proposition 98 funding for kindergarten school facilities.

Fully Implements the Local Control Funding Formula (LCFF) for Schools, Then Further Increases Rates

In the January budget, the Governor proposed fully implementing LCFF and reaching the target funding rates. The final budget reaches and then goes beyond full implementation. Specifically, the budget closes the gap to the target rates and funds the statutory 2.71% cost-of-living adjustment (COLA) to those rates. In addition, the budget provides nearly an extra 1 percentage point increase in the LCFF rates—effectively funding a 3.7% COLA in 2018-19. The administration estimates that the combined ongoing cost of both full implementation and the augmented COLA is \$3.7 billion. This augmentation brings total LCFF spending for school districts and charter schools to \$61.1 billion, a 6.4% increase over the revised 2017-18 level. School districts and charter schools may use LCFF monies for any educational purpose.

Funds One-Time Discretionary Grants

The largest one-time spending initiative for K-12 education is \$1.1 billion that local education agencies (LEAs) may use for any educational purpose. Funding is distributed based on student attendance (an estimated \$183 per average daily attendance). If an LEA owes any funding to the federal government according to a 2014 settlement over Medi-Cal billing practices, the State Controller is to deduct this obligation from the LEA's discretionary grant. The budget assumes that these Medi-Cal obligations total \$145 million statewide (though the administration believes actual payments likely will come in lower). The remainder of each LEA's discretionary grant will be scored against any outstanding mandate claims. As less than one-third of LEAs have any such claims, it is estimated that only \$202 million of the funding provided will count toward the K-12 mandates backlog. It is estimated that the total remaining mandate backlog at the end of 2018-19 will be \$668 million.

All of these factors were considered in preparing the Riverside Unified School District budget for the 2018-19 fiscal year.

RIVERSIDE UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2018

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mays Kakish, Chief Business Officer and Governmental Relations at Riverside Unified School District, 3380 14th Street Avenue, Riverside, California 92501 or (951) 788-7135.

RIVERSIDE UNIFIED SCHOOL DISTRICT*Statement of Net Position**June 30, 2018*

	Total Governmental Activities
ASSETS	
Cash	\$ 290,549,954
Investments	7,566,222
Accounts receivable	15,767,901
Prepaid expenses	152,591
Inventories	443,664
Non-depreciable assets	51,266,525
Depreciable assets	752,502,997
Less, accumulated depreciation	<u>(256,005,389)</u>
Total assets	<u>862,244,465</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts on refunding	5,492,612
Deferred outflows related to OPEB	2,812,372
Deferred outflows related to pensions	<u>181,308,089</u>
Total deferred outflows of resources	<u>189,613,073</u>
LIABILITIES	
Accounts payable	34,626,348
Claims liabilities	2,602,237
Unearned revenue	4,310,738
Long-term liabilities:	
Due or payable within one year	20,360,622
Due or payable after one year	297,656,418
Net pension liability	<u>512,293,895</u>
Total liabilities	<u>871,850,258</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>18,333,435</u>
NET POSITION	
Net investment in capital assets	393,352,713
Restricted for:	
Capital projects	23,180,525
Debt service	31,182,901
Categorical programs	41,280,594
Unrestricted	<u>(327,322,888)</u>
Total net position	<u>\$ 161,673,845</u>

RIVERSIDE UNIFIED SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instructional Services:					
Instruction	\$ 317,721,919	\$ 400,457	\$ 52,036,609	\$ 657,434	\$ (264,627,419)
Instruction-Related Services:					
Supervision of instruction	23,227,134	30,562	8,176,026	-	(15,020,546)
Instructional library, media and technology	4,551,220	36	7,976	-	(4,543,208)
School site administration	33,944,061	11,134	3,236,132	-	(30,696,795)
Pupil Support Services:					
Home-to-school transportation	11,925,442	-	15,467	-	(11,909,975)
Food services	21,431,324	2,496,722	19,359,204	-	424,602
All other pupil services	25,577,161	2,948	4,551,751	-	(21,022,462)
General Administration Services:					
Data processing services	6,318,400	-	-	-	(6,318,400)
Other general administration	18,479,330	198,626	3,158,482	-	(15,122,222)
Plant Services	55,196,651	2,507,588	7,155,420	-	(45,533,643)
Ancillary Services	5,963,213	-	22,756	-	(5,940,457)
Community Services	252,581	-	95	-	(252,486)
Enterprise Activities	40,426	-	-	-	(40,426)
Interest on Long-Term Debt	9,919,114	-	-	-	(9,919,114)
Other Outgo	141,121	3,401,009	3,531,326	-	6,791,214
Total Governmental Activities	\$ 534,689,097	\$ 9,049,082	\$ 101,251,244	\$ 657,434	(423,731,337)

General Revenues:

Property taxes	116,936,586
Federal and state aid not restricted to specific purpose	294,375,327
Interest and investment earnings	1,389,399
Miscellaneous	7,487,680
Total general revenues	420,188,992
Change in net position	(3,542,345)
Net position - July 1, 2017, as originally stated	180,902,074
Restatement - change in accounting principle	(15,685,884)
Net position - July 1, 2017, as restated	165,216,190
Net position - June 30, 2018	\$ 161,673,845

RIVERSIDE UNIFIED SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2018

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 91,631,490	\$ 97,507,182	\$ 17,000,000	\$ 29,495,070	\$ 23,398,381	\$ 259,032,123
Investments	-	-	-	-	7,566,222	7,566,222
Accounts receivable	9,314,700	457,517	1,141,676	-	4,674,266	15,588,159
Due from other funds	4,159,123	3,018,732	-	-	3,029,359	10,207,214
Inventories	97,718	-	-	-	345,946	443,664
Prepaid expenditures	152,591	-	-	-	-	152,591
Total Assets	<u>\$ 105,355,622</u>	<u>\$ 100,983,431</u>	<u>\$ 18,141,676</u>	<u>\$ 29,495,070</u>	<u>\$ 39,014,174</u>	<u>\$ 292,989,973</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 22,901,917	\$ 892,710	\$ 5,656,868	\$ -	\$ 368,247	\$ 29,819,742
Due to other funds	3,254,327	50,614	126,560	-	8,149,612	11,581,113
Unearned revenue	4,310,738	-	-	-	-	4,310,738
Total Liabilities	<u>30,466,982</u>	<u>943,324</u>	<u>5,783,428</u>	<u>-</u>	<u>8,517,859</u>	<u>45,711,593</u>
Fund Balances						
Nonspendable	400,309	-	-	-	355,856	756,165
Restricted	33,247,485	100,040,107	12,358,248	29,495,070	22,790,821	197,931,731
Committed	23,097,527	-	-	-	4,119,122	27,216,649
Assigned	8,224,072	-	-	-	3,230,516	11,454,588
Unassigned	9,919,247	-	-	-	-	9,919,247
Total Fund Balances	<u>74,888,640</u>	<u>100,040,107</u>	<u>12,358,248</u>	<u>29,495,070</u>	<u>30,496,315</u>	<u>247,278,380</u>
Total Liabilities and Fund Balances	<u>\$ 105,355,622</u>	<u>\$ 100,983,431</u>	<u>\$ 18,141,676</u>	<u>\$ 29,495,070</u>	<u>\$ 39,014,174</u>	<u>\$ 292,989,973</u>

RIVERSIDE UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2018

Total fund balances - governmental funds		\$ 247,278,380
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:		
	Capital assets, at historical cost	\$ 803,769,522
	Accumulated depreciation	(256,005,389)
	Net internal service fund capital assets	<u>(10,004)</u>
		547,754,129
In governmental funds, postemployment benefits costs are recognized as expenditures in the period they are paid. In the government-wide statements, postemployment benefits costs are recognized in the period that they are incurred. The net OPEB liability at the end of the period was:		
		(47,204,265)
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		
		(4,260,693)
Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In the government-wide statements it is recognized as a deferred outflow of resources. The remaining deferred amounts on refunding at the end of the period were:		
		5,492,612
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows related to pensions are reported as follows:		
	Deferred outflows of resources	181,308,089
	Deferred inflows of resources	<u>(18,333,435)</u>
		162,974,654
The net pension liability is not due and payable in the current reporting period, and therefore is not reported as a liability in the fund financial statements.		
		(512,293,895)
In governmental funds, deferred outflows and inflows of resources related to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to OPEB are reported, as follows:		
	Deferred outflows of resources	2,812,372
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
	General obligation bonds payable	239,629,641
	Certificates of participation payable	17,425,346
	Compensated absences payable	<u>5,951,078</u>
		(263,006,065)
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets and liabilities of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds are:		
		<u>22,126,616</u>
Total net position - governmental activities		<u><u>\$ 161,673,845</u></u>

RIVERSIDE UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Fiscal Year Ended June 30, 2018

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
LCFF sources	\$ 369,479,397	\$ -	\$ -	\$ -	\$ -	\$ 369,479,397
Federal sources	27,927,669	-	-	-	20,607,459	48,535,128
Other state sources	65,213,086	-	-	203,192	12,649,561	78,065,839
Other local sources	9,664,178	1,476,610	6,026,467	23,467,715	3,623,742	44,258,712
Total Revenues	472,284,330	1,476,610	6,026,467	23,670,907	36,880,762	540,339,076
EXPENDITURES						
Current:						
Instruction	314,741,875	-	-	-	4,942,100	319,683,975
Instruction-related services:						
Supervision of instruction	23,246,400	-	-	-	503,543	23,749,943
Instructional library, media and technology	3,541,519	-	-	-	-	3,541,519
School site administration	32,069,626	-	-	-	786,495	32,856,121
Pupil support services:						
Home-to-school transportation	11,454,862	-	-	-	-	11,454,862
Food services	12,874	-	-	-	22,308,357	22,321,231
All other pupil services	25,184,709	-	-	-	60,292	25,245,001
Ancillary services	6,108,082	-	-	-	-	6,108,082
Community services	258,109	-	-	-	-	258,109
General administration services:						
Data processing services	6,118,950	-	-	-	-	6,118,950
Other general administration	17,256,360	-	373,100	-	-	17,629,460
Plant services	45,394,992	-	18,616	-	609,725	46,023,333
Transfers of indirect costs	(1,008,758)	-	-	-	1,008,758	-
Capital Outlay	8,921,522	10,008,897	2,061,233	-	3,841,485	24,833,137
Intergovernmental	141,121	-	-	-	-	141,121
Debt Service:						
Principal	-	-	-	4,490,000	1,170,036	5,660,036
Interest	-	-	-	8,509,727	700,477	9,210,204
Total Expenditures	493,442,243	10,008,897	2,452,949	12,999,727	35,931,268	554,835,084
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,157,913)	(8,532,287)	3,573,518	10,671,180	949,494	(14,496,008)
OTHER FINANCING SOURCES (USES)						
Interfund transfers in	42,874	3,773,693	-	-	2,933,142	6,749,709
Interfund transfers out	(2,520,105)	-	-	-	(5,046,257)	(7,566,362)
Issuance of non-obligatory debt	-	-	-	-	6,750,010	6,750,010
Total Other Financing Sources and Uses	(2,477,231)	3,773,693	-	-	4,636,895	5,933,357
Net Change in Fund Balances	(23,635,144)	(4,758,594)	3,573,518	10,671,180	5,586,389	(8,562,651)
Fund Balances, July 1, 2017	98,523,784	104,798,701	8,784,730	18,823,890	24,909,926	255,841,031
Fund Balances, June 30, 2018	<u>\$ 74,888,640</u>	<u>\$ 100,040,107</u>	<u>\$ 12,358,248</u>	<u>\$ 29,495,070</u>	<u>\$ 30,496,315</u>	<u>\$ 247,278,380</u>

RIVERSIDE UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities For the Fiscal Year Ended June 30, 2018

Total net change in fund balances - governmental funds \$ (8,562,651)

Amounts reported for governmental *activities* in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay, governmental funds	20,651,430	
Depreciation expense	(19,182,233)	
Net:		1,469,197

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as a reduction of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 5,660,036

In governmental funds, postemployment benefits (OPEB) expenses are recognized when employer contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year the difference between OPEB expenses and actual employer contributions was: 20,910,766

In governmental funds, if debt is issued at a premium, the premium is recognized as an Other Financing Source in the period it is incurred. In the government-wide statements, the premium is amortized over the life of the debt. Amortization of the premium for the period is: 947,928

Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In governmental funds these charges are recognized as an expenditure. However, in the statement of activities, these amounts are amortized over the life of the debt. The difference between current year amounts and the current year amortization is: (384,152)

In governmental funds, pension costs are recognized when employer contributions are made, in the statement of activities, pension costs are recognized on the accrual basis. This year the difference between the accrual basis pension costs and actual employer contributions was: (23,667,445)

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was: (1,262,683)

In the statement of activities, compensated absences are measured by the amounts *earned* during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually *paid*.) This year vacation leave earned exceeded the amounts used by: (129,743)

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental activities in the statement of activities. The net increase in the internal service fund was: 1,476,402

Change in net position of governmental activities \$ (3,542,345)

RIVERSIDE UNIFIED SCHOOL DISTRICT
Statement of Net Position – Proprietary Fund
June 30, 2018

	Governmental Activities Internal Service Fund
ASSETS	
Cash	\$ 31,517,831
Accounts receivable	177,223
Due from other funds	<u>1,455,026</u>
Total assets	<u>33,150,080</u>
LIABILITIES	
Accounts payable	535,909
Due to other funds	78,608
Claims liabilities, current portion	2,602,237
Claims liabilities, long-term portion	<u>7,806,710</u>
Total liabilities	<u>11,023,464</u>
NET POSITION	
Restricted	<u>22,126,616</u>
Total net position	<u>\$ 22,126,616</u>

RIVERSIDE UNIFIED SCHOOL DISTRICT*Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund
For the Fiscal Year Ended June 30, 2018*

	Governmental Activities Internal Service Fund
OPERATING REVENUES	
State revenue	\$ 445
Charges to other funds	26,920,859
Other local revenues	<u>1,374,663</u>
Total operating revenues	<u>28,295,967</u>
OPERATING EXPENSES	
Certificated salaries	46,258
Classified salaries	529,511
Employee benefits	212,751
Books and supplies	55,318
Services and other operating expenditures	<u>27,204,387</u>
Total operating expenses	<u>28,048,225</u>
Operating Income (Loss)	<u>247,742</u>
NON-OPERATING REVENUES (EXPENSES)	
Interfund transfers in	816,653
Interest income	<u>412,007</u>
Total non-operating revenues (expenses)	<u>1,228,660</u>
Change in net position	1,476,402
Net position, July 1, 2017	<u>20,650,214</u>
Net position, June, 30, 2018	<u>\$ 22,126,616</u>

RIVERSIDE UNIFIED SCHOOL DISTRICT
Statement of Cash Flows - Proprietary Fund
For the Fiscal Year Ended June 30, 2018

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from assessments made to other funds	\$ 27,337,685
Cash payments for payroll, insurance and operating expenses	<u>(25,794,621)</u>
Net cash provided (used) by operating activities	<u>1,543,064</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Transfer in from other fund	816,653
Interest on investments	<u>353,841</u>
Net cash provided (used) by investing activities	<u>1,170,494</u>
Net increase in cash	2,713,558
Cash, July 1, 2017	<u>28,804,273</u>
Cash, June 30, 2018	<u>\$ 31,517,831</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ 247,742
(Increase) Decrease in operating assets	
Due from other funds	(938,305)
Accounts receivable	(19,977)
Increase (Decrease) in operating liabilities	
Accounts payable	467,389
Claims liabilities	1,729,001
Due to other funds	47,210
Prepaid expenses	<u>10,004</u>
Net cash provided (used) by operating activities	<u>\$ 1,543,064</u>

RIVERSIDE UNIFIED SCHOOL DISTRICT

Statement of Fiduciary Net Position

June 30, 2018

	Agency Funds		Trust Funds		Total
	Student Body Funds	Debt Service Fund for Special Tax Bonds	Scholarship Fund	Retiree Benefit Fund	
ASSETS					
Cash	\$ 1,580,249	\$ 764,069	\$ 285,856	\$ -	\$ 2,630,174
Investments	-	11,854,622	-	21,612,774	33,467,396
Accounts receivable	17,165	-	1,384	-	18,549
Inventories	123,595	-	-	-	123,595
Prepaid expenses	3,607	-	-	-	3,607
Total Assets	<u>\$ 1,724,616</u>	<u>\$ 12,618,691</u>	<u>287,240</u>	<u>21,612,774</u>	<u>36,243,321</u>
LIABILITIES					
Accounts payable	\$ 41,040	\$ -	20,828	-	61,868
Due to other funds	-	-	2,519	-	2,519
Due to bondholders	-	12,618,691	-	-	12,618,691
Due to student groups	1,683,576	-	-	-	1,683,576
Total Liabilities	<u>\$ 1,724,616</u>	<u>\$ 12,618,691</u>	<u>23,347</u>	<u>-</u>	<u>14,366,654</u>
NET POSITION					
Restricted for student scholarships			263,893	-	263,893
Restricted for retiree benefits			-	21,612,774	21,612,774
Total Net Position			<u>\$ 263,893</u>	<u>\$ 21,612,774</u>	<u>\$ 21,876,667</u>

RIVERSIDE UNIFIED SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2018

	Trust Funds	
	Scholarship Fund	Retiree Benefit Fund
ADDITIONS		
Interest	\$ 4,191	\$ 817,666
Net increase in fair value of investments	-	259,188
Other local sources	47,156	-
Total Additions	51,347	1,076,854
DEDUCTIONS		
Books and supplies	3,378	-
Other services & operating expenses	67,003	171,885
Total Deductions	70,381	171,885
Net increase (decrease) in net position	(19,034)	904,969
Net Position - July 1, 2017	282,927	20,707,805
Net Position - June 30, 2018	<u>\$ 263,893</u>	<u>\$ 21,612,774</u>

RIVERSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Riverside Unified School District (“the District”) accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education’s *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

A. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District. For Riverside Unified School District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization’s relationship with the District is such that exclusion would cause the District’s financial statements to be misleading or incomplete.

For financial reporting purposes, the component units have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*, and thus are included in the financial statements using the blended presentation method as if they were part of the District’s operations because the Board of Trustees of the component units is essentially the same as the Board of Trustees of the District and because their purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Riverside USD Financing Authority (“the Authority”) financial activity are presented in the financial statements as the Capital Projects for Blended Component Units Fund and the Debt Service for Blended Component Units Fund. Certificates of participation and other debt issued by the Authority are included as long-term liabilities in the government-wide financial statements. Individually prepared financial statements are not prepared for the Authority.

The Riverside Unified School District Community Facilities Districts (CFDs) financial activity is presented in the financial statements as the Capital Projects Fund for Blended Component Units and in the Fiduciary Funds Statement as the Debt Service Fund for Special Tax Bonds. Special Tax Bonds issued by the CFDs are not included in the long-term obligations of the *Statement of Net Position* as they are not obligations of the District. Individually prepared financial statements are not prepared for each of the CFDs.

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities.

RIVERSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Government-Wide Financial Statements (continued)

Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds and blended component units. Separate statements for each fund category - *governmental*, *proprietary*, and *fiduciary* - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Major Governmental Funds

The District reports the following major governmental funds:

General Fund: This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Building Fund: This fund is used to account for the acquisition of major governmental capital facilities and buildings from the sale of general obligation bonds.

Capital Facilities Fund: This fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act.

Bond Interest and Redemption Fund: This fund is used to account for the accumulation of resources for, and the repayment of, District bonds, interest, and related costs.

RIVERSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Non-Major Governmental Funds

The District maintains the following non-major governmental funds:

Special Revenue Funds:

Adult Education Fund: This fund is used to account for resources committed to adult education programs maintained by the District.

Child Development Fund: This fund is used to account for resources committed to child development programs maintained by the District.

Cafeteria Fund: This fund is used to account for revenues received and expenditures made to operate the District's food service operations.

Capital Projects Funds:

County School Facilities Fund: This fund is used to account for state apportionments provided for modernization of school facilities under SB50.

Special Reserve Fund for Capital Outlay Projects: This fund is used to account for funds set aside for Board designated construction projects.

Capital Projects Fund for Blended Component Units: This fund is used to account for the activity of the certificates of participation and of the Community Facilities Districts.

Debt Service Funds:

Debt Service Fund: This fund is used to account for the accumulation of resources for, and the repayment, of certificates of participation, interest and related costs.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The District has the following proprietary fund:

Internal Service Funds are used to account for services rendered on a cost-reimbursement basis within the District. The District maintains one internal service fund, the Self-Insurance Fund, which is used to account for resources committed to the District's self-insured property and liability, workers compensation, and health benefits insurance programs.

RIVERSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the District's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds. The District maintains the following fiduciary funds:

Agency Funds: The District maintains a separate agency fund for each school that operates an Associated Student Body (ASB) Fund, whether it is organized or not. The District also maintains a Debt Service Fund for Special Tax Bonds to account for debt service activity of the CFDs.

Scholarship Funds: These funds are used to report formal arrangements under which principal and interest benefit other individuals, private organizations, or other governments. This fund was established to account for funds received and held with the purpose of providing scholarships for eligible students.

2. Measurement Focus, Basis of Accounting

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

3. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for districts as collectible within one year.

RIVERSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

3. Revenues - Exchange and Non-Exchange Transactions (continued)

The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

C. Budgetary Data

The budgetary process is prescribed by provisions of the California *Education Code* and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For budget purposes, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

D. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

2. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

RIVERSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

3. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Buildings and Improvements	20-50 years
Furniture and Equipment	2-15 years

4. Unearned Revenue

Unearned 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 unearned revenue is removed from the combined balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

6. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated vacation leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

RIVERSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

7. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California State Teachers Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

8. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Riverside Unified School District Retiree Benefits Plan ("the Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

9. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

RIVERSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

9. Fund Balances (continued)

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

10. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

F. Minimum Fund Balance Policy

During the 2010-11 fiscal year, pursuant to GASB Statement No. 54, the District adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than two percent of total General Fund expenditures and other financing uses.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed unless the governing board has provided otherwise in its commitment or assignment actions.

RIVERSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

I. New GASB Pronouncements

During the 2017-18 fiscal year, the following GASB Pronouncements became effective:

1. In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits, or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

2. In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

RIVERSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. New GASB Pronouncements (continued)

3. In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:
 - Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
 - Reporting amounts previously reported as goodwill and “negative” goodwill
 - Classifying real estate held by insurance entities
 - Measuring certain money market investments and participating interest-earning investment contracts at amortized cost
 - Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
 - Recognizing on-behalf payments for pensions or OPEB in employer financial statements
 - Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
 - Classifying employer-paid member contributions for OPEB
 - Simplifying certain aspects of the alternative measurement method for OPEB
 - Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

4. In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

RIVERSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2018, are reported at fair value and consisted of the following:

	Governmental Activities			Fiduciary Funds	
	Governmental Funds	Proprietary Fund	Total		
Pooled Funds:					
Cash in county treasury	\$ 258,739,275	\$ 30,452,831	\$ 289,192,106	\$ 285,856	
Deposits:					
Cash on hand and in banks	132,938	-	132,938	1,580,249	
Cash in revolving fund	159,910	-	159,910	-	
Cash with fiscal agent	-	1,065,000	1,065,000	764,069	
Total Deposits	292,848	1,065,000	1,357,848	2,344,318	
Total Cash	\$ 259,032,123	\$ 31,517,831	\$ 290,549,954	\$ 2,630,174	
Investments:					
	Rating				
US Bank - Money Market	N/A	\$ 5,522,262	\$ -	\$ 5,522,262	\$ 11,566,508
US Bank - US Government Bonds	AA+	2,043,960	-	2,043,960	288,114
Mutual Fund - Fixed Income		-	-	-	7,840,062
Mutual Fund - Domestic Equity		-	-	-	10,827,758
Mutual Fund - International Equity		-	-	-	1,945,996
Mutual Fund - Real Estate		-	-	-	998,958
Total Investments		\$ 7,566,222	\$ -	\$ 7,566,222	\$ 33,467,396

Investment security ratings reported as of June 30, 2018, are defined by Standard and Poors.

Pooled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2018, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Custodial Credit Risk – Deposits

Custodial credit risk 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 for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit).

RIVERSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE 2 – CASH AND INVESTMENTS (continued)

Custodial Credit Risk – Deposits (continued)

The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

As of June 30, 2018, \$3,303,435 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

Investments – Interest Rate Risk

The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment policy limits investment purchases to investments with a term not to exceed three years. Investments purchased with maturity terms greater than three years require approval by the Board of Education. Investments purchased with maturities greater than one year require written approval by the Superintendent prior to commitment. Maturities of investments held at June 30, 2018 consist of the following:

	Fair Value	Maturity		Fair Value Measurement
		Less Than One Year	One Year Through Five Years	
Investment maturities:				
US Bank - Money Market	\$ 17,088,770	17,088,770	\$ -	Level 2
US Bank - US Government Bonds	2,332,074	2,043,960	288,114	Level 2
Mutual Fund - Fixed Income	7,840,062	7,840,062	-	Level 2
Mutual Fund - Domestic Equity	10,827,758	10,827,758	-	Level 2
Mutual Fund - International Equity	1,945,996	1,945,996	-	Level 2
Mutual Fund - Real Estate	998,958	998,958	-	Level 2
Totals	<u>\$ 41,033,618</u>	<u>\$ 40,745,504</u>	<u>\$ 288,114</u>	

Investments – Credit Risk

The District's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by State Government Code Section 53600. At June 30, 2018, all investments represented governmental securities which were issued, registered and held by the District's agent in the District's name.

RIVERSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE 2 – CASH AND INVESTMENTS (continued)

Investments – Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2018, the District had the following investments that represent more than five percent of the District’s net investments.

US Bank - Money Market	41.6%
Mutual Fund - Fixed Income	19.1%
Mutual Fund - Domestic Equity	26.4%
Mutual Fund - International Equity	4.7%

Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset’s fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 – Unobservable inputs should be developed using the best information available under the circumstances, which might include the District’s own data. The District should adjust that date if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized – Investments in the Riverside County Treasury Investment Pool are not measured using the input levels above because the District’s transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

All assets have been valued using a market approach, with quoted market prices.

RIVERSIDE UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
 June 30, 2018

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2018, consisted of the following:

	Governmental Funds				Total	Proprietary Fund	Fiduciary Funds	
	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds		Self-Insurance Fund	Associated Student Body Funds	Scholarship Fund
Federal Government:								
Categorical aid programs	\$ 5,162,826	\$ -	\$ -	\$ 3,544,514	\$ 8,707,340	\$ -	\$ -	\$ -
State Government:								
Lottery	1,742,400	-	-	-	1,742,400	-	-	-
Special education	105,272	-	-	-	105,272	-	-	-
Categorical aid programs	1,137,413	-	-	722,172	1,859,585	-	-	-
Local:								
Interest	392,401	457,517	67,072	92,269	1,009,259	136,036	-	1,384
Food service sales	-	-	-	259,584	259,584	-	-	-
Other local	774,388	-	1,074,604	55,727	1,904,719	41,187	17,165	-
Total	\$ 9,314,700	\$ 457,517	\$ 1,141,676	\$ 4,674,266	\$ 15,588,159	\$ 177,223	\$ 17,165	\$ 1,384

NOTE 4 – INTERFUND ACTIVITIES

A. Balances Due To/From Other Funds

Balances due/to other funds at June 30, 2018, consisted of the following:

	Due from other funds				
	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds	Self-Insurance Fund
General Fund	\$ -	\$ 18,732	\$ 1,782,677	\$ 1,801,409	\$ 1,452,918
Building Fund	31,882	-	18,732	50,614	-
Capital Facilities Fund	126,560	-	-	126,560	-
Non-Major Governmental Funds	3,919,554	3,000,000	1,227,950	8,147,504	2,108
Self-Insurance Fund	78,608	-	-	78,608	-
Fiduciary Funds	2,519	-	-	2,519	-
Total	\$ 4,159,123	\$ 3,018,732	\$ 3,029,359	\$ 10,207,214	\$ 1,455,026

The most significant interfund payables are as follows: \$570,000 due to the General Fund from the Child Development Fund for a temporary loan and \$2,300,000 from the Cafeteria Fund for a temporary loan. A balance of \$788,399 is due to the General Fund from the Cafeteria Fund for indirect costs and \$109,804 is due to the General Fund from the Adult Education Fund for indirect costs. \$3,000,000 and \$1,227,950 is due to the Building Fund and the Special Reserve Fund for Capital Outlay Projects, respectively, from the Capital Projects Fund for Blended Component Units for projects costs.

RIVERSIDE UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2018

NOTE 4 – INTERFUND ACTIVITIES (continued)

B. Transfers To/From Other Funds

Transfers to/from other funds for the fiscal year ended at June 30, 2018, consisted of the following:

General Fund transfer to Special Reserve Fund for Capital Outlay Projects for project costs	\$ 1,220,223
General Fund transfer to Debt Service Fund for long-term debt payments	483,229
General Fund transfer to Self Insurance Fund for premium payments	816,653
Adult Education Fund transfer to General Fund for program supplies	5,639
Child Development Fund transfer to General Fund for program costs	2,914
Cafeteria Fund transfer to Special Reserve Fund for Capital Outlay Projects for engineering services	1,740
County School Facilities Fund transfer to Building Fund for bond projects	773,693
Special Reserve Fund for Capital Outlay Projects transfer to General Fund for expenditure reimbursement	34,321
Capital Projects Fund for Blended Component Units transfer to Building Fund for project costs	3,000,000
Capital Projects Fund for Blended Component Units transfer to Special Reserve Fund for Capital Outlay Projects for projects costs	<u>1,227,950</u>
	<u><u>\$ 7,566,362</u></u>

NOTE 5 – FUND BALANCES

At June 30, 2018, fund balances of the District’s governmental funds are classified as follows:

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable:						
Revolving cash	\$ 150,000	\$ -	\$ -	\$ -	\$ 9,910	\$ 159,910
Stores inventories	97,718	-	-	-	345,946	443,664
Prepaid expenditures	152,591	-	-	-	-	152,591
Total Nonspendable	<u>400,309</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>355,856</u>	<u>756,165</u>
Restricted:						
Categorical programs	33,247,485	-	-	-	1,142,529	34,390,014
Food service program	-	-	-	-	6,534,724	6,534,724
Capital projects	-	100,040,107	12,358,248	-	13,425,737	125,824,092
Debt service	-	-	-	29,495,070	1,687,831	31,182,901
Total Restricted	<u>33,247,485</u>	<u>100,040,107</u>	<u>12,358,248</u>	<u>29,495,070</u>	<u>22,790,821</u>	<u>197,931,731</u>
Committed:						
Other commitments	23,097,527	-	-	-	4,119,122	27,216,649
Total Committed	<u>23,097,527</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,119,122</u>	<u>27,216,649</u>
Assigned:						
Other assignments	8,224,072	-	-	-	3,230,516	11,454,588
Total Assigned	<u>8,224,072</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,230,516</u>	<u>11,454,588</u>
Unassigned:						
Reserve for economic uncertainties	9,919,247	-	-	-	-	9,919,247
Total Unassigned	<u>9,919,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,919,247</u>
Total	<u>\$ 74,888,640</u>	<u>\$ 100,040,107</u>	<u>\$ 12,358,248</u>	<u>\$ 29,495,070</u>	<u>\$ 30,496,315</u>	<u>\$ 247,278,380</u>

RIVERSIDE UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2018

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance, July 1, 2017	Additions	Retirements	Balance, June 30, 2018
Capital assets not being depreciated:				
Land	\$ 46,041,909	\$ -	\$ -	\$ 46,041,909
Construction in progress	20,281,084	5,037,722	20,094,190	5,224,616
Total capital assets not being depreciated	<u>66,322,993</u>	<u>5,037,722</u>	<u>20,094,190</u>	<u>51,266,525</u>
Capital assets being depreciated:				
Buildings and improvements	699,621,037	33,671,488	-	733,292,525
Furniture and equipment	17,174,062	2,036,410	-	19,210,472
Total capital assets being depreciated	<u>716,795,099</u>	<u>35,707,898</u>	<u>-</u>	<u>752,502,997</u>
Accumulated depreciation for:				
Buildings and improvements	(221,514,087)	(18,283,774)	-	(239,797,861)
Furniture and equipment	(15,309,069)	(898,459)	-	(16,207,528)
Total accumulated depreciation	<u>(236,823,156)</u>	<u>(19,182,233)</u>	<u>-</u>	<u>(256,005,389)</u>
Total capital assets being depreciated, net	<u>479,971,943</u>	<u>16,525,665</u>	<u>-</u>	<u>496,497,608</u>
Governmental activity capital assets, net	<u>\$ 546,294,936</u>	<u>\$ 21,563,387</u>	<u>\$ 20,094,190</u>	<u>\$ 547,764,133</u>

Depreciation expense is allocated to the following functions in the statement of activities:

Governmental Activities:	
Instruction	\$ 13,039,800
Supervision of instruction	602,276
Instructional library, media and technology	214,649
School site administration	1,516,723
Home-to-school transportation	446,319
Food services	2,605
All other pupil services	709,313
Data processing services	213,435
All other general administration	600,057
Plant services	<u>1,837,056</u>
 Total depreciation expense	 <u>\$ 19,182,233</u>

RIVERSIDE UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
 June 30, 2018

NOTE 7 – GENERAL LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2018, were as follows:

	Balance, July 1, 2017	Additions	Deductions	Balance, June 30, 2018	Amount Due Within One Year
General Obligation Bonds:					
Principal Payments	\$ 229,220,000	\$ -	\$ 4,490,000	\$ 224,730,000	\$ 18,260,000
Unamortized Issuance Premium	15,847,569	-	947,928	14,899,641	947,928
Total G.O. Bonds	245,067,569	-	5,437,928	239,629,641	19,207,928
Certificates of Participation	18,595,382	-	1,170,036	17,425,346	1,152,694
Compensated Absences	5,821,335	129,743	-	5,951,078	-
Claims Liabilities	6,509,959	1,296,751	-	7,806,710	-
Other Postemployment Benefits*	65,302,659	6,005,813	24,104,207	47,204,265	-
Total	\$ 341,296,904	\$ 7,432,307	\$ 30,712,171	\$ 318,017,040	\$ 20,360,622

*Beginning balance of OPEB has been restated due to changes in the accounting methods used to implement GASB Statement No.75.

Payments for general obligation bonds are made by the Bond Interest and Redemption Fund. Certificates of participation payments are made by the Debt Service Fund. The claims liabilities will be paid from the Self-Insurance Fund. Accumulated vacation and other postemployment benefits will be paid for by the fund for which the employee worked.

A. General Obligation Bonds

Prior-Year Defeasance of Debt

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District’s financial statements. At June 30, 2018, none of the defeased bonds remain outstanding.

The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. At June 30, 2018, deferred amounts on refunding of bonds were \$5,411,138.

Election of 2016

On November 8, 2016, an election was held at which registered voters in the District approved by more than 55% of the votes a measure which authorizes the District to issue general obligation bonds in the maximum aggregate amount of \$392,000,000. On May 25, 2017, the District issued \$100,000,000 general obligation bonds. The bonds will be used to finance the repair, upgrading, acquisition, construction, and equipping of District sites and facilities and pay the costs of issuance of the bonds.

A summary of general obligation bonds issued by the District is shown below:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2017	Additions	Deductions	Balance, June 30, 2018
2011 Refunding	10/5/2011	2/1/2027	2.0%-5.0%	\$ 46,125,000	\$ 32,420,000	\$ -	\$ 1,590,000	30,830,000
2015 Refunding	6/17/2015	8/1/2030	2.0%-5.0%	48,810,000	44,450,000	-	2,525,000	41,925,000
2016 Refunding	5/25/2016	8/1/2038	0.7%-4.32%	53,365,000	52,350,000	-	375,000	51,975,000
2016 (A)	5/25/2017	8/1/2041	3.0%-5.0%	100,000,000	100,000,000	-	-	100,000,000
				\$ 248,300,000	\$ 229,220,000	\$ -	\$ 4,490,000	\$ 224,730,000

RIVERSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE 7 – GENERAL LONG-TERM DEBT (continued)

A. General Obligation Bonds (continued)

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2018, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018-2019	\$ 18,260,000	\$ 9,475,318	\$ 27,735,318
2019-2020	19,030,000	8,714,469	27,744,469
2020-2021	8,160,000	8,071,531	16,231,531
2021-2022	9,635,000	7,702,496	17,337,496
2022-2023	8,165,000	7,255,178	15,420,178
2023-2028	42,300,000	29,508,209	71,808,209
2028-2033	43,700,000	20,165,780	63,865,780
2033-2038	47,250,000	11,343,788	58,593,788
2038-2042	28,230,000	1,958,432	30,188,432
Total	<u>\$ 224,730,000</u>	<u>\$ 104,195,201</u>	<u>\$ 328,925,201</u>

B. Certificates of Participation

On May 1, 2009, the Riverside Unified School District School Facilities Corporation issued certificates of participation in the amount of \$8,605,000. The certificates were issued to prepay the District's COP for the 1998 School Facility Bridge Refunding Program, provide a reserve account and pay issuance costs. The interest rate of the certificates ranges from 3.0% to 5.0% and mature on September 1, 2027. At June 30, 2018, the principal balance outstanding was \$5,500,000.

On June 1, 2015, the Riverside Unified School District Facilities Corporation issued certificates of participation in the amount of \$10,000,000. The funds will be used by the District to acquire certain school facilities and pay the issuance costs. The interest rate for the certificates is 3.69%, and the certificates fully mature on June 1, 2035. At June 30, 2018, the principal outstanding balance was \$9,230,000.

Prior-Year Defeasance of Debt - 2016 COP Refunding

In prior years, the District defeased certain certificates of participation by placing the proceeds of new refunding certificates in an irrevocable trust to provide for all future debt service payments on the old certificates. Accordingly, the trust account assets and the liability for the defeased certificates are not included in the District's financial statements. At June 30, 2018, none of the defeased certificates remain outstanding.

The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. At June 30, 2018, deferred amounts on refunding of certificates of participation were \$81,474. At June 30, 2018, the principal outstanding balance was \$2,695,346.

RIVERSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE 7 – GENERAL LONG-TERM DEBT (continued)

B. Certificates of Participation (continued)

Annual interest and redemption requirements for the Certificates of Participation outstanding at June 30, 2018, are as follows:

Fiscal Year	Principal	Interest	Total
2018-2019	\$ 1,152,694	\$ 668,637	\$ 1,821,331
2019-2020	1,136,197	626,971	1,763,168
2020-2021	1,179,164	583,622	1,762,786
2021-2022	1,218,774	537,481	1,756,255
2022-2023	1,272,944	488,485	1,761,429
2023-2028	6,620,573	1,614,804	8,235,377
2028-2033	2,860,000	638,001	3,498,001
2033-2035	1,985,000	105,532	2,090,532
Total	<u>\$ 17,425,346</u>	<u>\$ 5,263,533</u>	<u>\$ 22,688,879</u>

C. Claims Liability

The District has an outstanding long-term liability for incurred, but not reported, claims for the District's self-insured programs in the amount of \$7,806,710. The total claims liability is reported in Note 9, but only the long-term portion is reported here.

D. Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facility Districts, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Marks-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders, and may initiate foreclosure proceedings. Special assessment debt of \$106,525,000 as of June 30, 2018, does not represent debt of the District and, as such, does not appear in the financial statements.

NOTE 8 – JOINT VENTURES

The Riverside Unified School District participates in joint ventures under joint powers agreements with the Alliance of Schools for Cooperative Insurance Programs (ASCIP). The District pays an annual premium to the entity for its health, workers' compensation, and property liability coverage. The relationships between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

RIVERSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE 8 – JOINT VENTURES (continued)

The ASCIP JPA provides workers compensation as well as property and liability insurance coverage for its member districts. The JPA is governed by a board consisting of a representative from each member district. The governing board controls the operations of its JPA independent of any influence by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPAs.

Condensed unaudited financial information for the year ended June 30, 2018, is as follows:

	ASCIP
Assets	\$ 432,804,369
Deferred Outflows	1,683,588
Liabilities	239,767,762
Deferred Inflows	604,583
Net Position	<u>\$ 194,115,612</u>
Revenues	\$ 271,484,105
Expenses	262,183,364
Change in Net Position	<u>\$ 9,300,741</u>

NOTE 9 – RISK MANAGEMENT

Property and Liability

The Property and Liability Program, for which the District retains risk of loss, is administered by the Self-Insurance Fund. Excess property and liability coverage is obtained through Alliance of Schools for Cooperative Insurance Programs (ASCIP). General liability claims in excess of a \$100,000 self-insured retention are covered up to \$5,000,000 per occurrence. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Workers' Compensation

Workers' compensation claims in excess of a \$500,000 self-insured retention are covered up to \$10,000,000 per occurrence through ASCIP.

Employee Medical Benefits

Employee life, health, and disability programs are administered through the purchase of commercial insurance and self-insurance.

Unpaid 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.

RIVERSIDE UNIFIED SCHOOL DISTRICT*Notes to Financial Statements**June 30, 2018***NOTE 9 – RISK MANAGEMENT (continued)****Unpaid Claims Liabilities (continued)**

The following represent the changes in approximate aggregate liabilities for the District's workers' compensation and health insurance program from July 1, 2016 to June 30, 2018:

	Health Insurance	Workers' Compensation
Liability Balance, July 1, 2016	\$ 1,667,000	\$ 6,509,493
Claims and changes in estimates	16,661,363	1,294,451
Claims payments	<u>(16,567,363)</u>	<u>(884,997)</u>
Liability Balance, June 30, 2017	1,761,000	6,918,947
Claims and changes in estimates	20,303,841	3,297,505
Claims payments	<u>(20,303,841)</u>	<u>(3,191,188)</u>
Liability Balance, June 30, 2018	<u>\$ 1,761,000</u>	<u>\$ 7,025,264</u>
Assets available to pay claims at June 30, 2018	<u>\$ 4,244,097</u>	<u>\$ 14,489,203</u>

NOTE 10 – COMMITMENTS AND CONTINGENCIES**A. State and Federal Allowances, Awards, and Grants**

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

B. Litigation

The District is involved in various litigation. In the opinion of legal counsel, the District does not anticipate that the outcome of any of the litigation will have a material impact on the financial statements.

C. Construction Commitments

As of June 30, 2018, the District had commitments with respect to unfinished capital projects of \$20.6 million. A detailed listing of outstanding construction commitments at June 30, 2018, is as follows:

Project Description	Remaining Construction Commitments	Expected Date of Completion
Maxine Frost Elementary School*	1,014,318	TBD
Madison Elementary School - HVAC & Energy Management System	387,975	6/1/2019
Henry W. Longfellow Elementary School - Lighting & HVAC	31,972	7/1/2018
University Heights Middle School - Lighting & HVAC	113,886	7/1/2018
Grant Education Center Renovation	7,838,671	6/1/2020
District Office ADA, Seismic & Security Upgrades	6,973,900	6/1/2020
Abraham Lincoln High School Auto Shop Lab	786,752	6/1/2019
Board Room Modernization	<u>3,460,211</u>	6/1/2020
	<u>\$ 20,607,685</u>	

*Project has been placed on hold indefinitely.

RIVERSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE 11 – PENSION PLANS

Qualified employees are covered under multiple-employer defined benefit pension 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).

For the fiscal year ended June 30, 2018, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 380,853,493	\$ 130,604,225	\$ 16,785,887	\$ 46,386,611
CalPERS	131,440,402	50,703,864	1,547,548	25,391,774
Total	<u>\$ 512,293,895</u>	<u>\$ 181,308,089</u>	<u>\$ 18,333,435</u>	<u>\$ 71,778,385</u>

The details of each plan are as follows:

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

RIVERSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers’ Retirement System (CalSTRS) (continued)

Benefits Provided (continued)

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2018, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Employee Contribution Rate	10.25%	9.205%
Required Employer Contribution Rate	14.43%	14.43%
Required State Contribution Rate	9.328%	9.328%

Contributions

Required member District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers’ Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the District’s total contributions were \$32,600,983.

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:	
District’s proportionate share of net pension liability	\$ 380,853,493
State’s proportionate share of the net pension liability associated with the District	88,944,000
Total	<u>\$ 469,797,493</u>

RIVERSIDE UNIFIED SCHOOL DISTRICT*Notes to Financial Statements**June 30, 2018***NOTE 11 – PENSION PLANS (continued)****A. California State Teachers’ Retirement System (CalSTRS) (continued)****Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2018	Fiscal Year Ending June 30, 2017	
Measurement Date	<u>June 30, 2017</u>	<u>June 30, 2016</u>	
Proportion of the Net Pension Liability	0.411800%	0.403000%	0.008800%

For the year ended June 30, 2018, the District recognized pension expense of \$46,386,611. In addition, the District recognized pension expense and revenue of \$4,015,055 for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 32,600,983	\$ -
Net change in proportionate share of net pension liability	26,037,252	-
Difference between projected and actual earnings on pension plan investments	-	10,143,189
Changes of assumptions	70,557,557	-
Differences between expected and actual experience in the measurement of the total pension liability	1,408,433	6,642,698
Total	<u>\$ 130,604,225</u>	<u>\$ 16,785,887</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 7 years.

RIVERSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers’ Retirement System (CalSTRS) (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	\$ 6,796,242
2020	21,609,499
2021	16,148,732
2022	6,215,572
2023	15,996,357
Thereafter	14,450,953
Total	<u>\$ 81,217,355</u>

Actuarial Methods and Assumptions

Total pension liability for STRS was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.1%
Consumer Price of Inflation	2.75%
Wage Growth	3.5%

CalSTRS changed the mortality assumptions based on the July 1, 2010, through June 30, 2015, experience study adopted by the board in February 2017. CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study.

RIVERSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers’ Retirement System (CalSTRS) (continued)

Actuarial Methods and Assumptions (continued)

For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2017, are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	47%	6.30%
Fixed Income	12%	0.30%
Real Estate	13%	5.20%
Private Equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
Cash/Liquidity	2%	-1.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.1%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.1%) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.10%)	\$ 559,213,838
Current discount rate (7.10%)	380,853,493
1% increase (8.10%)	236,101,985

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 in the amount of \$18,470,488 (9.328% of annual payroll). Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures. On behalf payments have not been included in the budgeted amounts reported in the General Fund - Budgetary Comparison Schedule.

RIVERSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2018, are summarized as follows:

	<u>School Employer Pool (CalPERS)</u>	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Monthly Benefits as a Percentage of Eligible Compensation	1.1%-2.5%	1.0%-2.5%
Required Employee Contribution Rate	7.00%	6.00%
Required Employer Contribution Rate	15.531%	15.531%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

RIVERSIDE UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2018

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Contributions (continued)

The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the total District contributions were \$11,494,902.

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$131,440,402. The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2018</u>	<u>Fiscal Year Ending June 30, 2017</u>	
Measurement Date	<u>June 30, 2017</u>	<u>June 30, 2016</u>	
Proportion of the Net Pension Liability	0.550600%	0.509200%	0.041400%

For the year ended June 30, 2018, the District recognized pension expense of \$25,391,774. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 11,494,902	\$ -
Net change in proportionate share of net pension liability	10,754,117	-
Difference between projected and actual earnings on pension plan investments	4,546,939	-
Changes of assumptions	19,198,938	1,547,548
Differences between expected and actual experience in the measurement of the total pension liability	4,708,968	-
Total	<u>\$ 50,703,864</u>	<u>\$ 1,547,548</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4 years.

RIVERSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	\$ 10,721,473
2020	16,021,749
2021	11,708,054
2022	(789,862)
2023	-
Thereafter	-
Total	<u>\$ 37,661,414</u>

Actuarial Methods and Assumptions

Total pension liability for SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Experience Study	July 1, 1997 through June 30, 2011
Actuarial Cost Method	Entry age normal
Discount Rate	7.15%
Consumer Price of Inflation	2.75%
Wage Growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 20 years of mortality improvements, using Scale BB published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administration expenses.

RIVERSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Actuarial Methods and Assumptions (continued)

The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	47%	5.38%
Fixed Income	19%	2.27%
Inflation Assets	6%	1.39%
Private Equity	12%	6.63%
Real Estate	11%	5.21%
Infrastructure and Forestland	3%	5.36%
Liquidity	2%	-0.90%

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.15%)	\$ 193,390,951
Current discount rate (7.15%)	131,440,402
1% increase (8.15%)	80,047,233

C. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Social Security as its alternative plan.

D. Payables to the Pension Plans

At June 30, 2017, the District did not have any outstanding payables for outstanding contributions to the CalSTRS and CalPERS pension plans, respectively, required for the fiscal year ended June 30, 2018.

RIVERSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

Plan description

The Riverside Unified School District has established the Futuris Public Entity Investment Trust. This Trust is an IRS Section 115 Trust that is used for the purposes of investment and disbursement of funds irrevocably designated by the District for the payment of its obligations to eligible employees and former employees of the District and their eligible dependents and beneficiaries for life, sick, hospitalization, major medical, accident, disability, dental and other similar benefits (sometimes referred to as “other post-employment benefits,” or “OPEB.”) This Trust was established and is managed in compliance with the applicable Governmental Accounting Standards Board (GASB) standards for OPEB.

The District’s governing body has established by resolution a Retirement Board of Authority (the “Board”) to supervise the Trust. The Board has been established to manage, direct, and control the Fiduciary, Trust Settlor and Administrative functions. As mandated by the California Government Code, the Board shall perform all its duties with the care, skill, and diligence that a prudent person would utilize. The Board shall also act solely in the interest of plan participants and beneficiaries with the sole purpose of providing benefits to them and paying only necessary and reasonable expenses for administering the Trust. The Board shall oversee that the Trust’s assets are diversified in order to minimize the risk of large investment losses. The Board will have the exclusive authority to establish, execute, and interpret the Trust’s written Investment Policy Statement (IPS) which profiles the long-term investment objectives of the Trust.

Benefits provided

The Plan provides healthcare and vision benefits for retirees and their dependents. Benefits are provided through a third-party insurer. An employee who is covered by the medical plan has met eligibility requirements listed below is eligible to elect post-retirement coverage at retirement.

Certificated Retirees: Attainment of age 55 and the completion of 15 years of full-time service out of the last 19 years prior to retirement.

Management, Confidential, and Cabinet Retirees: Retirement under PERS or STRS, attainment of age 50 (PERS) or 55 (STRS) and completion of 15 years of full-time service with 5 years of District service immediately prior to retirement.

Classified Retirees: Attainment of age 50 and completion of 10 years of District service.

Employees covered by benefit terms

At July 1, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	242
Active employees	3,300
Total	<u>3,542</u>

RIVERSIDE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (continued)

A. Plan Description (continued)

Contributions

The funding policy of the plan sponsor is to contribute annually an amount sufficient to satisfy benefit payment requirements to participants.

Medicare Premium Payment (MPP) Program

The Medicare Premium Payment Program is a cost-sharing multiple-employer other postemployment benefit plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program, through the Teachers' Health Benefit Fund. The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the Defined Benefit Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services on a monthly basis.

B. Net OPEB Liability

The District's net OPEB liability for the District plan was measured as of July 1, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net MPP Program OPEB liability was measured as of June 30, 2017, and was determined by an actuarial valuation as of June 30, 2016.

Actuarial assumptions

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	District Plan	MPP Program
Valuation Date	July 1, 2017	June 30, 2016
Experience Study	N/A	July 1, 2010, through June 30, 2015
Discount rate	3.72%	3.58%
Salary increases	2.50%	N/A
Investment rate of return	6.90%	N/A
Healthcare cost trend rates	7.25% for fiscal year end 2018, decreasing 0.25% per year to an ultimate rate of 5.00%	3.7% for Medicare Part A, and 4.1% for Medicare Part B

District Plan

The discount rate for GASB 75 has been set equal to 3.72% which is a blend of the rate of return on assets equal to 6.90% and the Municipal GO AA 20-year yield curve rate as of June 30, 2017, which is 3.56%.

Mortality rates were based on the RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2017.

MPP Program

The discount rate used to measure the total OPEB liability was 3.58 percent. The MPP Program is funded on a pay-as-you-go basis, and under the pay-as-you-go method, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.58 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2017, was applied to all periods of projected benefit payments to measure the total OPEB liability.

RIVERSIDE UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
 June 30, 2018

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (continued)

B. Net OPEB Liability (continued)

MPP Program (continued)

CalSTRS changed the mortality assumptions based on the July 1, 2010, through June 30, 2015, experience study adopted by the board in February 2017. CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

C. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at July 1, 2017	\$ 62,234,999	\$ -	\$ 62,234,999
Changes for the year:			
Service cost	3,148,069	-	3,148,069
Interest	2,378,137	-	2,378,137
Employer contributions	-	22,936,140	(22,936,140)
Actual investment income	-	773,214	(773,214)
Administrative expense	-	(65,409)	65,409
Benefit payments	(2,936,140)	(2,936,140)	-
Changes of benefit terms	329,461	-	329,461
Net changes	2,919,527	20,707,805	(17,788,278)
Balance at June 30, 2018*	\$ 65,154,526	\$ 20,707,805	44,446,721
District's Proportionate Share of the Net MPP OPEB Liability			2,757,544
District's Total Reported Net OPEB Liability			\$ 47,204,265

* Measurement date is July 1, 2017

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease 2.72%	Discount Rate 3.72%	1% Increase 4.72%
District Plan	\$ 50,166,911	\$ 44,446,721	\$ 39,222,194
	1% Decrease 2.58%	Discount Rate 3.58%	1% Increase 4.58%
MPP Program	\$ 3,052,793	\$ 2,757,544	\$ 2,470,351

RIVERSIDE UNIFIED SCHOOL DISTRICT*Notes to Financial Statements**June 30, 2018*

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (continued)**C. Changes in the Net OPEB Liability (continued)****Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates**

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (6.25% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.25% decreasing to 5.0%)	1% Increase (8.25% decreasing to 6.0%)
District Plan	\$ 38,247,043	\$ 44,446,721	\$ 51,668,029
	1% Decrease (2.7% Part A and 3.1% Part B)	Medicare Cost Trend Rates (3.7% Part A and 4.1% Part B)	1% Increase (4.7% Part A and 5.1% Part B)
MPP Program	\$ 2,491,863	\$ 2,757,544	\$ 3,020,571

OPEB plan fiduciary net position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Futuris Trust financial report.

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of \$20,910,766. At June 30, 2018, the District reported deferred outflows of resources resulting from District contributions subsequent to the measurement date of the net OPEB liability of \$2,812,372, which will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. There were no other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB.

E. Payable to the OPEB Plan

At June 30, 2018, the District reported no payables for outstanding contributions to Futuris Trust for the year ended June 30, 2018.

Required Supplementary Information

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RIVERSIDE UNIFIED SCHOOL DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual* (Budgetary Basis)	Variance with Final Budget - Pos (Neg)
	Original	Final		
Revenues				
LCFF Sources	\$ 369,968,342	\$ 369,877,446	\$ 369,479,397	\$ (398,049)
Federal Sources	26,601,223	32,240,363	27,927,669	(4,312,694)
Other State Sources	53,699,755	69,400,077	65,213,086	(4,186,991)
Other Local Sources	5,500,943	9,229,900	9,664,178	434,278
Total Revenues	455,770,263	480,747,786	472,284,330	(8,463,456)
Expenditures				
Current:				
Certificated Salaries	222,357,774	228,350,038	226,576,145	1,773,893
Classified Salaries	68,584,176	70,436,380	72,707,655	(2,271,275)
Employee Benefits	111,667,228	115,867,757	114,465,751	1,402,006
Books and Supplies	30,144,189	37,443,155	21,737,577	15,705,578
Services and Other Operating Expenditures	54,760,941	55,427,727	47,503,784	7,923,943
Capital Outlay	6,915,301	14,712,600	10,310,210	4,402,390
Intergovernmental	80,000	156,500	141,121	15,379
Total Expenditures	494,509,609	522,394,157	493,442,243	28,951,914
Excess (Deficiency) of Revenues Over (Under) Expenditures	(38,739,346)	(41,646,371)	(21,157,913)	20,488,458
Other Financing Sources and Uses				
Interfund Transfers In	-	2,914	42,874	39,960
Interfund Transfers Out	-	-	(2,520,105)	(2,520,105)
Total Other Financing Sources and Uses	-	2,914	(2,477,231)	(2,480,145)
Net Change in Fund Balance	(38,739,346)	(41,643,457)	(23,635,144)	18,008,313
Fund Balances, July 1, 2017	98,523,784	98,523,784	98,523,784	-
Fund Balances, June 30, 2018	\$ 59,784,438	\$ 56,880,327	\$ 74,888,640	\$ 18,008,313

RIVERSIDE UNIFIED SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended June 30, 2018

	Last Ten Fiscal Years*			
	2017	2016	2015	2014
CalSTRS				
District's proportion of the net pension liability	0.4118%	0.4030%	0.3980%	0.3670%
District's proportionate share of the net pension liability	\$ 380,853,493	\$ 325,950,430	\$ 267,949,520	\$ 214,463,790
State's proportionate share of the net pension liability associated with the District	88,944,000	185,585,085	141,715,378	129,503,796
Totals	\$ 469,797,493	\$ 511,535,515	\$ 409,664,898	\$ 343,967,586
District's covered-employee payroll	\$ 220,000,906	\$ 203,826,337	\$ 184,818,401	\$ 166,812,727
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	173.11%	159.92%	144.98%	128.57%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
CalPERS				
District's proportion of the net pension liability	0.5506%	0.5092%	0.4901%	0.4797%
District's proportionate share of the net pension liability	\$ 131,440,402	\$ 100,567,315	\$ 72,241,224	\$ 54,457,630
District's covered-employee payroll	\$ 70,221,774	\$ 61,123,972	\$ 54,339,648	\$ 61,956,188
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	187.18%	164.53%	132.94%	87.90%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

Notes to Schedule:

Changes in Benefit Terms

A summary of the plan provisions that were used for a specific plan can be found in each plan's annual valuation report.

Change of Assumptions and Methods

CalSTRS:

The assumptions used in determining the Total Pension Liability of the STRP changed as a result of the actuarial experience study for the period starting July 1, 2010 and ending June 30, 2015. The assumption changes were to price inflation, wage growth, discount rate and the mortality tables.

CalPERS:

In Fiscal Year 2016-17, the financial reporting discount rate for the PERF B was lowered from 7.65 percent to 7.15 percent. In December 2016, the CalPERS Board approved lowering the funding discount rate used in the PERF B from 7.50 percent to 7.00 percent, which is to be phased-in over a three-year period (7.50 percent to 7.375 percent, 7.375 percent to 7.25 percent, and 7.25 percent to 7.00 percent) beginning with the June 30, 2017, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In Fiscal Year 2014-15, the financial reporting discount rate was increased from 7.50 percent to 7.65 percent resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50 percent during this period, and remained adjusted for administrative expenses.

* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

RIVERSIDE UNIFIED SCHOOL DISTRICT
Schedule of Pension Contributions
For the Fiscal Year Ended June 30, 2018

	Last Ten Fiscal Years*			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
CalSTRS				
Contractually required contribution	\$ 32,600,983	\$ 27,676,114	\$ 21,870,566	\$ 16,411,874
Contributions in relation to the contractually required contribution	<u>32,600,983</u>	<u>27,676,114</u>	<u>21,870,566</u>	<u>16,411,874</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 225,925,038</u>	<u>\$ 220,000,906</u>	<u>\$ 203,826,337</u>	<u>\$ 184,818,401</u>
Contributions as a percentage of covered-employee payroll	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
CalPERS				
Contractually required contribution	\$ 11,494,902	\$ 9,752,400	\$ 7,241,357	\$ 6,396,320
Contributions in relation to the contractually required contribution	<u>11,494,902</u>	<u>9,752,400</u>	<u>7,241,357</u>	<u>6,396,320</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 74,012,633</u>	<u>\$ 70,221,774</u>	<u>\$ 61,123,972</u>	<u>\$ 54,339,648</u>
Contributions as a percentage of covered-employee payroll	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

RIVERSIDE UNIFIED SCHOOL DISTRICT*Schedule of Changes in the District's Net OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30, 2018*

	2018
Total OPEB liability	
Service cost	\$ 3,148,069
Interest	2,378,137
Changes of benefit terms	329,461
Benefit payments	(2,936,140)
Net change in total OPEB liability	2,919,527
Total OPEB liability - beginning	62,234,999
Total OPEB liability - ending	\$ 65,154,526
Plan fiduciary net position	
Contributions - employer	\$ 20,000,000
Net investment income	773,214
Administrative expense	(65,409)
Net change in plan fiduciary net position	20,707,805
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending	\$ 20,707,805
District's net OPEB liability	\$ 44,446,721
Plan fiduciary net position as a percentage of the total OPEB liability	31.78%
Covered-employee payroll	\$ 273,898,274
District's net OPEB liability as a percentage of covered-employee payroll	16.23%

Notes to Schedule:

This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

RIVERSIDE UNIFIED SCHOOL DISTRICT*Schedule of Changes in the District's Net OPEB Liability and Related Ratios – MPP Program
For the Fiscal Year Ended June 30, 2018**(Dollars in Thousands, except for District's proportionate share)*

	2017
Total OPEB liability	
Interest	\$ 12,928
Differences between expected and actual experience	(41)
Changes of assumptions	(31,240)
Benefit payments, including refunds of member contributions	(28,929)
Net change in total OPEB liability	(47,282)
Total OPEB liability - beginning	468,031
Total OPEB liability - ending	\$ 420,749
Plan fiduciary net position	
Contributions - employer	\$ 29,117
Net investment income	11
Premiums paid	(28,929)
Administrative expense	(168)
Net change in plan fiduciary net position	31
Plan fiduciary net position - beginning	10
Plan fiduciary net position - ending	\$ 41
Net OPEB liability	\$ 420,708
District's proportionate share of net OPEB liability	\$ 2,757,544
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%
Covered-employee payroll	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A

Notes to Schedule:

As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

RIVERSIDE UNIFIED SCHOOL DISTRICT
Schedule of OPEB Contributions
For the Fiscal Year Ended June 30, 2018

	<u>2018</u>
Actuarially determined contribution	\$ 2,936,140
Contributions in relation to the actuarially determined contribution	<u>22,936,140</u>
Contribution deficiency (excess)	<u>\$ (20,000,000)</u>
Covered-employee payroll	<u>\$ 273,898,274</u>
Contributions as a percentage of covered-employee payroll	<u>8.37%</u>

Notes to Schedule:

Contributions shown in this schedule are for the District Plan only.

The MPP Program is funded on a pay-as-you-go basis from a portion of monthly employer contributions to CalSTRS. In accordance with Education Code Section 25930, contributions that would otherwise be credited to the CalSTRS defined benefit pension program each month are instead credited to the MPP Program.

The employer has elected to make an annual contribution equal to the benefit payments. The employer share of net benefits is the difference between the expected benefit payments and the retiree contributions. It is sometimes referred to as "pay-as-you-go."

The expected benefit payments are actuarially determined to reflect the age difference between the overall covered group and the retiree group.

Actuarially determined contributions, which are based on the expected "pay-as-you-go" cost, and actual contributions are from the measurement periods ending June 30 of the year prior to the year-end of the reporting periods shown. This is the first valuation under GASB 75 for the reported Plan.

This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

RIVERSIDE UNIFIED SCHOOL DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2018

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule present both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Proportionate Share of the Net Pension Liability

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- The proportion (percentage) of the collective net pension liability (similar to the note disclosure)
- The proportionate share (amount) of the collective net pension liability
- The employer's covered-employee payroll
- The proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered-employee payroll
- The pension plan's fiduciary net position as a percentage of the total pension liability

Schedule of Pension Contributions

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements: the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

This schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). The schedule presents information of the measurement date of the net OPEB liability.

Schedule of OPEB Contributions

This is a 10-year schedule presenting for each year certain information if an actuarially determined contribution is calculated for employers or nonemployer contributing entities. The schedule should identify whether the information relates to the employers, nonemployer contributing entities, or both.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

At June 30, 2018, the District incurred the following excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule:

Appropriations Category	Excess Expenditures
General Fund:	
Classified Salaries	\$ 2,271,275
Interfund Transfers Out	2,520,105

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Supplementary Information

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RIVERSIDE UNIFIED SCHOOL DISTRICT
Local Educational Agency Organization Structure
June 30, 2018

Riverside Unified School District is governed by a five member, elected, Board of Education. The District encompasses an area of about 92 square miles located in the northwestern portion of Riverside County approximately 47 miles east of the Los Angeles civic center. The District encompasses major portions of the City of Riverside. The District was established in 1963 through the unification of the Riverside City School District and the Riverside City High School District. The District operates twenty-nine elementary schools, seven middle schools, five high schools, and nine specialty schools consisting of one adult school, one alternative school of choice, two continuation high schools, one STEM academy, one virtual school, one opportunity school, one special education school, and one preschool.

Governing Board		
Member	Office	Term Expires
Patricia Lock-Dawson	President	December 2020
Dr. Angelov Farooq	Vice President	December 2020
Kathy Y. Allavie	Clerk	December 2018
Tom Hunt	Member	December 2020
Brent Lee	Member	December 2018

DISTRICT ADMINISTRATORS

David Hansen, Ed.D.,
Superintendent

Lynn Carmen Day,
Chief Academic Officer

Mays Kakish,
Chief Business Officer and Governmental Relations

Kyley Ybarra,
Assistant Superintendent, Department of Personnel Leadership and Development

Antonio Garcia,
Assistant Superintendent, Professional Growth Systems

Dr. Ryan Lewis,
Assistant Superintendent, Curriculum and Instruction, K-12

Sergio San Martin,
Assistant Superintendent, Operations

Timothy Walker,
Assistant Superintendent, Pupil Services, SELPA, Special Education

Dr. Jacqueline Perez,
Assistant Superintendent, Instructional Support K-12

RIVERSIDE UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2018

	Second Period Report	Annual Report
	Certificate No. (9E0A67DE)	Certificate No. (180B1D62)
Regular ADA:		
Transitional Kindergarten through Third	11,468.68	11,474.46
Fourth through Sixth	9,284.16	9,271.59
Seventh through Eighth	6,070.90	6,060.11
Ninth through Twelfth	12,315.29	12,247.37
Total Regular ADA	39,139.03	39,053.53
Special Education, Nonpublic, Nonsectarian Schools:		
Transitional Kindergarten through Third	3.10	2.83
Fourth through Sixth	7.44	6.93
Seventh through Eighth	16.52	14.43
Ninth through Twelfth	40.78	35.50
Total Special Education, Nonpublic, Nonsectarian Schools	67.84	59.69
Total ADA	39,206.87	39,113.22

RIVERSIDE UNIFIED SCHOOL DISTRICT*Schedule of Instructional Time**For the Fiscal Year Ended June 30, 2018*

<u>Grade Level</u>	<u>Required Minutes</u>	<u>2017-18 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarten	36,000	57,280	181	Complied
Grade 1	50,400	51,600	181	Complied
Grade 2	50,400	51,600	181	Complied
Grade 3	50,400	51,600	181	Complied
Grade 4	54,000	54,062	181	Complied
Grade 5	54,000	54,062	181	Complied
Grade 6	54,000	54,062	181	Complied
Grade 7	54,000	57,570	180	Complied
Grade 8	54,000	57,610	180	Complied
Grade 9	64,800	65,010	180	Complied
Grade 10	64,800	65,010	180	Complied
Grade 11	64,800	65,010	180	Complied
Grade 12	64,800	65,010	180	Complied

RIVERSIDE UNIFIED SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2018

General Fund	(Budget) 2019 ³	2018	2017	2016
Revenues and other financing sources	\$ 476,070,266	\$ 472,327,204	\$ 462,050,323	\$ 454,643,418
Expenditures	484,481,230	493,442,243	476,886,484	424,371,192
Other uses and transfers out	-	2,520,105	3,064,727	3,846,490
Total outgo	484,481,230	495,962,348	479,951,211	428,217,682
Change in fund balance (deficit)	(8,410,964)	(23,635,144)	(17,900,888)	26,425,736
Ending fund balance	\$ 66,477,676	\$ 74,888,640	\$ 98,523,784	\$ 116,424,672
Available reserves ¹	\$ 9,689,630	\$ 9,919,247	\$ 9,599,025	\$ 8,564,354
Available reserves as a percentage of total outgo	2.0%	2.0%	2.0%	2.0%
Total long-term debt	\$ 809,950,313	\$ 830,310,935	\$ 767,814,649	\$ 578,061,723
Average daily attendance at P-2 ²	38,828	39,207	39,734	39,687

The General Fund balance has decreased by \$41,536,032 over the past two years. The fiscal year 2018-19 adopted budget projects a decrease of \$8,410,964. For a district of this size, the state recommends available reserves of at least 2% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in two of the past three years, and anticipates incurring an operating deficit during the 2018-19 fiscal year. Long-term debt has increased by \$252.2 million over the past two years.

Average daily attendance has decreased by 480 over the past two years. A decrease of 379 ADA is anticipated during the fiscal year 2018-19.

¹ Available reserves consist of all unassigned fund balances in the General Fund.

² Excludes Adult Education ADA.

³ Revised Final Budget September, 2018.

RIVERSIDE UNIFIED SCHOOL DISTRICT

*Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
For the Fiscal Year Ended June 30, 2018*

*There were no differences between the Annual Financial and Budget Report and the
Audited Financial Statements in any funds.*

RIVERSIDE UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Department of Education (CDE):				
School Breakfast Program - Especially Needy	10.553	13526	\$ 3,660,714	
National School Lunch Program	10.555	13523	12,400,690	
USDA Donated Foods	10.555	N/A	<u>1,486,898</u>	
Subtotal Child Nutrition Cluster				\$ 17,548,302
Nutritional Education and Obesity Program	10.561	N/A		114,932
Child and Adult Care Food Program	10.558	13393	2,352,519	
Cash in Lieu of Commodities	10.558	13389	<u>169,338</u>	
Subtotal Child and Adult Care Food Program				<u>2,521,857</u>
Total U.S. Department of Agriculture				<u>20,185,091</u>
U.S. Department of Defense:				
Reserve Officer Training Corps (ROTC)	12.357	N/A		<u>273,218</u>
Total U.S. Department of Defense				<u>273,218</u>
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Adult Basic Education (ABE):				
Adult Basic Education & ESL	84.002A	14508	235,066	
Adult Secondary Education	84.002	13978	95,626	
English Literacy & Civics Education	84.002A	14109	<u>91,676</u>	
Subtotal Adult Basic Education Cluster				422,368
Every Student Succeeds Act (ESSA):				
Title I, Part A, Basic Grants	84.010	14329		11,265,517
Title I, Part G, Advanced Placement Test Fee Reimbursement	84.330B	23900		20,841
Title II, Part A, Supporting Effective Instruction	84.367	14341		1,638,730
Title II, Part B, CA Mathematics and Science Partnerships	84.366	14512		86,005
Title III, Limited English Proficiency (LEP) Student Program	84.365	10084	550,274	
Title III, Immigrant Education Program	84.365	15146	<u>59,144</u>	
Subtotal English Language Acquisition Grants Cluster				609,418
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14681		1,362,722
Title X McKinney-Vento Homeless Assistance Grants	84.196	14332		138,606
Carl D. Perkins Career and Technical Education: Secondary Sec 131	84.048	14894		284,537
Passed through Riverside County SELPA:				
Individuals with Disabilities Education Act (IDEA):				
Basic Local Assistance Entitlement, Part B	84.027	13379	7,120,880	
Local Assistance, Part B, Private School ISPs	84.027	10115	9,592	
Preschool Grants, Part B, Sec 619	84.173	13430	205,943	
Preschool Local Entitlement, Part B, Sec 611	84.027A	13682	1,085,206	
Mental Health Allocation Plan, Part B	84.027A	14468	493,391	
Preschool Staff Development, Part B	84.173A	13431	<u>4,372</u>	
Subtotal Special Education Cluster (IDEA)				8,919,384
Early Intervention Grants	84.181	24314		<u>115,379</u>
Total U.S. Department of Education				<u>24,863,507</u>
U.S. Department of Health & Human Services:				
Passed through Riverside County Office of Education (RCOE):				
Head Start	93.600	10016	1,159,613	
Head Start Child Care Partnership Grant	93.600	15291	<u>116,574</u>	
Subtotal Head Start Cluster				1,276,187
Passed through California Department of Health Services:				
Medi-Cal Administrative Activities	93.778	10060	1,438,872	
Medi-Cal Billing Option	93.778	10013	<u>44,900</u>	
Subtotal Medicaid Cluster				<u>1,483,772</u>
Total U.S. Department of Health & Human Services				<u>2,759,959</u>
Total Expenditures of Federal Awards				<u>\$ 48,081,775</u>

Of the Federal expenditures presented in the schedule, the District provided no Federal awards to subrecipients.

RIVERSIDE UNIFIED SCHOOL DISTRICT
Schedule of Charter Schools
For the Fiscal Year Ended June 30, 2018

<u>Charter School</u>	<u>Included in Financial Statements</u>
REACH Leadership Academy (#1409)	Not included
Encore High School for the Arts - Riverside (#1747)	Not included

RIVERSIDE UNIFIED SCHOOL DISTRICT

*Combining Balance Sheet - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2018*

	Adult Education Fund	Child Development Fund	Cafeteria Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Debt Service Fund	Total Non-Major Governmental Funds
ASSETS								
Cash	\$ 2,132,952	\$ 347,756	\$ 5,849,898	\$ 4,517,905	\$ 10,082,408	\$ -	\$ 467,462	\$ 23,398,381
Investments	-	-	-	-	-	6,831,410	734,812	7,566,222
Accounts receivable	320,650	409,534	3,848,672	22,739	70,343	-	2,328	4,674,266
Due from other funds	-	-	92,957	-	2,453,173	-	483,229	3,029,359
Inventories	-	-	345,946	-	-	-	-	345,946
Total Assets	\$ 2,453,602	\$ 757,290	\$ 10,137,473	\$ 4,540,644	\$ 12,605,924	\$ 6,831,410	\$ 1,687,831	\$ 39,014,174
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 17,836	\$ 62,412	\$ 152,954	\$ -	\$ 135,045	\$ -	\$ -	\$ 368,247
Due to other funds	114,113	694,878	3,093,939	18,732	-	4,227,950	-	8,149,612
Total Liabilities	131,949	757,290	3,246,893	18,732	135,045	4,227,950	-	8,517,859
Fund Balances								
Nonspendable	-	-	355,856	-	-	-	-	355,856
Restricted	1,142,529	-	6,534,724	4,521,912	6,300,365	2,603,460	1,687,831	22,790,821
Committed	-	-	-	-	4,119,122	-	-	4,119,122
Assigned	1,179,124	-	-	-	2,051,392	-	-	3,230,516
Total Fund Balances	2,321,653	-	6,890,580	4,521,912	12,470,879	2,603,460	1,687,831	30,496,315
Total Liabilities and Fund Balances	\$ 2,453,602	\$ 757,290	\$ 10,137,473	\$ 4,540,644	\$ 12,605,924	\$ 6,831,410	\$ 1,687,831	\$ 39,014,174

RIVERSIDE UNIFIED SCHOOL DISTRICT

*Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2018*

	Adult Education Fund	Child Development Fund	Cafeteria Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Debt Service Fund	Total Non-Major Governmental Funds
REVENUES								
Federal sources	\$ 422,368	\$ -	\$ 20,185,091	\$ -	\$ -	\$ -	\$ -	\$ 20,607,459
Other state sources	3,070,801	3,007,619	1,291,907	581,882	4,697,352	-	-	12,649,561
Other local sources	60,045	119,617	3,207,778	75,553	142,216	6,242	12,291	3,623,742
Total Revenues	<u>3,553,214</u>	<u>3,127,236</u>	<u>24,684,776</u>	<u>657,435</u>	<u>4,839,568</u>	<u>6,242</u>	<u>12,291</u>	<u>36,880,762</u>
EXPENDITURES								
Current:								
Instruction:								
Instruction related-services	2,464,091	2,478,009	-	-	-	-	-	4,942,100
Supervision of instruction	47,823	455,720	-	-	-	-	-	503,543
School site administration	786,495	-	-	-	-	-	-	786,495
Pupil support services:								
Food services	-	5,742	22,302,615	-	-	-	-	22,308,357
All other pupil services	-	60,292	-	-	-	-	-	60,292
General administration services:								
Plant services	245,869	13,689	350,167	-	-	-	-	609,725
Transfers of indirect costs	109,489	110,870	788,399	-	-	-	-	1,008,758
Capital outlay	600,612	-	5,344	562,211	2,550,195	123,123	-	3,841,485
Debt service:								
Principal	-	-	-	-	-	-	1,170,036	1,170,036
Interest	-	-	-	-	-	-	700,477	700,477
Total Expenditures	<u>4,254,379</u>	<u>3,124,322</u>	<u>23,446,525</u>	<u>562,211</u>	<u>2,550,195</u>	<u>123,123</u>	<u>1,870,513</u>	<u>35,931,268</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(701,165)</u>	<u>2,914</u>	<u>1,238,251</u>	<u>95,224</u>	<u>2,289,373</u>	<u>(116,881)</u>	<u>(1,858,222)</u>	<u>949,494</u>
OTHER FINANCING SOURCES (USES)								
Interfund transfers in	-	-	-	-	2,449,913	-	483,229	2,933,142
Interfund transfers out	(5,639)	(2,914)	(1,740)	(773,693)	(34,321)	(4,227,950)	-	(5,046,257)
Issuance of non-obligatory debt	-	-	-	-	-	6,750,010	-	6,750,010
Total Other Financing Sources and Uses	<u>(5,639)</u>	<u>(2,914)</u>	<u>(1,740)</u>	<u>(773,693)</u>	<u>2,415,592</u>	<u>2,522,060</u>	<u>483,229</u>	<u>4,636,895</u>
Net Change in Fund Balances	(706,804)	-	1,236,511	(678,469)	4,704,965	2,405,179	(1,374,993)	5,586,389
Fund Balances, July 1, 2017	3,028,457	-	5,654,069	5,200,381	7,765,914	198,281	3,062,824	24,909,926
Fund Balances, June 30, 2018	<u>\$ 2,321,653</u>	<u>\$ -</u>	<u>\$ 6,890,580</u>	<u>\$ 4,521,912</u>	<u>\$ 12,470,879</u>	<u>\$ 2,603,460</u>	<u>\$ 1,687,831</u>	<u>\$ 30,496,315</u>

See accompanying note to supplementary information.

RIVERSIDE UNIFIED SCHOOL DISTRICT

Note to the Supplementary Information

June 30, 2018

NOTE 1 – PURPOSE OF SCHEDULES

Individual Combining Financial Statements

Individual combining balance sheets and statements of revenues, expenditures and changes in fund balance have been presented for the non-major funds to provide additional information to the users of these financial statements. These statements have been prepared using the basis of accounting described in the notes to financial statements.

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) 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 are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

The District has participated in the Incentives for Longer Instructional Day and Longer Instructional Year. The District has not met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual financial report to the audited financial statements.

Schedule of Expenditures of Federal Awards

The 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The District did not elect to use the ten percent de minimis indirect cost rate.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances 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 that have not been expended by June 30, 2018.

	CFDA Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		\$ 48,535,128
Differences between Federal Revenues and Expenditures:		
Medi-Cal Billing Option	93.778	(19,023)
Medi-Cal Administrative Activities	93.778	(434,330)
Total Schedule of Expenditures of Federal Awards		<u>\$ 48,081,775</u>

RIVERSIDE UNIFIED SCHOOL DISTRICT

Note to the Supplementary Information

June 30, 2018

NOTE 1 - PURPOSE OF SCHEDULES (continued)

Schedule of Charter Schools

This schedule lists all charter schools chartered by the District, and displays information for each charter school and whether or not the charter school is included in the District audit.

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Other Independent Auditors' Reports

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

Board of Education
Riverside Unified School District
Riverside, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Riverside Unified School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Riverside Unified School District's basic financial statements, and have issued our report thereon dated November 20, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Riverside Unified School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Riverside Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Riverside Unified School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Riverside Unified School 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 audit, 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Murrieta, California
November 20, 2018



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Education
Riverside Unified School District
Riverside, California

Report on State Compliance

We have audited Riverside Unified School District's compliance with the types of compliance requirements described in the 2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting that could have a direct and material effect on each of the Riverside Unified School District's state government programs as noted on the following page for the fiscal year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with state laws, regulations, and the terms and conditions of its State programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Riverside Unified School District's state programs based on our audit of the types of compliance requirements referred to on the following page. 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 the 2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to on the following page that could have a direct and material effect on a state program occurred. An audit includes examining, on a test basis, evidence about Riverside Unified School 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 on compliance for each state program. However, our audit does not provide a legal determination of Riverside Unified School District's compliance.

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the State laws and regulations applicable to the following items:

Table with 2 columns: Description, Procedures Performed. Rows include Local Education Agencies Other Than Charter Schools, Attendance, Teacher Certification and Misassignments, Kindergarten Continuance, Independent Study, Continuation Education, Instructional Time, Instructional Materials, Ratio of Administrative Employees to Teachers.

Description	Procedures Performed
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Not Applicable
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

Unmodified Opinion on Compliance with State Programs

In our opinion, Riverside Unified School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2018.

Nigro+Nigro, PC

Murrieta, California
November 20, 2018



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Education
Riverside Unified School District
Riverside, California

Report on Compliance for Each Major Federal Program

We have audited Riverside Unified School District's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Riverside Unified School District's major federal programs for the year ended June 30, 2018. Riverside Unified School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Riverside Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Unified School 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Riverside Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Riverside Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Riverside Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Riverside Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Murrieta, California
November 20, 2018

Findings and Questioned Costs

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RIVERSIDE UNIFIED SCHOOL DISTRICT

Summary of Auditors' Results

For the Fiscal Year Ended June 30, 2018

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 500.516	<u>No</u>

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>10.553, 10.555</u>	<u>Child Nutrition Cluster</u>
<u>10.558</u>	<u>Child and Adult Food Care Program</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,442,453</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

State Awards

Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>
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RIVERSIDE UNIFIED SCHOOL DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>AB 3627 Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no financial statement findings in 2017-18.

RIVERSIDE UNIFIED SCHOOL DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516 (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs in 2017-18.

RIVERSIDE UNIFIED SCHOOL DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

There were no state award findings or questioned costs in 2017-18.

RIVERSIDE UNIFIED SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2018

Original Finding No.	Finding	Code	Recommendation	Current Status
<i>Finding 2017-001: School-Wide Plans</i>	<p>Code of Federal Regulations (CFR) Title 34 – Education, Part 200, section 200.28(e), requires grantees and sub-grantees to complete a school-wide plan which contains certain required components, one of which is a transition plan for assisting preschool children in the successful transition to the schoolwide program.</p> <p>The school-wide plans for Adams Elementary, Longfellow Elementary and Victoria Elementary lacked the required element regarding a transition plan for assisting preschool children in the successful transition to the schoolwide program.</p>	50000	The District should closely monitor the reporting of the school-wide plans and include a transition plan for assisting preschool children in the successful transition to the schoolwide program in its school-wide plans to ensure that all required elements are being addressed.	Implemented.
<i>Finding 2017-002: School Accountability Report Card</i>	<p>In accordance with Education Code §33126, the school is to provide an accountability report card to include safety, cleanliness, and adequacy of school facilities, to include any needed maintenance to ensure good repair. The condition reported should be supported by the school's Facilities Inspection Tool (FIT), School Facilities Condition Evaluation as required by Ed Code §17002. In addition, according to Education Code §35256, the governing board must publish the School Accountability Report Card (SARC) for each school by February 1st of each year.</p> <p>It was noted that the School Facility Repair Status on the SARC for Franklin Elementary and North High did not match the FIT forms.</p>	72000	We recommend that an employee verify the information presented in the SARC prior to publishing the information.	Implemented.

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Riverside Unified School District (the “District”) in connection with the issuance of (i) \$172,000,000 of the District’s Election of 2016 General Obligation Bonds, Series B and (ii) \$26,555,000 of the District’s 2019 General Obligation Refunding Bonds (collectively, the “Bonds”). The Bonds are being issued pursuant to resolutions of the Board of Education of the District adopted on November 4, 2019 (collectively, 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 the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolutions, 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 Applied Best Practices, 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.

“Financial Obligation” shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of (a) or (b). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the Municipal Rulemaking Board consistent with the Rule.

“Holders” shall mean registered owners of the Bonds.

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

“Official Statement” shall mean the Official Statement dated as of December 3, 2019 and relating to the Bonds.

“Participating Underwriter” shall mean the original Underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

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

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District’s fiscal year (presently ending June 30), commencing with the report for the 2018-19 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than 30 days (nor more than 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 15 Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a timely notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent, no later than the date required by subsection (a). The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

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

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

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

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

- (a) State funding received by the District for the last completed fiscal year;
- (b) Average daily attendance of the District for the last completed fiscal year;
- (c) Outstanding District indebtedness;
- (d) Summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year.
- (e) Information regarding total assessed valuation of taxable properties within the District, and;
- (f) Information regarding total secured tax charges and delinquencies on taxable properties within the District, to the extent the County has elected to disenroll the Teeter Plan.

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

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

SECTION 5. Reporting of Significant Events.

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

1. principal and interest payment delinquencies.
2. tender offers.
3. defeasances.
4. rating changes.
5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).
6. unscheduled draws on the debt service reserves reflecting financial difficulties.
7. unscheduled draws on credit enhancement reflecting financial difficulties.
8. substitution of the credit or liquidity providers or their failure to perform.
9. bankruptcy, insolvency, receivership or similar event of the District. For the purposes of the event identified in this Section 5(a)(10), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over

substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

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

1. non-payment related defaults.
2. modifications to rights of Bondholders.
3. unless described under Section 5(a)(6) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
4. optional, contingent or unscheduled Bond calls.
5. release, substitution or sale of property securing repayment of the Bonds.
6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.
7. appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.
8. incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Bondowners.

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

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

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

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 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) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;
- (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;
- (c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and
- (d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(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 Resolutions, 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 attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

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

Dated: December 17, 2019

RIVERSIDE UNIFIED SCHOOL DISTRICT

By: _____
Chief Business Officer

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: RIVERSIDE UNIFIED SCHOOL DISTRICT

Name of Bond Issue: Election of 2016 General Obligation Bonds, Series B [and]
2019 General Obligation Refunding Bonds

Date of Issuance: December 17, 2019

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 UNIFIED SCHOOL DISTRICT

By _____ [form only; no signature required]

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APPENDIX D

ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF RIVERSIDE AND RIVERSIDE COUNTY

The following information regarding the City of Riverside (the “City”) and Riverside County (the “County”) is included only for the purpose of supplying general information regarding the local community and economy. The Bonds are not a debt of the Cities or of the County. This material has been prepared by or excerpted from the sources as noted herein and has not been reviewed for accuracy by the District, the Underwriter or the financial advisor.

General

City of Riverside. Located approximately 60 miles east of downtown Los Angeles, the City is comprised of 81.507 square miles of land area and was incorporated on October 11, 1883. A Charter City, Riverside has a Council-Manager form of municipal government. The City Council is composed of seven members elected on a non-partisan basis, by ward, for four-year overlapping terms. The mayor is elected at large for a four-year term and is the presiding officer of the Council, but does not have a vote except in the case of a tie. The City Council hires the City Manager, who is responsible for the day-to-day administration of city business. Education, health and retail services make up the majority of the City’s economy.

Riverside County. The County of rivers, mountains, deserts and fertile valleys is the fourth largest county in the State of California (the “State”), encompassing approximately 7,243 square miles. It is located in the southern portion of the State and is bordered by San Bernardino County on the north, Los Angeles and Orange Counties on the west, the State of Arizona and the Colorado River on the east, and San Diego and Imperial Counties on the south. The County has experienced a long period of growth and development including events as diverse as the Bob Hope Golf Classic to the mega-concerts of Coachella and Stagecoach. It is currently the eleventh most populous county in the United States. The County, incorporated in 1893, is a general law county governed by five elected members of the Board of Supervisors and the County seat located in the City of Riverside.

Population

The following table shows historical population figures for the City, the County and the State of California for the past 10 years.

**POPULATION ESTIMATES
2010 through 2019
City of Riverside, Riverside County and State of California**

<u>Year</u> ⁽¹⁾	<u>City of Riverside</u>	<u>Riverside County</u>	<u>State of California</u>
2010 ⁽²⁾	303,871	2,189,641	37,253,956
2011	308,124	2,217,946	37,253,956
2012	311,622	2,246,951	37,253,956
2013	314,701	2,272,031	37,253,956
2014	316,400	2,295,798	37,253,956
2015	318,914	2,321,837	37,253,956
2016	321,723	2,350,992	37,253,956
2017	323,934	2,384,660	37,253,956
2018	326,270	2,412,536	37,253,956
2019	328,101	2,440,124	37,253,956

⁽¹⁾ As of January 1.

⁽²⁾ As of April 1.

Source: California Department of Finance.

Income

The following table shows per capita personal income for the County, State and the United States for the past 10 years.

**PER CAPITA PERSONAL INCOME
2008 through 2017
Riverside County, State of California and United States**

<u>Year</u>	<u>Riverside County</u>	<u>State of California</u>	<u>United States</u>
2008	\$31,627	\$43,895	\$40,904
2009	30,451	42,050	39,284
2010	30,685	43,609	40,545
2011	32,179	46,145	42,727
2012	32,707	48,751	44,582
2013	33,383	49,173	44,826
2014	34,732	52,237	47,025
2015	36,603	55,679	48,940
2016	37,827	57,497	49,831
2017	39,261	59,796	51,640

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Employment

The following table summarizes the labor force, employment and unemployment figures for the past five years for the City, County, State and United States.

**CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
2014 through 2018⁽¹⁾
City of Riverside, Riverside County, State of California and the United States**

<u>Year</u>	<u>Area</u>	<u>Labor Force</u>	<u>Employment⁽¹⁾</u>	<u>Unemployment⁽²⁾</u>	<u>Unemployment Rate %</u>
2014	City of Riverside	144,800	133,500	11,300	7.8
	County of Riverside	1,011,100	928,300	82,900	8.2
	State of California	18,714,700	17,310,900	1,403,800	7.5
	United States	155,922,000	146,305,000	9,617,000	6.2
2015	City of Riverside	147,600	138,100	9,400	6.4
	County of Riverside	1,034,200	965,000	69,300	6.7
	State of California	18,851,100	17,681,800	1,169,200	6.2
	United States	157,130,000	148,834,000	8,296,000	5.3
2016	City of Riverside	149,000	140,900	8,200	5.5
	County of Riverside	1,052,400	988,100	64,300	6.1
	State of California	19,044,500	18,002,800	1,041,700	5.5
	United States	159,187,000	151,436,000	7,751,000	4.9
2017	City of Riverside	151,300	144,200	7,100	4.7
	County of Riverside	1,073,400	1,017,100	56,300	5.2
	State of California	19,205,300	18,285,500	919,800	4.8
	United States	160,320,000	153,337,000	6,982,000	4.4
2018	City of Riverside	154,000	148,100	5,900	3.8
	County of Riverside	1,092,400	1,044,600	47,800	4.4
	State of California	19,398,200	18,582,800	815,400	4.2
	United States	162,075,000	155,761,000	6,314,000	3.9

Note: Data is based on annual averages, unless otherwise specified, and is not seasonally adjusted.

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department, March 2018.

Industry

Employment data by industry is not separately reported on an annual basis for the City but is compiled in the following table for the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (the “MSA”), which includes all of the County and San Bernardino County from 2014 through 2018.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES Riverside-San Bernardino-Ontario Metropolitan Statistical Area 2014-2018

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Farm	14,400	14,800	14,600	14,500	14,500
Mining and Logging	1,300	1,300	900	1,000	1,200
Construction	77,600	85,700	92,000	97,400	104,800
Manufacturing	91,400	96,200	98,700	99,200	101,300
Wholesale Trade	58,100	60,500	61,600	62,600	64,900
Retail Trade	169,600	174,400	178,300	180,900	180,800
Transportation, Warehousing & Utilities	87,100	98,100	108,000	122,100	132,600
Information	11,300	11,400	11,500	11,300	11,200
Financial Activities	42,900	44,000	44,600	44,200	43,700
Professional and Business Services	138,700	147,400	144,900	146,900	150,600
Education and Health Services	195,900	206,300	215,700	226,700	240,000
Leisure and Hospitality	144,800	151,700	160,200	166,300	170,000
Other Services	43,000	44,000	44,600	45,400	45,600
Government	<u>228,800</u>	<u>233,300</u>	<u>242,300</u>	<u>251,000</u>	<u>257,500</u>
Total All Industries	1,304,800	1,369,100	1,417,900	1,469,400	1,518,700

Note: Items may not add to total due to independent rounding.

Source: California Employment Development Department, Labor Market Information Division. March 2018 Benchmark.

Principal Employers

The following tables list the principal employers located in the City and the County.

PRINCIPAL EMPLOYERS City of Riverside As of June 30, 2018

<u>Company</u>	<u>Employees</u>
County of Riverside	11,865
University of California	8,686
Riverside Unified School District ⁽¹⁾	4,000
Kaiser	3,484
City of Riverside	2,504
California Baptist University	2,285
Riverside Community Hospital	2,200
Alvord Unified School District	1,800
UTC Aerospace Systems	1,200
Parkview Community Hospital	897

⁽¹⁾ For updated District labor information, see “RIVERSIDE UNIFIED SCHOOL DISTRICT – Labor Relations” in the front part of this Official Statement

Source: City of Riverside ‘Comprehensive Annual Financial Report’ for Fiscal Year Ended June 30, 2018.

PRINCIPAL EMPLOYERS Riverside County As of June 30, 2018

<u>Company</u>	<u>Employees</u>
County of Riverside	22,038
March Air Reserve Base	9,000
University of California at Riverside	8,829
Wal-Mart	--
Kaiser Permanente Riverside Med. Center	5,500
Stater Bros. Markets	
Riverside Unified School District	5,478
Pechanga Resort & Casino	4,750
Riverside Unified School District	4,500
Hemet Unified School District	4,058
Riverside University Health Systems – Med. Ctr.	3,965
Morongo Casino, Resort & Spa	3,800

Source: County of Riverside, California ‘Comprehensive Annual Financial Report’ for Fiscal Year Ended June 30, 2018.

Commercial Activity

Summaries of annual taxable sales for the City and County from 2014 through 2018 are shown in the following tables.

**ANNUAL TAXABLE SALES
2014 through 2018
City of Riverside
(Dollars in Thousands)**

<u>Year</u>	<u>Retail Permits</u>	<u>Retail Stores Taxable Transactions</u>	<u>Total Permits</u>	<u>Total Taxable Transactions</u>
2014	5,782	\$3,893,497	8,051	\$5,072,694
2015	6,320	4,028,227	9,309	5,371,364
2016	6,592	4,091,744	9,735	5,507,805
2017	6,572	4,133,645	9,737	5,534,192
2018	6,582	4,291,937	10,021	5,779,438

⁽¹⁾ Preliminary, subject to change.

Source: *Taxable Sales in California, California State Board of Equalization for 2014.*
Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA") for 2015-18. Some previously reported data has been revised by the CDTFA.

**ANNUAL TAXABLE SALES
2014 through 2018
Riverside County
(Dollars in Thousands)**

<u>Year</u>	<u>Retail Permits</u>	<u>Retail Stores Taxable Transactions</u>	<u>Total Permits</u>	<u>Total Taxable Transactions</u>
2014	34,910	\$22,646,343	48,453	\$32,035,687
2015	37,304	23,537,475	55,857	33,166,660
2016	38,378	24,274,686	57,742	34,483,694
2017	38,967	25,856,341	58,969	36,407,460
2018	39,577	27,977,809	61,433	38,837,736

⁽¹⁾ Preliminary, subject to change.

Source: *Taxable Sales in California, California State Board of Equalization for 2014.*
Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA") for 2015-18. Some previously reported data has been revised by the CDTFA.

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued for the past five years for the City and County are shown in the following tables.

BUILDING PERMIT VALUATIONS 2014 through 2018 City of Riverside (Dollars in Thousands)

<u>Valuation (\$000's)</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Residential	\$80,367	\$86,166	\$80,222	\$120,079	\$109,885
Non-residential	<u>70,046</u>	<u>124,254</u>	<u>148,267</u>	<u>162,197</u>	<u>173,304</u>
Total	\$150,413	210,420	\$228,489	\$282,276	\$283,189
<u>Residential Units:</u>					
Single family	230	222	219	172	171
Multiple family	<u>85</u>	<u>224</u>	<u>254</u>	<u>535</u>	<u>504</u>
Total	315	446	473	707	675

Note: Columns may not add to totals due to rounding.

Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS County of Riverside 2014-2018 (Dollars in Thousands)

<u>Valuation (\$000's)</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Residential	\$1,621,751	\$1,536,742	\$1,759,535	\$1,903,417	\$2,558,081
Non-residential	<u>814,990</u>	<u>911,465</u>	<u>1,346,020</u>	<u>1,433,691</u>	<u>1,959,680</u>
Total	\$2,436,741	\$2,448,207	\$3,105,555	\$3,337,108	\$4,517,761
<u>Residential Units:</u>					
Single family	5,007	5,007	5,662	6,265	7,540
Multiple family	<u>1,931</u>	<u>1,189</u>	<u>1,039</u>	<u>1,070</u>	<u>1,628</u>
Total	6,938	6,196	6,701	7,335	9,168

Note: Columns may not add to totals due to rounding.

Source: Construction Industry Research Board.

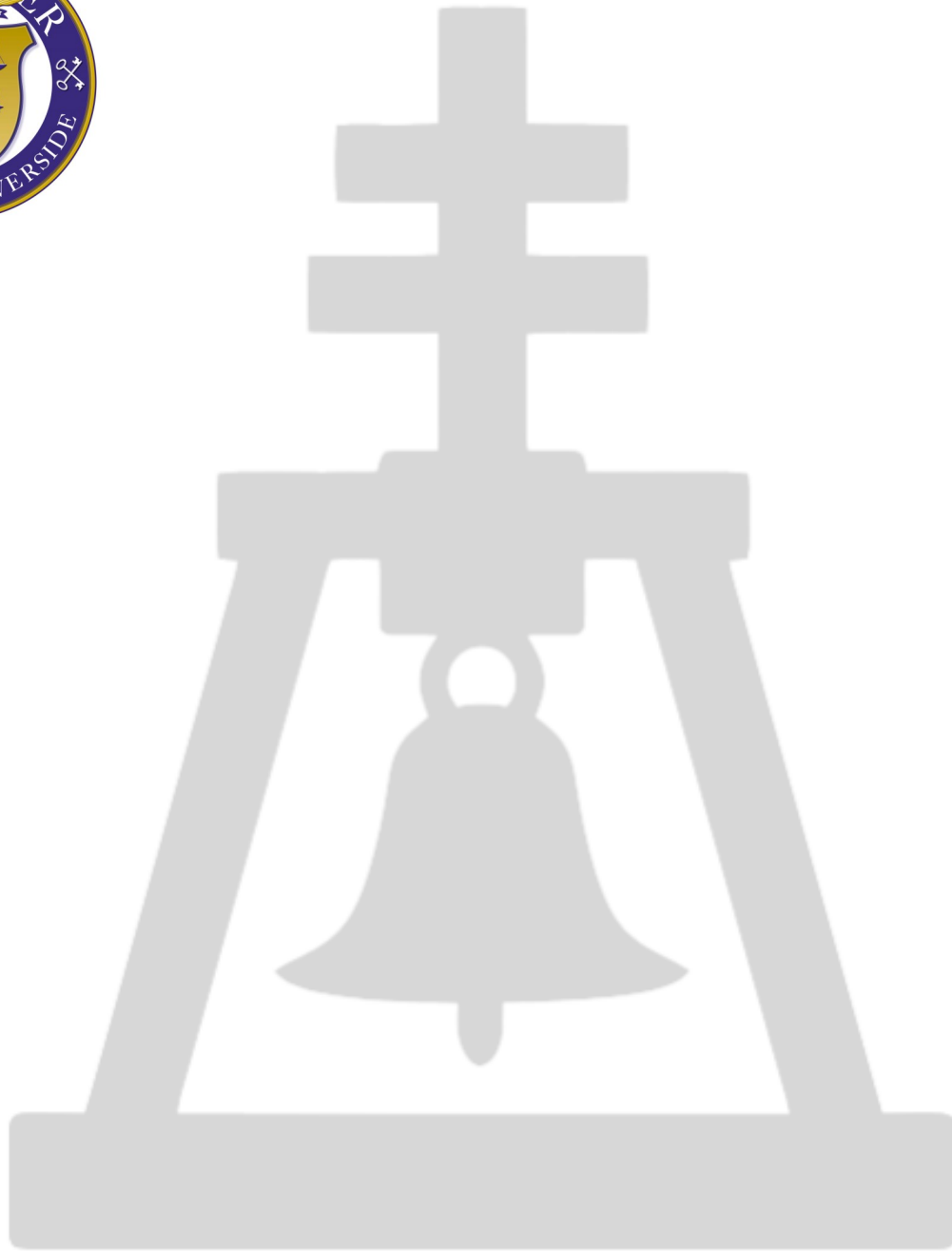
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APPENDIX E

RIVERSIDE COUNTY TREASURER'S POOLED INVESTMENT FUND

The following information concerning the Treasurer's Pooled Investment Fund (the "Investment Pool") has been provided by the County Treasurer-Tax Collector (the "Treasurer"), and has not been confirmed or verified by the District, the Municipal Advisor or the Underwriter. The District, the Municipal Advisor and the Underwriter have not made an independent investigation of the investments in the Investment Pool and have made no assessment of the current County investment policy. The value of the various investments in the Investment Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Investment Pool will not vary significantly from the values described herein. Finally, none of the District, the Municipal Advisor or the Underwriter make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Investment Pool may be obtained from the Treasurer at <https://www.countytreasurer.org/>; however, the information presented on such website is not incorporated herein by any reference.

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County of Riverside

Treasurer's Pooled Investment Fund

October 2019

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3 | Economy

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See the digital copy of our monthly TPIF report at [countytreasurer.org](https://www.countytreasurer.org) to view video of the Federal Open Market Committee's October 30 press conference.

Federal Reserve Chair Jerome Powell during the October 30 FOMC press conference. Digital Image. Federal Reserve Board. <https://www.youtube.com/user/FedReserveBoard>

Treasurer's Pooled Investment Fund

Monthly Commentary

Global Risks and Slowing U.S. Economy Spook Federal Reserve

A strong GDP report for 3Q19 and another round of economic stimulus from the Federal Reserve (FED) helped allay fears of a slowing U.S. economy. However, a slowing global economy, trade tensions, civil unrest, and Brexit continue to weigh on U.S. financial markets, especially as waning global demand curtails corporate investment and pulls the domestic manufacturing sector into a contraction. Consequently, U.S. yields ended the month lower. The TPIF's yield fell in turn.

On October 30, 2019, the Federal Open Market Committee voted to lower the target range for the Federal funds rate to 1.50-1.75%. The Federal Reserve stated the implications of slower global economic growth and muted inflationary pressures as primary reasons for the rate cut.

The rates markets were volatile during the month. The three-month Treasury bill dropped from 1.82% at the beginning of the month to 1.54% by the end. Money market rates tend to settle in close to the lower bound of the Federal funds target range. As a result, the TPIF yield dropped down to 2.03%. The TPIF yield will continue to edge lower as more and more of the maturing securities are re-invested at lower rates.

Geopolitical events and trade policy continue to be the main source of market

concerns. On the Brexit front, the UK's departure from the European Union was delayed, prompting a snap election in attempts to break the deadlock in parliament on December 12. Meanwhile, a partial verbal trade agreement between the U.S. and China was reached this month; however, many bond investors are not celebrating, as trade uncertainty has weighed heavily on markets and corporate investments decisions already. Other geopolitical risks such as riots in Hong Kong (the world's third largest financial center) and Chile, along with disruptions in the Middle East also continue to weigh on global financial markets.

GDP and employment indicators point to moderate, slowing growth in the U.S. economy, and potentially lower interest rates down the road. In the U.S., real GDP expanded by 1.9% SAAR in 3Q19, largely driven by 2.9% growth in real consumer spending. Economic growth in 2019 has been more moderate than in 2018, but remains solid by historical standards. Key measures of inflation have remained below the Federal Reserve's 2.0% target rate throughout 2019. The U.S. job market remains rock solid, backed by a 3.5% unemployment rate. The rate of jobs added in 2019 has slowed down from last year's levels, but remains strong at 160k/month.

Manufacturing indicators in October reflect a contraction in the sector, which is largely attributed to slowing global economic growth weighing on exports. In September, durable goods orders declined by 1.1% M/M and the ISM manufacturing index posted 47.8 (<50 indicates contraction). However, the U.S. housing market remains firm. In September, the three-month average for new home sales was the strongest since the 2007-2010 Sub-Prime Mortgage Crisis and existing home sales grew 3.9% Y/Y in September, the highest since March 2017. Despite strong home sales, growth in national home prices continues to soften, trending downward from 3.4% Y/Y in January to 2.0% Y/Y in September.

In Riverside County, house price growth continues to defy national trends. Following 3.4% Y/Y growth in July, house prices grew 3.9% Y/Y in August and September. Job growth in the Inland Empire also continues to outpace national and statewide labor markets. In the Inland Empire, the rate of jobs added accelerated to 2.3% Y/Y in September, compared to 1.8% Y/Y in California and 1.4% Y/Y nationwide.

Jon Christensen
Treasurer-Tax Collector

Treasurer's Statement

The Treasurer's Pooled Investment Fund is comprised of contributions from the county, schools, special districts, and other discretionary depositors throughout the County of Riverside. The primary objective of the treasurer shall be to **safeguard the principal** of the funds under the Treasurer's control, meet the **liquidity needs** of the depositor, and to maximize a **return on the funds** within the given parameters.

The Treasurer-Tax Collector and the Capital Markets team are committed to maintaining the highest credit ratings. The Treasurer's Pooled Investment Fund is currently rated **Aaa-bf** by **Moody's Investor Service** and **AAAf/S1** by **Fitch Ratings**, two of the nation's most trusted bond credit rating services.

Since its inception, the Treasurer's Pooled Investment Fund has been in **full compliance** with the Treasurer's Statement of Investment Policy, which is more restrictive than California Government Code 53646.

Capital Markets Team

Jon Christensen
Treasurer-Tax Collector

Giovane Pizano
Chief Investment Manager

Steve Faeth
Senior Investment Manager

Isela Licea
Assistant Investment Manager

Jake Nieto
Administrative Services Analyst

6-Month Pool Performance

	Month End Market Value (\$)*	Month End Book Value (\$)	Paper Gain or Loss (\$)	Paper Gain or Loss (%)	Book Yield (%)	WAM (Yrs)
Oct-19	6,439,190,828.38	6,419,496,517.32	19,694,311.06	0.31%	2.03	1.13
Sep-19	6,351,986,977.01	6,333,085,946.48	18,901,030.53	0.30%	2.13	1.10
Aug-19	6,417,639,034.28	6,389,269,000.29	28,370,033.99	0.44%	2.23	1.13
Jul-19	6,570,927,735.30	6,550,099,863.71	20,827,871.59	0.32%	2.29	1.13
Jun-19	6,838,812,308.82	6,811,213,591.28	27,598,717.54	0.41%	2.32	1.06
May-19	7,583,793,753.68	7,563,023,912.99	20,769,840.69	0.27%	2.35	1.09

*Market values do not include accrued interest.

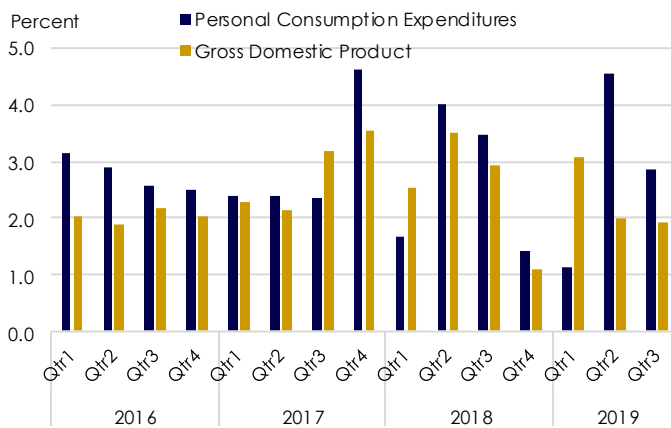
Economy

National Economy

GDP and consumer spending were solid in 3Q19, while business fixed investment and exports lagged. [[Econoday](#); 10/30/19]

- Amid historically-low 3.5% unemployment, median weekly earnings grew 3.6% Y/Y in 3Q19. [[BLS](#); 10/30/19]
- Payrolls in manufacturing fell by 2k in September, adding to evidence that the sector is stagnating. [[BLS](#); 10/31/19]
- The construction sector continues to stagnate. Construction spending declined by 1.9% Y/Y in August, falling for the eleventh consecutive month. Additionally, in September, construction payrolls remained unchanged. [[FRED](#); 10/31/2019]

Real GDP and Real PCE (SAAR)

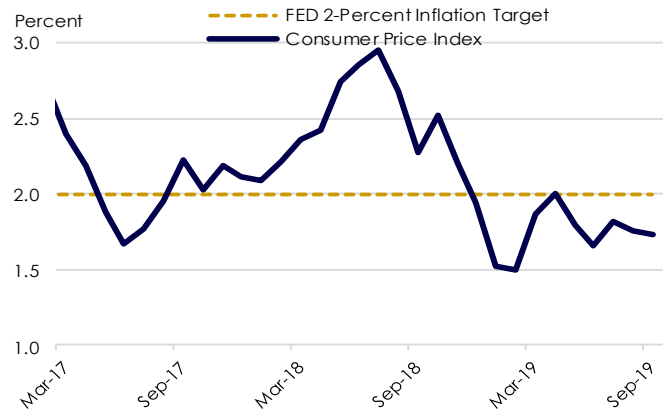


State Economy

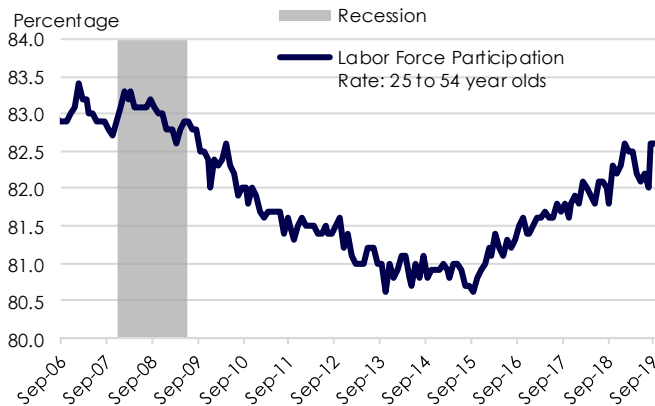
California's economy expanded for the 115th consecutive month in September, setting a historical record. [[WaPo](#); 10/31/2019]

- California's unemployment rate fell to 4.0% in September, beating August's historical low of 4.1% [[FRED](#); 10/31/2019]
- Job growth in CA has picked up in recent months, up to 1.9% Y/Y in September from 1.6% Y/Y in April. However, job growth in the trade, transportation, and utilities sector has been flat over the same period. [[BLS](#); 10/31/2019]
- Inland Empire payrolls grew 2.3% Y/Y in September, with education and health services jobs rising 5.4% Y/Y. [[BLS](#); 10/31/19]

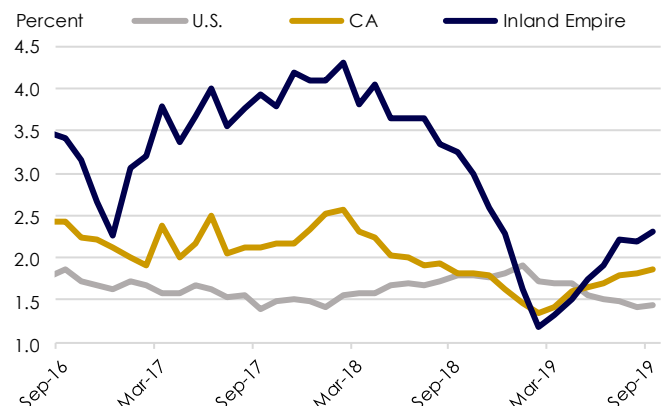
Consumer Price Index Y/Y



Labor Force Participation Rate: 25 to 54 Years



Nonfarm Payrolls Added Y/Y



Key Economic Indicators

Release Date	Indicator	Actual	Consensus	Prior Year
10/30/2019	Real GDP - Q/Q Change - SAAR - 3Q19 (1st estimate)	1.9%	1.7%	2.9%
10/04/2019	Unemployment Rate - Seasonally Adjusted	3.5%	3.7%	3.7%
10/04/2019	Non-Farm Payrolls - M/M Change - Thousands	136	145	108
10/10/2019	CPI - Y/Y Change	1.7%	1.8%	2.3%
10/10/2019	CPI Ex Food and Energy - Y/Y Change	2.4%	2.4%	2.2%
10/03/2019	ISM Non-Manufacturing Index (> 50 indicates growth)	52.6	55.5	60.8
10/24/2019	New Home Sales - SAAR - Thousands	701	698	607
10/03/2019	Factory Orders - M/M Change	-0.1%	-0.6%	1.0%
10/24/2019	Durable Goods Orders - New Orders - M/M Change	-1.1%	-0.7%	2.2%

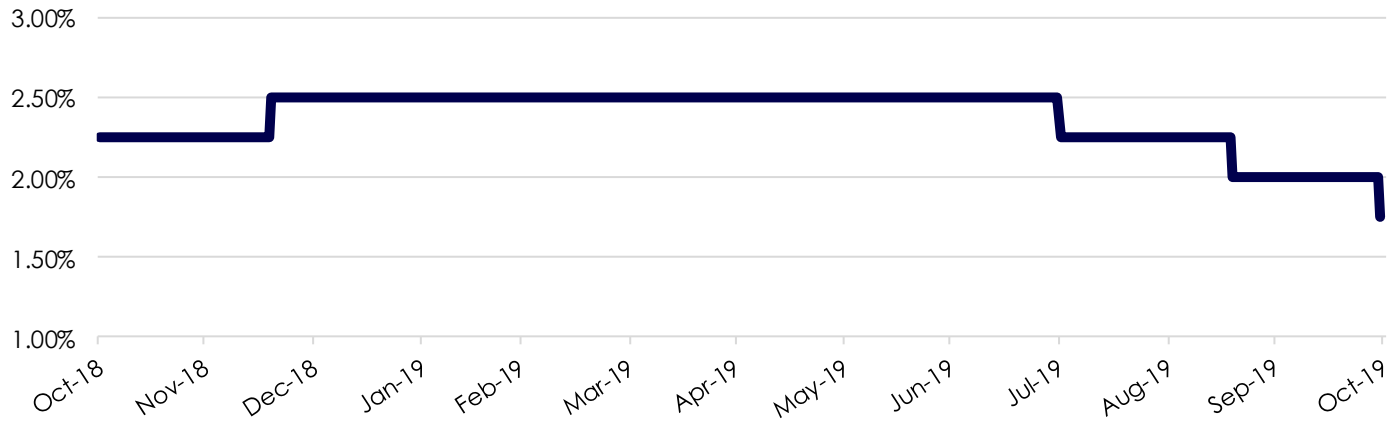
*Note: 'Prior Year' displays final estimates of indicator values from the equivalent period of the prior year.

Market Data

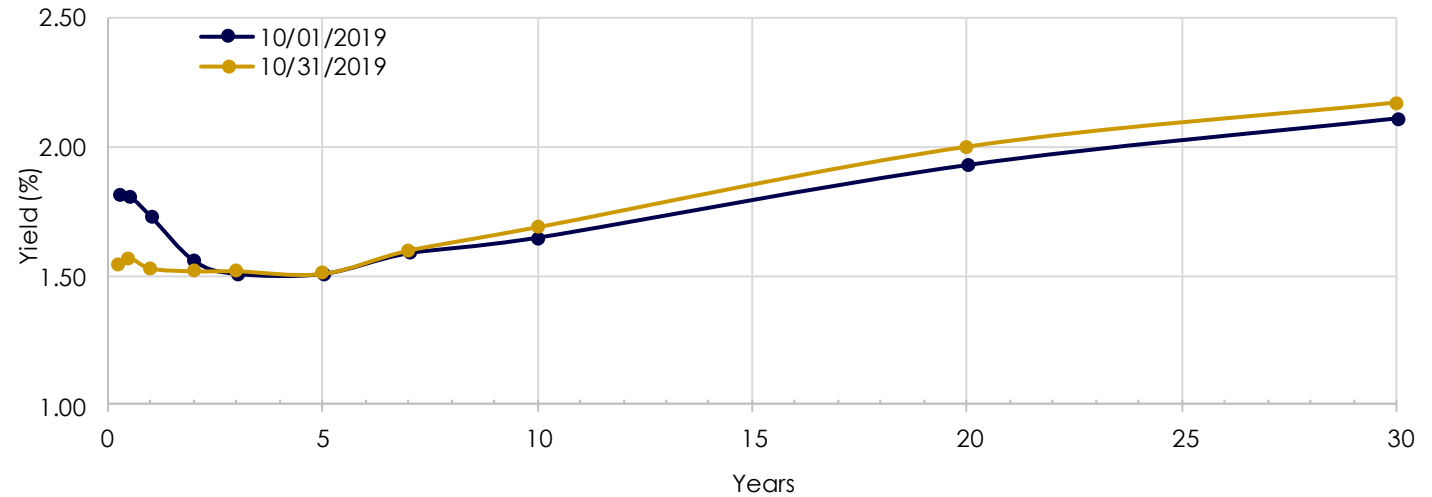
FOMC Meeting 10/30/2019

- The FOMC stated that data received since their last meeting in September “indicates that the labor market remains strong and that economic activity has been rising at a moderate rate.”
- The Federal Open Market Committee lowered the Fed Funds Target Rate to 1.50—1.75% from 1.75—2.00%.
- The FOMC stated in their October 30 press release that “sustained expansion of economic activity, strong labor market conditions, and inflation near the Committee’s symmetric 2 percent objective as the most likely outcomes, but uncertainties about this outlook remain.”

Fed Funds Target Rate (Upper Limit)



U.S. Treasury Curve

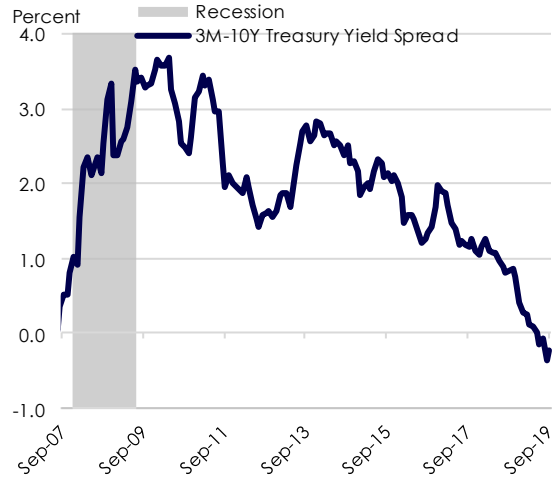
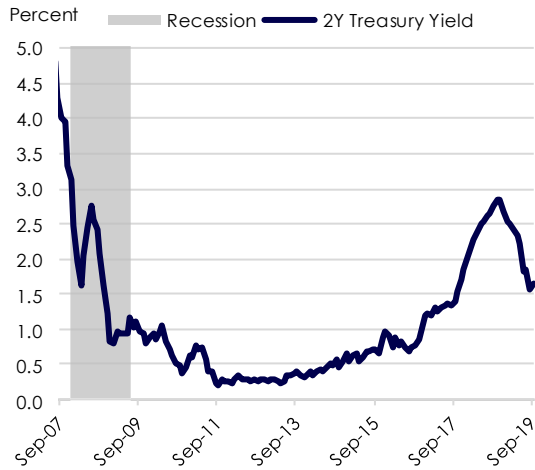


Treasury Curve Differentials	3 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr	30 Yr
10/31/2019 - 10/01/2019	-0.28	-0.24	-0.20	-0.04	0.01	0.00	0.04	0.06
10/31/2019	1.54	1.57	1.53	1.52	1.52	1.51	1.69	2.17
10/01/2019	1.82	1.81	1.73	1.56	1.51	1.51	1.65	2.11

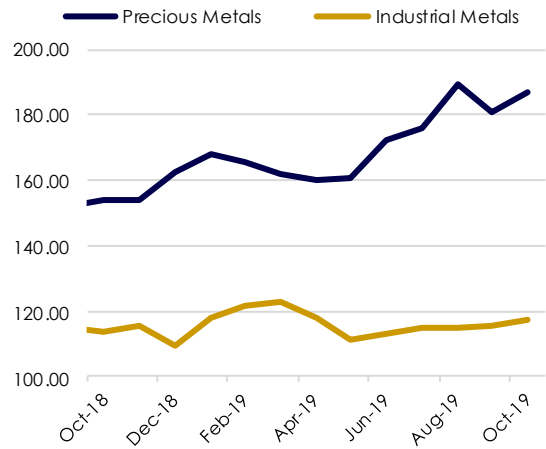
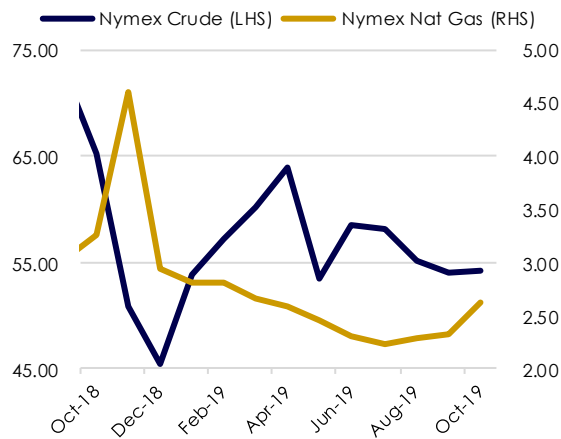
The US Treasury Curve and its values are subject to frequent change and will be updated monthly with each issued TPIF report.

Market Data cont'd

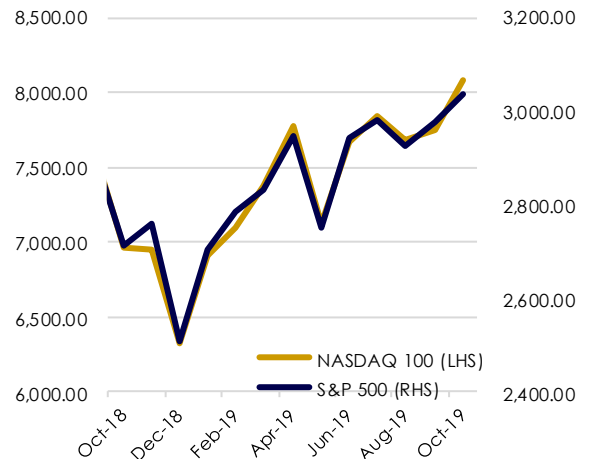
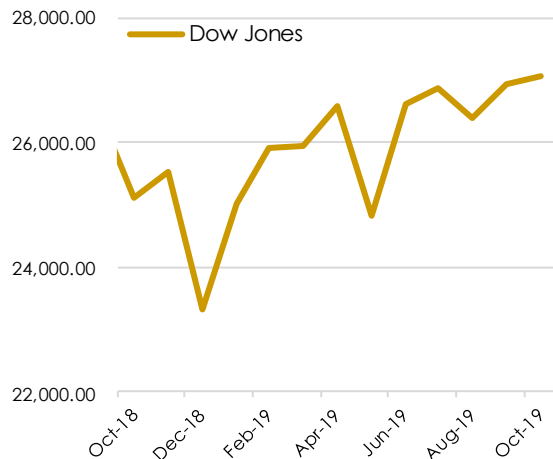
U.S. Treasuries



Commodities



Stocks



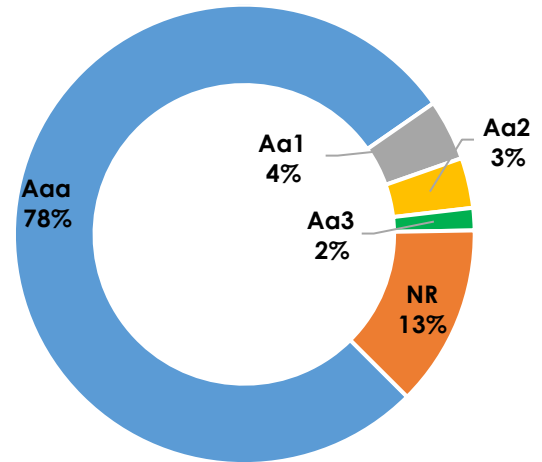
* Values listed for commodities and stocks are in US dollars and are as of the final business day of each month.

Portfolio Data

The County of Riverside's Treasurer's Pooled Investment Fund is currently rated **AAA-bf** by **Moody's Investor Service** and **AAAf/S1** by **Fitch Ratings**.

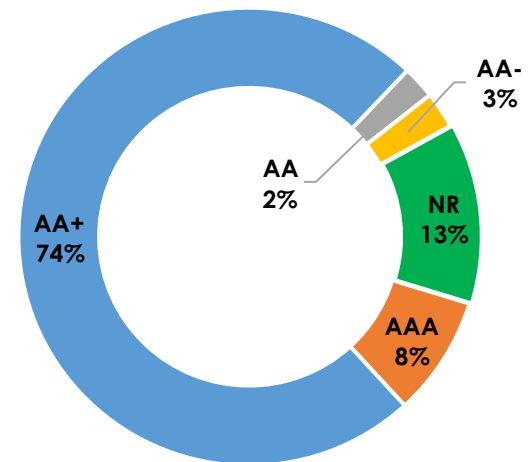
Moody's Asset Rating (000's)

	Book	MKT/Book	% Book	Yield
Aaa	4,995,941.32	100.32%	77.82%	1.99%
Aa1	275,437.42	100.41%	4.29%	2.05%
Aa2	226,976.96	100.78%	3.54%	2.22%
Aa3	101,056.12	100.00%	1.57%	2.80%
NR	820,084.70	100.09%	12.77%	2.10%
Totals:	6,419,496.52	100.31%	100.00%	2.03%



S&P Asset Rating (000's)

	Book	MKT/Book	% Book	Yield
AAA	543,641.31	100.43%	8.47%	2.00%
AA+	4,742,644.80	100.31%	73.88%	2.00%
AA	148,247.84	101.03%	2.31%	2.35%
AA-	164,877.86	100.12%	2.57%	2.48%
NR	820,084.70	100.09%	12.77%	2.10%
Totals:	6,419,496.52	100.31%	100.00%	2.03%



12-Month Projected Cash Flow

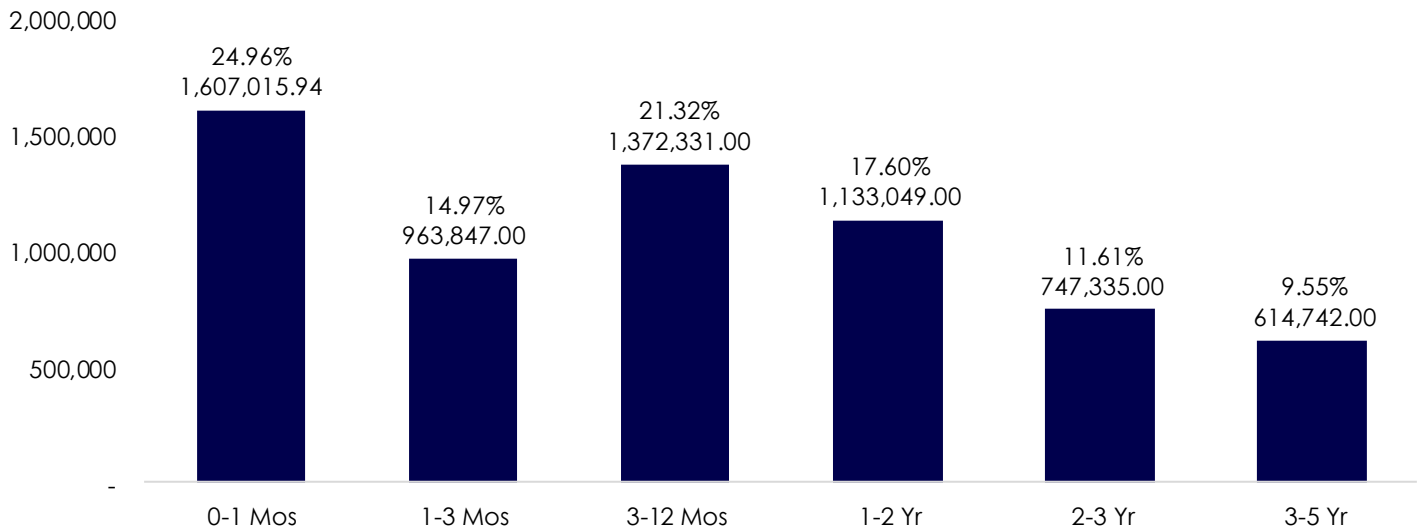
Month	Monthly Receipts	Monthly Disbursements	Difference	Required Matured Investments	Balance	Actual Investments Maturing	Available to Invest > 1 Year
11/2019					101.36		
11/2019	1,300.00	1,200.00	100.00		201.36	1,607.02	
12/2019	2,375.13	1,200.00	1,175.13		1,376.49	20.00	
01/2020	1,100.00	2,200.00	(1,100.00)		276.49	1,052.09	
02/2020	1,100.00	1,500.00	(400.00)	123.51	-	455.33	
03/2020	1,350.00	1,200.00	150.00		150.00	108.29	
04/2020	1,350.00	1,200.00	150.00		300.00	140.65	
05/2020	1,700.00	1,700.00	-		300.00	87.66	
06/2020	1,000.00	1,736.13	(736.13)	436.13	-	80.43	
07/2020	1,177.22	1,435.00	(257.78)	257.78	-	106.83	
08/2020	1,000.00	1,300.00	(300.00)	300.00	-	107.65	
09/2020	1,030.00	1,300.00	(270.00)	270.00	-	140.00	
10/2020	1,100.00	1,300.00	(200.00)	470.00	270.00	37.25	
TOTALS	15,582.35	17,271.13	(1,688.78)	1,857.42	2,975.70	3,943.19	4,562.08
				28.93%		61.43%	71.07%

* Values listed in Cash Flow Table are in millions of USD.

Based on historic and current financial conditions within the County, the Pool is expected to maintain sufficient liquidity of funds to cover County expenses for the next twelve months.

Portfolio Data cont'd

Asset Maturity Distribution (Par Value, 000's)

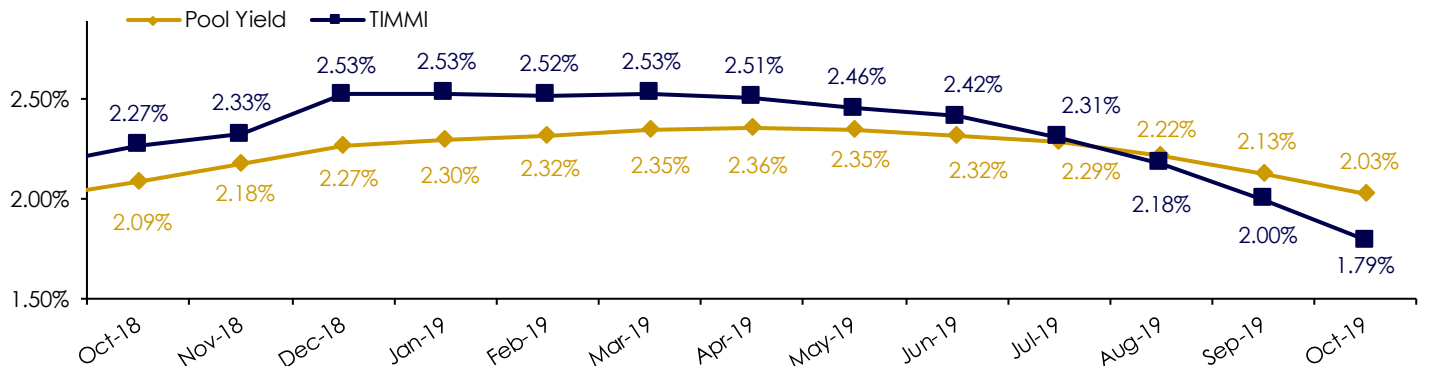


Asset Allocation (000's)

Assets	Scheduled Book	Scheduled Market	Mkt/Book	Yield	WAL (Yr.)	Mat (Yr.)
TREAS	336,944.40	339,854.40	100.86%	2.26%	0.89	0.89
AGENCIES	3,789,373.20	3,799,692.76	100.27%	1.99%	0.97	1.71
MMKT	398,000.00	398,000.00	100.00%	1.80%	0.00	0.00
CASH	665,000.00	665,000.00	100.00%	2.07%	0.00	0.00
CALTRUST FND	4,023.98	4,023.98	100.00%	2.12%	0.00	0.00
COMM PAPER	927,432.16	931,575.03	100.45%	2.01%	0.17	0.17
NCDS	-	-	0.00%	0.00%	-	-
MEDIUM TERM NOTES	138,386.54	140,708.43	101.68%	2.59%	0.69	0.72
MUNI	160,256.23	160,256.23	100.00%	2.63%	1.45	1.45
LOCAL AGCY OBLIG	80.00	80.00	100.00%	2.73%	0.63	0.63
Totals:	6,419,496.52	6,439,190.83	100.31%	2.03%	0.69	1.13

* For details on the Pool's composition see Month End Portfolio Holdings, pages 9 to 13.

TIMMI



The Treasurer's Institutional Money Market Index (TIMMI) is a composite index of four AAA rated prime institutional money market funds. Their average yield is compared to the yield of the Treasurer's Pooled Investment Fund in the above graph.

Compliance Report

Compliance Status: Full Compliance

The Treasurer's Pooled Investment Fund was in full compliance with the County of Riverside's Treasurer's Statement of Investment Policy. The County's Statement of Investment Policy is more restrictive than California Government Code 53646. The County's Investment Policy is reviewed annually by the County of Riverside's Oversight Committee and approved by the Board of Supervisors.

Investment Category	GOVERNMENT CODE			COUNTY INVESTMENT POLICY			Actual %
	Maximum Remaining Maturity	Authorized % Limit	S&P/ Moody's	Maximum Remaining Maturity	Authorized % Limit	S&P/Moody's/ Fitch	
MUNICIPAL BONDS (MUNI)	5 YEARS	NO LIMIT	NA	4 YEARS	15%	AA-/Aa3/AA-	2.50%
U.S. TREASURIES	5 YEARS	NO LIMIT	NA	5 YEARS	100%	NA	5.25%
LOCAL AGENCY OBLIGATIONS (LAO)	5 YEARS	NO LIMIT	NA	3 YEARS	2.50%	INVESTMENT GRADE	<0.01%
FEDERAL AGENCIES	5 YEARS	NO LIMIT	AAA	5 YEARS	100%	NA	59.03%
COMMERCIAL PAPER (CP)	270 DAYS	40%	A1/P1	270 DAYS	40%	A1/P1/F1	14.45%
CERTIFICATE & TIME DEPOSITS (NCD & TCD)	5 YEARS	30%	NA	1 YEAR	25% Combined	A1/P1/F1	0.00%
INT'L BANK FOR RECONSTRUCTION AND DEVELOPMENT AND INT'L FINANCE CORPORATION	NA	NA	NA	4 YEARS	20%	AA/Aa/AA	0.00%
REPURCHASE AGREEMENTS (REPO)	1 YEARS	NO LIMIT	NA	45 DAYS	40% max, 25% in term repo over 7 days	A1/P1/F1	0.00%
REVERSE REPOS	92 DAYS	20%	NA	60 DAYS	10%	NA	0.00%
MEDIUM TERM NOTES (MTNO)	5 YEARS	30%	A	3 YEARS	20%	AA/Aa2/AA	2.16%
CALTRUST SHORT TERM FUND	NA	NA	NA	DAILY LIQUIDITY	1.00%	NA	0.06%
MONEY MARKET MUTUAL FUNDS (MMF)	60 DAYS ⁽¹⁾	20%	AAA/Aaa ⁽²⁾	DAILY LIQUIDITY	20%	AAA by 2 Of 3 RATINGS AGC.	6.20%
LOCAL AGENCY INVESTMENT FUND (LAIF)	NA	NA	NA	DAILY LIQUIDITY	Max \$50 million	NA	0.00%
CASH/DEPOSIT ACCOUNT	NA	NA	NA	NA	NA	NA	10.36%

¹ Money Market Mutual Funds maturity may be interpreted as a weighted average maturity not exceeding 60 days.

² Or must have an investment advisor with no fewer than 5 years experience and with assets under management of \$500,000,000 USD.

THIS COMPLETES THE REPORT REQUIREMENTS OF CALIFORNIA GOVERNMENT CODE 53646.

Month End Portfolio Holdings

CUSIP	Description	Maturity Date	Coupon	Yield To Mat	Par Value	Book Value	Market Price	Market Value	Unrealized Gain/Loss	Modified Duration	Years To Maturity
Fund: 1 POOL FUND											
1060: MMKT ACCTS-A/365-6											
FRGX	FIDELITY GOV	11/01/2019	1.819	1.819	214,000,000.00	214,000,000.00	100.000000	214,000,000.00	0.00	.003	.003
GOFFX	FEDERATED GOV	11/01/2019	1.799	1.799	76,000,000.00	76,000,000.00	100.000000	76,000,000.00	0.00	.003	.003
WFFX	WELLS FARGO GOV	11/01/2019	1.782	1.782	57,000,000.00	57,000,000.00	100.000000	57,000,000.00	0.00	.003	.003
FGTX	GOLDMAN SACHS GOV	11/01/2019	1.764	1.764	51,000,000.00	51,000,000.00	100.000000	51,000,000.00	0.00	.003	.003
			1.803	1.803	398,000,000.00	398,000,000.00	100.000000	398,000,000.00	0.00	.003	.003
1065: CLTR-A/365-6											
CLTR	CALTRUST SHT TERM FUND	11/01/2019	2.135	2.123	4,015,944.14	4,023,976.03	100.200000	4,023,976.03	0.00	.003	.003
			2.135	2.123	4,015,944.14	4,023,976.03	100.200000	4,023,976.03	0.00	.003	.003
1080: MGD RATE-A/365-6											
CASH	BANK OF THE WEST	11/01/2019	2.120	2.120	300,000,000.00	300,000,000.00	100.000000	300,000,000.00	0.00	.003	.003
			2.120	2.120	300,000,000.00	300,000,000.00	100.000000	300,000,000.00	0.00	.003	.003
1170: MGD RATE-A/360											
CASH	PACIFIC PREMIER BANK	11/01/2019	2.021	2.021	40,000,000.00	40,000,000.00	100.000000	40,000,000.00	0.00	.003	.003
CASH	FIRST REPUBLIC BANK	11/01/2019	2.020	2.020	25,000,000.00	25,000,000.00	100.000000	25,000,000.00	0.00	.003	.003
CASH	UB MANAGED RATE	11/01/2019	2.020	2.020	300,000,000.00	300,000,000.00	100.000000	300,000,000.00	0.00	.003	.003
			2.020	2.020	365,000,000.00	365,000,000.00	100.000000	365,000,000.00	0.00	.003	.003
1175: LAO-SINKING FND-A/360											
LAO	US DIST COURTHOUSE	06/15/2020	2.727	2.727	80,000.00	80,000.00	100.000000	80,000.00	0.00	.113	.625
			2.727	2.727	80,000.00	80,000.00	100.000000	80,000.00	0.00	.113	.625
1300: U.S. TREASURY BILL											
912796TC3	U.S. TREASURY BILL	01/23/2020	2.022	2.042	25,000,000.00	24,744,504.86	99.650000	24,912,500.00	167,995.14	.225	.230
912796TE9	U.S. TREASURY BILL	02/06/2020	1.951	1.970	25,000,000.00	24,753,415.28	99.588000	24,897,000.00	143,584.72	.263	.268
			1.986	2.006	50,000,000.00	49,497,920.14	99.619000	49,809,500.00	311,579.86	.244	.249
1310: U.S. TREASURY BOND											
912828U2	U.S. TREASURY BOND	11/15/2019	1.000	2.628	75,000,000.00	73,939,453.13	99.967000	74,975,250.00	1,035,796.87	.041	.041
912828U32	U.S. TREASURY BOND	11/15/2019	1.000	2.534	40,000,000.00	39,565,625.00	99.967000	39,986,800.00	421,175.00	.041	.041
912828U32	U.S. TREASURY BOND	11/15/2019	1.000	2.524	35,000,000.00	34,652,734.38	99.967000	34,988,450.00	335,715.62	.041	.041
912828U2	U.S. TREASURY BOND	01/31/2020	1.375	2.462	50,000,000.00	49,539,062.50	99.938000	49,969,000.00	429,937.50	.249	.252
912828W63	U.S. TREASURY BOND	03/15/2020	1.625	2.449	15,000,000.00	14,889,257.81	99.996000	14,999,400.00	110,142.19	.368	.373
912828Y46	U.S. TREASURY BOND	07/31/2020	2.625	1.662	25,000,000.00	25,179,687.50	100.746000	25,186,500.00	6,812.50	.737	.751
912828YH7	U.S. TREASURY BOND	09/30/2024	1.500	1.668	25,000,000.00	24,801,757.81	99.863000	24,965,750.00	163,992.19	4.712	4.921
912828YM6	U.S. TREASURY BOND	10/31/2024	1.500	1.601	25,000,000.00	24,878,906.25	99.895000	24,973,750.00	94,843.75	4.797	5.005
			1.323	2.310	290,000,000.00	287,446,484.38	100.015483	290,044,900.00	2,598,415.62	.966	1.004
1400: FHLMC-DISC NOTE											
313396RPO	FHLMC DISC NTE	01/09/2020	1.860	1.875	40,000,000.00	39,749,530.00	99.690000	39,876,000.00	126,470.00	.188	.192
			1.860	1.875	40,000,000.00	39,749,530.00	99.690000	39,876,000.00	126,470.00	.188	.192
1420: FHLMC-Fxd-Q 30/360											
3134GTF5	FHLMC 1YrNc9MoE	04/08/2020	2.460	2.475	25,000,000.00	24,996,250.00	100.146000	25,036,500.00	40,250.00	.432	.438
			2.460	2.475	25,000,000.00	24,996,250.00	100.146000	25,036,500.00	40,250.00	.432	.438
1425: FHLMC-Fxd-S 30/360											
3134GABZ6	FHLMC 3.5YrNc1YrE	02/25/2020	1.250	1.250	10,000,000.00	10,000,000.00	99.885000	9,988,500.00	-11,500.00	.318	.321
3134GAVF8	FHLMC 3.5YrNc1YrE	05/08/2020	1.200	1.200	15,000,000.00	15,000,000.00	99.800000	14,970,000.00	-30,000.00	.513	.521
3134GAXZ2	FHLMC 4YrNc6MoE	11/25/2020	1.370	1.370	25,000,000.00	25,000,000.00	99.787000	24,946,750.00	-53,250.00	1.049	1.071
3134GAYK4	FHLMC 4YrNc1YrE	11/30/2020	1.440	1.440	10,000,000.00	10,000,000.00	99.860000	9,986,000.00	-14,000.00	1.065	1.085
3134GBK35	FHLMC 3YrNc3MoB	09/29/2020	1.800	1.800	15,000,000.00	15,000,000.00	100.017000	15,002,550.00	2,550.00	.899	.915
3137EAE5	FHLMC 2.75Yr	01/17/2020	1.500	1.602	25,000,000.00	24,942,750.00	99.968000	24,992,000.00	49,250.00	.212	.214
3134GBTX0	FHLMC 2.75YrNc2MoB	06/29/2020	1.750	1.780	20,000,000.00	19,983,860.00	99.988000	19,997,600.00	13,740.00	.651	.663
3134G9W37	FHLMC 2.5YrNc3MoB	08/10/2020	1.450	2.421	10,000,000.00	9,769,000.00	99.863000	9,986,300.00	217,300.00	.762	.778
3134GSMF9	FHLMC 5YrNc3YrE	05/26/2023	3.000	3.000	15,000,000.00	15,000,000.00	101.756000	15,263,400.00	263,400.00	3.319	3.570
3134GSQL2	FHLMC 5YrNc2YrE	06/29/2023	3.100	3.100	5,000,000.00	5,000,000.00	100.885000	5,044,250.00	44,250.00	3.401	3.663
3134GSA96	FHLMC 3YrNc1YrE	11/15/2021	3.150	3.150	10,000,000.00	10,000,000.00	100.054000	10,005,400.00	5,400.00	1.932	2.044
3134GSA96	FHLMC 3YrNc1YrE	11/15/2021	3.150	3.150	5,000,000.00	5,000,000.00	100.054000	5,002,700.00	2,700.00	1.932	2.044
3134GSA96	FHLMC 3YrNc1YrE	11/15/2021	3.150	3.150	5,000,000.00	5,000,000.00	100.054000	5,002,700.00	2,700.00	1.932	2.044
3134GSD44	FHLMC 3YrNc1YrE	11/26/2021	3.150	3.150	25,000,000.00	25,000,000.00	100.098000	25,024,500.00	24,500.00	1.962	2.074
3134GSC45	FHLMC 3YrNc1YrE	11/26/2021	3.160	3.160	10,000,000.00	10,000,000.00	100.100000	10,010,000.00	10,000.00	1.962	2.074
3134GBXV9	FHLMC 1.6YrNc1Yr	07/13/2020	1.850	2.870	15,000,000.00	14,758,950.00	100.029000	15,004,350.00	245,400.00	.686	.701
3134GTHH9	FHLMC 2.75YrNc9MoE	01/24/2022	2.500	2.500	5,000,000.00	5,000,000.00	100.155000	5,007,750.00	7,750.00	2.155	2.236
3134GTEB5	FHLMC 5YrNc1YrE	04/24/2024	2.625	2.625	15,000,000.00	15,000,000.00	100.361000	15,054,150.00	54,150.00	4.199	4.485
3134GTGX5	FHLMC 5YrNc1YrE	04/24/2024	2.610	2.610	15,000,000.00	15,000,000.00	100.340000	15,051,000.00	51,000.00	4.201	4.485
3134GTGX5	FHLMC 5YrNc1YrE	04/24/2024	2.610	2.610	15,000,000.00	15,000,000.00	100.340000	15,051,000.00	51,000.00	4.201	4.485
3134GTGK7	FHLMC 5YrNc2YrB	05/03/2024	2.600	2.600	10,000,000.00	10,000,000.00	101.197000	10,119,700.00	119,700.00	4.172	4.510
3134GTSF1	FHLMC 3YrNc1YrE	06/10/2022	2.400	2.400	5,000,000.00	5,000,000.00	100.311000	5,015,550.00	15,550.00	2.491	2.611
3134GTIX1	FHLMC 5YrNc6MoE	06/20/2024	2.250	2.250	15,000,000.00	15,000,000.00	100.108000	15,016,200.00	16,200.00	4.344	4.641
3134GTYT4	FHLMC 1YrNc1YrE	07/01/2024	2.125	2.125	15,000,000.00	15,000,000.00	100.190000	15,028,500.00	28,500.00	4.390	4.671
3134GTYT4	FHLMC 1YrNc1YrE	07/01/2024	2.125	2.125	15,000,000.00	15,000,000.00	100.190000	15,028,500.00	28,500.00	4.390	4.671
3134GTY6	FHLMC 3YrNc1YrE	07/01/2022	2.000	2.000	15,000,000.00	15,000,000.00	100.195000	15,029,250.00	29,250.00	2.568	2.668
3134GTYP2	FHLMC 2.75YrNc9MoE	04/01/2022	2.000	2.000	15,000,000.00	15,000,000.00	100.058000	15,008,700.00	8,700.00	2.354	2.419
3134GTYT4	FHLMC 5YrNc1YrE	07/01/2024	2.125	2.125	15,000,000.00	15,000,000.00	100.190000	15,028,500.00	28,500.00	4.390	4.671
3134GTJX7	FHLMC 5YrNc1YrE	07/08/2024	2.190	2.190	50,000,000.00	50,000,000.00	100.144000	50,072,000.00	72,000.00	4.401	4.690
3134GTA37	FHLMC 5YrNc1YrE	07/15/2024	2.150	2.150	15,000,000.00	15,000,000.00	100.182000	15,027,300.00	27,300.00	4.425	4.710
3134GTA52	FHLMC 5YrNc1YrQ	07/15/2024	2.300	2.300	5,000,000.00	5,000,000.00	100.203000	5,010,150.00	10,150.00	4.407	4.710
3134GTA37	FHLMC 5YrNc1YrE	07/15/2024	2.150	2.150	5,000,000.00	5,000,000.00	100.182000	5,009,100.00	9,100.00	4.425	4.710
3134GTP23	FHLMC 3.9YrNc3MoQ	07/24/2023	2.300	2.300	1,000,000.00	1,000,000.00	100.048000	1,000,480.00	480.00	3.536	3.732
3134GTW82	FHLMC 5YrNc1YrQ	08/07/2024	2.150	2.150	5,000,000.00	5,000,000.00	99.621000	4,981,050.00	-18,950.00	4.486	4.773
3134GTW74	FHLMC 5YrNc6MoQ	08/07/2024	2.300								

Month End Portfolio Holdings

CUSIP	Description	Maturity Date	Coupon	Yield To Mat	Par Value	Book Value	Market Price	Market Value	Unrealized Gain/Loss	Modified Duration	Years To Maturity
3134G9JW8	FHLMC 5YrNc3MoB	05/25/2021	1.625	1.625	20,000,000.00	20,000,000.00	99.876000	19,975,200.00	-24,800.00	1.532	1.567
3134G9NU7	FHLMC 5YrNc3MoB	06/16/2021	2.000	2.010	15,000,000.00	14,997,000.00	100.027000	15,004,050.00	7,050.00	1.587	1.627
3134G9UM7	FHLMC 5YrNc3MoB	06/30/2021	1.625	1.625	15,000,000.00	15,000,000.00	99.894000	14,984,100.00	-15,900.00	1.631	1.666
3134G9VA2	FHLMC 5YrNc6MoB	06/30/2021	1.700	1.700	15,000,000.00	15,000,000.00	99.975000	14,996,250.00	-3,750.00	1.633	1.666
3134G9UX3	FHLMC 5YrNc3MoB	06/30/2021	2.000	2.000	10,000,000.00	10,000,000.00	100.005000	10,000,500.00	500.00	1.628	1.666
3134G9S40	FHLMC 4YrNc6MoB	07/27/2020	1.750	1.750	15,000,000.00	15,000,000.00	99.967000	14,995,050.00	-4,950.00	.730	.740
3134G9R66	FHLMC 5YrNc3MoB	08/10/2021	1.500	1.500	15,000,000.00	15,000,000.00	99.697000	14,954,550.00	-45,450.00	1.743	1.778
3134G9S57	FHLMC 4YrNc6MoB	08/10/2020	1.750	1.750	15,000,000.00	15,000,000.00	99.939000	14,990,850.00	-9,150.00	.765	.778
3134G9T23	FHLMC 5YrNc3MoB	08/10/2021	1.750	1.750	10,000,000.00	10,000,000.00	99.946000	9,994,600.00	-5,400.00	1.741	1.778
3134G9U47	FHLMC 5YrNc3MoB	08/25/2021	1.625	1.625	15,000,000.00	15,000,000.00	99.877000	14,981,550.00	-18,450.00	1.780	1.819
3134G9S53	FHLMC 5YrNc3MoB	08/25/2021	1.500	1.500	10,000,000.00	10,000,000.00	99.864000	9,986,400.00	-13,600.00	1.781	1.819
3134G96A0	FHLMC 5YrNc3MoB	08/25/2021	1.625	1.625	15,000,000.00	15,000,000.00	99.790000	14,968,500.00	-31,500.00	1.782	1.819
3134GAEB6	FHLMC 4.25YrNc3MoB	12/08/2020	1.750	1.750	20,000,000.00	20,000,000.00	99.896000	19,979,200.00	-20,800.00	1.084	1.107
3134GAEG5	FHLMC 5YrNc6MoB	08/24/2021	2.000	2.000	20,000,000.00	20,000,000.00	100.000000	20,000,000.00	0.00	1.777	1.816
3134GADP6	FHLMC 5YrNc3MoB	09/13/2021	1.625	1.625	16,500,000.00	16,500,000.00	99.859000	16,476,735.00	-23,265.00	1.830	1.871
3134GAET7	FHLMC 5YrNc3MoB	09/30/2021	1.625	1.625	20,000,000.00	20,000,000.00	99.810000	19,962,000.00	-38,000.00	1.879	1.918
3134GAKY9	FHLMC 5YrNc6MoB	09/30/2021	1.750	1.750	15,000,000.00	15,000,000.00	99.941000	14,991,150.00	-8,850.00	1.879	1.918
3134GANB6	FHLMC 5YrNc6MoB	09/30/2021	1.750	1.750	15,000,000.00	15,000,000.00	99.952000	14,992,800.00	-7,200.00	1.880	1.918
3134GAPM0	FHLMC 5YrNc3MoB	10/25/2021	1.750	1.750	10,000,000.00	10,000,000.00	99.888000	9,988,800.00	-11,200.00	1.946	1.986
3134GAPM0	FHLMC 5YrNc3MoB	10/25/2021	1.750	1.750	6,705,000.00	6,705,000.00	99.888000	6,697,490.40	-7,509.60	1.946	1.986
3134GAQV9	FHLMC 5YrNc6MoB	10/27/2021	1.625	1.625	15,000,000.00	15,000,000.00	99.754000	14,963,100.00	-36,900.00	1.952	1.992
3134GAQV9	FHLMC 5YrNc6MoB	10/27/2021	1.625	1.625	15,000,000.00	15,000,000.00	99.754000	14,963,100.00	-36,900.00	1.952	1.992
3134GASF2	FHLMC 5YrNc3MoB	10/27/2021	1.625	1.625	15,000,000.00	15,000,000.00	99.779000	14,966,850.00	-33,150.00	1.951	1.992
3134GASF2	FHLMC 5YrNc3MoB	10/27/2021	1.625	1.625	15,000,000.00	15,000,000.00	99.779000	14,966,850.00	-33,150.00	1.951	1.992
3134GATA2	FHLMC 5YrNc3MoB	10/27/2021	1.625	1.625	10,000,000.00	10,000,000.00	99.952000	9,995,200.00	-4,800.00	1.952	1.992
3134GATB0	FHLMC 5YrNc3MoB	11/10/2021	1.550	1.550	17,000,000.00	17,000,000.00	99.722000	16,952,740.00	-47,260.00	1.972	2.030
3134GATA2	FHLMC 5YrNc3MoB	10/27/2021	1.625	1.625	14,000,000.00	14,000,000.00	99.952000	13,993,280.00	-6,720.00	1.952	1.992
3134GAUA0	FHLMC 5YrNc3MoB	11/30/2021	1.500	1.500	4,500,000.00	4,500,000.00	99.579000	4,481,055.00	-18,945.00	2.031	2.085
3134GAYF5	FHLMC 5YrNc3MoB	11/26/2021	1.550	1.550	20,000,000.00	20,000,000.00	99.713000	19,942,600.00	-57,400.00	2.016	2.074
3134GAYG3	FHLMC 5YrNc3MoB	12/09/2021	1.750	1.750	10,000,000.00	10,000,000.00	99.989000	9,998,900.00	-1,100.00	2.051	2.110
3134GAYR9	FHLMC 5YrNc3MoB	12/09/2021	1.650	1.650	20,000,000.00	20,000,000.00	100.014000	20,002,800.00	2,800.00	2.048	2.110
3134GAA87	FHLMC 5YrNc3MoB	12/30/2021	1.900	1.900	10,000,000.00	10,000,000.00	100.004000	10,000,400.00	400.00	2.097	2.167
3134GAA87	FHLMC 5YrNc3MoB	12/30/2021	1.900	1.900	10,000,000.00	10,000,000.00	100.004000	10,000,400.00	400.00	2.097	2.167
3134GBMP4	FHLMC 3YrNc3MoB	05/22/2020	2.000	2.000	10,000,000.00	10,000,000.00	100.016000	10,001,600.00	1,600.00	.549	.559
3134GBPJ5	FHLMC 3YrNc6MoB	05/22/2020	1.900	1.900	20,000,000.00	20,000,000.00	100.010000	20,002,000.00	2,000.00	.549	.559
3134GBSE3	FHLMC 4YrNc6MoB	02/24/2021	1.875	1.875	15,000,000.00	15,000,000.00	100.017000	15,002,550.00	2,550.00	1.290	1.321
3134GBSD5	FHLMC 3YrNc6MoB	11/24/2020	1.875	1.875	15,000,000.00	15,000,000.00	100.002000	15,000,300.00	300.00	1.042	1.068
3134GBTD4	FHLMC 5YrNc3MoB	06/29/2022	2.050	2.050	20,000,000.00	20,000,000.00	100.061000	20,012,200.00	12,200.00	2.560	2.663
3134GBTE2	FHLMC 5YrNc6MoB	06/22/2022	2.000	2.000	15,000,000.00	15,000,000.00	100.027000	15,004,050.00	4,050.00	2.543	2.644
3134GBYK2	FHLMC 5YrNc3MoB	07/05/2022	2.000	2.000	20,000,000.00	20,000,000.00	100.061000	20,012,200.00	12,200.00	2.579	2.679
3134G9T23	FHLMC 5YrNc3MoB	08/08/2023	1.500	2.399	5,000,000.00	4,790,170.00	99.302000	4,965,100.00	174,930.00	3.621	3.773
			1.748	1.756	613,705,000.00	613,492,170.00	99.905826	613,127,050.40	-365,119.60	1.740	1.785
1525: FNMA-Fxd-S 30/360											
3136G3RL1	FNMA 3.5YrNc6MoB	12/16/2019	1.500	1.500	5,000,000.00	5,000,000.00	99.987000	4,999,350.00	-650.00	.125	.126
3136G3WC5	FNMA 4YrNc6MoE	07/13/2020	1.350	1.350	10,000,000.00	10,000,000.00	99.800000	9,980,000.00	-20,000.00	.692	.701
3136G4GU1	FNMA 3YrNc6MoE	11/25/2019	1.400	1.400	10,000,000.00	10,000,000.00	99.978000	9,997,800.00	-2,200.00	.068	.068
3135G0T60	FNMA 3Yr	07/30/2020	1.500	1.604	10,000,000.00	9,969,700.00	99.908000	9,990,800.00	21,100.00	.738	.748
3135G0S46	FNMA 2.1Yr2MoB	01/27/2020	1.650	1.800	5,000,000.00	4,983,850.00	99.980000	4,999,000.00	15,150.00	.239	.241
3135G0A78	FNMA 2Yr	01/21/2020	1.625	1.911	15,000,000.00	14,910,900.00	99.996000	14,999,400.00	88,500.00	.222	.225
3135G0U05	FNMA 2.25Yr	03/06/2020	1.750	1.913	11,082,000.00	11,042,326.44	100.040000	11,086,432.80	44,106.36	.344	.348
3135G0T78	FNMA 4.83Yr	10/05/2022	2.000	2.322	15,000,000.00	14,782,200.00	101.324000	15,198,600.00	416,400.00	2.821	2.932
3135G0T94	FNMA 5Yr	01/19/2023	2.375	2.495	10,000,000.00	9,944,100.00	102.565000	10,256,500.00	312,400.00	3.057	3.222
3135G0U43	FNMA 4.41Yr	09/12/2023	2.875	2.333	30,000,000.00	30,670,500.00	104.884000	31,465,200.00	794,700.00	3.631	3.868
3136G4TY9	FNMA 5YrNc1YrQ	10/28/2024	2.000	2.000	10,000,000.00	10,000,000.00	100.004000	10,000,400.00	400.00	4.727	4.997
			1.999	1.987	131,082,000.00	131,303,576.44	101.442977	132,973,482.80	1,669,906.36	1.953	2.057
1560: FNMA-STEP%-Q 30/360											
3136G3SG1	FNMA 4.25YrNc6MoB	09/09/2020	1.750	1.750	15,000,000.00	15,000,000.00	99.919000	14,987,850.00	-12,150.00	.847	.860
			1.750	1.750	15,000,000.00	15,000,000.00	99.919000	14,987,850.00	-12,150.00	.847	.860
1565: FNMA-STEP%-S 30/360											
3136G3DV4	FNMA 5YrNc6MoB	03/30/2021	2.000	2.000	15,000,000.00	15,000,000.00	99.885000	14,982,750.00	-17,250.00	1.390	1.414
3136G3PB5	FNMA 5YrNc6MoB	06/09/2021	1.625	1.625	15,000,000.00	15,000,000.00	99.980000	14,997,000.00	-3,000.00	1.570	1.608
3136G3TG0	FNMA 4YrNc6MoB	06/30/2020	1.750	1.750	20,000,000.00	20,000,000.00	100.009000	20,001,800.00	1,800.00	.658	.666
3136G3X17	FNMA 5YrNc6MoB	07/27/2021	1.500	1.500	15,000,000.00	15,000,000.00	99.711000	14,956,650.00	-43,350.00	1.707	1.740
3136G3ZV8	FNMA 5YrNc6MoB	07/27/2021	1.750	1.750	20,000,000.00	20,000,000.00	99.809000	19,961,800.00	-38,200.00	1.705	1.740
3136G3Y74	FNMA 4YrNc6MoB	11/24/2020	1.750	1.750	15,000,000.00	15,000,000.00	99.956000	14,993,400.00	-6,600.00	1.046	1.068
			1.731	1.731	100,000,000.00	100,000,000.00	99.893400	99,893,400.00	-106,600.00	1.329	1.355
1700: FHBL-DISC NOTE											
313384SK6	FHBL DISC NTE	01/29/2020	2.028	2.049	25,000,000.00	24,743,683.33	99.600000	24,900,000.00	156,316.67	.241	.247
313384NW5	FHBL DISC NTE	11/05/2019	1.980	1.987	50,000,000.00	49,832,250.00	99.981000	49,990,500.00	158,250.00	.013	.014
313384RH4	FHBL DISC NTE	05/03/2020	1.905	1.915	60,000,000.00	59,679,325.20	99.717000	59,830,200.00	150,874.80	.172	.175
313384RQ4	FHBL DISC NTE	01/10/2020	1.875	1.885	25,000,000.00	24,861,979.17	99.685000	24,921,250.00	59,270.83	.191	.195
313384TB5	FHBL DISC NTE	02/14/2020	1.625	1.633	20,000,000.00	19,897,986.11	99.530000	19,906,000.00	8,013.89	.286	.290
313384SE0	FHBL 3Mo	01/24/2020	1.648	1.655	20,000,000.00	19,916,684.44	99.622000	19,924,400.00	7,715.56	.229	.233
313384RV3	FHBL 3Mo	01/15/2020	1.640	1.646	50,000,000.00	49,813,222.22	99.663000	49,831,500.00	18,277.78	.205	.208
313384RV3	FHBL 3Mo	01/15/2020	1.640	1.646	50,000,000.00	49,813,222.22	99.663000	49,831,500.00	18,277.78	.205	.208
313384TB5	FHBL 4Mo										

Month End Portfolio Holdings

CUSIP	Description	Maturity Date	Coupon	Yield To Mat	Par Value	Book Value	Market Price	Market Value	Unrealized Gain/Loss	Modified Duration	Years To Maturity
3130A0XD7	FHLB 3Yr	03/12/2021	2.375	2.489	10,000,000.00	9,966,500.00	101.045000	10,104,500.00	138,000.00	1.330	1.364
313378WG2	FHLB 4.08Yr	03/11/2022	2.500	2.619	10,000,000.00	9,954,700.00	102.131000	10,213,100.00	258,400.00	2.270	2.362
313382AX1	FHLB 4.9Yr	03/10/2023	2.125	2.716	11,750,000.00	11,432,397.50	101.862000	11,968,785.00	536,387.50	3.205	3.359
3130AE6U9	FHLB 3Yr	05/07/2021	2.700	2.725	7,650,000.00	7,644,492.00	101.701000	7,780,126.50	135,634.50	1.457	1.518
3130AE6U9	FHLB 3Yr	05/07/2021	2.700	2.703	10,000,000.00	9,999,100.00	101.701000	10,170,100.00	171,000.00	1.457	1.518
3130A9M40	FHLB 4.17Yr	09/29/2022	1.650	2.929	15,730,000.00	14,940,354.00	99.352000	15,628,069.60	687,715.60	2.808	2.915
3130A8R54	FHLB 4.9YrNc1Mo	07/28/2023	1.800	2.965	3,720,000.00	3,504,196.00	99.644000	3,686,828.00	182,632.00	3.563	3.742
3130AFCU9	FHLB 3YrNc1YrE	11/26/2021	3.125	3.150	10,000,000.00	9,992,900.00	100.081000	10,008,100.00	15,200.00	1.963	2.074
3130A8CK7	FHLB 4.5Yr	06/09/2023	2.050	3.147	10,000,000.00	9,540,100.00	100.001000	10,000,100.00	460,000.00	3.409	3.608
3130ADUJ9	FHLB 11Mo	03/30/2020	2.375	2.429	47,210,000.00	47,186,395.00	100.334000	47,367,681.40	181,286.40	.408	.414
313378WG2	FHLB 2.91Yr	03/11/2022	2.500	2.308	30,000,000.00	30,158,100.00	102.131000	30,639,300.00	481,200.00	2.274	2.362
3130AGUE3	FHLB 1YrNc3MoQ	08/05/2020	2.200	2.200	25,000,000.00	25,000,000.00	100.003000	25,000,750.00	750.00	.747	.764
3130AGWF8	FHLB 1YrNc3MoQ	08/14/2020	2.060	2.060	25,000,000.00	25,000,000.00	100.009000	25,002,250.00	2,250.00	.773	.789
3130AGWJ0	FHLB 1.08YrNc3MoQ	09/11/2020	2.100	2.100	25,000,000.00	25,000,000.00	100.011000	25,002,750.00	2,750.00	.847	.866
3130AGZE8	FHLB 1.4YrNc3MoQ	02/26/2021	2.050	2.050	25,000,000.00	25,000,000.00	100.001000	25,000,250.00	250.00	1.291	1.326
3130AH2K8	FHLB 1YrNc3MoQ	09/10/2020	2.050	2.060	25,000,000.00	24,997,500.00	100.026000	25,006,500.00	9,000.00	.845	.863
3130AGZ57	FHLB 2.16YrNc2MoB	11/26/2021	2.125	2.135	25,000,000.00	24,995,000.00	100.008000	25,002,000.00	7,000.00	2.022	2.074
3130AH5D1	FHLB 2YrNc6MoB	09/23/2021	2.050	2.050	25,000,000.00	25,000,000.00	99.954000	24,988,500.00	-11,500.00	1.845	1.899
3130AGYJ8	FHLB 2.9YrNc5MoB	08/26/2022	2.000	2.021	25,000,000.00	24,985,000.00	99.852000	24,963,000.00	-22,000.00	2.720	2.822
3130AHSN9	FHLB 1.66YrNc5MoQ	06/23/2021	2.000	2.009	25,000,000.00	24,996,250.00	99.983000	24,995,750.00	-500.00	1.606	1.647
3130AHE33	FHLB 5YrNc1YrQ	10/21/2024	2.000	2.000	10,000,000.00	10,000,000.00	100.112000	10,011,200.00	11,200.00	4.708	4.978
3130AHE66	FHLB 5YrNc1YrQ	10/21/2024	2.000	2.000	10,000,000.00	10,000,000.00	100.003000	10,000,300.00	300.00	4.708	4.978
3130AHG64	FHLB 5YrNc1YrQ	10/28/2024	2.000	2.000	10,000,000.00	10,000,000.00	100.107000	10,010,700.00	10,700.00	4.727	4.997
3130AHG56	FHLB 5YrNc3MoQ	10/29/2024	2.125	2.125	15,000,000.00	15,000,000.00	99.975000	14,996,250.00	-3,750.00	4.714	5.000
3130AHG31	FHLB 5YrNc2YrQ	10/29/2024	1.800	1.800	25,000,000.00	25,000,000.00	100.276000	25,069,000.00	69,000.00	4.756	5.000
3130AHG56	FHLB 3YrNc6MoQ	10/28/2022	2.000	2.000	50,000,000.00	50,000,000.00	100.058000	50,029,000.00	29,000.00	2.890	2.995
			2.102	2.180	594,365,000.00	592,536,625.75	100.324743	596,295,158.25	3,758,532.50	1.982	2.061
1765: FHLB-STEP%-S 30/360											
3130A9DH1	FHLB 5YrNc3MoB	09/30/2021	2.000	2.000	15,000,000.00	15,000,000.00	100.015000	15,002,250.00	2,250.00	1.878	1.918
3130A9DA6	FHLB 5YrNc3MoB	09/30/2021	2.000	2.000	15,000,000.00	15,000,000.00	100.012000	15,001,800.00	1,800.00	1.878	1.918
3130AA2T4	FHLB 5YrNc6MoB	12/09/2021	1.600	1.600	10,000,000.00	10,000,000.00	99.884000	9,988,400.00	-11,600.00	2.050	2.110
3130AA2T4	FHLB 5YrNc6MoB	12/09/2021	1.600	1.600	10,000,000.00	10,000,000.00	99.884000	9,988,400.00	-11,600.00	2.050	2.110
3130AA5A2	FHLB 5YrNc1YrB	12/08/2021	1.700	1.700	15,000,000.00	15,000,000.00	100.004000	15,000,600.00	600.00	2.044	2.107
3130ABVZ6	FHLB 5YrNc6MoB	02/09/2022	2.000	2.000	20,000,000.00	20,000,000.00	100.010000	20,002,000.00	2,000.00	2.207	2.279
3130ABZW9	FHLB 5YrNc3MoB	08/24/2022	2.000	2.000	10,000,000.00	10,000,000.00	100.014000	10,001,400.00	1,400.00	2.713	2.816
3130AC6H2	FHLB 5YrNc3MoB	08/24/2022	2.000	2.000	15,000,000.00	15,000,000.00	100.014000	15,002,100.00	2,100.00	2.713	2.816
3130AC4T8	FHLB 5YrNc3MoB	05/24/2022	2.000	2.000	20,000,000.00	20,000,000.00	100.030000	20,006,000.00	6,000.00	2.473	2.564
3130A9TV3	FHLB 3.4YrNc2MoB	11/08/2021	1.500	2.579	10,000,000.00	9,690,500.00	99.922000	9,992,200.00	301,700.00	1.963	2.025
3130AA5Y0	FHLB 4.16YrNc2MoB	11/25/2022	1.750	2.436	5,100,000.00	4,967,400.00	99.918000	5,095,818.00	128,418.00	2.958	3.071
			1.871	1.969	145,100,000.00	144,657,900.00	99.986884	145,080,968.00	423,068.00	2.234	2.305
1767: FHLB-Var-M A/360											
3130A9FU0	FHLB 4Yr	09/22/2020	2.000	2.000	10,000,000.00	10,000,000.00	100.084000	10,008,400.00	8,400.00	.888	.896
3130A9FM8	FHLB 4Yr	09/22/2020	2.000	2.000	15,000,000.00	15,000,000.00	100.084000	15,012,600.00	12,600.00	.888	.896
3130A9FR7	FHLB 4Yr	09/28/2020	1.954	1.954	10,000,000.00	10,000,000.00	100.084000	10,008,400.00	8,400.00	.913	.912
3130A9FR7	FHLB 4Yr	09/28/2020	1.954	1.954	15,000,000.00	15,000,000.00	100.084000	15,012,600.00	12,600.00	.913	.912
			1.977	1.977	50,000,000.00	50,000,000.00	100.084000	50,042,000.00	42,000.00	.901	.904
1770: FHLB-Var-Q A/360											
3130A8NF6	FHLB 3Yr	07/01/2020	2.224	2.224	25,000,000.00	25,000,000.00	100.175000	25,043,750.00	43,750.00	.662	.668
			2.224	2.224	25,000,000.00	25,000,000.00	100.175000	25,043,750.00	43,750.00	.662	.668
1900: FFCB-DISC NOTE											
313312RT9	FFCB DISC NTE	01/13/2020	1.850	1.862	50,000,000.00	49,676,250.00	99.672000	49,836,000.00	159,750.00	.199	.203
			1.850	1.862	50,000,000.00	49,676,250.00	99.672000	49,836,000.00	159,750.00	.199	.203
1925: FFCB-Fxd-S 30/360											
3133EF5D5	FFCB 4YrNc1YrA	04/27/2020	1.420	1.420	7,700,000.00	7,700,000.00	99.908000	7,692,916.00	-7,084.00	.487	.490
3133EG5A4	FFCB 4YrNc1YrA	08/24/2020	1.320	1.320	10,000,000.00	10,000,000.00	99.782000	9,978,200.00	-21,800.00	.805	.816
3133EGVK8	FFCB 4YrNc1YrA	09/21/2020	1.350	1.350	10,000,000.00	10,000,000.00	99.793000	9,979,300.00	-20,700.00	.880	.893
3133EGXX8	FFCB 4YrNc1YrA	10/13/2020	1.340	1.340	15,000,000.00	15,000,000.00	99.794000	14,969,100.00	-30,900.00	.940	.953
3133EGC94	FFCB 4YrNc3MoA	11/02/2020	1.380	1.380	10,000,000.00	10,000,000.00	99.593000	9,959,300.00	-40,700.00	.986	1.008
3133EGR49	FFCB 4YrNc1YrA	12/07/2020	1.770	1.770	10,000,000.00	10,000,000.00	100.000000	10,000,000.00	0.00	1.077	1.104
3133EHAJ2	FFCB 3YrNc1YrE	02/27/2020	1.710	1.710	10,000,000.00	10,000,000.00	100.002000	10,000,200.00	200.00	.323	.326
3133EHRK1	FFCB 2.5Yr	01/17/2020	1.520	1.520	10,000,000.00	10,000,000.00	99.996000	9,999,600.00	-400.00	.212	.214
3133EHUL5	FFCB 3Yr	08/10/2020	1.550	1.550	5,000,000.00	5,000,000.00	99.967000	4,998,350.00	-1,650.00	.765	.778
3133EHZN6	FFCB 3Yr	03/20/2020	1.450	1.511	20,000,000.00	19,970,400.00	99.957000	19,991,400.00	21,000.00	.383	.386
3133EJH95	FFCB 3Yr	10/26/2020	1.750	1.760	20,000,000.00	19,994,000.00	100.127000	20,025,400.00	31,400.00	.973	.989
3133EHP98	FFCB 2Yr	11/06/2019	1.600	1.667	25,000,000.00	24,967,247.50	100.000000	25,000,000.00	32,752.50	.016	.016
3133EH6X6	FFCB 4Yr	01/12/2022	2.200	2.365	10,000,000.00	9,938,000.00	101.316000	10,131,600.00	193,600.00	2.118	2.203
3133EJEM7	FFCB 3Yr	03/01/2021	2.500	2.501	10,000,000.00	9,999,700.00	101.052000	10,105,200.00	105,500.00	1.299	1.334
3133EJCE7	FFCB 2.8Yr	02/12/2021	2.350	2.474	15,000,000.00	14,948,670.00	100.796000	15,119,400.00	170,730.00	1.248	1.288
3133EJKN8	FFCB 5Yr	04/11/2023	2.700	2.721	10,000,000.00	9,990,300.00	104.017000	10,401,700.00	411,400.00	3.263	3.447
3133EJNS4	FFCB 3Yr	05/10/2021	2.700	2.747	10,000,000.00	9,986,600.00	101.602000	10,160,200.00	173,600.00	1.465	1.526
3133EJDD8	FFCB 5Yr	10/02/2023	3.050	3.095	10,000,000.00	9,979,300.00	105.787000	10,578,700.00			

Month End Portfolio Holdings

CUSIP	Description	Maturity Date	Coupon	Yield To Mat	Par Value	Book Value	Market Price	Market Value	Unrealized Gain/Loss	Modified Duration	Years To Maturity
3133EGCE3	FFCB 5Yr	05/25/2021	2.093	2.093	10,000,000.00	10,000,000.00	100.237000	10,023,700.00	23,700.00	1.555	1.567
3133EGF67	FFCB 3Yr	11/14/2019	2.091	2.091	15,000,000.00	15,000,000.00	100.005000	15,000,750.00	750.00	.038	.038
3133EGF67	FFCB 3Yr	11/14/2019	2.091	2.091	15,000,000.00	15,000,000.00	100.005000	15,000,750.00	750.00	.038	.038
3133EG4C6	FFCB 3.9Yr	01/18/2022	2.118	1.698	15,000,000.00	15,139,095.00	100.136000	15,020,400.00	-118,695.00	2.166	2.219
3133EJGD1	FFCB 5Yr	02/21/2023	1.916	1.916	15,000,000.00	15,000,000.00	99.484000	14,922,600.00	-77,400.00	3.209	3.312
3133EJJE0	FFCB 3.5Yr	10/04/2021	2.022	2.022	15,000,000.00	15,000,000.00	99.767000	14,965,050.00	-34,950.00	1.885	1.929
			2.120	2.083	170,000,000.00	170,139,095.00	100.007324	170,012,450.00	-126,645.00	1.034	1.043
1936: FFCB-Var-SOFR-Q A/360											
3133EK163	FFCB 2Yr	09/24/2021	1.960	1.960	15,000,000.00	15,000,000.00	99.962000	14,994,300.00	-5,700.00	1.853	1.901
			1.960	1.960	15,000,000.00	15,000,000.00	99.962000	14,994,300.00	-5,700.00	1.853	1.901
1950: FMAC-Fxd-S 30/360											
3132X0C74	FAMCA 2.08Yr	02/03/2020	1.970	1.970	15,000,000.00	15,000,000.00	100.058000	15,008,700.00	8,700.00	.258	.260
3132X0Z16	FAMCA 1.58Yr	01/02/2020	2.530	2.530	20,000,000.00	20,000,000.00	100.148000	20,029,600.00	29,600.00	.170	.173
3132X03B5	FAMCA 4.9Yr	06/30/2023	2.850	2.964	10,000,000.00	9,947,900.00	104.086000	10,408,600.00	460,700.00	3.424	3.666
3132X04F5	FAMCA 2.91Yr	07/23/2021	2.840	2.864	10,000,000.00	9,993,300.00	101.851000	10,185,100.00	191,800.00	1.662	1.729
31422BBR0	FAMCA 1.16Yr	03/16/2020	2.640	2.640	15,000,000.00	15,000,000.00	100.346000	15,051,900.00	51,900.00	.370	.375
31422BEP1	FAMCA 1.08Yr	05/29/2020	2.430	2.430	25,000,000.00	25,000,000.00	100.387000	25,096,750.00	96,750.00	.565	.578
			2.499	2.516	95,000,000.00	94,941,200.00	100.821737	95,780,650.00	839,450.00	.831	.870
1965: FMAC-Var-M A/360											
3132X0AT8	FAMCA 2.5 Yr	06/02/2020	2.156	1.774	25,000,000.00	25,063,500.00	100.003000	25,000,750.00	-62,750.00	.583	.589
3132X0S77	FAMCA 3Yr	04/23/2021	1.873	1.873	25,000,000.00	25,000,000.00	99.968000	24,992,000.00	-8,000.00	1.454	1.479
3132X0U90	FAMCA 3Yr	05/10/2021	1.959	1.959	10,000,000.00	10,000,000.00	99.916000	9,991,600.00	-8,400.00	1.499	1.526
			2.005	1.846	60,000,000.00	60,063,500.00	99.973917	59,984,350.00	-79,150.00	1.098	1.116
2350: MUNIS-S 30/360											
419792JH0	HAWAII STATE	04/01/2020	1.660	1.660	5,055,000.00	5,055,000.00	100.000000	5,055,000.00	0.00	.415	.419
76222RUM2	RHODE ISLAND STATE	05/01/2020	1.625	1.520	2,660,000.00	2,670,719.80	100.403000	2,670,719.80	0.00	.495	.501
3733845L6	GEORGIA STATE	07/01/2020	3.000	3.370	6,825,000.00	7,254,770.25	106.297000	7,254,770.25	0.00	.655	.668
419792NF9	HAWAII STATE	10/01/2020	1.370	1.319	2,250,000.00	2,254,320.00	100.192000	2,254,320.00	0.00	.907	.921
13063DAC2	STATE OF CALIFORNIA	04/01/2021	2.625	2.011	14,400,000.00	14,688,720.00	102.005000	14,688,720.00	0.00	1.384	1.419
76222RWT5	RHODE ISLAND ST & PROV PLANT	04/01/2020	2.750	2.451	3,065,000.00	3,082,378.55	100.567000	3,082,378.55	0.00	.414	.419
76222RWU2	RHODE ISLAND ST & PROV PLANT	04/01/2021	2.750	2.551	3,150,000.00	3,167,766.00	100.564000	3,167,766.00	0.00	1.379	1.419
13063DGA0	STATE OF CALIFORNIA	04/01/2021	2.800	2.799	16,000,000.00	16,000,640.00	100.004000	16,000,640.00	0.00	1.377	1.419
13063DAC2	STATE OF CALIFORNIA	04/01/2021	2.625	2.850	1,795,000.00	1,784,301.80	99.404000	1,784,301.80	0.00	1.378	1.419
13063DAD0	STATE OF CALIFORNIA	04/01/2022	2.367	2.960	1,500,000.00	1,468,800.00	97.920000	1,468,800.00	0.00	2.324	2.419
544351MM8	CITY OF LOS ANGELES	09/01/2021	4.000	2.919	8,915,000.00	9,200,993.20	103.208000	9,200,993.20	0.00	1.750	1.838
13063DAD0	STATE OF CALIFORNIA	04/01/2022	2.367	3.120	17,695,000.00	17,256,340.95	97.521000	17,256,340.95	0.00	2.322	2.419
13063DAD0	STATE OF CALIFORNIA	04/01/2022	2.367	3.290	25,000,000.00	24,275,250.00	97.101000	24,275,250.00	0.00	2.320	2.419
13063DGA0	STATE OF CALIFORNIA	04/01/2021	2.800	2.680	10,825,000.00	10,852,170.75	100.251000	10,852,170.75	0.00	1.378	1.419
419792YK6	STATE OF HAWAII	01/01/2021	3.250	2.733	12,745,000.00	12,864,165.75	100.935000	12,864,165.75	0.00	1.132	1.173
419792YL4	STATE OF HAWAII	01/01/2022	2.770	2.770	3,500,000.00	3,500,000.00	100.000000	3,500,000.00	0.00	2.078	2.173
419792YJ9	STATE OF HAWAII	01/01/2020	2.650	2.650	7,500,000.00	7,500,000.00	100.000000	7,500,000.00	0.00	.168	.170
13063CSQ4	STATE OF CALIFORNIA	04/01/2020	1.800	2.501	14,830,000.00	14,729,897.50	99.325000	14,729,897.50	0.00	.414	.419
368079HQ5	GAVILAN CMNTY CLG GO	08/01/2020	2.470	2.470	1,650,000.00	1,650,000.00	100.000000	1,650,000.00	0.00	.735	.753
365298X94	GARDEN GROVE USD	08/01/2020	1.875	1.875	1,000,000.00	1,000,000.00	100.000000	1,000,000.00	0.00	.740	.753
			2.587	2.633	160,360,000.00	160,256,234.55	99.935292	160,256,234.55	0.00	1.390	1.440
3020: COMMERCIAL PAPER											
16677KY80	CHEVRON	11/08/2019	2.440	2.478	100,000,000.00	98,468,222.22	99.964417	99,964,416.67	1,496,194.45	.021	.022
03785EY65	APPLE	11/06/2019	2.510	2.549	25,000,000.00	24,620,013.89	99.974583	24,993,645.83	373,631.94	.016	.016
03785DAF3	APPLE	01/15/2020	2.430	2.470	30,000,000.00	29,518,050.00	99.610417	29,883,125.00	365,075.00	.203	.208
63763PA90	NATL SEC CLEARING CORP	01/09/2020	2.100	2.124	25,000,000.00	24,721,458.33	99.641583	24,910,395.83	188,937.50	.188	.192
63763PAD1	NATL SEC CLEARING CORP	01/13/2020	1.950	1.966	50,000,000.00	49,585,625.00	99.620806	49,810,402.78	224,777.78	.199	.203
63763PAF6	NATL SEC CLEARING CORP	01/15/2020	1.950	1.967	25,000,000.00	24,790,104.17	99.610417	24,902,604.17	112,500.00	.204	.208
03785DAQ9	APPLE	01/24/2020	1.980	1.998	55,000,000.00	54,506,925.00	99.563667	54,760,016.67	253,091.67	.228	.233
63763PAF6	NATL SEC CLEARING CORP	01/15/2020	1.950	1.966	35,000,000.00	34,709,937.50	99.610417	34,863,645.83	153,708.33	.204	.208
63763PAQ2	NATL SEC CLEARING CORP	01/24/2020	1.910	1.925	15,000,000.00	14,879,829.17	99.563667	14,934,550.00	54,720.83	.228	.233
16677KZL0	CHEVRON	12/20/2019	1.950	1.962	15,000,000.00	14,907,375.00	99.750917	14,962,637.50	55,262.50	.134	.137
16677JAV8	CHEVRON	01/29/2020	1.950	1.966	33,247,000.00	32,982,270.76	99.537694	33,093,297.27	111,026.51	.242	.247
16677KYL1	CHEVRON	11/20/2019	1.990	1.999	15,000,000.00	14,936,154.17	99.903417	14,985,512.50	49,358.33	.054	.055
30229BY68	EXXON MOBIL	11/06/2019	1.970	1.977	35,000,000.00	34,883,168.06	99.974583	34,991,104.17	107,936.11	.016	.016
63763QYL5	NATL SEC CLEARING CORP	11/20/2019	2.010	2.018	25,000,000.00	24,902,291.67	99.903417	24,975,854.17	73,562.50	.054	.055
16677JAB9	CHEVRON	01/08/2020	1.950	1.963	15,000,000.00	14,903,312.50	99.646778	14,947,016.67	43,704.17	.185	.189
63763QYV3	NATL SEC CLEARING CORP	11/29/2019	2.050	2.058	25,000,000.00	24,898,923.61	99.857667	24,964,416.67	65,493.06	.078	.079
30229BYC5	EXXON MOBIL	11/12/2019	1.960	1.964	25,000,000.00	24,942,833.33	99.944083	24,986,020.83	43,187.50	.032	.033
30229AAD1	EXXON MOBIL	01/13/2020	1.940	1.951	25,000,000.00	24,859,888.89	99.620806	24,905,201.39	45,312.50	.199	.203
30229AAQ2	EXXON MOBIL	01/24/2020	1.940	1.952	50,000,000.00	49,690,138.89	99.563667	49,781,833.33	91,694.44	.228	.233
30229AAN9	EXXON MOBIL	01/22/2020	1.940	1.952	50,000,000.00	49,700,916.67	99.574056	49,787,027.78	86,111.11	.223	.227
03785DBA3	APPLE	02/10/2020	1.780	1.791	25,000,000.00	24,844,250.00	99.469750	24,867,437.50	23,187.50	.274	.279
03785DAE6	APPLE	01/14/2020	1.780	1.789	25,000,000.00	24,878,861.11	99.615611	24,903,902.78	25,041.67	.202	.205
03785DBA3	APPLE	02/10/2020	1.760	1.771	25,000,000.00	24,847,222.22	99.469750	24,867,437.50	20,215.28	.274	.279
03785DA97	APPLE	01/09/2020	1.790	1.798	11,347,000.00	11,294,529.58	99.641583	11,306,330.46	11,800.88	.188	.192
93114FYJ7	WAL-MART STORES INC	11/18/2019	1.790	1.793	25,000,000.00	24,952,763.89	99.913583	24,978,395.83	25,631.94	.048	.049
63763PBS7	NATL SEC CLEARING CORP	02/26/2020	1.800	1.812	25,000,000.00	24,833,750.00	99.385750	24,846,437.50	12,687.50	.317	.323
03785DA97	APPLE	01/09/2020	1.770	1.777	20,000,000.00	19,918,383.33	99.641583	19,928,316.67	9,933.34	.188	.192
03785DA97	APPLE										

Month End Portfolio Holdings

CUSIP	Description	Maturity Date	Coupon	Yield To Mat	Par Value	Book Value	Market Price	Market Value	Unrealized Gain/Loss	Modified Duration	Years To Maturity
478160BS2	JOHNSON & JOHNSON	03/01/2021	1.650	3.149	10,295,000.00	9,955,059.10	99.764000	10,270,703.80	315,644.70	1.300	1.334
594918BG8	MICROSOFT CORP	11/03/2020	2.000	2.912	10,100,000.00	9,929,411.00	100.241000	10,124,341.00	194,930.00	.976	1.011
			1.837	2.587	140,691,000.00	138,386,544.09	100.012389	140,708,430.51	2,321,886.42	.705	.722
	Total Fund		1.951	2.031	6,438,319,944.14	6,419,496,517.32	100.013527	6,439,190,828.38	19,694,311.06	1.093	1.136
Grand Total			1.951	2.031	6,438,319,944.14	6,419,496,517.32	100.013527	6,439,190,828.38	19,694,311.06	1.093	1.136



The Mission Inn, Downtown Riverside. Digital Image. *The Mission Inn*. <http://www.missioninn.com/about-en.html>.



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TREASURER-TAX COLLECTOR
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