NEW ISSUE - FULL BOOK-ENTRY

INSURED RATING: "AA"
UNDERLYING RATING: S&P: "A+"
See "RATINGS" herein.

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

$12,000,000*
MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
(Riverside County, California)
General Obligation Bonds, Election of 2014, Series 2020

Dated: Date of Delivery **Due: September 1, as shown on inside front cover**

Authority and Purpose. The above-captioned General Obligation Bonds, Election of 2014, Series 2020 (the "Bonds"), are being issued by the Murrieta Valley Unified School District pursuant to certain provisions of the California Government Code and a resolution of the Board of Education of the District adopted on December 17, 2019. The Bonds were authorized at an election of the registered voters of the District held on November 4, 2014, which authorized the issuance of $98,000,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities (the "2014 Authorization"). The Bonds are the third series of bonds to be issued under the 2014 Authorization. See "THE BONDS – Authority for Issuance" and "- Purpose of Issue" herein.

Security. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by Riverside County. The County Board of Supervisors is empowered and obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). The District has other series of general obligation bonds outstanding which are similarly secured by tax levies. See "SECURITY FOR THE BONDS."

Book-Entry Only. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Purchasers will not receive physical certificates representing their interests in the Bonds. See "THE BONDS" and APPENDIX F.

Payments. The Bonds are dated the date of delivery set forth below and accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each March 1 and September 1 until maturity, commencing September 1, 2020. Payments of principal of and interest on the Bonds will be paid by Zions Bancorporation, National Association, as the designated paying agent, registrar and transfer agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS - Description of the Bonds."

Redemption.* The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS – Redemption."

Bond Insurance. The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. See "BOND INSURANCE."

ASSURED GUARANTY® MUNICIPAL

MATURITY SCHEDULE
(See inside cover)

Cover Page. This cover page contains certain information for general reference only. It is not a summary of all provisions of the Bonds. Prospective investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the District. Kutak Rock LLP, Irvine, California, is serving as counsel to the Underwriter and Dannis Woliver Kelley is serving as general counsel to the District. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about January 29, 2020.*

STIFEL

The date of this Official Statement is ________, 2020

Preliminary; subject to change.

MATURITY SCHEDULE*

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
(Riverside County, California)
General Obligation Bonds, Election of 2014, Series 2020

Base CUSIP†: ________

$_________ Serial Bonds

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	CUSIP†

$________ ____% Term Bonds maturing September 1, 20__; Yield: ___%; CUSIP†: ___

____
**Preliminary; subject to change.*
† CUSIP Global Services, and a registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Capital IQ. Neither the District nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
(Riverside County, California)

BOARD OF EDUCATION

Linda Lunn, *President*
Paul Diffley, *Clerk of the Board*
Ken Dickson, *Member*
Oscar Rivas*, Member*
Kris Thomasian*, Member*

DISTRICT ADMINISTRATION

Patrick Kelley, *Superintendent*
William Olien, *Deputy Superintendent, Business and Operations*
Stacy Matusek, Chief Financial Officer

PROFESSIONAL SERVICES

FINANCIAL ADVISOR

Piper Sandler & Co.
El Segundo, California

BOND AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

Zions Bancorporation, National Association
Los Angeles, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. 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. This Official Statement is not a contract between any bond owner and the District or the Underwriter.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the District or the Underwriter.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may 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.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the District and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

Estimates and Forecasts. 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 herein, 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 information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the District or any other entity described or referenced herein since the date hereof.

Bond Insurer's Disclaimer. Assured Guaranty Municipal Corp. ("AGM" or the "Bond Insurer") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE" and "Appendix H - Specimen Municipal Bond Insurance Policy".

Involvement of Underwriter. The Underwriter has provided the following statement for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement pursuant to 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.

Stabilization of and Changes to Offering Prices. The Underwriter may overallot or take other steps that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Document Summaries. All summaries of the Bond Resolution or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

No Securities Laws Registration. The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Bonds have not been registered or qualified under the securities laws of any state.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the District, the County, the other parties described in this Official Statement, or the condition of the property within the District since the date of this Official Statement.

Website. The District maintains a website. However, the information presented on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

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$12,000,000*
MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
(Riverside County, California)
General Obligation Bonds
Election of 2014, Series 2020

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the general obligation bonds captioned above (the **"Bonds"**) by Murrieta Valley Unified School District (the "**District**").

INTRODUCTION

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 and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of Bonds to potential investors is made only by means of the entire Official Statement.

The District. The District was formed in 1885 as the Murrieta School District and on July 1, 1989, the District completed proceedings to reorganize as a unified school district within the same boundaries under the name Murrieta Valley Unified School District. The District provides public education within a 129 square mile area including most of the City of Murrieta (the "**City**"), a small portion of the City of Temecula and a portion of unincorporated areas of the County of Riverside (the "**County**").

The District currently operates eleven elementary schools, four middle schools, three comprehensive high schools, and one alternative education school. Enrollment in the District is approximately 23,251 students for fiscal year 2019-20.

For more information regarding the District and its finances, see APPENDIX A and APPENDIX B attached hereto. See APPENDIX C hereto for demographic and other statistical information regarding the City and the County.

Purpose of Issue. The net proceeds of the Bonds will be used to finance construction and improvements to facilities of the District, as approved by voters in the District at an election held on November 4, 2014 (the **"Bond Election"**). See "THE BONDS - Purpose of Issue" herein.

Authority for Issuance of the Bonds. Issuance of the Bonds was approved by more than the requisite 55% of the voters of the District voting at the Bond Election to authorize $98 million of general obligation bonds, and will be issued pursuant to certain provisions of the Government Code of the State and a resolution adopted by the Board of Education of the District on December 17, 2019 (the "**Bond Resolution**"). See "THE BONDS - Authority for Issuance" herein.

Description of the Bonds. The Bonds will be issued as current interest bonds. The Bonds will be dated their date of delivery (the "**Dated Date**") and will be issued as fully registered bonds, without coupons, in the denominations of $5,000 or any integral multiple thereof. The Bonds will mature on September 1 in the years indicated on the inside cover page hereof. The Bonds will accrue

* *Preliminary; subject to change.*

interest from the Dated Date, which is payable semiannually on September 1 and March 1 of each year, commencing September 1, 2020. See "THE BONDS – Description of the Bonds" herein.

Payment and Registration of the Bonds. The Bonds will be issued in fully registered form only, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("**DTC**"), and will be available to actual purchasers of the Bonds (the "**Beneficial Owners**") in the denominations set forth on the cover page hereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through participants in DTC's book-entry only system ("**DTC Participants**") as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See APPENDIX F.

If 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 Bond Resolution. See "THE BONDS - Registration, Transfer and Exchange of Bonds" herein.

Security and Sources of Payment for the Bonds. The Bonds are general obligation bonds of the District payable solely from *ad valorem* property taxes levied on taxable property located in the District and collected by the County. The County is empowered and obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except with respect to certain personal property which is taxable at limited rates). See "SECURITY FOR THE BONDS."

Redemption. The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS –Redemption."

Legal Matters. Issuance of the Bonds is subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, to be delivered in substantially the form attached hereto as APPENDIX D. Jones Hall, A Professional Law Corporation, San Francisco, California, will serve as Disclosure Counsel to the District. Kutak Rock LLP, Irvine, California, is serving as counsel to the Underwriter and Dannis Woliver Kelley is serving as general counsel to the District. Payment of the fees of Bond Counsel, Disclosure Counsel, Underwriter's counsel and the District's counsel is contingent upon issuance of the Bonds.

Bond Insurance. Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. (**"AGM"** or the **"Bond Insurer"**) will issue its Municipal Bond Insurance Policy for the Bonds (the "**Policy**"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due, as set forth in the form of the Policy included as Appendix H to this Official Statement. See "BOND INSURANCE" and APPENDIX H.

Tax Matters. In the opinion of Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" and APPENDIX D hereto for the form of Bond Counsel's opinion to be delivered concurrently with the Bonds.

Continuing Disclosure. The District has covenanted and agreed that it will comply with and carry out all of the provisions of a continuing disclosure certificate (the "**Continuing Disclosure Certificate**"), the form of which is attached as APPENDIX E. See "CONTINUING DISCLOSURE" for additional information.

Other Information. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement, and information concerning the Bonds, are available from the District at 41870 McAlby Court, Murrieta, California, Telephone: (951) 696-1600. The District may impose a charge for copying, mailing and handling.

END OF INTRODUCTION

THE BONDS

Authority for Issuance

The Bonds will be issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53506 thereof, and the Bond Resolution.

The District received authorization by more than the requisite 55% of District voters at the Bond Election to issue general obligation bonds in a principal amount of $98,000,000 (the "**2014 Authorization**").

On July 30, 2015, the District issued its $38,401,818 aggregate principal amount of General Obligation Bonds Election of 2014, Series 2015, pursuant to the 2014 Authorization. On June 22, 2017, the District issued its $6,755,000 aggregate principal amount of General Obligation Bonds Election of 2014, Series 2017, pursuant to the 2014 Authorization. Following the issuance of the Bonds, there will be $40,843,182* unused authorization remaining under the 2014 Authorization.

Purpose of Issue

Proceeds of the Bonds will be used for the purposes specified in the ballot measure approved by the District's voters on November 4, 2014, the abbreviated text of which appeared on the ballot as follows:

> *To upgrade outdated Murrieta K12 classrooms, labs, career-training facilities, and education technology, rehabilitate deteriorated roofs, plumbing, electrical, lighting, HVAC, flooring, buildings and grounds; acquire/construct/equip sites, classrooms, and facilities; upgrade safety/security systems; and improve science, technology, engineering, and math instructional facilities; shall Murrieta Valley Unified School District issue $98,000,000 of bonds at legal rates, with independent citizen oversight, no money for administrator salaries, and all funds benefitting Murrieta Valley K12 schools?*

In addition to the abbreviated statement of the ballot measure, as part of the sample ballot materials, in accordance with the requirements of California law, District voters were presented with a full text of ballot measure, which, among other items, included a project list identifying to District voters the types of projects eligible for funding from proceeds of bonds approved at the Bond Election (the **"Project List"**). The District makes no representation as to the specific application of the proceeds of the Bonds, the completion of any projects listed on the Project List, or whether bonds authorized by the 2014 Authorization will provide sufficient funds to complete any particular project listed in the Project List.

Description of the Bonds

The Bonds are being issued as current interest bonds. The Bonds mature in the years and in the amounts set forth on the inside cover page hereof. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See "Book-Entry Only System" and APPENDIX F.

* *Preliminary; subject to change.*

The Bonds shall be issued in the denominations of $5,000 principal amount each or any integral multiple thereof. Interest on Bonds is payable semiannually on each September 1 and March 1, commencing September 1, 2020 (each, an **"Interest Payment Date"**). Each Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (each, a **"Record Date"**), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to August 15, 2020, in which event it will bear interest from the date of delivery of the Bonds identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Bond is in default at the time of authentication thereof, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Bonds will be paid by Zions Bancorporation, National Association, as the designated paying agent, registrar and transfer agent (the "**Paying Agent**") to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds.

Book-Entry Only System

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of DTC. Purchasers of the Bonds will not receive physical certificates representing their interest in the Bonds. Payments of principal of and interest on the Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants which will remit such payments to the Beneficial Owners of the Bonds.

As long as DTC's book-entry method is used for the Bonds, the Paying Agent will send any notice of prepayment or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Bonds called for prepayment or any other action premised on such notice. See APPENDIX F.

The Paying Agent, the District, and the Underwriter of the Bonds have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the Bonds.

Redemption*

Optional Redemption. The Bonds maturing on or before September 1, 20__ are not subject to redemption prior to maturity. The Bonds maturing on or after September 1, 20__ are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on September 1, 20__, or on any date thereafter, at a price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

Whenever less than all of the outstanding Bonds of any one maturity are designated for redemption, the Paying Agent will select the outstanding Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For the purpose of selection for optional

* *Preliminary; subject to change.*

redemption, Bonds will be deemed to consist of $5,000 portions (principal amount), and any such portion may be separately redeemed. The Bonds may all be separately redeemed.

Mandatory Sinking Fund Redemption. The Bonds maturing on September 1, 20__ (the **"Term Bonds"**), are subject to mandatory sinking fund redemption on September 1 of each year in accordance with the schedules set forth below. The Term Bonds so called for mandatory sinking fund redemption will be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium.

Term Bonds Maturing September 1, 20__

Redemption Date (September 1)	Sinking Fund Redemption

If any Term Bonds are redeemed pursuant to optional redemption, the total amount of all future sinking fund payments with respect to such Term Bonds shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of $5,000 principal amount (or on such other basis as the District may determine) as set forth in written notice given by the District to the Paying Agent.

Notice of Redemption

The Paying Agent shall give notice of the redemption of the Bonds at the expense of the District to be mailed, first class, postage prepaid, at least 20 but not more than 60 days prior to the date fixed for redemption, to the owners of the Bonds designated for redemption. Such notice shall specify: (a) that the Bonds or a designated portion thereof are to be redeemed, (b) the numbers and CUSIP numbers of the Bonds to be redeemed, (c) the date of notice and the date of redemption, (d) the place or places where the redemption will be made, and (e) descriptive information regarding the Bonds including the dated date, interest rate and stated maturity date. Such notice shall further state that on the specified date there shall become due and payable upon each Bond to be redeemed, the portion of the principal amount of such Bond to be redeemed, together with interest accrued to said date, the redemption premium, if any, and that from and after such date interest with respect thereto shall cease to accrue and be payable. Such notice may be a conditional notice of redemption and subject to rescission as set forth below.

Neither the failure to receive or failure to send any notice of redemption nor any defect in any such redemption notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds.

Partial Redemption of Bonds

Upon surrender of Bonds redeemed in part only, the District will execute and the Paying Agent will authenticate and deliver to the owner, at the expense of the District, a new Bond or Bonds, of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

Effect of Redemption

From and after the date fixed for redemption, if notice of such redemption has been duly given and funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption have been duly provided, such Bonds so called will cease to be entitled to any benefit under the Bond Resolution, other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in such notice.

Right to Rescind Notice of Redemption

The District has the right to rescind any notice of the optional redemption of Bonds by written notice to the Paying Agent on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption. The District and the Paying Agent have no liability to the Bond owners or any other party related to or arising from such rescission of redemption. The Paying Agent shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the Bond Resolution.

Registration, Transfer and Exchange of Bonds

If the book entry system is discontinued, the District shall cause the Paying Agent to maintain and keep at its principal corporate trust office all books and records necessary for the registration, exchange and transfer of the Bonds.

If the book entry system is discontinued, the person in whose name a Bond is registered on the Bond registration books shall be regarded as the absolute owner of that Bond. Payment of the principal of and interest on any Bond shall be made only to or upon the order of that person; neither the District, the County nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided in the Bond Resolution.

Bonds may be exchanged at the principal corporate trust office of the Paying Agent in Los Angeles, California for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. Any Bond may, in accordance with its terms, but only if (i) the District determines to no longer maintain the book entry only status of the Bonds, (ii) DTC determines to discontinue providing such services and no successor securities depository is named or (iii) DTC requests the District to deliver Bond certificates to particular DTC Participants, be transferred, upon the books required to be kept pursuant to the provisions of the Bond Resolution, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed.

No exchanges of Bonds shall be required to be made (a) fifteen days prior to an Interest Payment Date or the date established by the Paying Agent for selection of Bonds for redemption until the close of business on the Interest Payment Date or day on which the applicable notice of redemption is given or (b) with respect to a Bond after such Bond has been selected or called for redemption in whole or in part.

Defeasance and Discharge of Bonds

The Bonds may be paid by the District, in whole or in part, in any one or more of the following ways:

(a) by paying or causing to be paid the principal or redemption price of and interest on such Bonds, as and when the same become due and payable;

(b) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Bond Resolution) to pay or redeem such Bonds; or

(c) by delivering such Bonds to the Paying Agent for cancellation by it.

Whenever in the Bond Resolution it is provided or permitted that there be deposited with or held in trust by the Paying Agent money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may be held by the Paying Agent or by any other fiduciary. Such money or securities may include money or securities held by the Paying Agent in the funds and accounts established under the Bond Resolution and will be:

(i) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption is given as provided in the Bond Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice, the amount to be deposited or held will be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or

(ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption is given as provided in the Bond Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice.

Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as described above) to pay or redeem any outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), then all liability of the County and the District in respect of such Bond will cease and be completely discharged, except only that thereafter the owner thereof will be entitled only to payment of the principal of and interest on such Bond by the District, and the District will remain liable for such payment, but only out of such money or securities deposited with the Paying Agent for such payment.

"Federal Securities" means: United States Treasury notes, bonds, bills or certificates of indebtedness, or any other obligations the timely payment of which is directly or indirectly guaranteed by the faith and credit of the United States of America.

DEBT SERVICE SCHEDULES

The Bonds. The following table shows the annual debt service schedule with respect to the Bonds, assuming no optional redemptions.

Murrieta Valley Unified School District
General Obligation Bonds
Election of 2014, Series 2020
Debt Service Schedule

Bond Year Ending (September 1)	Principal	Interest	Total Annual Debt Service
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
TOTAL			

Combined General Obligation Bonds. The following table shows the combined annual debt service schedule with respect to all outstanding general obligation bonds of the District secured by *ad valorem* taxes, assuming no optional redemptions. See APPENDIX A – "DISTRICT FINANCIAL INFORMATION - Existing Debt Obligations" for additional information.

Bond Year Ending September 1	Series 1998 Bonds	Series 2001 Bonds	Series 2002A Bonds	2012 Refunding Bonds	2013 Refunding Bonds	Series 2008 Bonds	2015 Refunding Bonds	2016 Refunding Bonds	Series 2015 Bonds	Series 2017 Bonds	The Bonds	Total Debt Service
2020	$5,050,000.00	$760,000.00	--	$1,094,638.00	$1,381,043.76	$296,400.00	$5,390,000.00	$1,507,250.00	$2,050,906.26	$1,737,806.26		
2021	5,150,000.00	765,000.00	--	1,097,888.00	1,382,243.76	295,000.00	5,680,750.00	1,507,250.00	2,083,306.26	1,858,206.26		
2022	5,255,000.00	765,000.00	--	1,093,888.00	1,382,643.76	530,000.00	5,988,000.00	1,507,250.00	2,124,106.26	53,806.26		
2023	4,390,000.00	760,000.00	--	1,092,888.00	1,381,143.76	1,055,000.00	6,559,750.00	1,507,250.00	2,181,706.26	53,806.26		
2024	--	--	--	1,093,938.00	1,382,143.76	3,695,000.00	6,611,500.00	1,507,250.00	2,240,306.26	53,806.26		
2025	--	--	--	1,094,088.00	1,383,093.76	3,785,000.00	6,767,250.00	1,507,250.00	2,304,706.26	53,806.26		
2026	--	--	--	1,095,775.00	1,372,693.76	3,875,000.00	7,056,000.00	1,507,250.00	2,375,706.26	53,806.26		
2027	--	--	$1,160,000.00	--	1,375,037.50	4,050,000.00	--	8,282,250.00	2,444,706.26	53,806.26		
2028	--	--	--	--	1,369,575.00	4,400,000.00	--	8,278,500.00	2,520,456.26	53,806.26		
2029	--	--	--	--	1,371,375.00	4,400,000.00	--	8,553,000.00	2,594,456.26	53,806.26		
2030	--	--	--	--	--	4,400,000.00	--	8,946,000.00	757,425.00	53,806.26		
2031	--	--	--	--	--	13,195,000.00	--	--	1,100,600.00	143,806.26		
2032	--	--	--	--	--	13,195,000.00	--	--	1,145,600.00	151,106.26		
2033	--	--	--	--	--	13,195,000.00	--	--	1,195,600.00	158,106.26		
2034	--	--	--	--	--	--	--	--	1,620,600.00	99,806.26		
2035	--	--	--	--	--	--	--	--	1,685,600.00	103,156.26		
2036	--	--	--	--	--	--	--	--	1,750,600.00	111,281.26		
2037	--	--	--	--	--	--	--	--	2,125,600.00	134,093.76		
2038	--	--	--	--	--	--	--	--	2,215,600.00	141,006.26		
2039	--	--	--	--	--	--	--	--	2,300,600.00	147,462.50		
2040	--	--	--	--	--	--	--	--	2,705,600.00	98,581.26		
2041	--	--	--	--	--	--	--	--	2,814,000.00	106,218.76		
2042	--	--	--	--	--	--	--	--	2,924,600.00	108,518.76		
2043	--	--	--	--	--	--	--	--	3,342,000.00	125,650.00		
2044	--	--	--	--	--	--	--	--	3,473,600.00	106,975.00		
2045	--	--	--	--	--	--	--	--	--	203,825.00		
2046	--	--	--	--	--	--	--	--	--	212,175.00		
2047	--	--	--	--	--	--	--	--	--	--		
2048	--	--	--	--	--	--	--	--	--	--		
2049	--	--	--	--	--	--	--	--	--	--		
Total	$19,845,000.00	$3,050,000.00	$1,160,000.00	$7,663,103.00	$13,780,994.00	$70,366,400.00	$44,053,250.00	$44,610,500.00	$54,077,987.60	$6,232,037.72		

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Bonds are as follows:

Sources of Funds	
Principal Amount of Bonds	
[Net] Original Issue [Premium]/[Discount]	
Total Sources	
Uses of Funds	
Building Fund	
Debt Service Fund	
Costs of Issuance [1]	
Total Uses	

(1) All estimated costs of issuance including, but not limited to, Underwriter's discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, the Financial Advisor, the Paying Agent, bond insurance premium and the rating agency.

SECURITY FOR THE BONDS

Ad Valorem Taxes

Bonds Payable from Ad Valorem Property Taxes. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates).

Other Debt Payable from Ad Valorem Property Taxes. In addition to the Bonds, there is other debt issued by the District and other entities with jurisdiction in the District, which is payable from *ad valorem* taxes levied on parcels in the District. See "PROPERTY TAXATION – Tax Rates" and "- Direct and Overlapping Debt" below.

Levy and Collection. The County will levy and collect such *ad valorem* taxes in such amounts and at such times as is necessary to ensure the timely payment of debt service. Such taxes, when collected, will be deposited into a debt service fund for the Bonds, which is maintained by the County and which is irrevocably pledged for the payment of principal of and interest on the Bonds when due.

District property taxes are assessed and collected by the County in the same manner and at the same time, and in the same installments as other *ad valorem* taxes on real property, and will have the same priority, become delinquent at the same times and in the same proportionate amounts, and bear the same proportionate penalties and interest after delinquency, as do the other *ad valorem* taxes on real property.

Statutory Lien on Ad Valorem Tax Revenues. In accordance with Section 53515 of the California Government Code, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the ad valorem tax imposed to service the Bonds. This lien automatically arises without the need for any action or authorization by the District or the Board. The revenues received pursuant to the levy and collection of the ad valorem tax shall be immediately subject to the lien, and the lien shall immediately attach to the revenues and be effective, binding, and enforceable against the District, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act.

Annual Tax Rates. The amount of the annual *ad valorem* tax levied by the County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate.

Economic Conditions. Economic and other factors beyond the District's control, such as economic recession, deflation of property values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate. See "PROPERTY TAXATION - Assessed Valuation" for additional information about recent notable disasters in the State.

Building Fund

The proceeds from the sale of the Bonds, to the extent of the principal amount thereof, will be paid to the County to the credit of the fund created and established in the Bond Resolution and known as the "Murrieta Valley Unified School District, Election of 2014, Series 2020 Building Fund" (the "**Building Fund**"), which will be accounted for as separate and distinct from all other District and County funds. The proceeds will be used solely for the purposes for which the Bonds are being issued and for payment of permissible costs of issuance. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of principal of and interest on the Bonds. If, after payment in full of the Bonds, there remains excess proceeds, any such excess amounts shall be transferred to the general fund of the District. Interest earnings on the investment of monies held in the Building Fund will be retained in the Building Fund.

Debt Service Fund

Amounts to pay debt service on the Bonds will be held in the fund created and established in the Bond Resolution and known as the "Murrieta Valley Unified School District, Election of 2014, Series 2020 Debt Service Fund" (the "**Debt Service Fund**") for the Bonds, which will be established as a separate fund to be maintained distinct from all other funds of the County. All taxes levied by the County for the payment of the principal of and interest and premium (if any) on the Bonds will be deposited in the Debt Service Fund by the County promptly upon the receipt. The Debt Service Fund is pledged for the payment of the principal of and interest and premium (if any) on the Bonds when and as the same become due. The County will transfer amounts in the Debt Service Fund to the Paying Agent to the extent necessary to pay the principal of and interest and premium (if any) on the Bonds as the same becomes due and payable.

If, after payment in full of the Bonds, any amounts remain on deposit in the Debt Service Fund, the County shall transfer such amounts to the District's general fund, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

Not a County Obligation

The Bonds are payable solely from the proceeds of an *ad valorem* tax levied and collected by the County, for the payment of principal and interest on the Bonds. Although the County is obligated to collect the *ad valorem* tax for the payment of the Bonds, the Bonds are not a debt of the County.

PROPERTY TAXATION

Property Tax Collection Procedures

In California, property subject to *ad valorem* taxes is classified as "secured" or "unsecured." The "secured roll" is that part of the assessment roll containing state assessed public utilities' property and real property, the taxes on which create a lien on such property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against such unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on such secured property, regardless of the time of the creation of the other liens. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County.

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. However, Senate Bill 813 (enacted by Statutes of 1983, Chapter 498) (**"SB 813"**), provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, SB813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31. A 10% penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Taxation of State-Assessed Utility Property

The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the State Board of Equalization ("**SBE**") and taxed locally. Property valued by the SBE as an operating unit in a primary function of the utility taxpayer is known as "unitary property", a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and "operating nonunitary" property (which excludes nonunitary property of regulated railways) is allocated to the counties based on the situs of the various components of the unitary property. Except for certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

Assessed Valuation

The assessed valuation of property in the District is established by the assessor of the County, except for public utility property which is assessed by the State Board of Equalization, as described above. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIIIA of the California Constitution. For a discussion of how properties currently are assessed, see APPENDIX A under the heading "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

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.

Assessed Valuation History. The table below shows a recent history of the District's assessed valuation.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
Assessed Valuation
Fiscal Years 2007-08 through 2019-20

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2007-08	$13,480,729,903	$189,735	$195,958,594	$13,676,878,232	-- %
2008-09	13,012,012,128	189,735	244,835,985	13,257,037,848	(3.1)
2009-10	11,273,954,497	189,735	239,963,399	11,514,107,631	(13.1)
2010-11	10,901,238,405	189,735	222,264,604	11,123,692,744	(3.4)
2011-12	10,752,509,050	189,735	211,769,596	10,964,468,381	(1.4)
2012-13	10,622,592,059	144,195	255,061,806	10,877,798,060	(0.8)
2013-14	11,120,175,058	144,195	214,211,715	11,334,530,968	4.2
2014-15	12,103,462,159	144,195	211,944,514	12,315,550,868	8.7
2015-16	12,707,928,518	144,195	201,343,374	12,909,416,087	4.8
2016-17	13,282,199,904	144,195	214,113,252	13,496,457,351	4.5
2017-18	13,979,819,989	144,195	219,203,790	14,199,167,974	5.2
2018-19	14,784,350,152	280,815	231,380,419	15,016,011,386	5.8
2019-20	15,405,538,646	280,815	226,645,809	15,632,465,270	4.1

Source: California Municipal Statistics, Inc.

Factors Relating to Increases/Decreases in Assessed Value. As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, and natural disasters such as earthquakes, fires, floods and droughts.

In addition, wildfires have occurred in recent years in different regions of the State, and related flooding and mudslides have also occurred. The most destructive of the recent wildfires, which have burned thousands of acres and destroyed thousands of homes and structures, have originated in wildlands adjacent to urban areas. Although the recent natural disasters do not include territory within the District's boundaries, the District cannot predict or make any representations regarding the effects that wildfires, flooding, mudslides or any other natural disasters and related conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have had on economic activity in the District or throughout the State.

Assessed Valuation by Jurisdiction. The following table shows the fiscal year 2019-20 assessed valuation by jurisdiction in the District.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
2019-20 Assessed Valuation by Jurisdiction

Jurisdiction:	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of Murrieta	$12,954,176,135	82.87%	$14,024,806,410	92.37%
City of Temecula	1,607,328	0.01	$16,757,414,206	0.01%
Unincorporated Riverside County	2,676,681,807	17.12	$45,632,869,416	5.87%
Total District	$15,632,465,270	100.00%		
Riverside County	$15,632,465,270	100.00%	$295,937,605,964	5.28%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table shows the land use of property in the District, as measured by assessed valuation and the number of parcels for fiscal year 2019-20. As shown, the majority of the District's assessed valuation is represented by residential property.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
Local Secured Property Assessed Valuation and Parcels by Land Use
Fiscal Year 2019-20

Non-Residential:	2019-20 Assessed Valuation (1)	% of Total	No. of Parcels	% of Total
Agricultural/Rural	$ 199,689,253	1.30%	515	1.39%
Commercial/Industrial	2,042,236,915	13.25	879	2.36
Vacant Commercial/Industrial	212,290,484	1.38	427	1.15
Government/Social/Institutional	17,852,015	0.12	101	0.27
Vacant Other	60,048,556	0.39	435	1.17
Subtotal Non-Residential	$2,532,117,223	16.43%	2,357	6.34%
Residential:				
Single Family Residence	$10,626,541,426	68.96%	26,901	72.36%
Condominium/Townhouse	680,877,442	4.42	2,798	7.53
Mobile Homes and Mobile Home Lots	270,654,330	1.76	2,019	5.43
2+ Residential Units/Apartments	743,673,216	4.83	300	0.81
Vacant Residential	556,559,624	3.61	2,801	7.53
Subtotal Residential	$12,878,306,038	83.57%	34,819	93.66%
Total	$15,410,423,261	100.00%	37,176	100.00%

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

Assessed Valuation of Single Family Residential Parcels. The following table shows a breakdown of the assessed valuations of improved single-family residential parcels in the District for fiscal year 2019-20, including the median and average assessed value of single family parcels in the District.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
Per Parcel Assessed Valuation of Single Family Homes
Fiscal Year 2019-20

	No. of Parcels	2019-20 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	26,901	$10,626,541,426	$395,024	$368,301

2019-20 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	19	0.071%	0.071%	$ 734,671	0.007%	0.007%
$50,000 - $99,999	200	0.743	0.814	15,370,045	0.145	0.152
$100,000 - $149,999	192	0.714	1.528	24,513,889	0.231	0.382
$150,000 - $199,999	1,021	3.795	5.323	185,818,237	1.749	2.131
$200,000 - $249,999	2,483	9.230	14.553	563,165,667	5.300	7.430
$250,000 - $299,999	3,442	12.795	27.348	949,784,637	8.938	16.368
$300,000 - $349,999	4,336	16.118	43.467	1,413,428,047	13.301	29.669
$350,000 - $399,999	4,600	17.100	60.567	1,723,543,460	16.219	45.888
$400,000 - $449,999	4,213	15.661	76.228	1,784,441,089	16.792	62.681
$450,000 - $499,999	2,542	9.449	85.677	1,199,076,828	11.284	73.965
$500,000 - $549,999	1,126	4.186	89.863	587,910,753	5.532	79.497
$550,000 - $599,999	613	2.279	92.142	350,600,254	3.299	82.796
$600,000 - $649,999	286	1.063	93.205	178,369,993	1.679	84.475
$650,000 - $699,999	276	1.026	94.231	185,717,220	1.748	86.223
$700,000 - $749,999	208	0.773	95.004	150,799,992	1.419	87.642
$750,000 - $799,999	187	0.695	95.699	144,749,476	1.362	89.004
$800,000 - $849,999	125	0.465	96.164	103,157,828	0.971	89.975
$850,000 - $899,999	122	0.454	96.617	106,675,671	1.004	90.978
$900,000 - $949,999	120	0.446	97.063	110,801,789	1.043	92.021
$950,000 - $999,999	105	0.390	97.454	102,335,391	0.963	92.984
$1,000,000 and greater	685	2.546	100.000	745,546,489	7.016	100.000
Total	26,901	100.000%		$10,626,541,426	100.000%	

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

Reassessments and Appeals of Assessed Value

There are general means by which assessed values can be reassessed or appealed that could adversely impact property tax revenues within the District.

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

Under California law, property owners may apply for a Proposition 8 reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the County board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value.

Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. These reductions are subject to yearly reappraisals and are adjusted back to their original values, adjusted for inflation, when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA.

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

Proposition 8 reductions may also be unilaterally applied by the County Assessor. The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers or by reductions initiated by the County Assessor. Any reduction in aggregate District assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, will cause the tax rate levied to repay the Bonds to increase accordingly, so that the fixed debt service on the Bonds (and other outstanding general obligation bonds, if any) may be paid.

Tax Levies and Delinquencies

For the District's share of the 1% general fund apportionment, the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the **"Teeter Plan"**) as provided for in the State Revenue and Taxation Code, which requires the County to pay 100% of such secured property taxes due to local agencies in the fiscal year such taxes are due. Pursuant to these provisions, each county operating under the Teeter Plan establishes a delinquency reserve and assumes responsibility for all secured delinquencies, assuming that certain conditions are met.

Because of this method of tax collection, the K-12 districts located in counties operating under the Teeter Plan and participating in the Teeter Plan are assured of 100% collection of their secured tax levies for the 1% general fund apportionment if the conditions established under the applicable county's Teeter Plan are met. However, such districts are no longer entitled to share in any penalties due to delinquent payments. This method of tax collection and distribution is subject to future discontinuance at the County's option or if demanded by the participating taxing agencies.

The Teeter Plan is to remain in effect unless the Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors has received a petition for its discontinuance joined in by resolutions adopted by two thirds of the participating revenue districts in the County, in which event the Board of Supervisors is required to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year.

The Board of Supervisors may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency or assessment levying agency in the County if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that agency. In the event that the Teeter Plan was terminated, the amount of the levy of *ad valorem* taxes in the District would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

So long as the Teeter Plan remains in effect with respect to the District, the District's receipt of revenues with respect to the levy of *ad valorem* property taxes will not be dependent upon actual collections of the *ad valorem* property taxes by the County.

Notwithstanding the above, the table below shows secured tax charge and delinquency rates for fiscal years 2011-12 through 2018-19.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
Fiscal Years 2011-12 through 2018-19
Secured Tax Charges and Delinquency Rates

Fiscal Year	Secured Tax Charge(1)	Amount Delinquent June 30	Percent Delinquent June 30
2011-12	$12,533,568.16	$281,760.68	2.25%
2012-13	12,804,958.61	255,252.68	1.99
2013-14	13,448,957.14	182,779.50	1.36
2014-15	13,998,266.48	179,128.99	1.28
2015-16	17,208,778.14	200,985.91	1.17
2016-17	17,431,232.10	204,504.08	1.17
2017-18	17,461,490.04	141,223.12	0.81
2018-19	17,601,950.80	273,210.91	1.55

(1) Debt service levy only.
Source: California Municipal Statistics, Inc.

Tax Rates

Below are historical typical tax rates in a typical tax rate area (TRA 82-016) within the District for fiscal years 2015-16 through 2019-20.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
Typical Total Tax Rates per $100 of Assessed Valuation
(TRA 82-016)(1)
Fiscal Years 2015-16 through 2019-20

	2015-16	2016-17	2017-18	2018-19	2019-20
General Tax Rate	$1.00000	$1.00000	$1.00000	$1.00000	$1.00000
Murrieta Valley Unified School District	0.13703	0.13294	0.12587	0.11946	0.11945
Mount San Jacinto CCD	0.01394	0.01320	0.01320	0.01320	0.01320
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350
Total Tax Rate	$1.15447	$1.14964	$1.14257	$1.13616	$1.13615
Rancho California Water District	$0.50000	$0.50000	$0.50000	$0.50000	$0.50000
Total Tax Rate-Land Only	$0.50000	$0.50000	$0.50000	$0.50000	$0.50000

(1) 2019-20 assessed valuation of TRA 82-016 is $838,798,689, which is 5.37% of the District's total assessed valuation.
Source: California Municipal Statistics, Inc.

Top 20 Property Owners

The following table shows the 20 largest taxpayers in the District as determined by their secured assessed valuations in fiscal year 2019-20. Each taxpayer listed below is a unique name listed on the tax rolls. The District cannot determine from County assessment records 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. A large concentration of ownership in a single individual or entity results in a greater amount of tax collections which are dependent upon that property owner's ability or willingness to pay property taxes.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
Top 20 Secured Property Taxpayers
Fiscal Year 2019-20

	Property Owner	Primary Land Use	2019-20 Assessed Valuation	% of Total (1)
1.	Pacific Landing	Apartments	$ 66,850,691	0.43%
2.	Strata Waterstone	Apartments	64,586,877	0.42
3.	Murrieta 492	Apartments	64,042,603	0.42
4.	Murrieta Town Center Retail Owner LP	Commercial	63,750,000	0.41
5.	Arbors at California Oaks Prop Owner	Apartments	58,672,280	0.38
6.	Eagle Glen Apartments	Apartments	53,759,892	0.35
7.	FG Murrieta Senior Apartments	Assisted Living	51,232,304	0.33
8.	Universal Health Services of Rancho Springs	Commercial	51,113,405	0.33
9.	Carmax Auto Superstore California	Commercial	44,273,091	0.29
10.	Murrieta Spectrum	Commercial	43,936,559	0.29
11.	Continental East Funds	Commercial	43,879,092	0.28
12.	Target Corp.	Commercial	40,458,272	0.26
13.	MGP IX Prop	Commercial	39,264,893	0.25
14.	TKG Murrieta Plaza	Commercial	36,264,241	0.24
15.	Camden USA Inc.	Apartments	35,075,020	0.23
16.	Alta Murrieta	Apartments	33,399,125	0.22
17.	Murrieta 144 Apartments	Apartments	31,310,417	0.20
18.	Wal Mart Realty Company	Commercial	28,058,181	0.18
19.	Winchester Creek Development	Apartments	24,868,571	0.16
20.	Centro Watt Prop Owner II	Commercial	23,353,286	0.15
			$898,148,800	5.83%

(1) 2019-20 local secured assessed valuation: $15,410,423,261.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. for debt issued as of December 1, 2019. The Debt Report is included for general information purposes only. Neither the District nor the Underwriter has 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.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
(Debt Issued as of December 1, 2019)

2019-20 Assessed Valuation: $15,632,465,270

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 12/1/19**
Metropolitan Water District	0.499%	$ 239,770
Murrieta Valley Unified School District	**100.000**	**148,370,311**(1)
Eastern Municipal Water District Improvement District Nos. 22 & U8	1.068-96.703	1,845,413
Mt. San Jacinto Community College District	16.237	26,691,192
Murrieta Valley Unified School District Community Facilities Districts	100.000	116,999,607
City of Murrieta Community Facilities Districts	100.000	75,071,878
Rancho California Water District Community Facilities Districts	100.000	17,740,000
Western Municipal Water District Community Facilities Districts	100.000	3,390,000
Riverside County Community Facilities Districts	66.639-100.000	23,422,795
Other Community Facilities Districts	45.820-100.000	8,825,355
1915 Act Bonds (Estimate)	Various	3,863,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$426,459,321
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Riverside County General Fund Obligations	5.282%	$40,581,934
Riverside County Pension Obligation Bonds	5.282	12,880,157
Murrieta Valley Unified School District Certificates of Participation	**100.000**	**23,105,000**
City of Murrieta General Fund Obligations	92.366	4,752,231
City of Temecula Certificates of Participation	0.010	1,685
Western Municipal Water District General Fund Obligations	1.902	160,202
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$81,481,209
Less: Riverside County supported obligations		91,754
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$81,389,455
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):		
Murrieta Redevelopment Agency	89.526%	$32,636,703
Riverside County Redevelopment Agency Project Area 1 and Combined Area	4.926 & 0.572	3,419,226
TOTAL OVERLAPPING TAX INCREMENT DEBT		$36,055,929
GROSS COMBINED TOTAL DEBT		$543,996,459(2)
NET COMBINED TOTAL DEBT		$543,904,705

Ratios to 2019-20 Assessed Valuation:
Direct Debt ($148,370,311)..0.95%
Total Direct and Overlapping Tax and Assessment Debt 2.73%
Combined Direct Debt ($171,475,311) 1.10%
Gross Combined Total Debt...3.48%
Net Combined Total Debt...3.48%

Ratios to Redevelopment Incremental Valuation ($1,161,839,653):
Total Overlapping Tax Increment Debt 3.10%

(1) Excludes the Bonds offered for sale hereunder.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

BOND INSURANCE

The following information has been furnished by the Bond Insurer for use in this Official Statement. No representation is made as to the accuracy or completeness of this information, or the absence of material adverse changes therein at any time subsequent to the date hereof. Reference is made to APPENDIX H for a specimen of the Policy.

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("**AGM"**) will issue its Municipal Bond Insurance Policy for the Bonds (the **"Policy"**). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as Appendix H to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (**"AGL"**), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance, (including infrastructure), and structured finance markets and, as of October 1, 2019, asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC (**"S&P"**), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. (**"KBRA"**) and "A2" (stable outlook) by Moody's Investors Service, Inc. (**"Moody's"**). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On December 19, 2019, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On November 7, 2019, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Capitalization of AGM

At September 30, 2019:

- The policyholders' surplus of AGM was approximately $2,473 million.

- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. (**"MAC"**) (as described below) were approximately $1,100 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $1,829 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the **"SEC"**) that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (filed by AGL with the SEC on March 1, 2019);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019 (filed by AGL with the SEC on May 10, 2019);

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2019 (filed by AGL with the SEC on August 8, 2019); and

(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019 (filed by AGL with the SEC on November 8, 2019).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the **"AGM Information"**) shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

TAX MATTERS

Tax Exemption

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "bond premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Bonds, or as to the consequences of owning or receiving interest on the Bonds, as of any future date. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Bonds, the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

Form of Opinion. A copy of the proposed form of opinion of Bond Counsel is attached hereto as APPENDIX D.

CERTAIN LEGAL MATTERS

Legality for Investment

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

Absence of 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 that (i) questions the political existence of the District, (ii) contests the District's ability to receive *ad valorem* taxes or to collect other revenues or (iii) contests the District's ability to issue and retire the Bonds.

The District is routinely subject to lawsuits and claims. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the financial position or operations of the District.

Compensation of Certain Professionals

Payment of the fees and expenses of Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel to the District, Kutak Rock LLP, as counsel to the Underwriter, and Piper Sandler & Co., as financial advisor to the District, are contingent upon issuance of the Bonds.

CONTINUING DISCLOSURE

The District will execute the Continuing Disclosure Certificate in connection with the issuance of the Bonds, and covenant therein, for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board (an **"Annual Report"**) not later than nine months after the end of the District's fiscal year (which currently is June 30), commencing March 31, 2021, with the report for the 2019-20 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in the form of Continuing Disclosure Certificate attached as APPENDIX E. These covenants have been made in order to assist the Underwriter of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the **"Rule"**).

In the previous five years, the District failed to properly link its 2014-15 and 2015-16 audited financial statements and annual reports to all applicable CUSIP numbers, though such filings were timely made and subsequently linked to all applicable CUSIP numbers. The District has engaged Cooperative Strategies, LLC, to serve as dissemination agent with respect to each of its continuing disclosure undertakings, including the undertaking to be entered into for the Bonds.

Neither the County nor any other entity other than the District shall have any obligation or incur any liability whatsoever with respect to the performance of the District's duties regarding continuing disclosure.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"), is expected to assign its rating of "AA" to the Bonds, based on the understanding that the Bond Insurer will deliver its Bond Insurance Policy with respect to the Bonds upon delivery. See "BOND INSURANCE."

Additionally, S&P has assigned an underlying rating of "A+" to the Bonds. The District has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement to the extent deemed not material for investment purposes). Such ratings reflect only the view of S&P and an explanation of the significance of such ratings and outlook may be obtained only from S&P. There is no assurance that any credit rating given to the Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus and Company, Incorporated (the "**Underwriter**"). The Underwriter has agreed to purchase the Bonds at a price of $________ which is equal to the initial principal amount of the Bonds of $________, plus original issue premium of $________ less an Underwriter's discount of $________.

The bond purchase agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

ADDITIONAL INFORMATION

The discussions herein about the Bond Resolution and the Continuing Disclosure Certificate are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to such documents. Copies of these documents mentioned are available from the Underwriter and following delivery of the Bonds will be on file at the offices of the Paying Agent in Los Angeles, California.

References are also made herein to certain documents and reports relating to the District; such references are brief summaries and do not purport to be complete or definitive. Copies of such documents are available upon written request to the District.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended 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 of any of the Bonds.

EXECUTION

The execution and delivery of this Official Statement have been duly authorized by the District.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT

By: ______________________________________
Superintendent

APPENDIX A

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

The information in this and other sections concerning the District's operations and operating budget is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment thereof. See "SECURITY FOR THE BONDS" in the Official Statement.

General Information

The District was formed in 1885 as the Murrieta School District and on July 1, 1989, the District completed proceedings to reorganize as a unified school district within the same boundaries under the name Murrieta Valley Unified School District. The District provides public education within a 129 square mile area including most of the City of Murrieta (the "**City**"), a small portion of the City of Temecula and a portion of unincorporated areas of the County of Riverside (the "**County**").

The District currently operates eleven elementary schools, four middle schools, three comprehensive high schools, and one alternative education school. Enrollment in the District is approximately 23,251 students for fiscal year 2019-20. See also APPENDIX C hereto for demographic and other statistical information regarding the City and County.

Administration

The District is governed by a five-member Board of Education (the "**Board**"), each member of which is elected to a four-year term. Current members of the Board, together with their office and the date their term expires, are listed below.

Name	Office	Term Expires
Linda Lunn	President	December 2020
Paul Diffley	Clerk	December 2020
Ken Dickson	Member	December 2020
Oscar Rivas	Member	December 2022
Kris Thomasian	Member	December 2022

Administrative Personnel. The Superintendent of the District, appointed by the Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. Patrick Kelley is currently the Superintendent of the District, and William Olien is Deputy Superintendent, Business and Operations.

Recent Enrollment Trends

The following table shows a recent history and budgeted enrollment for the District.

ANNUAL ENROLLMENT
Fiscal Years 2014-15 through 2019-20
Murrieta Valley Unified School District

Fiscal Year	Student Enrollment	% Change
2014-15	22,698	--%
2015-16	22,825	0.6
2016-17	22,978	0.7
2017-18	23,121	0.6
2018-19	23,251	0.6
2019-20(1)	23,477	0.97

(1) Budgeted.
Source: California Department of Education for 2014-15 through 2018-19; Murrieta Valley Unified School District for 2019-20.

Employee Relations

The District has 1.070.8 certificated full-time equivalent ("**FTE**") employees, 802.5 classified FTE employees, and 166.9 management/supervisor/confidential FTE employees.

The certificated and classified employees of the District are represented by two bargaining units, as set forth in the following table.

BARGAINING UNITS
Murrieta Valley Unified School District

Employee Group	Representation	Contract Expiration Date
Certificated	Murrieta Teachers Association	June 30, 2021
Classified	California School Employees Association	June 30, 2021

Source: The District.

DISTRICT FINANCIAL INFORMATION

Education Funding Generally

School districts in California receive operating income primarily from two sources: the State funded portion which is derived from the State's general fund, and a locally funded portion, being the district's share of the one percent general *ad valorem* tax levy authorized by the California Constitution. As a result, decreases or deferrals in education funding by the State could significantly affect a school district's revenues and operations.

From 1973-74 to 2012-13, California school districts operated under general purpose revenue limits established by the State Legislature. In general, revenue limits were calculated for each school district by multiplying (1) the average daily attendance ("**ADA**") for such district by (2) a base revenue limit per unit of ADA. The revenue limit calculations were adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type. Funding of the District's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Generally, the State apportionments amounted to the difference between the District's revenue limit and its local property tax revenues. Districts which had local property tax revenues which exceeded its revenue limit entitlement were deemed "Basic Aid Districts" and received full funding from local property tax revenues, and were entitled to keep those tax revenues which exceeded its revenue limit funding entitlement.

The fiscal year 2013-14 State budget package (the "**2013-14 State Budget**") replaced the previous K-12 finance system with a formula known as the Local Control Funding Formula (the **"LCFF"**). Under the LCFF, revenue limits and most state categorical programs were eliminated. School districts instead receive funding based on the demographic profile of the students they serve and gain greater flexibility to use these funds to improve outcomes of students. The LCFF creates funding targets based on student characteristics. For school districts and charter schools, the LCFF funding targets consist of grade span-specific base grants plus supplemental and concentration grants that reflect student demographic factors. The LCFF includes the following components:

- A base grant for each local education agency per unit of ADA, which varies with respect to different grade spans. The base grant is $2,375 more than the average revenue limit provided prior to LCFF implementation. The base grants will be adjusted upward each year to reflect cost-of-living increases. In addition, 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 grades K-3 and the provision of career technical education in grades 9-12.

- A 20% supplemental grant for English learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.

- An additional concentration grant of up to 50% of a local education agency's base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.

- An economic recovery target to ensure that almost every local education agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF.

The LCFF was implemented for fiscal year 2013-14 and was phased in gradually. Beginning in fiscal year 2013-14, an annual transition adjustment was required to be calculated for each school district, equal to each district's proportionate share of the appropriations included in the State budget based on the percentage of each district's students who are low-income, English learners, and foster youth ("**Targeted Students**"), to close the gap between the prior-year funding level and the target allocation at full implementation of LCFF. In each year, districts will have the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap.

Funding levels used in the LCFF target entitlement calculations, not including any supplemental or concentration grant funding entitlements, for fiscal year 2019-20 are set forth in the following table. Full implementation occurred in fiscal year 2018-19 in connection with adoption of the State Budget for said fiscal year.

Fiscal Year 2019-20 Base Grant* Under LCFF by Grade Span
(Targeted Entitlement)

Grade Span	2019-20 Base Grant Per ADA	2018-19 COLA (3.70%)	Grade Span Adjustments (K-3: 10.4%; 9-12: 2.6%)	2019-20 Base Grant/Adjusted Base Grant Per ADA
K-3	$7,459	$243	$801	$8,503
4-6	7,571	247	n/a	7,818
7-8	7,796	254	n/a	8,050
9-12	9,034	295	243	9,572

*Does not include supplemental and concentration grant funding entitlements.
Source: California Department of Education.

The new legislation included a "hold harmless" provision which provided that a district or charter school would maintain total revenue limit and categorical funding at least equal to its 2012-13 level, unadjusted for changes in ADA or cost of living adjustments.

The LCFF includes an accountability component. Districts are required to increase or improve services for English language learners, low income, and foster youth students in proportion to supplemental and concentration grant funding received. All school districts, county offices of education, and charter schools are required to develop and adopt local control and accountability plans, which identify local goals in areas that are priorities for the State, including pupil achievement, parent engagement, and school climate.

County superintendents review and provide support to the districts under their jurisdiction, and the Superintendent of Public Instruction performs a corresponding role for county offices of education. In addition, the 2013-14 State Budget created the California Collaborative for Education Excellence to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. Under the LCFF and related legislation, the State will continue to measure student achievement through statewide assessments, produce an index for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

District 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 Section 41010 of the California Education Code, is to be followed by all California school districts.

District accounting is organized on the basis of funds, with each group consisting of a separate accounting entity. The major fund classification is the general fund which accounts for all financial resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30. For more information on the District's basis of accounting and fund accounting, see Note 1 of APPENDIX B to the Official Statement.

District 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. 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 Governmental Accounting Standards Board ("**GASB**") published its Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" on June 30, 1999. Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis; (ii) financial statements prepared using the economic measurement focus and the accrual basis of accounting, (iii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting and (iv) required supplementary information.

Financial Statements

General. 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. The District's June 30, 2019 Audited Financial Statements were prepared by Eide Bailly LLP, Rancho Cucamonga, California and are attached to the Official Statement as APPENDIX B. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Office of the Deputy Superintendent, Business and Operations of the District. The District has not requested, and the auditor has not provided, any review or update of such Financial Statements in connection with inclusion in this Official Statement.

General Fund Revenues, Expenditures and Changes in Fund Balance. The following table shows the audited income and expense statements for the District for the fiscal years 2014-15 through 2018-19.

GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2014-15 through 2018-19 (Audited)
Murrieta Valley Unified School District (1)

	2014-15 Audited	2015-16 Audited	2016-17 Audited	2017-18 Audited	2018-19 Audited
Revenue					
LCFF	$150,716,407	$168,433,423	$178,845,289	$184,735,471	$199,248,195
Federal sources	8,099,975	7,618,804	7,715,823	7,555,281	8,978,194
Other state sources	11,940,876	25,862,090	20,443,170	23,811,946	33,477,220
Other local sources	15,808,348	17,224,266	17,877,227	17,517,143	19,346,222
Total revenue	186,565,606	219,138,583	224,881,509	233,619,841	261,049,831
Expenses					
Instruction	125,051,561	131,333,825	145,152,795	152,244,212	167,308,849
Instruction-related services:					
Supervision of instruction	3,682,748	4,080,408	5,167,219	5,265,170	5,895,977
Library, media & technology	1,622,799	1,118,160	1,165,210	1,130,658	1,437,202
School site	11,458,564	11,905,318	12,998,259	13,674,896	14,523,274
Pupil services:					
Home-to-school transportation	3,443,360	3,314,709	3,709,322	3,726,811	4,047,595
Food services	54,458	--	--	33	158,744
All other pupil services	10,668,375	12,434,154	13,797,216	14,479,006	16,049,057
Administration:					
Data processing	1,989,991	3,094,466	3,244,490	3,341,894	3,598,785
All other administration	7,544,850	9,135,056	9,845,713	10,062,879	10,896,092
Plant services	17,527,216	18,670,956	20,724,882	21,969,436	22,590,944
Facility acquisition and construction	580,300	1,277,958	1,257,541	2,739,176	3,067,176
Ancillary services	2,207,493	2,380,608	2,500,780	285,642	387,509
Community services	264,594	333,089	322,067	33,074	58,798
Other outgo	247,747	123,399	90,020	668	13,108
Enterprise services	57,660	4,683	47,979	823,447	1,494,384
Debt service: principal	493,301	395,000	405,000	220,000	235,000
Debt service: Interest and other	373,160	214,763	201,135	142,090	470,315
Total Expenses	187,268,177	199,816,552	220,629,628	230,139,092	252,232,809
Revenues over(under) expenditures	(702,571)	19,322,031	4,251,881	3,480,749	8,817,022
Other Financing Sources (Uses)					
Transfers in	--	--	--	--	--
Other sources	--	--	--	--	342,801
Transfers out	(484,086)(2)	(35,577)	--	--	--
Total Other Financing sources (uses)	(484,086)	(35,577)	--	--	342,801
Net Change in Fund Balances	(1,186,657)	19,286,454	4,251,881	3,480,749	9,159,823
Fund Balance – beginning of year	14,444,079	13,257,422	32,543,876	36,795,757	40,276,506
Fund Balance at end of year	$13,257,422	$32,543,876	$36,795,757	$40,276,506	$49,436,329

(1) Figures may not sum to totals due to rounding.
(2) Transfer out attributed to interfund transfers in the amounts of $482,000 to the Capital Facilities Fund for Proposition 39 reimbursement and $2,086 to the Child Development Non-Major Governmental Fund for contribution to cover costs.
Source: Murrieta Valley Unified School District Audit Reports.

District Budget and Interim Financial Reporting

Budgeting and Interim Reporting Procedures. State law requires school districts to maintain a balanced budget in each fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts.

Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the Riverside County Superintendent of Schools (the **"County Superintendent"**).

The County Superintendent must review and approve or disapprove the budget no later than August 15. The County Superintendent is required to 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 with the established standards. If the budget is disapproved, it is returned to the District with recommendations for revision. The District is then required to revise the budget, hold a public hearing thereon, adopt the revised budget and file it with the County Superintendent no later than September 8. Pursuant to State law, the County Superintendent has available various remedies by which to impose and enforce a budget that complies with State criteria, depending on the circumstances, if a budget is disapproved. After approval of an adopted budget, the school district's administration may submit budget revisions for governing board approval.

Subsequent to approval, the County Superintendent will monitor each district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the district can meet its current or subsequent year financial obligations. If the County Superintendent determines that a district cannot meet its current or subsequent year obligations, the County Superintendent will notify the district's governing board of the determination and may then do either or both of the following: (a) assign a fiscal advisor to enable the district to meet those obligations or (b) if a study and recommendations are made and a district fails to take appropriate action to meet its financial obligations, the County Superintendent will so notify the State Superintendent of Public Instruction, and then may do any or all of the following for the remainder of the fiscal year: (i) request additional information regarding the district's budget and operations; (ii) after also consulting with the district's board, develop and impose revisions to the budget that will enable the district to meet its financial obligations; and (iii) stay or rescind any action inconsistent with such revisions. However, the County Superintendent may not abrogate any provision of a collective bargaining agreement that was entered into prior to the date upon which the County Superintendent assumed authority.

A State law adopted in 1991 (**"A.B. 1200"**) imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the County Superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) 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 two fiscal years. The County Superintendent 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 the subsequent two fiscal years. A negative certification is assigned to any school district that is deemed unable to meet its financial obligations for the remainder of the current fiscal year or the 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 the two subsequent fiscal years.

Under California law, any school district and office of education that has a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the district, unless the applicable county superintendent of schools determines that the district's repayment of indebtedness is probable.

District's Budget and Interim Certification History. During the past five years, each of the District's adopted budgets have been approved by the County Superintendent and the District has received positive certifications on all of its interim reports.

District's General Fund. The following table shows the general fund figures for the District for fiscal year 2019-20 (adopted budget and first interim projections).

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
Revenues, Expenditures, and Changes in General Fund Balance
Fiscal Year 2019-20 (Adopted Budget and First Interim Projections)

Revenues	**Adopted Budget 2019-20**	**First Interim 2019-20**
Total LCFF Sources	$206,364,405	$207,646,663
Federal Revenues	8,459,095	10,217,811
Other state revenues	17,396,234	19,560,165
Other local revenues	18,187,474	19,453,227
Total Revenues	250,407,208	256,877,866
Expenditures		
Instruction	117,641,018	121,096,464
Instruction-Related Services	40,941,166	41,540,471
Pupil Services	65,573,916	66,008,237
Ancillary Services	12,382,953	14,296,611
Community Services	21,113,395	22,977,423
General Administration	3,922,774	4,272,407
Plant Services	437,358	555,545
Other Outgo	(636,552)	(649,092)
Total Expenditures	261,376,028	270,098,066
Excess of Revenues Over/(Under) Expenditures	(10,968,820)	(13,220,200)
Other Financing Sources (Uses)		
Operating transfers in	--	--
Operating transfers out	--	--
Other sources	--	--
Contributions	--	--
Total Other Financing Sources (Uses)	--	--
Net change in fund balance	(10,968,820)	(13,220,200)
Fund Balance, July 1	49,436,330	49,436,330
Fund Balance, June 30	$38,467,508	$36,216,130

Source: Murrieta Valley Unified School District.

District Reserves. The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 3% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future.

In connection with legislation adopted in connection with the State's fiscal year 2014-15 Budget (**"SB 858"**), the Education Code was amended to provide that, beginning in fiscal year 2015-16, if a district's proposed budget includes a local reserve above the minimum recommended level, the governing board must provide the information for review at the annual public hearing on its proposed budget. In addition, SB 858 included a provision, which became effective upon the passage of Proposition 2 at the November 4, 2014 statewide election, which limits the amount of reserves which may be maintained at the District level. Specifically, the legislation, among other things, enacted Education Code Section 42127.01, which became operative December 15, 2014, and provides that in any fiscal year immediately after a fiscal year in which a transfer is made to the State's Public School System Stabilization Account (the Proposition 98 reserve), a school district may not adopt a budget that contains a reserve for economic uncertainties in excess of twice the applicable minimum recommended reserve for economic uncertainties established by the State Board (for school districts with ADA over 400,000, the limit is three times the amount). Exemptions can be granted by the County Superintendent under certain circumstances.

On October 11, 2017, the Governor signed new legislation ("**SB 751**") amending Section 42127.01 of the Education Code, effective January 1, 2018. SB 751 raises the reserve cap established under SB 858 to no more than 10% of a school district's combined assigned or unassigned ending general fund balance and provides that the reserve cap will be triggered only if there is a minimum balance of 3% of the Proposition 98 reserve. Basic aid school districts and small districts with 2,500 or fewer ADA are exempt from the reserve cap.

Attendance - Revenue Limit and LCFF Funding

Funding Trends under LCFF. As described herein, prior to fiscal year 2013-14, school districts in California received State funding based on a formula which considered a revenue limit per unit of ADA. With the implementation of the LCFF, commencing in fiscal year 2013-14, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target. The following table sets forth recent LCFF funding per ADA for the District for fiscal years 2013-14 through 2019-20 (budgeted).

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
ADA and LCFF Funding
Fiscal Years 2013-14 through 2019-20 (Budgeted)

Fiscal Year	ADA	LCFF Funding Per ADA
2013-14	21,931	$6,195
2014-15	21,557	6,992
2015-16	21,709	7,759
2016-17	21,864	8,180
2017-18	21,996	8,399
2018-19	22,089	9,020
2019-20 (1)	22,264	9,327

(1) Budgeted.
Source: California Department of Education; Murrieta Valley Unified School District.

District's Unduplicated Student Count. Under LCFF, school districts are entitled to supplemental funding based on the unduplicated count of targeted students. The District's percentage of unduplicated students is approximately 37% for purposes of calculating supplemental and concentration grant funding under LCFF.

Revenue Sources

The District categorizes its general fund revenues into four sources, being LCFF, Federal Revenues, Other State Revenues and Local Revenues. Each of these revenue sources is described below.

LCFF Sources. District funding is provided by a mix of (1) local property taxes and (2) State apportionments of funding under the LCFF. Generally, the State apportionments will amount to the difference between the District's LCFF funding entitlement and its local property tax revenues.

Beginning in 1978-79, Proposition 13 and its implementing legislation provided for each county to levy (except for levies to support prior voter-approved indebtedness) and collect all property taxes, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

The principal component of local revenues is the school district's property tax revenues, i.e., the district's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections 95 and following of the California Revenue and Taxation Code. Education Code Section 42238(h) itemizes the local revenues that are counted towards the base revenue limit before calculating how much the State must provide in equalization aid. Historically, the more local property taxes a district received, the less State equalization aid it is entitled to.

Under LCFF, a school district whose property tax revenues exceed its funding under the LCFF is entitled to keep its local property tax revenues which exceed its LCFF funding, maintaining its status as a Basic Aid District, now referred to as a "Community Supported District." For school districts that were Basic Aid prior to implementation of the LCFF, such districts are entitled to retain their status as Community Supported and keep their full local property tax revenue entitlement, provided that the per-pupil funding targets under LCFF, including economic recovery targets, are met or exceeded by local property tax revenues. The threshold for Community Supported status under the LCFF, however, is higher than under the prior funding formula, resulting in some districts falling out of Community Supported status as the result of the implementation of the LCFF. Accountability measures contained in the LCFF must be implemented by all districts, including Community Supported Districts. The District is not a Community Supported District.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under Every Student Succeeds Act, the Individuals with Disabilities Education Act, and specialized programs such as Drug Free Schools.

Other State Revenues. As discussed above, the District receives State apportionment of basic and equalization aid in an amount equal to the difference between the District's LCFF funding entitlement and its property tax revenues. In addition to such apportionment revenue, the District receives other State revenues.

The District receives State aid from the California State Lottery (the "**Lottery**"), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes such as real property acquisition, facility construction, or the financing of research. Moreover, State Proposition 20 approved in March 2000 requires that 50% of the increase in Lottery revenues over 1997-98 levels must be restricted to use on instruction material.

For additional discussion of State aid to school districts, see "-Education Funding Generally."

Other Local Revenues. In addition to property taxes, the District receives additional local revenues from items such as interest earnings, leases and rentals.

District Retirement Systems

Qualified employees of the District are covered under multiple-employer defined benefit pension plans maintained by agencies of the State. Certificated employees are members of the State Teachers' Retirement System ("**STRS**") and classified employees are members of the Public Employees' Retirement System ("**PERS**"). Both STRS and PERS are operated on a Statewide basis. *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 participate in STRS, a cost-sharing, multiple-employer contributory public employee retirement system. STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended. The program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers and the State. The District's employer contributions to STRS for recent fiscal years are set forth in the following table.

STRS Contributions
Murrieta Valley Unified School District
Fiscal Years 2013-14 through 2019-20 (Projected)

Fiscal Year	Amount
2013-14	$7,193,371
2014-15	8,576,904
2015-16	10,689,981
2016-17	13,380,559
2017-18	15,638,777
2018-19	18,526,996
2019-20 (1)	20,672,546

(1) First Interim Projection.
Source: Murrieta Valley Unified School District.

Historically, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. In recent years, the combination of investment earnings and statutory contributions were not sufficient to pay actuarially required amounts. As a result, the STRS defined benefit program showed an estimated unfunded actuarial liability of approximately $107.2 billion as of June 30, 2018 (the date of the last actuarial valuation). In connection with the State's adoption of its fiscal year 2014-15 Budget, the Governor signed into law Assembly Bill 1469 (**"AB 1469"**), which represents a legislative effort to address the unfunded liabilities of the STRS pension plan. AB 1469 addressed the funding gap by increasing contributions by employees, employers and the State. In particular, employer contribution rates are scheduled to increase through at least fiscal year 2020-21, from a contribution rate of 8.88% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates will be determined by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

The District's employer contribution rates for fiscal years 2015-16 through 2018-19 were 10.73%, 12.58%, 14.43% and 16.28%, respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2019-20 through fiscal year 2022-23 are set forth in the following table.

EMPLOYER CONTRIBUTION RATES (STRS)
Fiscal Years 2019-20 through 2022-23

Fiscal Year	Employer Contribution Rate[1]
2019-20	17.10%
2020-21	18.40
2021-22	18.60
2022-23	18.10

(1) Expressed as a percentage of covered payroll.
Source: AB 1469

PERS. All full-time and some part-time classified employees participate in PERS, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State. PERS provides retirement, disability, and death benefits to plan members and beneficiaries. The District is part of a cost-sharing pool within PERS known as the "Schools Pool." Benefit provisions are established by State statutes, as legislatively amended. Contributions to PERS are made by employers and employees. Each fiscal year, the District is required to contribute an amount based on an actuarially determined employer rate. The District's employer contributions to PERS for recent fiscal years are set forth in the following table.

PERS Contributions
Murrieta Valley Unified School District
Fiscal Years 2013-14 through 2019-20 (Projected)

Fiscal Year	Amount
2013-14	$5,510,666
2014-15	3,916,463
2015-16	4,263,946
2016-17	5,260,950
2017-18	6,146,575
2018-19	7,423,995
2019-20 [1]	7,884,576

(1) First Interim Projection.
Source: Murrieta Valley Unified School District.

Like the STRS program, the PERS program has experienced an unfunded liability in recent years. The PERS unfunded liability, on a market value of assets basis, was approximately

$27.2 billion as of June 30, 2018 (the date of the last actuarial valuation). To address this issue, the PERS board has taken a number of actions. In April 2013, for example, the PERS board approved changes to the PERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. In addition, in April 2014, PERS set new contribution rates, reflecting new demographic assumptions and other changes in actuarial assumptions. In November 2015, PERS adopted a funding risk mitigation policy intended to incrementally lower its discount rate (its assumed rate of investment return) in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. In December 2016, PERS voted to lower its discount rate from the current 7.5% to 7.0% over the next three years according to the following schedule.

PERS Discount Rate
Fiscal Years 2018-19 through 2020-21

Fiscal Year	Amount
2018-19	7.375%
2019-20	7.250
2020-21	7.000

Source: PERS.

The new rates and underlying assumptions, which are aimed at eliminating the unfunded liability of PERS in approximately 30 years, will be implemented for school districts beginning in fiscal year 2016-17, with the costs spread over 20 years and the increases phased in over the first five years.

The District's employer contribution rates for fiscal years 2015-16, 2016-17, 2017-18, and 2018-19 were 11.847%, 13.888%, 15.531%, and 18.062% respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2019-20 through fiscal year 2022-23 are set forth in the following table.

EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2019-20 through 2022-23(1)

Fiscal Year	Employer Contribution Rate(2)
2019-20	19.721%
2020-21	22.900
2021-22	24.600
2022-23	25.300

(1) The PERS board is expected to approve official employer contribution rates for each fiscal year shown during the immediately preceding fiscal year.
(2) Expressed as a percentage of covered payroll.
Source: PERS

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 ("**PEPRA**"), which impacted various aspects of public retirement systems in the State, including the STRS and PERS programs. In general, PEPRA (i) increased the retirement age for public employees depending on job function, (ii) capped the annual pension benefit payouts for public employees hired after January 1, 2013, (iii) required public employees hired after January 1, 2013 to pay at least 50% of the costs of their pension benefits (as described in more detail below),

(iv) required final compensation for public employees hired after January 1, 2013 to be determined based on the highest average annual pensionable compensation earned over a period of at least 36 consecutive months, and (v) attempted to address other perceived abuses in the public retirement systems in the State. PEPRA applies to all public employee retirement systems in the State, *except* the retirement systems of the University of California, and charter cities and charter counties whose pension plans are not governed by State law. PEPRA's provisions went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on or after that date; existing employees who are members of employee associations, including employee associations of the District, have a five-year window to negotiate compliance with PEPRA through collective bargaining.

PERS has predicted that the impact of PEPRA on employees and employers, including the District and other employers in the PERS system, will vary, based on each employer's current level of benefits. As a result of the implementation of PEPRA, new members must pay at least 50% of the normal costs of the plan, which can fluctuate from year to year. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in a lower retirement benefit for employees than they currently earn.

With respect to the STRS pension program, employees hired after January 1, 2013 will pay the greater of either (1) fifty percent of the normal cost of their retirement plan, rounded to the nearest one-quarter percent, or (2) the contribution rate paid by then-current members (i.e., employees in the STRS plan as of January 1, 2013). The member contribution rate could be increased from this level through collective bargaining or may be adjusted based on other factors. Employers will pay at least the normal cost rate, after subtracting the member's contribution.

The District is unable to predict the amount of future contributions it will have to make to PERS and STRS as a result of the implementation of PEPRA, and as a result of negotiations with its employee associations, or, notwithstanding the adoption of PEPRA, resulting from any legislative changes regarding the PERS and STRS employer contributions that may be adopted in the future.

Additional Information. Additional information regarding the District's retirement programs is available in Note 13 to the District's audited financial statements attached to the Official Statement as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811. More information regarding STRS and PERS can also be obtained at their websites, www.calstrs.com and www.calpers.ca.gov, respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

Other Post-Employment Retirement Benefits

Plan Description. The District's governing board administers the Post-Employment Benefits Plan (the "**Plan**"). The Plan is a single employer defined benefit plan that is used to provide post-employment benefits other than pensions ("**OPEB**") for eligible retirees and their spouses. Membership of the Plan consists of 80 retirees and beneficiaries currently receiving benefits and 1,339 active plan members.

Benefits Provided. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions. The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Teacher Education Association (TEA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through the agreements with the District, TEA, CSEA, and the unrepresented groups. For fiscal year 2018-19, the District contributed $566,792 to the Plan, of which $566,792 was used for current premiums.

Actuarial Assumptions and Other Inputs. The District's total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified: inflation 2.75%, salary increases 2.75%, average, including inflation, discount rate 3.50%, net of OPEB plan investment expense, including inflation, and healthcare cost trend rates 4.00% for 2019. The discount rate was based on the Bond Buyer 20-Bond General Obligation Index. Mortality rates were based on the 2009 STRS Mortality Table for certificated employees and the 2014 PERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actual assumptions used in the June 30, 2019 valuation were based on the results of an actual experience study for the period July 1, 2017 to June 30, 2018.

Changes in OPEB Liability of the District. The changes in OPEB liability of the District as of June 30, 2019, is shown in the following table:

CHANGES IN TOTAL OPEB LIABILITY

	Total OPEB Liability
Balance at June 30, 2018	$15,505,979
Service cost	1,331,568
Interest	556,093
Changes of assumptions or other inputs	366,351
Benefit payments	(566,792)
Net changes	1,687,220
Total OPEB liability-ending	$17,193,199

Source: Murrieta Valley Unified School District Audit Report.

OPEB Expense. For the year ended June 30, 2019, the District recognized an OPEB expense of $1,919,798.

For more information regarding the District's OPEB and assumptions used in its most recent actuarial study, see Note 9 of Appendix B to the Official Statement.

Supplemental Employee Retirement Plan

The District offered an early retirement incentive to qualified employees under a qualified plan of Section 401 A of the Internal Revenue Code. Eligibility requirements are that the employees attain age 50 with at least 10 years of service with the District. The retirees receive annual benefit payments ranging from $1,250 to $3,000 for a term of five years. This benefit is paid out annually to the retiree in equal installments. Currently, there are 140 employees participating in the plan and the District's obligation to those retirees as of June 30, 2018, is $3,014,466.

Insurance – Joint Powers Agreement

The District is self-insured through a pooled joint powers authority ("**JPA**") mechanism for property damage with coverage up to a maximum of $250 million and liability coverage up to a maximum of $50 million. The District is similarly self-insured through a pooled workers compensation JPA mechanism with coverage up to $155 million. The District makes available health insurance benefits to all staff through a pooled JPA mechanism, contributing up to an annual cap per year per employee toward those benefits with the employee paying the balance, if any.

Existing Debt Obligations

General Obligation Bonds. Prior to the issuance of the Bonds, the District has several outstanding issuances of general obligation bonds and general obligation refunding bonds secured by *ad valorem* taxes levied and collected within the District, on a parity basis with the Bonds. The following table shows the outstanding principal amount of general obligation bonded debt of the District as of December 1, 2019.

Issue Date	Issue Name	Original Principal Amount	Outstanding Principal as of 12/1/2019
09/01/1998	1998 Series A General Obligation Bonds	$25,999,500.65	$5,828,512.05
09/13/2001	1998 Series B General Obligation Bonds	11,499,325.70	843,853.30
06/11/2003	General Obligation Bonds, Election of 2002, Series A	16,904,284.40	99,284.40
10/01/2008	General Obligation Bonds, Election of 2006, Series 2008	24,996,843.70	21,206,843.70
07/31/2012	General Obligation Refunding Bonds, Election of 2002, Series 2012	11,425,000.00	6,680,000.00
06/20/2013	General Obligation Refunding Bonds, Election of 2002, Series 2013	15,640,000.00	11,430,000.00
07/30/2015	General Obligation Bonds, Election of 2014, Series 2015	38,401,818.00	31,116,818.00
07/30/2015	General Obligation Refunding Bonds, Series 2015	40,090,000.00	36,100,000.00
04/27/2016	General Obligation Refunding Bonds, Series 2016	32,945,000.00	30,145,000.00
06/22/2017	General Obligation Bonds, Election of 2014, Series 2017	6,755,000.00	4,920,000.00
Total		$224,565,772.45	$148,370,311.45

The 1998 General Obligation Bond Authorization. The District received authorization at an election held on April 14, 1998, by more than the requisite two-thirds of the qualified electors to issue general obligation bonds in a principal amount not to exceed $37,500,000 (the "**1998 Authorization**"). On September 1, 1998, the District issued its $25,999,500.65 1998 Series A General Obligation Bonds. On September 13, 2001, the District issued its $11,499,325.70 1998 Series B General Obligation Bonds. There is no remaining authorization under the 1998 Authorization.

The 2002 General Obligation Bond Authorization. The District received authorization at an election held on November 5, 2002, by more than the requisite 55% of the qualified electors to issue general obligation bonds in a principal amount not to exceed $40,400,000 (the "**2002 Authorization**"). On June 11, 2003, the District issued its $16,904,284.40 General Obligation Bonds, Election of 2002, Series A (the "**Series 2002A Bonds**"). On August 31, 2005, the District issued its $23,495,000 General Obligation Bonds, Election of 2002, Series B (the "**Series 2002B Bonds**"). There is no remaining authorization under the 2002 Authorization.

The 2006 General Obligation Bond Authorization. The District received authorization at an election held on June 6, 2006, by more than the requisite 55% of the qualified electors to issue general obligation bonds in a principal amount not to exceed $120,000,000 (the "**2006 Authorization**"). On January 25, 2007, the District issued its $95,000,000 General Obligation Bonds, Election of 2006, Series 2007 (the "**Series 2007 Bonds**"). On October 1, 2008, the District issued its $24,996,843.70 General Obligation Bonds, Election of 2006, Series 2008. There is no remaining authorization under the 2006 Authorization.

The 2014 General Obligation Bond Authorization. The District received authorization at an election held on November 4, 2014, by more than the requisite 55% of the qualified electors to issue general obligation bonds in a principal amount not to exceed $98,000,000 (the "**2014 Authorization**"). On July 30, 2015, the District issued its $38,401,818 General Obligation Bonds, Election of 2014, Series 2015. On June 22, 2017, the District issued its $6,755,000 General Obligation Bonds, Election of 2014, Series 2017. Following the issuance of the Bonds, there will be $40,843,182* unused authorization remaining under the 2014 Authorization.

General Obligation Refunding Bonds. The District has four series of outstanding general obligation refunding bonds. On July 31, 2012, the District issued its General Obligation Refunding Bonds, Election of 2002, Series 2012 in the aggregate principal amount of $11,425,000 to refund a portion of the Series 2002A Bonds. On June 20, 2013, the District issued its General Obligation Refunding Bonds, Election of 2002, Series 2013 in the aggregate principal amount of $15,640,000 to refund a portion of the Series 2002B Bonds. On July 30, 2015, the District issued its General Obligation Refunding Bonds, Series 2015 in the aggregate principal amount of $40,090,000 to refund a portion of the Series 2007 Bonds. On April 27, 2016, the District issued its General Obligation Refunding Bonds, Series 2016 in the aggregate principal amount of $32,945,000 to refund another portion of the Series 2007 Bonds.

See “DEBT SERVICE SCHEDULES” in the body of this Official Statement for the remaining debt service due on the District’s outstanding general obligation bonds.

Certificates of Participation. On May 17, 2012, the District issued $7,495,000 of the 2012 Refinancing Lease. The certificates mature on September 1, 2027 and are currently outstanding in the aggregate principal amount of $4,450,000.

On December 8, 2016, the District issued its Refunding Certificates of Participation in the aggregate principal amount of $19,405,000. The certificates mature on May 1, 2041 and are currently outstanding in the aggregate principal amount of $18,655,000.

Capital Leases. The District has entered into agreements to lease various facilities and equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The payment schedule is shown below:

Year Ending June 30	**Lease Payments**
2020	$178,097
2021	118,185
2022	118,185
Total	414,467
Less: Amount Representing Interest	11,754
Present Value of Minimum Lease Payments	$402,713

Source: Murrieta Valley Unified School District audited financial statements.

Special Tax Bonds. The Districhas formed a number of community facilities districts which have issued special tax bonds under the Mello-Roos Community Facilities Act of 1982, as amended. Such special tax bonds are payable solely from special taxes levied on property within

* *Preliminary; subject to change.*

the respective community facilities districts. Such special tax bonds are not payable from anyat *ad valorem* taxes levied on property within the District and do not represent a debt of the District. Other special taxes and assessments may be levied from time to time on property within the District.

Investment of District Funds

In accordance with Government Code Section 53600 *et seq*., the County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq*. In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code. See APPENDIX G to the Official Statement for the County's current investment policy and recent investment report.

Effect of State Budget on Revenues

Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts generally receive the majority of their operating revenues from various State sources. The primary source of funding for school districts is LCFF funding, which is derived from a combination of State funds and local property taxes (see "—Education Funding Generally" above). State funds typically make up the majority of a district's LCFF funding. School districts also receive funding from the State for some specialized programs such as special education.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. The District cannot predict how education funding may further be changed in the future, or the state of the economy which in turn can impact the amounts of funds available from the State for education funding. See "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS."

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

State Funding of Education

General. The State requires that from all State revenues there first shall be set apart the moneys to be applied for support of the public school system and public institutions of higher education. School districts in California receive operating income primarily from two sources: (1) the State funded portion which is derived from the State's general fund, and (2) a locally funded portion, being a district's share of the 1% general *ad valorem* tax levy authorized by the California Constitution (see "DISTRICT FINANCIAL INFORMATION – Education Funding Generally" above). School districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts receive an average of about 55% of their operating revenues from various State sources.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. Decreases in State revenues may significantly affect appropriations made by the legislature to school districts.

The following information concerning the State's budgets for the current and most recent preceding years has been compiled from publicly-available information provided by the State. None of the District, the Underwriter or the County is responsible for the information relating to the State's budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer's Office.

The Budget Process. The State's fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the "**Governor's Budget**"). Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the Legislature takes up the proposal.

Under the State Constitution, money may be drawn from the State Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. The Budget Act must be approved by a majority vote of each house of the Legislature. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each house of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (including for K-14 education) must be approved by a majority vote in each House of the Legislature, unless such appropriations require tax increases, in which case they must be approved by a two-thirds vote of each house of the Legislature, and be signed by the Governor. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

Recent State Budgets

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

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

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

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

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

Prior Years' Budgeting Techniques*.* Declining revenues and fiscal difficulties which arose in the State commencing in fiscal year 2008-09 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools, until a later date in the fiscal year, or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met, among others, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. Although the fiscal year 2018-19 State budget is balanced and projects a balanced budget for the foreseeable future, largely attributable to the additional revenues generated due to the passage of Proposition 55 at the November 8, 2016 statewide election, there can be no certainty that budget-cutting strategies such as those used in recent years will not be used in the future should the State budget again be stressed and if projections included in such budget do not materialize.

***2013-14 State Budget: Significant Change in Education Funding**.* As described previously herein, the 2013-14 State Budget and its related implementing legislation enacted significant reforms to the State's system of K-12 education finance with the enactment of the LCFF. Significant reforms such as the LCFF and other changes in law may have significant impacts on the District's finances.

2019-20 State Budget

On June 27, 2019, the Governor signed the 2019-20 State budget (the "**2019-20 State Budget**") into law. The 2019-20 State Budget calls for total spending of $214.8 billion, with $147.8 billion in general fund spending. The 2019-20 State Budget provides for $81.1 billion of funding through Proposition 98, the primary source of funding for K-12 school districts and community college districts, an increase of $2.7 billion, or 3.4%, from the 2018-19 State budget. Of that $81.1 billion, $62.9 billion will be distributed to K-12 school districts through the LCFF, which will be fully funded during fiscal year 2019-20, restoring every school district in the State to at least pre-recession funding levels.

The 2019-20 State Budget continues to build State reserves, with the rainy-day fund balance projected to grow to $16.5 billion by the end of the budget year. Additionally, revenues have been set aside in new savings funds, including a $900 million reserve for safety net programs. Other significant features of the 2019-20 State Budget include:

- $1.5 billion anticipated in Proposition 51 bond funds for school facilities and an additional $1.2 million of ongoing Proposition 51 bond funds;

- $5 million one-time funding for a long-term strategic plan to provide childcare and preschool for children from birth through age twelve;

- $300 million one-time funding to construct new or retrofit existing facilities to support full-day kindergarten programs;

- $645.3 million ongoing funding for special education, including $152.6 million to provide all Special Education Local Plan Areas with at least the statewide target rate for base special education funding.

- $147.4 million one-time and ongoing funding to address the shortage of teachers;

- $918 million in additional funding to identify and implement recommendations and solutions to reduce wildfire risk, bolster the state's emergency preparedness capacity and protect vulnerable communities;

- $518,000 one-time funding to reimburse cities, counties and special districts for 2018-2019 property tax losses and a corresponding $530,000 that will be used to backfill property tax revenue losses for K-14 schools in those cities, counties and districts;

- $460 million one-time general funding to increase the quality and availability of child care, including $263 million for child care and preschool facilities expansion and $195 million for childcare and preschool workforce development;

- one-time funding of $750 million to support local governments in increasing and accelerating housing production; and

- one-time funding of $650 million to support local governments in addressing homelessness, to be used for emergency shelters and navigation centers, rapid rehousing, permanent supportive housing, job programs and hotel/motel conversions.

Disclaimer Regarding State Budgets. The implementation of the foregoing 2019-20 State Budget and future State budgets may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risks associated with proposed spending reductions, (iv) rising health care costs and/or other unfunded liabilities, such as pension or OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The District cannot predict the impact that the 2018-19 State Budget, or subsequent state budgets, will have on its own finances and operations. However, the Bonds are secured by *ad valorem* taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

The State has not entered into any contractual commitments with the District, the County, the Underwriter or the owners of the Bonds to provide State budget information to the District or the owners of the Bonds. Although they believe the sources of information listed below are reliable, neither the District nor the Underwriter assumes any responsibility for the accuracy of State budget information set forth or referred to or incorporated in this Official Statement.

Availability of State Budgets. The complete 2019-20 State Budget is available from the California Department of Finance website at www.ebudget.ca.gov. An impartial analysis of the budget is published by the Legislative Analyst Office, and is available at www.lao.ca.gov/budget. The District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted on these sites, and such information is not incorporated in this Official Statement by these references. The information referred to above should not be relied upon when making an investment decision with respect to the Bonds.

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

Legal Challenges to State Funding of Education

The application of Proposition 98 and other statutory regulations has been the subject of various legal challenges in the past. The District cannot predict if or when there will be changes to education funding or legal challenges which may arise relating thereto.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest on the Bonds are payable from the proceeds of an *ad valorem* tax levied by the County for the payment thereof. Articles XIIIA, XIIIB, XIIIC, and XIIID of the State Constitution, Propositions 62, 98, 111 and 218, 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 District to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the District's voters in compliance with Article XIIIA and all applicable laws.

Constitutionally Required Funding of Education

The State Constitution requires that from all State revenues, there shall be first set apart the moneys to be applied by the State for the support of the public school system and public institutions of higher education. School districts receive a significant portion of their funding from State appropriations. As a result, decreases and increases in State revenues can significantly affect appropriations made by the State Legislature to school districts.

Article XIIIA of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIIIA to the State Constitution ("**Article XIIIA**"). Article XIIIA limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIIIA approved by State voters on June 3, 1986) bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness (which provided the authority for the issuance of the Refunded Bonds), and (iii) (as a result of an amendment to Article XIIIA approved by State voters on November 7, 2000) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. The tax for the payment of the Bonds falls within the exception described in (iii) of the immediately preceding sentence. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment". This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

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

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

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.

Inflationary Adjustment of Assessed Valuation. As described above, the assessed value of a property may be increased at a rate not to exceed 2% per year to account for inflation. On December 27, 2001, the Orange County Superior Court, in *County of Orange v. Orange County Assessment Appeals Board No. 3*, held that where a home's taxable value did not increase for two years, due to a flat real estate market, the Orange County assessor violated the 2% inflation adjustment provision of Article XIIIA, when the assessor tried to "recapture" the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties, including the Counties, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The SBE has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year's assessment. On May 10, 2004 a petition for review was filed with the California Supreme Court. The petition has been denied by the California Supreme Court. As a result of this litigation, the "recapture" provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

Article XIIIB of the California Constitution

Article XIIIB ("**Article XIIIB**") 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. 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 under the provisions of Article XIIIB, as amended.

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

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

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years. However, in the event that a school district's revenues exceed its spending limit, the district may in any fiscal year increase its appropriations limit to equal its spending by borrowing appropriations limit from the State.

Article XIIIB also includes a requirement that 50% 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 under Section 8.5 of Article XVI of the State Constitution.

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.

Articles XIIIC and XIIID of the California Constitution

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

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as 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 XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4.

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

Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

While 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), the District does not believe that Proposition 218 will directly impact the revenues available to pay debt service on the Bonds.

Proposition 98

On November 8, 1988, California voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "**Accountability Act**"). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, and (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

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

Proposition 111

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

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

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

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

Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the 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 Legislature and the Governor, which expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

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

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 (the "**first test**") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to *per capita* personal income) and enrollment (the "**second test**"). Under Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in *per capita* State general fund revenues from the prior year is less than the annual growth in California per capita personal income (the "**third test**"). Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and *per capita* State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as "**Proposition 39**") to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (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. Constitutional amendments may be changed only with another statewide vote. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by Proposition 39 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. Prior to the approval of Proposition 39, property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

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

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amended 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-thirds approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Under Proposition 1A, beginning in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amended 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, a constitutional initiative entitled the "Local Taxpayer, Public Safety, and Transportation Protection Act of 2010," approved on November 2, 2010, superseded many of the provision of Proposition 1A. This initiative amends the State constitution to prohibit the legislature from diverting or shifting revenues that are dedicated to funding services provided by local government or funds dedicated to transportation improvement projects and services. Under this proposition, the State is not allowed to take revenue derived from locally imposed taxes, such as hotel taxes, parcel taxes, utility taxes and sales taxes, and local public transit and transportation funds. Further, in the event that a local governmental agency sues the State alleging a violation of these provisions and wins, then the State must automatically appropriate the funds needed to pay that local government. This Proposition was intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. Proposition 22 did not prevent the California State Legislature from dissolving State redevelopment agencies pursuant to AB 1X26, as confirmed by the decision of the California Supreme Court decision in *California Redevelopment Association v. Matosantos* (2011).

Because Proposition 22 reduces the State's authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget, such as reducing State spending or increasing State taxes, and school and college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

Proposition 30 and Proposition 55

The Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as **"Proposition 30"**), temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $500,000 but less than $600,000 for joint filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $600,000 but less than $1,000,000 for joint filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers). Proposition 55 (described below) extended said increases to personal income rates through the end of 2030.

The revenues generated from the temporary tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See "Proposition 98" and "Proposition 111" above. From an accounting perspective, the revenues generated from the temporary tax increases will be deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the **"EPA"**). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per 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 boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

The California Children's Education and Health Care Protection Act of 2016, also known as Proposition 55, was a proposed constitutional amendment initiative that was approved on the November 8, 2016 general election ballot in California. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030, instead of the scheduled expiration date of December 31, 2018. Tax revenue received under Proposition 55 is to be allocated 89% to K-12 schools and 11% to community colleges. Proposition 55 did not extend the sales or excise tax increases of Proposition 30.

California Senate Bill 222

Senate Bill 222 ("**SB 222**") was signed by the California Governor on July 13, 2015 and became effective on January 1, 2016. SB 222 amended Section 15251 of the California Education Code and added Section 52515 to the California Government Code to provide that voter approved general obligation bonds which are secured by *ad valorem* tax collections such as the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien shall attach automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the issuer, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act. The effect of SB 222 is the treatment of general obligation bonds as secured debt in bankruptcy due to the existence of a statutory lien.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 98, 111, 22, 26, 30, 39 and 55 were each adopted as measures that qualified for the ballot under 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.

APPENDIX B

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2018-19

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Annual Financial Report
June 30, 2019

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT

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JUNE 30, 2019

FINANCIAL SECTION

CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

Governing Board
Murrieta Valley Unified School District
Murrieta, 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 the Murrieta Valley Unified School District (the District) as of and for the year ended June 30, 2019, 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.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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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 the Murrieta Valley Unified School District, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12, budgetary comparison schedule on page 69, schedule of changes in the District's total OPEB liability and related ratios on page 70, schedule of the District's proportionate share of the net pension liability on page 71, and the schedule of District contributions on page 72, 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 Murrieta Valley Unified School District's basic financial statements. The accompanying supplementary information such as the combining and individual nonmajor fund financial statements and Schedule of Expenditures of Federal Awards, 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 (Uniform Guidance)* and the other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2019, on our consideration of the Murrieta Valley Unified School 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Murrieta Valley Unified School District's 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 Murrieta Valley Unified School District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
September 27, 2019

This section of Murrieta Valley Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019, with comparative information from 2018. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the Murrieta Valley Unified School District and its component units using the integrated approach as prescribed by Government Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities separately. These statements include all assets of the District, as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, proprietary and fiduciary.

The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The *Fiduciary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Murrieta Valley Unified School District.

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FINANCIAL HIGHLIGHTS OF THE PAST YEAR

- General Fund revenues totaled $261,049,831 for 2018-2019. Fiscal year 2018-2019 was the sixth year of the Local Control Funding Formula (LCFF). LCFF funding was based on average daily attendance (ADA) equal to 22,112. Student enrollment increased by 130 students over prior year California Longitudinal Pupil Achievement Data System (CALPADS) to 23,251.

- General Fund expenditures totaled $252,232,809for 2018-2019. Expenditures included a 1 (one) percent one-time off schedule payment and a 1.5 (one and one-half) percent on schedule increase for all employees. In addition, expenditures included meeting the requirements of the District Local Control Accountability Plan.

- General Fund revenue and expenditures were increased by an additional $9,732,193 which was directly related to Senate Bill 90. The on behalf payments related to these additional contributions have been excluded from the calculation of available reserves, and have not been included in the budgeted amounts reported in the General Fund – Budgetary Comparison Schedule.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include *all* assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The relationship between revenues and expenses is the District's operating results. Since the Board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we present the District activities as follows:

Governmental Activities **-** The District reports all of its services in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental Funds **-** Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary,* for funds held on behalf of others, like our funds for associated student body activities, scholarships, employee retiree benefits, and pensions. The District's fiduciary activities are reported in the *Statements of Fiduciary Net Position.* We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $159,024,050 and $177,157,036 for the fiscal years ended June 30, 2019 and 2018, respectively. Of this amount, $(177,912,030) was unrestricted deficit at June 30, 2019. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use net position for day-to-day operations. Our analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2019	2018
Assets		
Current and other assets	$ 101,635,898	$ 108,984,146
Capital assets	509,924,688	521,044,553
Total Assets	611,560,586	630,028,699
Deferred Outflows of Resources	85,005,080	86,465,417
Liabilities		
Current liabilities	9,421,747	12,987,663
Long-term obligations	247,540,824	257,022,254
Aggregate net pension liability	262,409,309	252,162,077
Total Liabilities	519,371,880	522,171,994
Deferred Inflows of Resources	18,169,736	17,165,086
Net Position		
Net investment in capital assets	297,430,358	310,143,501
Restricted	39,505,722	32,952,358
Unrestricted (Deficit)	(177,912,030)	(165,938,823)
Total Net Position	$ 159,024,050	$ 177,157,036

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 14. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities 2019	Governmental Activities 2018
Revenues		
Program revenues:		
Charges for services	$ 4,991,403	$ 3,319,955
Operating grants and contributions	47,058,874	47,205,979
Capital grants and contributions	-	824
General revenues:		
Unrestricted Federal and State aid	154,327,525	139,330,709
Property taxes	74,109,364	72,683,377
Other general revenues	19,860,283	15,837,993
Total Revenues	300,347,449	278,378,837
Expenses		
Instruction-related	223,599,238	200,737,099
Pupil services	29,803,874	27,061,871
Administration	16,158,575	14,060,186
Plant services	33,395,471	20,820,728
Other	15,523,277	15,536,276
Total Expenses	318,480,435	278,216,160
Change in Net Position	$ (18,132,986)	$ 162,677

Governmental Activities

As reported in the *Statement of Activities* on page 14, the cost of all of our governmental activities this year was $318,480,435. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $74,109,364 because the cost was paid by those who benefited from the programs $4,991,403 or by other governments and organizations who subsidized certain programs with grants and contributions of $47,058,874. We paid for the remaining "public benefit" portion of our governmental activities, $154,327,525 in Federal and State aid, and $19,860,283 in other revenues, like interest, and general entitlements.

In Table 3, we have presented the cost of each of the District's largest functions including, instruction, instruction-related activities, pupil services, administration, plant services, ancillary services, community services, and other governmental activities. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Instruction	$ 199,497,917	$ 178,700,143	$ 170,033,354	$ 151,643,586
Instruction-related activities	24,101,321	22,036,956	20,929,135	19,261,140
Pupil services	29,803,874	27,061,871	18,822,488	16,864,082
Administration	16,158,575	14,060,186	14,900,250	8,842,848
Plant services	33,395,471	20,820,728	32,254,747	19,883,222
Ancillary services	3,194,471	2,852,382	3,094,526	2,764,036
Community services	2,205,199	2,158,203	1,316,207	1,634,995
Other governmental activities	10,123,607	10,525,691	5,079,451	6,795,493
Total	$ 318,480,435	$ 278,216,160	$ 266,430,158	$ 227,689,402

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $94,264,441 (Table 4) in 2019, compared to $98,122,215 in 2018.

Table 4

	Fund Balance	
	2019	2018
General Fund	$ 49,436,329	$ 40,276,506
Building Fund	3,981,081	9,116,229
Capital Facilities Fund	5,270,711	6,166,211
Capital Projects Fund for Blended Component Units	8,673,792	15,855,653
Bond Interest and Redemption Fund	22,343,432	21,432,460
Non-Major Governmental Funds	4,559,096	5,275,156
Total	$ 94,264,441	$ 98,122,215

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the District had $509,924,688 in a broad range of capital assets (net of depreciation), including land, buildings, and furniture and equipment.

Table 5

	Governmental Activities	
	2019	2018
Land and construction in process	$ 38,982,044	$ 39,551,952
Buildings and improvements, net of depreciation	466,881,184	478,854,932
Equipment, net of depreciation	4,061,460	2,637,669
Total	$ 509,924,688	$ 521,044,553

We present more detailed information regarding our capital assets in Note 5 of the financial statements.

Long-Term Obligations

At the end of this year, the District had $247,540,824 in outstanding long-term obligations. The long-term obligations consisted of:

Table 6

	Governmental Activities	
	2019	2018
General obligation bonds	$ 192,536,870	$ 200,803,535
Certificates of participation	23,325,000	23,845,000
Premium on issuance	12,491,096	13,676,325
Discount on issuance	(310,046)	(324,139)
Capitalized lease obligations	402,713	119,825
Other	19,095,191	18,901,708
Total	$ 247,540,824	$ 257,022,254

Other obligations include compensated absences payable, supplemental employee retirement plan and OPEB obligation. We present more detailed information regarding our long-term obligations in Note 9 of the financial statements.

Net Pension Liability (NPL)

At year-end, the District had a pension liability of $262,409,309, as a result of the adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions.* The District therefore recorded its proportionate share of net pension liabilities for CalSTRS and CalPERS.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2019-2020 year, the District Board of Education and management used the following criteria:

The key assumptions in our revenue forecast are:

1. Local Control Funding Formula
   a. Student enrollment projected the same as prior year equal to 23,251 students;
   b. Funding based on estimated prior year P2 ADA equal to 22,118;
   c. Cost of Living Adjustment equal to 3.26 percent;
2. Federal revenues maintained at prior year funding levels.
3. State revenues maintained at prior year funding levels.

The major changes to expenditure items specifically addressed in the budget are:

1. Employee step and column increases.
2. Staffing Ratios
   a. K-3 Grades - Individual site Grade Span Adjustment requirements as a condition of Local Control Funding Formula add-ons;
   b. 4-5 Grades 32:1;
   c. 6-8 Grades 31:1;
   d. 9-12 Grades 31:1.
3. Local Control Accountability Plan expenditures.
4. Increases to the State Teachers Retirements System Employer Rate.
5. Increases to the Public Employees Retirement System Employer Rate.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Bill Olien, Deputy Superintendent at Murrieta Valley Unified School District, Murrieta, California, or e-mail at bolien@murrieta.k12.ca.us.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
ASSETS	
Deposits and investments	$ 86,067,645
Receivables	15,416,026
Prepaid expenditures	33,825
Stores inventories	118,402
Capital assets	
Land and construction in process	38,982,044
Other capital assets	651,958,780
Less: Accumulated depreciation	(181,016,136)
Total Capital Assets	509,924,688
Total Assets	611,560,586
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	4,803,663
Deferred outflows of resources related to pensions	79,867,203
Deferred outflows of resources related to net other postemployment benefits (OPEB) liability	334,214
Total Deferred Outflows of Resources	85,005,080
LIABILITIES	
Accounts payable	6,299,519
Accrued Interest payable	2,050,290
Unearned revenue	1,071,938
Long-term obligations:	
Current portion of long-term obligations other than pension	15,353,927
Noncurrent portion of long-term obligations other than pension	232,186,897
Total Long-Term Obligations	247,540,824
Aggregate net pension liability	262,409,309
Total Liabilities	519,371,880
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	18,169,736
Total Deferred Inflows of Resources	18,169,736
NET POSITION	
Net investment in capital assets	297,430,358
Restricted for:	
Debt service	20,293,142
Capital projects	8,313,820
Educational programs	8,507,081
Other activities	2,391,679
Unrestricted (Deficit)	(177,912,030)
Total Net Position	$ 159,024,050

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

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities:				
Instruction	$ 199,497,917	$ 298,674	$ 29,165,889	$ (170,033,354)
Instruction-related activities:				
Supervision of instruction	6,720,157	32,527	2,153,132	(4,534,498)
Instructional library, media, and technology	1,542,951	2,681	315,533	(1,224,737)
School site administration	15,838,213	-	668,313	(15,169,900)
Pupil services:				
Home-to-school transportation	4,366,276	-	-	(4,366,276)
Food services	8,207,105	3,423,211	4,627,700	(156,194)
All other pupil services	17,230,493	-	2,930,475	(14,300,018)
Administration:				
Data processing	3,783,967	-	-	(3,783,967)
All other administration	12,374,608	241,812	1,016,513	(11,116,283)
Plant services	33,395,471	118,222	1,022,502	(32,254,747)
Ancillary services	3,194,471	-	99,945	(3,094,526)
Community services	2,205,199	328,936	560,056	(1,316,207)
Enterprise services	239,097	-	6,625	(232,472)
Interest on long-term obligations	9,825,712	-	-	(9,825,712)
Other outgo	58,798	545,340	4,492,191	4,978,733
Total Governmental Activities	$ 318,480,435	$ 4,991,403	$ 47,058,874	(266,430,158)

General revenues and subventions:	
Property taxes, levied for general purposes	54,932,053
Property taxes, levied for debt service	18,309,529
Taxes levied for other specific purposes	867,782
Federal and State aid not restricted to specific purposes	154,327,525
Interest and investment earnings	977,702
Miscellaneous	18,882,581
Subtotal, General Revenues	248,297,172
Change in Net Position	(18,132,986)
Net Position - Beginning	177,157,036
Net Position - Ending	$ 159,024,050

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

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MURRIETA VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019

	General Fund	Building Fund	Capital Facilities Fund
ASSETS			
Deposits and investments	$ 41,785,636	$ 4,426,308	$ 2,938,704
Receivables	12,613,516	28,733	22,426
Due from other funds	613,449	-	4,732,266
Prepaid expenditures	33,825	-	-
Stores inventories	-	-	-
Total Assets	$ 55,046,426	$ 4,455,041	$ 7,693,396
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 4,890,369	$ 473,960	$ 732,847
Due to other funds	5,146	-	1,689,838
Unearned revenue	714,582	-	-
Total Liabilities	5,610,097	473,960	2,422,685
Fund Balances:			
Nonspendable	48,825	-	-
Restricted	8,507,081	3,981,081	5,270,711
Committed	-	-	-
Assigned	17,418,056	-	-
Unassigned	23,462,367	-	-
Total Fund Balances	49,436,329	3,981,081	5,270,711
Total Liabilities and Fund Balances	$ 55,046,426	$ 4,455,041	$ 7,693,396

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

Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
$ 11,716,901	$ 22,343,432	$ 2,856,664	$ 86,067,645
-	-	2,751,351	15,416,026
1,689,157	-	5,146	7,040,018
-	-	-	33,825
-	-	118,402	118,402
$ 13,406,058	$ 22,343,432	$ 5,731,563	$ 108,675,916
$ -	$ -	$ 202,343	$ 6,299,519
4,732,266	-	612,768	7,040,018
-	-	357,356	1,071,938
4,732,266	-	1,172,467	14,411,475
-	-	133,382	182,207
8,673,792	22,343,432	2,689,036	51,465,133
-	-	395,109	395,109
-	-	1,341,569	18,759,625
-	-	-	23,462,367
8,673,792	22,343,432	4,559,096	94,264,441
$ 13,406,058	$ 22,343,432	$ 5,731,563	$ 108,675,916

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2019

Total Fund Balance - Governmental Funds		$ 94,264,441
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 690,940,824	
Accumulated depreciation is	(181,016,136)	
Net Capital Assets		509,924,688
Deferred charges on refunding (the difference between the reacquisition price and net carrying amount of refunded debt) are capitalized and amortized over the remaining life of the new or old debt (whichever is greater) and are included with governmental activities.		4,803,663
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred.		(2,050,290)
Deferred outflows of resources related to pensions represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year end consist of:		
Pension contributions subsequent to measurement date	25,950,991	
Net change in proportionate share of net pension liability	9,770,352	
Differences between projected and actual earnings on pension plan investments	2,023,165	
Differences between expected and actual experience in the measurement of the total pension liability	5,694,377	
Changes in assumptions	36,428,318	
Total Deferred Outflows of Resources Related to Pensions		79,867,203

GOVERNMENTAL FUNDS RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION (Continued)
JUNE 30, 2019

Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year end consist of:		
Net change in proportionate share of net pension liability	(8,397,197)	
Differences between projected and actual earnings on pension plan investments	(7,096,017)	
Differences between expected and actual experience in the measurement of the total pension liability	(2,676,522)	
Total Deferred Inflows of Resources Related to Pensions		$ (18,169,736)
Deferred outlfows of resources related to OPEB represent a consumption of net position in a future period and is not reported in the District's funds. deferred outflows of resources related to OPEB at year-end consist of OPEB changes in assumptions.		334,214
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		$ (262,409,309)
Long-term obligations are not due and payable in the current period and, therefore, are not reported as obligations in the funds.		
Long-term obligations at year-end consist of:		
General obligation bonds	(157,730,916)	
Certificates of participation	(23,325,000)	
Unamortized premium on issuance	(12,491,096)	
Unamortized discounts on issuance	310,046	
Capital lease obligations	(402,713)	
Supplemental early retirement program	(1,507,233)	
Compensated absences (vacations)	(394,759)	
Net other postemployment benefits (OPEB) liability	(17,193,199)	
In addition, the District has issued 'capital appreciation' general obligation bonds. The accretion of interest unmatured on the general obligation bonds to date is:	(34,805,954)	
Total Long-Term Obligations		(247,540,824)
Total Net Position - Governmental Activities		$ 159,024,050

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Building Fund	Capital Facilities Fund
REVENUES			
Local Control Funding Formula	$ 199,248,195	$ -	$ -
Federal sources	8,978,194	-	-
Other State sources	33,477,220	-	-
Other local sources	19,346,222	128,623	1,064,988
Total Revenues	261,049,831	128,623	1,064,988
EXPENDITURES			
Current			
Instruction	167,308,849	-	-
Instruction-related activities:			
Supervision of instruction	5,895,977	-	-
Instructional library, media, and technology	1,437,202	-	-
School site administration	14,523,274	-	-
Pupil services:			
Home-to-school transportation	4,047,595	-	-
Food services	158,744	-	-
All other pupil services	16,049,057	-	-
Administration:			
Data processing	3,598,785	-	-
All other administration	10,896,092	-	1,380,865
Plant services	22,590,944	2,675,840	1,122,149
Ancillary services	3,067,176	-	-
Community services	387,509	-	-
Other outgo	58,798	-	-
Enterprise services	13,108	-	-
Facility acquisition and construction	1,494,384	2,587,931	7,099,966
Debt service			
Principal	235,000	-	200,000
Interest and other	470,315	-	44,900
Total Expenditures	252,232,809	5,263,771	9,847,880
Excess (Deficiency) of Revenues Over Expenditures	8,817,022	(5,135,148)	(8,782,892)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	7,887,392
Other sources	342,801	-	-
Transfers out	-	-	-
Net Financing Sources (Uses)	342,801	-	7,887,392
NET CHANGE IN FUND BALANCES	9,159,823	(5,135,148)	(895,500)
Fund Balance - Beginning	40,276,506	9,116,229	6,166,211
Fund Balance - Ending	$ 49,436,329	$ 3,981,081	$ 5,270,711

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

Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
$ -	$ -	$ -	$ 199,248,195
-	-	5,505,102	14,483,296
-	131,993	2,429,514	36,038,727
237,483	18,464,840	7,721,070	46,963,226
237,483	18,596,833	15,655,686	296,733,444
-	-	2,218,368	169,527,217
-	-	386,858	6,282,835
-	-	-	1,437,202
-	-	154,896	14,678,170
-	-	-	4,047,595
-	-	7,761,016	7,919,760
-	-	52,101	16,101,158
-	-	-	3,598,785
-	-	607,189	12,884,146
489,117	-	2,417,668	29,295,718
-	-	-	3,067,176
-	-	1,718,340	2,105,849
-	-	-	58,798
-	-	218,068	231,176
-	-	12,865	11,195,146
-	11,969,999	144,914	12,549,913
-	5,715,862	679,463	6,910,540
489,117	17,685,861	16,371,746	301,891,184
(251,634)	910,972	(716,060)	(5,157,740)
-	-	2,618,952	10,506,344
957,165	-	-	1,299,966
(7,887,392)	-	(2,618,952)	(10,506,344)
(6,930,227)	-	-	1,299,966
(7,181,861)	910,972	(716,060)	(3,857,774)
15,855,653	21,432,460	5,275,156	98,122,215
$ 8,673,792	$ 22,343,432	$ 4,559,096	$ 94,264,441

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

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

Total Net Change in Fund Balances - Governmental Funds		$ (3,857,774)
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
This is the amount by which depreciation exceeds capital outlay in the period.		
Capital outlay	$ 8,111,986	
Depreciation expense	(19,231,851)	
Net Expense Adjustment		(11,119,865)
Some of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the capital leases are not revenues in the Statement of Activities, but rather constitute long-term obligations in the Statement of Net Assets.		(342,801)
In the Statement of Activities, certain operating expenses - compensated absences (vacations) and special termination benefits (early retirement) 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, special termination benefits used was more than amounts earned by $1,507,233. Compensated absences (vacations) earned was more than amounts used by $13,496.		1,493,737
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		(12,588,018)
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows and net OPEB liability during the year.		(1,353,006)

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

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

Payment of principal on long-term obligations is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities.		
General obligation bonds	$ 11,970,000	
Certificates of participation	520,000	
Capital lease obligations	59,913	
Combined adjustment		$ 12,549,913
Governmental funds report the effect of premiums and discounts when the debt is first issued, whereas the amounts are deferred and amortized over the life of the debt in the Statement of Activities. This amount is the net effect of the amortization of the related items:		
Amortization of debt premium	1,185,229	
Amortization of debt discount	(14,093)	
Amortization of deferred amount on refunding	(458,415)	
Combined adjustment		712,721
Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of two factors. First, accrued interest on the general obligation bonds and certificates of participation is decreased by $75,442, and second, $3,703,335 of additional accumulated interest was accreted on the District's "capital appreciation" general obligation bonds.		(3,627,893)
Change in Net Position of Governmental Activities		$(18,132,986)

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

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Agency Funds		
	Debt Service Fund for Special Tax Bonds	**Associated Student Bodies**	**Total Agency Funds**
ASSETS			
Deposits and investments	$ 30,682,782	$ 1,885,501	$ 32,568,283
Receivables	-	47,956	47,956
Stores inventories	-	132,675	132,675
Other current assets	-	15,613	15,613
Total Assets	$ 30,682,782	$ 2,081,745	$ 32,764,527
LIABILITIES			
Accounts payable	$ -	$ 474,180	$ 474,180
Due to student groups	-	1,607,565	1,607,565
Due to bond holders	30,682,782	-	30,682,782
Total Liabilities	$ 30,682,782	$ 2,081,745	$ 32,764,527

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Murrieta Valley Unified School District (the District) was organized on July 1, 1989, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K - 12 as mandated by the State and/or Federal agencies. The District currently operates eleven elementary schools, four middle schools, three high schools, one continuation school, one independent study school, and one adult school.

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, boards, and agencies that are not legally separate from the District. For Murrieta Valley Unified School District, this includes general operations, food service, and student related activities of the District.

Component Units

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. For financial reporting purposes, the component units discussed below are reported in the District's financial statements because of the significance of their relationship with the District. The component units, although legally separate entities, are reported in the financial statements as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District and because their purpose is to finance the construction of facilities to be used for the benefit of the District.

The Murrieta Valley Unified School District Educational Facilities Corporation (the Corporation) financial activity is presented in the financial statements as the Educational Facilities Corporation Capital Projects Fund and the Educational Facilities Corporation Debt Service Fund included the Governmental Funds. Certificates of participation issued by the Corporation are included in the long-term obligations of the Statement of Net Position. Individually prepared financial statements are not prepared for Educational Facilities Corporation.

The Murrieta Valley Unified School District Community Facilities Districts (CFDs) and Public Financing Authorities (PFAs) 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 and Special Tax Revenue Bonds issued for the PFAs 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.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into two broad fund categories: governmental and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

Building Fund The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approving a development approval (Education Code Sections 17620-17626 and Government Code Section 65995 et seq.). Expenditures are restricted to the purposes specified in Government Code Sections 65970-65981 or to the items specified in agreements with the developer (Government Code Section 66006).

Capital Projects Fund for Blended Component Units The Capital Projects Fund for Blended Component Units is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

Bond Interest and Redemption Fund The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a District (*Education Code* Sections 15125-15262).

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Adult Education Fund The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.

Child Development Fund The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

Cafeteria Fund The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

Capital Projects Funds The Capital Project Funds are used to account for financial resources that are to be used for the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

County School Facilities Fund The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition ID), or the 2016 State School Facilities Fund (Proposition 51), authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

Special Reserve Fund for Other Than Capital Outlay Projects The Special Reserve Fund for Other Than Capital Outlay Projects is used primarily to provide for the accumulation of General Fund monies for general operating purposes other than for capital outlay (Education Code Section 42840).

Debt Service Funds The Debt Service funds are used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term obligations.

Educational Facilities Corporation Debt Service Fund The Educational Facilities Corporation Debt Service Fund is used to account for certificate of participation debt payments

Fiduciary Funds Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency funds account for the accumulation of resources for the payment of the principal and interest on the Special Tax Bonds issued by the Community Facilities Districts as well as the associated student body activities (ASB).

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each governmental program. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among the programs, functions, and segments using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues include charges paid by the recipients of the goods or services offered by the programs and 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 are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the District.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Governmental Funds All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Fiduciary Funds Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements, because they do not represent resources of the District.

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 or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 90 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. 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.

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 before the eligibility requirements are met and 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.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

Investments

Investments held at June 30, 2019, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Prepaid Expenditures

Prepaid expenditures represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures when paid.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental type funds.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $10,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expended as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide financial statement of net position. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 50 years; equipment, 2 to 15 years.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net position.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds.

However, claims and judgments, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term loans are recognized as liabilities in the fund governmental financial statements when due.

Debt Issuance Costs, Premiums, and Discounts

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Debt premiums and discounts, as well as issuance costs, related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, and for pension related items, and for OPEB related items. The District reports deferred outflows of resources for the unamortized loss on the refunding of general obligation bonds and current year pension contributions.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for deferred charges on refunding, for pension related items, and for OPEB related items. The District reports deferred inflows of resources for the difference between projected and actual earnings on pension plan investments specific to the net pension liability and changes in assumptions specific to OPEB.

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 California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions 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. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total 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 District Plan and additions to/deductions from the District Plan net position have been determined on the same basis as they are reported by the District Plan. For this purpose, The District 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.

Fund Balances - Governmental Funds

As of June 30, 2019, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or deputy superintendent, business services and facilities may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

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.

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and liabilities. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $39,505,722 of restricted net position.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Interfund transfers are eliminated in the governmental activities column of the statement of activities.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Property Tax

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

Change in Accounting Principles

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The District has implemented the provisions of this Statement as of June 30, 2019.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The District has implemented the provisions of this Statement as of June 30, 2019.

New Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2018. Early implementation is encouraged.

In June 2017, the GASB issued Statement No. 87, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.

- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements - often characterized as leases - that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2020. Early implementation is encouraged.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2019, are classified in the accompanying financial statements as follows:

Governmental activities	$ 86,067,645
Fiduciary funds	32,568,283
Total Deposits and Investments	$ 118,635,928

Deposits and investments as of June 30, 2019, consist of the following:

Cash on hand and in banks	$ 2,889,104
Cash in revolving	29,980
Investments	115,716,844
Total Deposits and Investments	$ 118,635,928

Policies and Practices

The District is authorized under Governing Board Policy 3430 to make direct investments in the County Investment Pool; local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; commercial paper, and certificates of deposit placed with commercial banks and/or savings and loan companies.

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the Pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	Not Applicable	20%	10%
Money Market Mutual Funds	Not Applicable	20%	10%
Mortgage Pass-Through Securities	Not Applicable	20%	None
County Pooled Investment Funds	Not Applicable	None	None
Local Agency Investment Fund (LAIF)	Not Applicable	None	None
Joint Powers Authority Pools	Not Applicable	None	None

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by primarily investing in the Riverside County Treasury Investment Pool.

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

Investment Type	Fair Value	Weighted Average Maturity in Days
Money Market - Treasury Cash Management	$ 42,697,041	15
Riverside County Treasury Investment Pool	73,315,677	387
Total	$ 116,012,718	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

Investment Type	Minimum Legal Rating	Rating June 30, 2019	Fair Value
Money Market - Treasury Cash Management	Not Required	Aaa	$ 42,697,041
Riverside County Treasury Investment Pool	Not Required	Aaa	73,315,677
Total			$ 116,012,718

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2019, the District's bank balance of $1,668,253 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 3 - 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 data 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.

The District's fair value measurements are as follows at June 30,2019:

Investment Type	Fair Value	Fair Value Measurements Using Level 1 Inputs	Uncategorized
Money Market - Treasury Cash Management	$ 42,697,041	$ 42,697,041	$ -
Riverside County Treasury Investment Pool	73,315,677	-	73,315,677
Total	$ 116,012,718	$ 42,697,041	$ 73,315,677

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

NOTE 4 - RECEIVABLES

Receivables at June 30, 2019, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds
Federal Government				
Categorical aid	$ 5,865,367	$ -	$ -	$ 1,172,584
State Government				
Categorical aid	1,220,420	-	-	262,319
Lottery	1,104,590	-	-	-
Local Government				
Interest	271,967	4,937	22,426	11,315
Other Local Sources	1,667,924	23,796	-	1,305,133
Special Ed Master Plan	2,483,248	-	-	-
Total	$ 12,613,516	$ 28,733	$ 22,426	$ 2,751,351

	Total Governmental Activities	Fiduciary Funds
Federal Government		
Categorical aid	$ 7,037,951	$ -
State Government		
Categorical aid	1,482,739	-
Lottery	1,104,590	-
Local Government		
Interest	310,645	-
Other Local Sources	2,996,853	47,956
Special Ed Master Plan	2,483,248	-
Total	$ 15,416,026	$ 47,956

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 36,034,082	$ 7,850	$ -	$ 36,041,932
Construction in process	3,517,870	-	577,758	2,940,112
Total Capital Assets Not Being Depreciated	39,551,952	7,850	577,758	38,982,044
Capital Assets Being Depreciated				
Buildings and improvements	633,323,147	4,870,284	-	638,193,431
Furniture and equipment	9,953,739	3,811,610	-	13,765,349
Total Capital Assets Being Depreciated	643,276,886	8,681,894	-	651,958,780
Less Accumulated Depreciation				
Buildings and improvements	154,468,215	16,844,032	-	171,312,247
Furniture and equipment	7,316,070	2,387,819	-	9,703,889
Total Accumulated Depreciation	161,784,285	19,231,851	-	181,016,136
Governmental Activities Capital Assets, Net	$ 521,044,553	$ (10,542,107)	$ 577,758	$ 509,924,688

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	$ 18,562,867
Home-to-school transportation	62,349
Food services	42,181
All other administration	496,050
Plant services	68,404
Total Depreciation Expenses Governmental Activities	$ 19,231,851

NOTE 6 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2019, between major and non-major governmental funds are as follows:

	Due From				
Due To	General Fund	Capital Facilities Fund	Capital Projects Fund for Blended Component Units	Non-Major Governmental Funds	Total
General Fund	$ -	$ 681	$ -	$ 612,768	$ 613,449
Capital Facilities Fund	-	-	4,732,266	-	4,732,266
Capital Projects Fund for Blended Component Units	-	1,689,157	-	-	1,689,157
Non-Major Governmental Funds	5,146	-	-	-	5,146
Total	$ 5,146	$ 1,689,838	$ 4,732,266	$ 612,768	$ 7,040,018

A balance of $380,090 is due to the General Fund from the Cafeteria Non-Major Governmental Fund for indirect costs and reimbursement of costs.

A balance of $215,295 is due to the General Fund from Child Development Non-Major Governmental Fund for indirect costs and reimbursement of costs.

The balance of $1,689,157 is due to the Capital Facilities Fund from the Capital Projects Fund for Blended Component Units for Community Facility District funding.

The balance of $4,732,266 is due to the Capital Projects Fund for Blended Component Units from the Capital Facilities Fund for reimbursement of costs.

All remaining balance resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transaction are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers

Interfund transfers for the year ended June 30, 2019, consisted of the following:

	Transfer From		
Transfer To	Capital Projects Fund for Blended Component Units	Non-Major Governmental Funds	Total
Capital Facilities Fund	$ 7,887,392	$ 2,618,952	$ 10,506,344

The Capital Projects Fund for Blended Component Unit transferred to the Capital Facilities Fund for reimbursement of cost.	$ 7,887,392
The Educational Facilities Corporation Debt Service Non-Major Governmental Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for reimbursement of cost.	2,618,952
	$ 10,506,344

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2019, consisted of the following:

	General Fund	Building Fund	Capital Facilities Fund	Non-Major Governmental Funds
Vendor payables	$ 1,519,930	$ 473,960	$ 253,945	$ 107,345
State principal apportionment	2,605,004	-	-	-
Salaries and benefits	450,247	-	17,736	94,998
Construction	315,188	-	461,166	-
Total	$ 4,890,369	$ 473,960	$ 732,847	$ 202,343

	Total Governmental Activities	Fiduciary Funds
Vendor payables	$ 2,355,180	$ 474,180
State principal apportionment	2,605,004	-
Salaries and benefits	562,981	-
Construction	776,354	-
Total	$ 6,299,519	$ 474,180

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2019, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal financial assistance	$ 176,299	$ 234,182	$ 410,481
State categorical aid	29,169	94,299	123,468
Other local	509,114	28,875	537,989
Total	$ 714,582	$ 357,356	$ 1,071,938

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

A schedule of changes in long-term obligations for the year ended June 30, 2019, is shown below:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due in One Year
General Obligation Bonds	$ 200,803,535	$ 3,703,335	$ 11,970,000	$ 192,536,870	$ 13,175,000
Premium on Issuance	13,597,291	-	1,176,394	12,420,897	-
Certificates of Participation	23,845,000	-	520,000	23,325,000	555,000
Premium on Issuance	79,034	-	8,835	70,199	-
Discount on Issuance	(324,139)	-	(14,093)	(310,046)	-
Capital Leases	119,825	342,801	59,913	402,713	116,694
Compensated Absences	381,263	13,496	-	394,759	-
Supplemental Employee Retirement Plan	3,014,466	-	1,507,233	1,507,233	1,507,233
Total OPEB Liability	15,505,979	2,254,012	566,792	17,193,199	-
	$ 257,022,254	$ 6,313,644	$ 15,795,074	$ 247,540,824	$ 15,353,927

Payments for bonds associated with General Obligation Bonds are made in the Bond Interest and Redemption Fund. Payments on Certificates of Participation, 2012 Refinancing Lease, and payments on the 2016 Refunding Certificates of Participation are made in the Educational Facilities Corporation Debt Service Fund. Payments for Capital Leases are made in the General Fund, Child Development Fund, and Capital Facilities Fund. Payments for Compensated Absences are typically liquidated in the General Fund and Non-Major Governmental Funds. Payments for the Supplemental Employee Retirement Plan are made in the General Fund. Payments for Total Other Postemployment Benefits (OPEB) liability are made in the General Fund. The District's outstanding general obligation bonds of $192,536,870 contain a provision that in an event of default, outstanding amounts become immediately due if the District is unable to make payment. The District's outstanding certificates of participation of $23,325,000 are secured with collateral of an undeveloped lot zoned for commercial use.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding Beginning of Year	Capital Appreciation	Redeemed	Bonds Outstanding End of Year	Due in One Year
9/1/98	9/1/23	4.05-5.3%	$ 25,999,501	$ 25,583,124	$ 1,208,011	$ 4,855,000	$ 21,936,135	$ 4,950,000
8/29/01	9/1/23	2.25-5.31%	11,499,326	3,091,022	197,517	-	3,288,539	760,000
5/29/03	9/1/27	2.0-5.12%	11,884,284	442,342	46,048	-	488,390	-
9/10/08	9/1/33	3.5-5.7%	24,996,844	36,695,982	2,039,321	265,000	38,470,303	280,000
12/15/11	9/1/18	1.95%	4,690,000	370,000	-	370,000	-	-
7/31/12	9/1/26	2.0-3.375%	11,425,000	8,250,000	-	770,000	7,480,000	800,000
6/20/13	9/1/29	2.0-3.50%	15,640,000	13,280,000	-	915,000	12,365,000	935,000
7/30/15	9/1/44	1.5-5.11%	38,401,818	34,441,065	212,438	1,880,000	32,773,503	880,000
7/30/15	9/1/26	2.0-5.0%	40,090,000	39,240,000	-	-	39,240,000	3,140,000
4/27/16	9/1/30	2.0-3.5%	32,945,000	32,655,000	-	2,510,000	30,145,000	-
6/22/17	9/1/46	2.0-4.0%	6,755,000	6,755,000	-	405,000	6,350,000	1,430,000
				$ 200,803,535	$ 3,703,335	$ 11,970,000	$ 192,536,870	$ 13,175,000

Debt Service Requirements to Maturity

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest to Maturity	Current Interest to Maturity	Total
2020	$ 13,046,169	$ 128,831	$ 5,461,819	$ 18,636,819
2021	13,527,108	427,892	5,211,589	19,166,589
2022	14,096,272	753,728	4,842,414	19,692,414
2023	13,032,901	1,092,099	4,390,619	18,515,619
2024	13,471,915	1,303,085	4,007,744	18,782,744
2025-2029	62,986,307	7,168,693	13,505,352	83,660,352
2030-2034	44,067,888	26,217,112	3,856,072	74,141,072
2035-2039	3,218,714	3,861,286	2,901,172	9,981,172
2040-2044	11,264,596	1,125,404	2,071,988	14,461,988
2045-2047	3,825,000	-	96,288	3,921,288
Total	$ 192,536,870	$ 42,078,130	$ 46,345,057	$ 280,960,057

General Obligation Bonds

1998 General Obligation Bonds, Series A	
In September 1998, the District issued $25,999,501 in current interest bonds of the General Obligation Bonds, Election of 1998, Series A. The bonds mature on September 1, 2023, with interest yields ranging from 4.05 to 5.30 percent. The proceeds from the sale of the bonds were used to finance the construction of new schools and to improve and repair existing schools.	$ 21,936,135
1998 General Obligation Bonds, Series B	
In August 2001, the District issued $10,410,000 in current interest bonds, $1,089,326 in capital appreciation bonds of the 1998 General Obligation Bonds, Series B. The capital appreciation bonds accrete interest to a maturity value of $3,810,000. The bonds mature on September 1, 2018 and September 1, 2023, respectively, with interest yields ranging from 2.25 to 5.31 percent. The proceeds from the sale of the bonds were used to finance the construction of new schools and to improve and repair existing schools.	3,288,539
2002 General Obligation Bonds, Series A	
In May 2003, the District issued $11,785,000 in current interest bonds, $99,284 in capital appreciation bonds of the 2002 General Obligation Bonds, Series A. The capital appreciation bonds accrete interest to a maturity value of $1,160,000. The bonds mature on September 1, 2021 and September 1, 2027, respectively, with interest yields ranging from 2.00 to 5.12 percent. The proceeds from the sale of the bonds were used to finance the construction of new schools and to improve and repair existing schools.	488,390
2006 General Obligation Bonds, Series 2008	
In September 2008, the District issued $4,075,000 in current interest bonds, $20,921,844 in capital appreciation bonds of the 2006 General Obligation Bonds, Series 2008. The capital appreciation bonds accrete interest to a maturity value of $70,070,000. The bonds mature on September 1, 2014 and September 1, 2033, respectively, with interest yields ranging from 3.50 to 5.70 percent. The proceeds from the sale of the bonds were used to finance the construction of new schools and to improve and repair existing schools.	38,470,303
General Obligation Refunding Bonds, 2012 Series	
In July 2012, the District issued $11,425,000 of the 2012 Series General Obligation Refunding Bonds. The bonds mature on September 1, 2026, with interest yields ranging from 2.0 to 3.375 percent. The proceeds from the sale of the bonds were used to refund the current interest bonds related to the 2002 Series A.	7,480,000
General Obligation Refunding Bonds, 2013 Series	
In June 2013, the District issued $15,640,000 of the 2013 Series General Obligation Refunding Bonds. The bonds mature on September 1, 2029, with interest yields ranging from 2.0 to 3.5 percent. The proceeds from the sale of the bonds were used to refund the current interest bonds related to the 2002 Series B.	12,365,000

2006 General Obligation Bonds, Series 2008	
In July 2015, the District issued $34,685,000 in current interest bonds, $3,716,818 in capital appreciation bonds of the 2006 General Obligation Bonds, Series 2008. The capital appreciation bonds accrete interest to a maturity value of $10,355,000. The bonds mature on September 1, 2044 and September 1, 2039, respectively, with interest yields ranging from 1.50 to 5.11 percent. The proceeds from the sale of the bonds were used to finance the construction of new schools and to improve and repair existing schools.	32,773,503
General Obligation Refunding Bonds, 2015 Series	
In July 2015, the District issued $40,090,000 of the 2015 Series General Obligation Refunding Bonds. The bonds mature on September 1, 2026, with interest yields ranging from 2.0 to 5.0 percent. The proceeds from the sale of the bonds were used to refund a portion of bonds related to the 2006 Series 2007 Bonds. The refunding resulted in a cumulative cash flow saving of $2,935,739 over the life of the new debt and an economic gain of $2,863,856 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.51 percent.	39,240,000
General Obligation Refunding Bonds, 2016 Series	
In April 2016, the District issued $32,945,000 of the 2016 Series General Obligation Refunding Bonds. The bonds mature on September 1, 2030, with interest yields ranging from 2.0 to 3.5 percent. The proceeds from the sale of the bonds were used to refund a portion of bonds related to the 2006 Series 2007 Bonds.	30,145,000
2014 General Obligation Bonds, Series 2017	
In June 2017, the District issued $6,755,000 of the 2017 Series, 2014 General Obligation Bonds. The bonds mature on September 1, 2046, with interest yields ranging from 2.0 to 4.0 percent. The proceeds from the sale of the bonds were used to finance the new construction and to improve and repair existing schools.	6,350,000
Subtotal bonds outstanding	192,536,870
Premium on 2012 Refunding bonds	405,800
Premium on 2013 Refunding bonds	415,052
Premium on 2014 Series 2015 bonds	1,286,996
Premium on 2015 Refunding bonds	4,637,050
Premium on 2016 Refunding bonds	5,377,911
Premium on 2014 Series 2017 bonds	298,088
Subtotal premium on bonds	12,420,897
	$ 204,957,767

Certificates of Participation

Issue Date	Maturity Date	Interest Rate	Original Issue	Certificates Outstanding Beginning of Year	Issued	Redeemed	Certificates Outstanding End of Year	Due in One Year
5/1/12	8/1/27	3.20%	$ 7,495,000	$ 5,105,000	$ -	$ 435,000	$ 4,670,000	$ 450,000
11/10/16	5/1/41	2.00-4.00%	19,405,000	18,740,000	-	85,000	18,655,000	105,000
				$ 23,845,000	$ -	$ 520,000	$ 23,325,000	$ 555,000

Debt Service Requirement

Fiscal Year	Principal	Current Interest to Maturity	Total
2020	$ 555,000	$ 835,083	$ 1,390,083
2021	575,000	817,286	1,392,286
2022	585,000	798,784	1,383,784
2023	605,000	777,966	1,382,966
2024	645,000	756,429	1,401,429
2025-2029	3,200,000	3,395,703	6,595,703
2030-2034	2,680,000	3,048,144	5,728,144
2035-2039	10,355,000	2,062,388	12,417,388
2040-2041	4,125,000	231,000	4,356,000
Total	$ 23,325,000	$ 12,722,783	$ 36,047,783

Certificates of Participation

2012 Refinancing Lease		
On May 1, 2012, the District issued $7,495,000 in 2012 Refinancing Lease. The Certificates of Participation mature on August 1, 2027, with interest rate of 3.20 percent. The District applied a portion of the net proceeds of sale of the COPs to affect the refunding of the outstanding balances of the 2001 COP financings.	$	4,670,000
Refunding Certificates of Participation, Series 2016		
On November 10, 2016, the District issued $19,405,000 of the Refunding Certificates of Participation, Series 2016. The bonds mature on May 1, 2041, with an interest yield ranging from 2.00 to 4.00 percent. The proceeds from the sale of the bonds were used to defease the outstanding 2009 School Facilities Bridge Funding Program certificates of participation and finance costs of replacing, upgrading, and installing technology infrastructure projects.		18,655,000
Subtotal bonds outstanding		23,325,000
Premium on 2012 refinancing lease bonds		70,199
Discount on 2017 refunding bonds		(310,046)
	$	23,085,153

Capital Leases

The District has entered into agreements to lease various facilities and equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liability on lease agreements with options to purchase is summarized below:

Balance, July 1, 2018	$	119,825
Additions		354,556
Payments		(59,914)
Balance, June 30, 2019	$	414,467

The capital leases have minimum lease payments as follows:

Fiscal Year	Lease Payment
2020	$ 178,097
2021	118,185
2022	118,185
Total	414,467
Less: Amount Representing Interest	11,754
Present Value of Minimum Lease Payments	$ 402,713

Leased land, buildings, and equipment under capital leases in capital assets at June 30, 2019, include the following:

Equipment	$ 582,453
Less: Accumulated depreciation	(159,651)
Total	$ 422,802

Amortization of leased buildings and equipment under capital assets is included with depreciation expense.

Community Facilities Districts (CFDs)

None of the CFD bonds described below constitute indebtedness of the District payable from its general funds, and the District is in no way obligated for their repayment except to the extent of any special taxes collected and pledged for their repayment. The District is only acting on behalf of the bondholders in collecting the special taxes levied to repay the bonds. These are included in the footnote section of the financials since they are considered a blended component unit of the district as addressed in Note 10.

Public Finance Authority		
2013 Series A	$	9,340,000
2013 Series B		6,380,000
2014 Series A		16,300,000
2016 Series A		52,815,000
Special Tax Refunding Bonds		
CFD 2006-1 (Area A)		6,815,000
CFD 2006-1 (Area B)		9,810,000
CFD 2014-3		2,345,000
Special Tax Bonds		
CFD 2014-1		5,065,000
CFD 2014-2		1,720,000
CFD 2006-1 (Area C)		5,000,000
Total	$	115,590,000

Compensated Absences

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2019, amounted to $394,759

Supplemental Employee Retirement Plan (SERP)

The District offered an early retirement incentive to qualified employees under a qualified plan of Section 401 A of the Internal Revenue Code. Eligibility requirements are that the employees attain age 50 with at least 10 years of service with the District. The retirees receive annual benefit payments ranging from $1,250 to $3,000 for a term of five years. This benefit is paid out annually to the retiree in equal installments. Currently, there are 140 employees participating in the plan and the District's obligation to those retirees as of June 30, 2019, is $1,507,233.

Future payments are as follows:

Fiscal Year	Annual Payment
2020	$ 1,507,233

Total Other Post Employment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2019, the District reported Total OPEB. liability, deferred outflows of resources, and OPEB expense for the following plans:

OPEB Plan	Total OPEB Liability	Deferred Outflows of Resources	OPEB Expense
District Plan	$ 17,193,199	$ 334,214	$ 1,919,798

District Plan

Plan Administration

The District's Governing Board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership

At June 30, 2019, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	80
Active employees	1,339
	1,419

Benefits provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan. The District's Governing Board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, the Teacher Education Association (TEA), the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the District, TEA, CSEA, and the unrepresented groups. For fiscal year 2018-2019, the District contributed $566,792 to the Plan, of which $566,792 was used for current premiums

Total OPEB Liability of the District

Actuarial assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.75 percent, average, including inflation
Discount rate	3.50 percent, net of OPEB plan investment expense, including inflation
Health care cost trend rates	4.00 percent for 2019

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reeducation. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actual assumptions used in the June 30, 2019 valuation were based on the results of an actual experience study for the period July 1, 2017 to June 30, 2018.

Discount rate

The discount rate used to measure the total OPEB liability was 3.5 percent. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB lability.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	$ 15,505,979
Service cost	1,331,568
Interest	556,093
Changes of assumptions or other inputs	366,351
Benefit payments	(566,792)
Net change in total OPEB liability	1,687,220
Balance at June 30, 2019	$ 17,193,199

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

The following presents what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-1 percent higher or lower than the current rate.

Discount Rate	Total OPEB Liability
1% decrease (2.5%)	$ 18,359,525
Current discount rate (3.5%)	17,193,199
1% increase (4.5%)	16,114,944

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percent lower or higher than the current healthcare costs trend rates.

Health Care Cost Trend Rates	Total OPEB Liability
1% decrease (3.0%)	$ 16,093,587
Current discount rate (4.0%)	17,193,199
1% increase (5.0%)	18,062,214

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of $1,919,798. At June 30, 2019, the District reported deferred inflows of resources for changes in assumptions of $334,214.

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred (Inflows) of Resources
2020	$ (32,137)
2021	(32,137)
2022	(32,137)
2023	(32,137)
2024	(32,137)
Thereafter	(173,529)
	$ (334,214)

NOTE 10 - NON-OBLIGATORY DEBT

Non-obligatory debt relates to debt issuances by the Community Facilities Districts and the Public Financing

Authorities, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Mark-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 bond holders, and may initiate foreclosure proceedings. Special assessment debt of $115,590,000 as of June 30, 2019, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

Assessment Bonds	Original Issue	Bonds Outstanding Beginning of Year	Issued	Redeemed	Bonds Outstanding End of Year	CFD
Community Facilities Districts						
2016	$ 5,185,000	5,185,000	$ -	$ 120,000	$ 5,065,000	2014-1
2016	1,805,000	1,760,000	-	40,000	1,720,000	2014-2
2017	5,000,000	5,000,000	-	-	5,000,000	2006-1 (Area C)
2018	6,975,000	6,975,000	-	160,000	6,815,000	2006-1 (Area A)
2018	10,050,000	10,050,000	-	240,000	9,810,000	2006-1 (Area B)
2019	2,345,000	-	2,345,000	-	2,345,000	2014-3
Public Financing Authority						
2013	11,170,000	9,665,000	-	325,000	9,340,000	2013 Series A
2013	7,370,000	6,595,000	-	215,000	6,380,000	2013 Series B
2014	20,880,000	17,300,000	-	1,000,000	16,300,000	2014 Series A
2016	60,040,000	54,995,000	-	2,180,000	52,815,000	2016 Series A
		$ 117,525,000	$ 2,345,000	$ 4,280,000	$ 115,590,000	

Combined Special Tax Assessment Bonds

Year Ending June 30,	Principal	Current Interest to Maturity	Total
2020	$ 4,560,000	$ 4,920,822	$ 9,480,822
2021	4,690,000	4,751,167	9,441,167
2022	4,880,000	4,568,505	9,448,505
2023	5,055,000	4,362,329	9,417,329
2024	5,165,000	4,133,706	9,298,706
2025-2029	28,610,000	16,888,309	45,498,309
2030-2034	30,525,000	9,623,478	40,148,478
2035-2039	20,330,000	3,749,572	24,079,572
2040-2045	7,230,000	1,571,939	8,801,939
2046-2049	4,545,000	316,610	4,861,610
Total	$ 115,590,000	$ 54,886,437	$ 170,476,437

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NOTE 11 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Building Fund	Capital Facilities Fund
Nonspendable:			
Revolving cash	$ 15,000	$ -	$ -
Stores inventories	-	-	-
Prepaid expenditures	33,825	-	-
Total Nonspendable	48,825	-	-
Restricted			
Legally restricted programs	8,507,081	-	-
Capital projects	-	3,981,081	5,270,711
Debt service	-	-	-
Total Restricted	8,507,081	3,981,081	5,270,711
Committed			
Adult education program	-	-	-
Assigned			
Medi-Cal LEA audit repayment	1,764,622	-	-
Medi-Cal administrative activities	947,526	-	-
1516 Outstanding mandates one-time funds	329,443	-	-
1617 Outstanding mandates one-time funds	4,662,117	-	-
1718 Outstanding mandates one-time funds	3,223,814	-	-
1819 Outstanding mandates one-time funds	3,860,570	-	-
Donations	704,331	-	-
Saturday School Reimbursement Program	41,408	-	-
Site safety awards	31,526	-	-
Green team schools	37,198	-	-
Site facility use agremeent athletics	48,100	-	-
Local grants	17,591	-	-
Non resident student fees	500,892	-	-
Transportation bus replacement	270,676	-	-
LCAP site supplemental allocations	978,242	-	-
District-wide technology infrastructure	-	-	-
Total Assigned	17,418,056	-	-
Unassigned			
Economic uncertainties	7,264,735	-	-
Remaining unassigned	16,197,632	-	-
Total Unassigned	23,462,367	-	-
Total	$ 49,436,329	$ 3,981,081	$ 5,270,711

	Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
	$ -	$ -	$ 14,980	$ 29,980
	-	-	118,402	118,402
	-	-	-	33,825
	-	-	133,382	182,207
	-	-	2,391,679	10,898,760
	8,673,792	-	-	17,925,584
	-	22,343,432	297,357	22,640,789
	8,673,792	22,343,432	2,689,036	51,465,133
	-	-	395,109	395,109
	-	-	-	1,764,622
	-	-	-	947,526
	-	-	-	329,443
	-	-	-	4,662,117
	-	-	-	3,223,814
	-	-	-	3,860,570
	-	-	-	704,331
	-	-	-	41,408
	-	-	-	31,526
	-	-	-	37,198
	-	-	-	48,100
	-	-	-	17,591
	-	-	-	500,892
	-	-	-	270,676
	-	-	-	978,242
	-	-	1,341,569	1,341,569
	-	-	1,341,569	18,759,625
	-	-	-	7,264,735
	-	-	-	16,197,632
	-	-	-	23,462,367
	$ 8,673,792	$ 22,343,432	$ 4,559,096	$ 94,264,441

NOTE 12 - RISK MANAGEMENT

The District is self-insured through a pooled joint powers authority (JPA) mechanism for Property damage with coverage up to a maximum of $250 million and Liability coverage up to a maximum of $50 million. The District is similarly self-insured through a pooled workers compensation JPA mechanism with coverage up to $155 million. The District makes available health insurance benefits to all staff through a pooled JPA mechanism, contributing up to an annual cap per year per employee toward those benefits with the employee paying the balance, if any.

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

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

The District implemented GASB Statements No. 68 and No. 71 for the fiscal year ended June 30, 2017. As a result, the District reported its proportionate share of the net pension liabilities, pension expense, and deferred inflow of resources for each of the above plans and a deferred outflow of resources for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 184,263,020	$ 58,355,100	$ 16,581,613	$ 23,166,071
CalPERS	78,146,289	21,512,103	1,588,123	15,372,938
Total	$ 262,409,309	$ 79,867,203	$ 18,169,736	$ 38,539,009

The details of each plan are as follows:

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, 2017, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically 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 percent 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.

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, 2019, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
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%	10.205%
Required employer contribution rate	16.28%	16.28%
Required state contribution rate	9.828%	9.828%

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 percent of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the District's total contributions were $18,526,996.

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

At June 30, 2019, 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	$	184,263,020
State's proportionate share of the net pension liability associated with the District		105,499,197
Total	$	289,762,217

The net pension liability was measured as of June 30, 2018. 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 proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively, was 0.2005 percent and 0.1941 percent, resulting in a net increase in the proportionate share of 0.0064 percent.

For the year ended June 30, 2019, the District recognized pension expense of $23,166,071. In addition, the District recognized pension expense and revenue of $12,393,777 for support provided by the State. At June 30, 2019, 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	$ 18,526,996	$ -
Net change in proportionate share of net pension liability	10,630,956	6,809,800
Differences between projected and actual earnings on pension plan investments	-	7,095,291
Differences between expected and actual experience in the measurement of the total pension liability	571,392	2,676,522
Changes of assumptions	28,625,756	-
Total	$ 58,355,100	$ 16,581,613

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 and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 1,540,587
2021	(1,117,892)
2022	(5,952,673)
2023	(1,565,313)
Total	$ (7,095,291)

The deferred outflows of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the expected remaining service life (EARSL) of all member 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 and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2020	$ 6,327,567
2021	6,327,567
2022	6,327,564
2023	4,597,413
2024	6,070,447
Thereafter	691,224
Total	$ 30,341,782

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%

Wage growth	3.50%

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 its 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.

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. 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, 2018, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
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 7.10 percent. 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 (7.10 percent) 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:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 269,923,762
Current discount rate (7.10%)	184,263,020
1% increase (8.10%)	113,241,953

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, 2017 annual actuarial valuation reports, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety. These reports and CalPERS audited financial information are publicly 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 provide 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, 2019, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
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%	7.00%
Required employer contribution rate	18.062%	18.062%

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. 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, 2019, are presented above and the total District contributions were $7,423,995.

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $78,146,289. The net pension liability was measured as of June 30, 2018. 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 proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively, was 0.2931 percent and 0.3042 percent, resulting in a net decrease in the proportionate share of 0.0111 percent.

For the year ended June 30, 2019, the District recognized pension expense of $15,372,938. At June 30, 2019, 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	$ 7,423,995	
Net change in proportionate share of net pension liability	521,587	1,588,123
Difference between projected and actual earnings on pension plan investments	640,974	-
Differences between expected and actual experience in the measurement of the total pension liability	5,122,985	-
Changes of assumptions	7,802,562	-
Total	$ 21,512,103	$ 1,588,123

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 and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 2,331,366
2021	557,526
2022	(1,786,665)
2023	(461,253)
Total	$ 640,974

The deferred outflows 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 member that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2020	$ 5,554,134
2021	5,146,826
2022	1,158,051
Total	$ 11,859,011

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP-2016.

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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real estate	13%	4.93%
Liquidity	2%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. 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:

Discount rate	Net Pension Liability
1% decrease (6.15%)	$ 113,777,259
Current discount rate (7.15%)	78,146,289
1% increase (8.15%)	48,585,298

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS and CalPERS in the amount of $19,469,130 (9.828 percent of annual payroll). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2018–19 contribution on-behalf of school employers of $2.246 billion for CalSTRS and $904 million for CalPERS. A proportionate share of these contribution has been recorded in these financial statements. On behalf payments related to these additional contributions have been excluded from the calculation of available reserves, and have not been included in the budgeted amounts reported in the *General Fund – Budgetary Comparison Schedule.*

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2019.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2019

Construction Commitments

As of June 30, 2019, the District had the following commitments with respect to the unfinished capital projects:

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
MMHS New Classroom	$ 2,548	2020
VMHS HVAC Replacement	291,800	2020
WSMS HVAC Replacement	150,208	2020
TMS HVAC Replacement	128,402	2020
TES HVAC Replacement	94,761	2020
MCA CTE Building	98,324	2020
TMS New Classroom	114,840	2020
MES New Classroom	83,586	2020
CCES New Classroom	162,087	2020
MMHS Mesa Field Project	35,325	2020
MVHS Portable Restroom Building	17,108	2020
District-wide Borrego Solar	2,990,390	2020
MVHS New Bathroom	52,071	2020
District-wide Roofing	70,000	2020
District-wide Painting	8,640	2020
MMHS Pool	7,150	2020
District-wide Lighting Retrofit	1,955,303	2020
	$ 6,262,543	

NOTE 15 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS

The District is a member of the Riverside Schools Insurance Authority (RSIA), Riverside Schools Risk Management Authority (RSRMA), and the Riverside Employer/Employee Partnership (REEP) public entity risk pools. The District pays an annual premium to each entity for its property liability, workers' compensation, and dental and life insurance coverage. The relationships between the District, the pools, and the JPA's are such that the JPA's are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are available from the respective entities.

During the year ended June 30, 2019, the District made payments of $1,701,286, $4,152,794 , and $23,388,3785 to RSIA, RSRMA, and REEP, respectively, for its property liability, workers' compensation, and health coverage.

REQUIRED SUPPLEMENTARY INFORMATION

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variances - Positive (Negative) Final
	Original	Final	(GAAP Basis)	to Actual
REVENUES				
Local Control Funding Formula	$ 197,047,421	$ 199,239,682	$ 199,248,195	$ 8,513
Federal sources	7,841,206	8,491,216	8,978,194	486,978
Other State sources	24,595,813	23,373,245	33,477,220	10,103,975
Other local sources	17,196,584	18,443,180	19,346,222	903,042
Total Revenues	246,681,024	249,547,323	261,049,831	11,502,508
EXPENDITURES				
Current				
Certificated salaries	111,868,716	115,287,722	114,802,023	485,699
Classified salaries	39,032,625	39,110,045	39,102,890	7,155
Employee benefits	58,800,564	58,760,863	65,327,845	(6,566,982)
Books and supplies	7,414,853	9,384,791	8,948,441	436,350
Services and operating expenditures	19,285,875	19,957,015	19,742,429	214,586
Capital outlay	2,479,480	1,536,112	1,502,748	33,364
Other outgo	(468,951)	(549,413)	2,443,919	(2,993,332)
Debt service				
Principal	235,000	235,000	235,000	-
Interest	127,452	127,514	127,514	-
Total Expenditures	238,775,614	243,849,649	252,232,809	(8,383,160)
Excess (Deficiency) of Revenues Over Expenditures	7,905,410	5,697,674	8,817,022	3,119,348
OTHER FINANCING SOURCES				
Other sources	-	-	342,801	342,801
NET CHANGE IN FUND BALANCES	7,905,410	5,697,674	9,159,823	3,462,149
Fund Balance - Beginning	40,276,506	40,276,506	40,276,506	-
Fund Balance - Ending	$ 48,181,916	$ 45,974,180	$ 49,436,329	$ 3,462,149

1 On behalf payments of $19,469,130 are included in the actual revenues and expenditures, but have not been included in the budgeted amounts.

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See accompanying note to required supplementary information.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
Total OPEB Liability		
Service cost	$ 1,331,568	$ 1,295,930
Interest	556,093	553,258
Changes of assumptions	366,351	-
Benefit payments	(566,792)	(544,992)
Net change in total OPEB liability	1,687,220	1,304,196
Total OPEB liability - beginning	15,505,979	14,201,783
Total OPEB liability - ending (a)	$ 17,193,199	$ 15,505,979
Covered-employee payroll	$ 125,940,901	$ 119,375,726
District's total OPEB liability as a percentage of covered-employee payroll	13.65%	12.99%

Note: In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
CalSTRS		
District's proportion of the net pension liability	0.2005%	0.1941%
District's proportionate share of the net pension liability	$ 184,263,020	$ 179,531,862
State's proportionate share of the net pension liability associated with the District	105,499,197	106,209,533
Total	$ 289,762,217	$ 285,741,395
District's covered - employee payroll	$ 108,376,833	$ 106,363,744
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	170.02%	168.79%
Plan (CalSTRS) fiduciary net position as a percentage of the total pension liability	71%	69%
CalPERS		
District's proportion of the net pension liability	0.2931%	0.3042%
District's proportionate share of the net pension liability	$ 78,146,289	$ 72,630,215
District's covered - employee payroll	$ 39,576,170	$ 37,881,264
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	197.46%	191.73%
Plan (CalPERS) fiduciary net position as a percentage of the total pension liability	71%	72%

Note: In the future, as data become available, ten years of information will be presented.

See accompanying note to required supplementary information.

2017	2016	2015
0.1983%	0.2090%	0.1888%
$ 160,424,204	$ 140,719,047	$ 110,308,530
91,326,638	74,424,863	66,609,053
$ 251,750,842	$ 215,143,910	$ 176,917,583
$ 99,627,036	$ 96,586,757	$ 103,962,473
161.02%	145.69%	106.10%
70%	74%	77%
0.2995%	0.2956%	0.2894%
$ 59,154,321	$ 43,578,380	$ 32,854,704
$ 35,991,779	$ 33,272,135	$ 34,228,832
164.36%	130.98%	95.99%
74%	79%	83%

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
CalSTRS		
Contractually required contribution	$ 18,526,996	$ 15,638,777
Contributions in relation to the contractually required contribution	18,526,996	15,638,777
Contribution deficiency (excess)	$ -	$ -
District's covered - employee payroll	$ 113,802,187	$ 108,376,833
Contributions as a percentage of covered - employee payroll	16.28%	14.43%
CalPERS		
Contractually required contribution	$ 7,423,995	$ 6,146,575
Contributions in relation to the contractually required contribution	7,423,995	6,146,575
Contribution deficiency (excess)	$ -	$ -
District's covered - employee payroll	$ 41,102,840	$ 39,576,170
Contributions as a percentage of covered - employee payroll	18.06%	15.53%

Note: In the future, as data become available, ten years of information will be presented.

See accompanying note to required supplementary information.

2017	2016	2015
$ 13,380,559	$ 10,689,981	$ 8,576,904
13,380,559	10,689,981	8,576,904
$ -	$ -	$ -
$ 106,363,744	$ 99,627,036	$ 96,586,757
12.58%	10.73%	8.88%
$ 5,260,950	$ 4,263,946	$ 3,916,463
5,260,950	4,263,946	3,916,463
$ -	$ -	$ -
$ 37,881,264	35,991,779	$ 33,272,135
13.89%	11.85%	11.77%

See accompanying note to required supplementary information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. 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.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

At June 30, 2019, the District major fund exceeded the budgeted amount in total as follows:

	Expenditures and Other Uses		
Funds	Budget	Actual	Excess
General Fund	$ 243,849,649	$ 251,890,008	$ 8,040,359

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, the plan's fiduciary net position, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

Change in Benefit Terms – There were no changes in benefit terms since the previous valuation for other postemployement benefits

Change in Assumptions – The plan discount rate assumption was changed from 3.8 percent to 3.5 percent since the previous valuation.

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms - There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Changes in Assumptions – There were no changes in economic assumptions for either the CalSTRS or CalPERS plan from the previous valuation.

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
Adult Education - Basic Grants to States			
Adult Basic Education and ELA	84.002A	14508	$ 56,446
Adult Secondary Education	84.002	13978	41,800
Elementary and Secondary Education Act			
Title I, Part A	84.010	14329	1,757,637
Title II, Part A	84.367	14341	456,236
Title III, Part A	84.365	14346	28,468
Special Education Cluster			
Local Assistance - Basic	84.027	13379	4,759,066
Local Assistance - Private Schools ISPs	84.027	10115	1,983
Preschool Grants	84.173	13430	95,962
Mental Health Allocation Plan	84.027A	15197	436,823
Preschool Staff Development	84.173A	13431	961
Vocational Educational Grant			
Carl Perkins	84.048	14894	113,671
Total U.S. Department of Education			7,749,053
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
Child Nutrition Cluster			
School Breakfast Basic	10.553	13390	$ 14,629
School Breakfast Needy	10.553	13526	992,785
National School Lunch	10.555	13523	3,048,920
Meals Supplements	10.555	13396	18,662
Food Distribution	10.555	13524	457,378
Forest Reserve Funds	10.665	10044	13,934
Total U.S. Department of Agriculture			4,546,308
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)			
Passed through California HHS:			
Child Care Mandetory and Matching Funds of the Child Card and Development Fund	93.596	13609	874,482
Medical Assistance Program	93.778	10060	1,313,453
Total U.S. Department of Health and Human Services			2,187,935
Total Expenditures of Federal Awards			$ 14,483,296

See accompanying note to supplementary information.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2019

ORGANIZATION

The Murrieta Valley Unified School District was organized on July 1, 1989, and consists of an area comprising approximately 172 square miles. The District operates eleven elementary schools, four middle schools, three high schools, one continuation school, one independent study school, and one adult school.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Paul F. Diffley III	President	November 2020
Linda Lunn	Clerk	November 2020
Oscar Rivas	Member	November 2022
Kris Thomasian	Member	November 2022
Ken Dickson	Member	November 2020

ADMINISTRATION

Patrick Kelley	Superintendent
William Olien	Deputy Superintendent
Darren Daniel	Assistant Superintendent, Human Resources
Mary Walters	Assistant Superintendent, Educational Services
Stacy Matusek	Chief Financial Officer

See accompanying note to supplementary information.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2019

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	5,778.25	5,793.79
Fourth through sixth	4,681.02	4,685.31
Seventh and eighth	3,617.06	3,615.16
Ninth through twelfth	8,008.90	7,966.18
Total Regular ADA	22,085.23	22,060.44
Extended Year Special Education		
Transitional kindergarten through third	3.43	3.43
Fourth through sixth	2.34	2.34
Seventh and eighth	0.95	0.95
Ninth through twelfth	2.03	2.03
Total Extended Year Special Education	8.75	8.75
Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	4.97	5.88
Seventh and eighth	3.81	4.04
Ninth through twelfth	7.98	7.74
Total Special Education, Nonpublic, Nonsectarian Schools	16.76	17.66
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.21	0.21
Fourth through sixth	0.07	0.07
Ninth through twelfth	1.34	1.60
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	1.62	1.88
Total ADA	22,112.36	22,088.73

See accompanying note to supplementary information.

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2019

Grade Level	1986-87 Minutes Requirement	2018-19 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	36,420	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		52,775	180	N/A	Complied
Grade 2		52,775	180	N/A	Complied
Grade 3		52,775	180	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		54,575	180	N/A	Complied
Grade 5		54,575	180	N/A	Complied
Grade 6		54,320	180	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		54,320	180	N/A	Complied
Grade 8		54,320	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		65,775	180	N/A	Complied
Grade 10		65,775	180	N/A	Complied
Grade 11		65,775	180	N/A	Complied
Grade 12		65,775	180	N/A	Complied

See accompanying note to supplementary information.

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2019.

See accompanying note to supplementary information.

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019

	(Budget) 2020 [1]	2019	2018	2017
GENERAL FUND				
Revenues	$ 250,407,208	$ 261,049,831	$ 233,619,841	$ 224,881,509
Other sources	-	342,801	-	-
Total Revenues and Other Sources	250,407,208	261,392,632	233,619,841	224,881,509
Expenditures	261,376,028	252,232,809	230,139,092	220,629,628
Total Expenditures and Other Uses	261,376,028	252,232,809	230,139,092	220,629,628
INCREASE (DECREASE) IN FUND BALANCE	$ (10,968,820)	$ 9,159,823	$ 3,480,749	$ 4,251,881
ENDING FUND BALANCE	$ 38,467,509	$ 49,436,329	$ 40,276,506	$ 36,795,757
AVAILABLE RESERVES [2, 3]	$ 19,855,533	$ 23,462,367	$ 18,252,242	$ 18,474,863
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	7.60%	5.44%	7.93%	8.37%
LONG-TERM OBLIGATIONS	N/A	$ 247,540,824	$ 257,022,254	$ 259,105,944
K-12 AVERAGE DAILY ATTENDANCE AT P-2	22,118	22,112	22,036	21,882

The General Fund balance has increased by $12,640,572 over the past two years. The fiscal year 2019-2020 budget projects a decrease of $10,968,820 (22.19 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in all of the past three years but anticipates incurring an operating deficit during the 2019-2020 fiscal year. Total long-term obligations have decreased by $11,565,120 over the past two years.

Average daily attendance has increased by 230 over the past two years. Additional growth of six ADA is anticipated during fiscal year 2019-2020.

[1] Budget 2020 is included for analytical purposes only and has not been subjected to audit.

[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

[3] Additional on behalf payments related to SB90 (Chapter 33, Statues of 2019) of $9,732,193 have been excluded from the calculation of available reserves for the fiscal year ending June 30, 2019.

See accompanying note to supplementary information.

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MURRIETA VALLEY UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	Adult Education Fund	Child Development Fund	Cafeteria Fund
ASSETS			
Deposits and investments	$ 249,770	$ 633,905	$ 1,409,002
Receivables	190,024	357,660	1,110,646
Due from other funds	-	104	5,042
Stores inventories	-	-	118,402
Total Assets	$ 439,794	$ 991,669	$ 2,643,092
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 12,283	$ 103,787	$ 68,191
Due to other funds	17,383	215,295	380,090
Unearned revenue	3	137,864	219,489
Total Liabilities	29,669	456,946	667,770
Fund Balances:			
Nonspendable	-	-	133,382
Restricted	15,016	534,723	1,841,940
Committed	395,109	-	-
Assigned	-	-	-
Total Fund Balances	410,125	534,723	1,975,322
Total Liabilities and Fund Balances	$ 439,794	$ 991,669	$ 2,643,092

See accompanying note to supplementary information.

Special Reserve Fund for Capital Outlay Projects	Educational Facilities Corporation Debt Service Fund	Total Non-Major Governmental Funds
$ 266,630	$ 297,357	$ 2,856,664
1,093,021	-	2,751,351
-	-	5,146
-	-	118,402
$ 1,359,651	$ 297,357	$ 5,731,563
$ 18,082	$ -	$ 202,343
-	-	612,768
-	-	357,356
18,082	-	1,172,467
-	-	133,382
-	297,357	2,689,036
-	-	395,109
1,341,569	-	1,341,569
1,341,569	297,357	4,559,096
$ 1,359,651	$ 297,357	$ 5,731,563

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	Adult Education Fund	Child Development Fund	Cafeteria Fund
REVENUES			
Federal sources	$ 98,246	$ 874,482	$ 4,532,374
Other State sources	297,541	1,821,191	310,782
Other local sources	269,119	1,972,435	3,600,972
Total Revenues	664,906	4,668,108	8,444,128
EXPENDITURES			
Current			
Instruction	177,461	2,040,907	-
Instruction-related activities:			
Supervision of instruction	-	386,858	-
School site administration	154,896	-	-
Pupil services:			
Food services	-	-	7,761,016
All other pupil services	52,101	-	-
Administration:			
All other administration	13,674	214,456	379,059
Plant services	-	4,279	-
Community services	-	1,718,340	-
Enterprise services	218,068	-	-
Facility acquisition and construction	-	12,865	-
Debt service			
Principal	-	59,914	-
Interest and other	-	-	-
Total Expenditures	616,200	4,437,619	8,140,075
Excess (Deficiency) of Revenues Over Expenditures	48,706	230,489	304,053
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Net Financing Sources (Uses)	-	-	-
NET CHANGE IN FUND BALANCES	48,706	230,489	304,053
Fund Balance - Beginning	361,419	304,234	1,671,269
Fund Balance - Ending	$ 410,125	$ 534,723	$ 1,975,322

See accompanying note to supplementary information.

County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Educational Facilities Corporation Debt Service Fund	Total Non-Major Governmental Funds
$ -	$ -	$ -	5,505,102
-	-	-	2,429,514
-	1,103,197	775,347	7,721,070
-	1,103,197	775,347	15,655,686
-	-	-	2,218,368
-	-	-	386,858
-	-	-	154,896
-	-	-	7,761,016
-	-	-	52,101
-	-	-	607,189
1	2,413,388	-	2,417,668
-	-	-	1,718,340
-	-	-	218,068
-	-	-	12,865
-	-	85,000	144,914
-	-	679,463	679,463
1	2,413,388	764,463	16,371,746
(1)	(1,310,191)	10,884	(716,060)
-	2,618,952	-	2,618,952
-	-	(2,618,952)	(2,618,952)
-	2,618,952	(2,618,952)	-
(1)	1,308,761	(2,608,068)	(716,060)
1	32,808	2,905,425	5,275,156
$ -	$ 1,341,569	$ 297,357	$ 4,559,096

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2019

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

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 received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has 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.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

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 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.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2019

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances

The Non-Major Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

INDEPENDENT AUDITOR'S REPORTS

INDEPENDENT AUDITOR'S 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*

Governing Board
Murrieta Valley Unified School District
Murrieta, 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 Murrieta Valley Unified School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Murrieta Valley Unified School District's basic financial statements, and have issued our report thereon dated September 27, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Murrieta Valley 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 Murrieta Valley Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Murrieta Valley 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 Murrieta Valley Unified School District's financial statements are free from 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.

Eide Bailly LLP

Rancho Cucamonga, California
September 27, 2019

EideBailly

CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Governing Board
Murrieta Valley Unified School District
Murrieta, California

Report on Compliance for Each Major Federal Program

We have audited Murrieta Valley Unified School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Murrieta Valley Unified School District's major Federal programs for the year ended June 30, 2019. Murrieta Valley Unified School District's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Murrieta Valley 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 Murrieta Valley 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 Murrieta Valley Unified School District's compliance.

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Opinion on Each Major Federal Program

In our opinion, Murrieta Valley 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, 2019.

Report on Internal Control Over Compliance

Management of Murrieta Valley 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 Murrieta Valley 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 Murrieta Valley Unified School 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.

Eide Bailly LLP

Rancho Cucamonga, California
September 27, 2019

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Murrieta Valley Unified School District
Murrieta, California

Report on State Compliance

We have audited Murrieta Valley Unified School District's (the District) compliance with the types of compliance requirements as identified in the *2018-2019 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 Murrieta Valley Unified School District's State government programs as noted below for the year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Murrieta Valley Unified School District's State programs based on our audit of the types of compliance requirements referred to above. 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 *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Murrieta Valley 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 opinions. Our audit does not provide a legal determination of Murrieta Valley Unified School District's compliance with those requirements.

Unmodified Opinion

In our opinion, Murrieta Valley Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2019.

In connection with the audit referred to above, we selected and tested transactions and records to determine the Murrieta Valley Unified School District's compliance with the State laws and regulations applicable to the following items:

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	No, see below
After School	No, see below
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Non Classroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Non Classroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	No, see below
Charter School Facility Grant Program	No, see below

The District does not offer a Work Experience Program; therefore, we did not perform procedures related to the Work Experience Program within the Continuation Education Attendance Program.

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

The District does not have any Juvenile Court Schools; therefore, we did not perform any procedures related to Juvenile Court Schools.

The District does not have any Middle or Early College High Schools; therefore, we did not perform any procedures related to Middle or Early College High Schools.

The District does not offer an Apprenticeship Program; therefore, we did not perform any procedures for the Apprenticeship Program.

The District does not offer a District of Choice Program; therefore, we did not perform procedures related to the District of Choice Program.

The District does not offer an After/Before School Education and Safety Program; therefore, we did not perform any procedures related to the After/Before School Education and Safety Program.

The District does not offer an Independent Study – Course Based Program; therefore, we did not perform any procedures related to the Independent Study – Course Program.

The District does not have any Charter Schools; therefore, we did not perform any procedures for Charter School Programs.

Eide Bailly LLP

Rancho Cucamonga, California
September 27, 2019

Schedule of Findings and Questioned Costs

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2019

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Type of report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	No

Identification of major Federal programs:

CFDA Numbers	Name of Federal Program or Cluster
84.010	Title I, Part A
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.778	Medi-Cal Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Type of auditor's report issued on compliance for State programs:	Unmodified

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

None reported.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

There were no audit findings reported in the prior year's schedule of financial statement findings.

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APPENDIX C

GENERAL INFORMATION ABOUT THE CITY OF MURRIETA AND THE COUNTY OF RIVERSIDE

*The following information concerning the City of Murrieta (the "**City**") and Riverside County (the "**County**") is included only for the purpose of supplying general information regarding the area of the District. The Bonds are not a debt of the City, the County, the State of California (the "**State**") or any of its political subdivisions (other than the District), and none of the City, the County, the State or any of its political subdivisions (other than the District) is liable therefor.*

The City. Incorporated on July 1, 1991, the City of Murrieta (the "**City**") now functions under a Council/Manager form of Government. A five member City Council, including the Mayor, is elected at large. The City Manager is appointed by the City Council. The City encompasses 33 square miles.

The City experienced a 233.7% population increase between 2000 and 2010, according to the most recent U.S. Census, making the City one of the fastest growing cities in the state. Largely residential in character, the City is typically characterized as a commuter town, with many of its residents commuting to jobs in San Diego County, Orange County, Los Angeles County, Temecula, and Camp Pendleton due to the fact that it is nearly equidistant to these economic centers.

The County. The County, which encompasses 7,177 square miles, was organized in 1893 from territory in San Bernardino and San Diego counties. Located in the southeastern portion of California, the County is bordered on the north by San Bernardino County, on the east by the State of Arizona, on the South by San Diego and Imperial counties and on the west by Orange and Los Angeles counties. There are 28 incorporated cities in the County.

The County's varying topology includes desert, valley and mountain areas as well as gently rolling terrain. Three distinct geographical areas characterize the County: the western valley area, the higher elevations of the mountains, and the deserts. The western valley, the San Jacinto mountains and the Cleveland National Forest experience the mild climate typical of Southern California. The eastern desert areas experience warmer and dryer weather conditions. Riverside County is the site of famous resorts, such as those in Palm Springs, and is a leading area for inland water recreation. Nearly 20 lakes in the County are open to the public. The dry summers and moderate to cool winters make it possible to enjoy these and other recreational and cultural facilities on a year-round basis.

Population

The largest cities in the County are the cities of Riverside, Moreno Valley, Corona, Menifee, Indio, Murrieta, Temecula and Jurupa Valley. The areas of most rapid population growth continue to be those more populated and industrialized cities in the western and central regions of the County and the southwestern unincorporated region of the County between Sun City and Temecula.

The following table sets forth annual population figures, as of January 1, for the City, the County, and the State, for each of the years listed:

**CITY OF MURRIETA, COUNTY OF RIVERSIDE, AND
STATE OF CALIFORNIA
2015 through 2019 Population Estimates**

Year (January 1)	City of Murrieta	Riverside County	State of California
2015	111,029	2,321,837	38,952,462
2016	113,087	2,350,992	39,214,803
2017	116,527	2,384,660	39,504,609
2018	116,970	2,412,536	39,740,508
2019	118,125	2,440,124	39,927,315

Source: State of California Department of Finance, Demographic Research Unit.

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Employment

The County is a part of the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (the "**MSA**"). The unemployment rate in the MSA was 3.7% in October 2019, up from a revised 3.6% in September 2019, and below the year-ago estimate of 4.1%. This compares with an unadjusted unemployment rate of 3.7% for the State and 3.3% percent for the nation during the same period. The unemployment rate was 3.9% in the County and 3.5% in San Bernardino County.

The following table summarizes the civilian labor force, employment and unemployment in the MSA for the calendar years 2014 through 2018. These figures are MSA-wide statistics and may not necessarily accurately reflect employment trends in the City.

RIVERSIDE-SAN BERNARDINO-ONTARIO METROPOLITAN STATISTICAL AREA
(Riverside and San Bernardino Counties)
Civilian Labor Force, Employment and Unemployment
(Annual Averages)
March 2018 Benchmark

	2014	2015	2016	2017	2018
Civilian Labor Force (1)	1,916,500	1,954,200	1,983,300	2,017,700	2,053,400
Employment	1,761,200	1,825,800	1,865,200	1,914,900	1,966,800
Unemployment	155,300	128,500	118,000	102,800	86,600
Unemployment Rate	8.1%	6.6%	6.0%	5.1%	4.2%
Wage and Salary Employment: (2)					
Agriculture	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 and Utilities	87,100	98,100	108,000	122,100	132,600
Information	11,300	11,400	11,500	11,300	11,200
Finance and Insurance	26,600	26,900	26,700	25,900	24,800
Real Estate and Rental and Leasing	16,300	17,000	17,900	18,400	18,900
Professional and Business Services	138,700	147,400	144,900	146,900	150,600
Educational 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
Federal Government	20,200	20,300	20,400	20,600	20,700
State Government	28,200	28,700	29,700	30,400	31,000
Local Government	180,400	184,400	192,200	200,100	205,900
Total All Industries(3)	1,304,800	1,369,100	1,417,900	1,469,400	1,518,700

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: State of California Employment Development Department.

Largest Employers

The following table lists in descending order the top eleven employers within the City:

CITY OF MURRIETA
Major Employers
(As of June 30, 2018)

Employer Name	No. of Employees
Murrieta Valley Unified School District	2,267
Southwest Healthcare System	1,612
Loma Linda University Medical Center	1,011
County of Riverside	847
Target	433
Oak Grove Institute	325
Walmart	309
Murrieta Health and Rehab Center	300
City of Murrieta	295
Sam's Club	209

Source: City of Murrieta Comprehensive Audited Financial Statement, fiscal year 2017-18.

The following table lists the largest employers within the County:

COUNTY OF RIVERSIDE
Major Employers
(As of December 2019)

Employer Name	Location	Industry
Abbott Vascular Inc	Temecula	Physicians & Surgeons Equip & Supls-Whls
Abbott Vascular Inc	Temecula	Hospital Equipment & Supplies-Mfrs
Agua Caliente Casino Resrt Spa	Rancho Mirage	Casinos
Amazon Fulfillment Ctr	Moreno Valley	Mail Order Fulfillment Service
Corona City Hall	Corona	Government Offices-City/Village & Twp
Department-Corrections-Rehab	Norco	Government Offices-State
Desert Regional Medical Ctr	Palm Springs	Hospitals
Eisenhower Medical Ctr	Rancho Mirage	Hospitals
Fantasy Springs Resort Casino	Indio	Casinos
J Ginger Masonry LP	Riverside	Masonry Contractors
Kleinfelder Construction Svc	Riverside	Engineers-Structural
La Quinta Golf Course	La Quinta	Golf Courses
Parkview Community Hosp Med	Riverside	Hospitals
Pechanga Resort & Casino	Temecula	Casinos
Riverside Community Hospital	Riverside	Hospitals
Riverside County Public Health	Riverside	Government Offices-County
Riverside University Health	Moreno Valley	Hospitals
Southwest Healthcare System	Murrieta	Health Care Management
Spa Resort Casino	Palm Springs	Casinos
Starcrest of California	Perris	Internet & Catalog Shopping
Starcrest Products	Perris	E-Commerce
Sun World Intl LLC	Coachella	Fruits & Vegetables-Wholesale
Time Rack	Corona	Computer Software
Universal Protection Svc	Palm Desert	Security Control Equip & Systems-Mfrs
US Air Force Dept	March Arb	Military Bases
Wachter Inc	Riverside	Electric Contractors

Source: California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2020 1st Edition.

Effective Buying Income

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

CITY OF MURRIETA, COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA, AND UNITED STATES
Median Household Effective Buying Income
For Calendar Years 2015 through 2019

	2015	2016	2017	2018	2019
City of Murrieta	$55,780	$60,340	$62,369	$66,461	$69,218
County of Riverside	45,576	48,674	50,287	54,014	55,565
State of California	50,072	53,589	55,681	59,646	62,637
United States	45,448	46,738	48,043	50,735	52,841

Source: The Nielsen Company (US), Inc for years 2015 through 2018; Claritas, LLC for 2019.

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Construction Trends

Provided below are the building permits and valuations for the City for calendar years 2014 through 2018.

CITY OF MURRIETA
Total Building Permit Valuations
(Valuation in Thousands of Dollars)

	2014	2015	2016	2017	2018
Permit Valuation					
New Single-family	$5,125.4	$65,285.9	$58,375.1	$76,887.0	$117,276.3
New Multi-family	28,746.2	26,890.1	15,192.4	16,609.7	25,175.0
Res. Alterations/Additions	5,012.1	1,463.7	945.7	1,249.4	1,277.5
Total Residential	38,883.7	93,639.7	74,513.2	94,746.1	143,728.8
New Commercial	6,994.9	13,480.0	20,147.7	26,903.3	18,096.5
New Industrial	0.0	98,326.0	0.0	3,500.0	2,320.0
New Other	4,617.2	8,891.3	19,270.5	6,985.2	9,532.8
Com. Alterations/Additions	3,699.3	7,829.6	5,776.7	13,489.5	6,067.8
Total Nonresidential	15,311.4	128,526.9	45,194.9	50,878.0	36,017.1
New Dwelling Units					
Single Family	20	174	144	204	341
Multiple Family	248	271	139	155	120
TOTAL	268	445	283	359	461

Source: Construction Industry Research Board, Building Permit Summary.

Provided below are the building permits and valuations for the County for calendar years 2014 through 2018.

COUNTY OF RIVERSIDE
Total Building Permit Valuations
(Valuation in Thousands of Dollars)

	2014	2015	2016	2017	2018
Permit Valuation					
New Single-family	$1,296,552.8	$1,313,084.2	$1,526,767.8	$1,670,541.6	$2,200,020.7
New Multi-family	178,116.7	110,458.4	106,291.8	109,309.0	232,706.8
Res. Alterations/Additions	147,081.2	113,120.0	126,475.0	123,566.7	125,353.5
Total Residential	1,621,750.7	1,536,742.6	1,759,534.6	1,903,417.3	2,558,080.9
New Commercial	197,674.9	211,785.1	583,023.5	555,352.6	965,131.6
New Industrial	161,321.1	180,521.3	59,439.2	410,275.3	529,326.4
New Other	128,666.9	204,554.1	583,002.7	104,351.3	149,451.5
Com. Alterations/Additions	327,327.1	314,604.2	371,216.4	363,711.3	315,771.0
Total Nonresidential	814,990.0	911,464.7	1,596,681.8	1,433,690.5	1,959,680.5
New Dwelling Units					
Single Family	5,007	5,007	5,662	6,265	7,540
Multiple Family	1,931	1,189	1,039	1,070	1,628
TOTAL	6,938	6,196	6,701	7,335	9,168

Source: Construction Industry Research Board, Building Permit Summary.

Commercial Activity

Commercial activity is an important factor in the County's economy. Much of the County's commercial activity is concentrated in central business districts or small neighborhood commercial centers in cities. There are eight regional shopping malls in the County: Moreno Valley Mall (in Moreno Valley), Main Street Pedestrian Mall (in Riverside), Galleria at Tyler (in Riverside), Westfield Palm Desert (in Palm Desert), Gardens on El Paseo (in Palm Desert), Canyon Crest Towne Center (in Riverside), the Promenade (in Temecula), and The River (in Rancho Mirage). There are also two factory outlet malls (Desert Hills Premium Outlets and Lake Elsinore Outlet Center) and over 200 area centers in the County.

A summary of historic taxable sales within the City during the past five years in which data are available is shown in the following table. Total taxable sales during the first two quarters of calendar year 2019 in the City were reported to be $794,662,404, a 1.65% increase over the total taxable sales of $781,752,804 reported during the first two quarters of calendar year 2018.

CITY OF MURRIETA
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2014	1,490	$1,039,978	2,151	$1,243,186
2015[(1)]	1,517	1,089,765	2,517	1,281,529
2016	1,541	1,137,130	2,582	1,340,131
2017	1,623	1,302,470	2,782	1,522,525
2018	1,715	1,359,429	3,014	1,588,929

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

A summary of historic taxable sales within the County during the past five years in which data are available is shown in the following table. Total taxable sales during the first two quarters of calendar year 2019 in the County were reported to be $19,553,422,930, a 3.48% increase over the total taxable sales of $18,896,002,824 reported during the first two quarters of calendar year 2018.

COUNTY OF RIVERSIDE
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2014	34,910	$22,646,343	48,453	$32,035,687
2015 [(1)]	18,662	23,281,724	56,846	32,910,910
2016	38,445	24,022,136	57,771	34,231,144
2017	38,967	25,581,948	58,969	36,132,814
2018	39,577	28,042,692	61,433	38,919,498

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Agriculture

Agriculture remains a leading source of income in the County. Principal agricultural products are milk, eggs, table grapes, grapefruit, nursery, alfalfa, dates, lemons and avocados. Four areas in the County account for the major portion of agricultural activity: the Riverside/Corona and San Jacinto/Temecula Valley Districts in the western portion of the County, the Coachella Valley in the central portion and the Palo Verde Valley near the County's eastern border.

Transportation

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

Currently, Metrolink provides commuter rail service to Los Angeles and Orange Counties from several stations in the County. Transcontinental passenger rail service is provided by Amtrak with a stop in Cabazon. Freight service to major west coast and national markets is provided by two transcontinental railroads – Burlington Northern/Santa Fe and Union Pacific. Truck service is provided by several common carriers, making available overnight delivery service to major California cities.

Transcontinental bus service is provided by Greyhound Lines. Intercounty, intercity and local bus service is provided by the Riverside Transit Agency to western County cities and communities. The SunLine Transit Agency provides local bus service throughout the Coachella Valley. The City of Banning also operates a local bus system.

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

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL]

________, 2020

Board of Education
Murrieta Valley Unified School District
41870 McAlby Court
Murrieta, CA 92562

OPINION: $_____________ Murrieta Valley Unified School District
General Obligation Bonds, Election of 2014, Series 2020

Members of the Board of Education:

We have acted as bond counsel to the Murrieta Valley Unified School District (the "District") in connection with the issuance by the District of $_____________ principal amount of Murrieta Valley Unified School District General Obligation Bonds, Election of 2014, Series 2020, dated the date hereof (together, the "Bonds"), under the provisions of Article 4.5 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 adopted on December 17, 2019 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Resolution and in the certified proceedings and other certifications furnished to us, without undertaking to verify such facts by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The District is duly created and validly existing as a school district with the power to issue the Bonds and to perform its obligations under the Bond Resolution and the Bonds.

2. The Bond Resolution has been duly adopted by the Board and constitutes a valid and binding obligation of the Board enforceable against the Board in accordance with its terms.

3. The Bonds have been duly issued and sold by the District and are valid and binding general obligations of the District, and the County of Riverside is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation as to rate or amount (except for certain personal property that is taxable at limited rates).

4. The 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 the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

5. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$_____________
MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
(Riverside County, California)
General Obligation Bonds
Election of 2014, Series 2020

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "**Disclosure Certificate**") is executed and delivered by the Murrieta Valley Unified School District (the "**District**") in connection with the issuance of the captioned bonds (the "**Bonds**"). The Bonds are being issued pursuant to a resolution adopted by the Board of Education of the District on December 17, 2019 (the "**Resolution**"). Zions Bancorporation, National Association is initially acting as paying agent for the Bonds (the "**Paying Agent**").

The District hereby covenants and agrees as follows:

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

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

"*Annual Report*" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4.

"*Annual Report Date*" means the date not later than nine months after the end of each fiscal year of the District (currently being March 31 based on a fiscal year ending June 30).

"*Dissemination Agent*" means, initially, Cooperative Strategies, LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District and the Paying Agent a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a).

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Official Statement*" means the final official statement executed by the District in connection with the issuance of the Bonds.

"*Paying Agent*" means Zions Bancorporation, National Association, Los Angeles, California, or any successor thereto.

"*Participating Underwriter*" means Stifel, Nicolaus and Company, Incorporated, the original Underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means 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.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2021 with the report for the 2019-20 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if 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). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) to the MSRB in a timely manner, in an electronic format, a notice of failure to file such information, as prescribed by the MSRB.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements 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 Annual Report Date, 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.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following information:

(i) Assessed value of taxable property in the jurisdiction of the District for the most recently completed fiscal year;

(ii) Assessed valuation of the properties of the top 20 secured property taxpayers in the District for the most recently completed fiscal year;

(iii) Property tax collection delinquencies for the District for the most recently completed fiscal year, or if not available, for the previous fiscal year, but only if available from the County of Riverside (the "County") at the time of filing the Annual Report and only if the District's general obligation bond levies are not included in 'the Teeter Plan (as defined in the Official Statement);

(iv) The District's most recently adopted Budget or approved interim report with budgeted figures, which is available at the time of filing the Annual Report; and

(v) Such further information, if any, as may be necessary to make the statements made pursuant to (a) and (b) of this Section 4, in the light of the circumstances under which they are made, not misleading.

(c) 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 are available to the public on the MSRB's internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

(13) 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, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above 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 United States 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 governing 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.

(e) For purposes of Section 5(a)(15) and (16), "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. <u>Identifying Information for Filings with the MSRB</u>. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. <u>Termination of Reporting Obligation</u>. 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(b).

Section 8. <u>Dissemination Agent</u>. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Cooperative Strategies, LLC. Any Dissemination Agent may resign by providing 30 days' written notice to the District and the Paying Agent.

Section 9. <u>Amendment; Waiver</u>. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

> (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;
>
> (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after

taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Resolution for amendments to the Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 10. 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 Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _______, 2020

MURRIETA VALLEY UNIFIED SCHOOL DISTRICT

By: ____________________________
Name:____________________________
Title:____________________________

ACCEPTANCE OF DUTIES
AS DISSEMINATION AGENT

COOPERATIVE STRATEGIES, LLC

By: ______________________________
Name:______________________________
Title:______________________________

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APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds 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, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. 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 DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (in this Appendix, 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 will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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 Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. 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 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.

5. 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 transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will 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.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or 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 nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or 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.

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

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

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

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APPENDIX G

RIVERSIDE COUNTY INVESTMENT POLICY
AND INVESTMENT REPORT

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COUNTY OF RIVERSIDE
OFFICE OF THE TREASURER-TAX-COLLECTOR
STATEMENT OF INVESTMENT POLICY

INTRODUCTION

The Treasurer's Statement of Investment Policy is presented annually to the County Investment Oversight Committee for review and to the Board of Supervisors for approval, pursuant to the requirements of Sections 53646(a) and 27133 of the California Government Code (Code Section). This policy will become effective immediately upon approval by the Board of Supervisors.

SCOPE

The Treasurer's Statement of Investment Policy is limited in scope to only those county, school, special districts and other fund assets actually deposited and residing in the County Treasury. It does not apply to bond funds or other assets belonging to the County of Riverside, or any affiliated public agency the assets of which reside outside of the County Treasury.

FIDUCIARY RESPONSIBILITY

Code Section 27000.3 declares each treasurer, or governing body authorized to make investment decisions on behalf of local agencies, to be a trustee and therefore a fiduciary subject to the prudent investor standard. This standard, as stated in Code Section 27000.3 requires that "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the county treasurer or the board of supervisors, as applicable, shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the county and other depositors, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the county and the other depositors."

PORTFOLIO OBJECTIVES

The first and primary objective of the Treasurer's investment of public funds is to **safeguard investment principal**; second, to maintain sufficient **liquidity** within the portfolio to meet daily cash flow requirements; and third, to achieve a reasonable rate of return or **yield** on the portfolio consistent with these objectives. The portfolio shall be actively managed in a manner that is responsive to the public trust and consistent with State law.

AUTHORITY

Statutory authority for the Treasurer's investment and safekeeping functions are found in Code Sections 53601 and 53635 et. seq. The Treasurer's authority to make investments is to be renewed annually, pursuant to state law. It was last renewed by the Board of Supervisors on October 22, 2019 by County Ordinance No.767.23. Code Section 53607 effectively requires the legislative body to delegate investment authority of the County on an annual basis.

AUTHORIZED INVESTMENTS

Investments shall be restricted to those authorized in Code Sections 53601 and 53635 as amended and as further restricted by this policy statement. All investments shall be governed by the restrictions shown in Schedule I which defines the type of investments authorized, maturity limitations, portfolio diversification, credit quality standards (two of the three nationally recognized ratings shall be used for corporate and municipal securities), and purchase restrictions that apply.

STAFF AUTHORIZED TO MAKE INVESTMENTS
Only the Treasurer-Tax Collector, Jon Christensen, Chief Investment Manager, Giovane Pizano, Deputy Investment Manager, Steve Faeth, and Assistant Investment Manager, Isela Licea, are authorized to make investments and to order the receipt and delivery of investment securities among custodial security clearance accounts.

AUTHORIZED BROKER/DEALERS
Securities transactions are limited solely to those noted on Schedule II of this policy.

DAILY ACCOUNTABILITY AND CONTROL
Except for emergencies or previous authorization by the Treasurer-Tax Collector, all investment transactions are to be conducted at the Treasurer-Tax Collector's office (if open and available to conduct business), documented, and reviewed by the Treasurer-Tax Collector, and/or Assistant Treasurer-Tax Collector. All investment transactions will be entered daily into the Treasurer's internal financial accounting system with copies to be filed on a timely basis. Portfolio income shall be reconciled daily against cash receipts and quarterly, prior to the distribution of earnings among those entities sharing in pooled fund investment income.

SECURITY CUSTODY & DELIVERIES
All securities, except for money market funds registered in the County's name and securities issued by the County or other local agencies shall be deposited for safekeeping with banks contracted to provide the County Treasurer with custodial security clearance services. These third party trust department arrangements provide the County with a perfected interest in, and ownership and control over, the securities held by the custodian on the County's behalf and are intended to protect the County from the bank's own creditors in the event of a bank default and filing for bankruptcy. Securities are **NOT** to be held in investment firm/broker dealer accounts. All security transactions are to be conducted on a "delivery versus payment basis." Confirmation receipts on all investments are to be reviewed immediately for conformity with County transaction documentation. Securities issued by local agencies purchased directly shall be held in the Treasurer's vault. The security holdings shall be reconciled with the custodian holding records daily. The Treasurer's Fiscal Compliance unit will audit purchases daily for compliance, and audit holding records monthly.

COMPETITIVE PRICING
Investment transactions are to be made at current market value and competitively priced whenever possible. Competitive pricing does not necessarily require submission of bids, but does require adequate comparative analysis. The current technology utilized by the Treasury provides this information.

MATURITY LIMITATIONS

No investment shall exceed a final maturity date of five years from the date of purchase unless it is authorized by the Board of Supervisors pursuant to Code Section 53601. The settlement date will be used as the date of purchase for measuring maturity limitations.

LIQUIDITY

The portfolio shall maintain a weighted average days to maturity (WAM) of less than 541 days or 1.5 years. To provide sufficient liquidity to meet daily expenditure requirements, the portfolio shall maintain at least 40% of its total value in securities having maturities 1 year or less.

SECURITIES LENDING

The Treasurer may engage in securities lending activity limited to 20% of the portfolio's book value on the date of transaction. Instruments involved in a securities lending program are restricted to those securities pursuant to Code Section 53601 and by the Treasurer's Statement of Investment Policy.

REVERSE REPURCHASE AGREEMENTS

The Treasury shall not engage in any form of leverage for the purpose of enhancing portfolio yield. There shall be no entry into reverse repurchase agreements except for temporary and unanticipated cash flow requirements that would cause the Treasurer to sell securities at a principal loss. Any reverse repurchase agreements are restricted pursuant to Code Section 53601 and by the Treasurer's Statement of Investment Policy.

MITIGATING MARKET & CREDIT RISKS

Safety of principal is the primary objective of the portfolio. Each investment transaction shall seek to minimize the County's exposure to market and credit risks by giving careful and ongoing attention to the: (1) credit quality standards issued by the nationally recognized rating agencies on the credit worthiness of each issuer of the security, (2) limiting the concentration of investment in any single firm as noted in Schedule I, (3) by limiting the duration of investment to the time frames noted in Schedule I, and (4) by maintaining the diversification and liquidity standards expressed within this policy.

TRADING & EARLY SALE OF SECURITIES

All securities are to be purchased with the intent of holding them until maturity. However, in an effort to minimize market and credit risks, securities may be sold prior to maturity either at a profit or loss when economic circumstances, trend in short-term interest rates, or a deterioration in credit-worthiness of the issuer warrants a sale of the securities to either enhance overall portfolio yield or to minimize further erosion and loss of investment principal. Such sales should take into account the short and long term impacts on the portfolio. However, the sale of a security at a loss can only be made after first securing the approval of the Treasurer-Tax Collector.

PURCHASE OF WHEN ISSUED SECURITIES

When issued (W.I.) purchases of securities and their subsequent sale prior to cash settlement are authorized as long as sufficient cash is available to consummate their acceptance into the Treasurer's portfolio on the settlement date.

PORTFOLIO REPORTS/AUDITING
Portfolio reports required by Code Sections 53607 and 27133(e) shall be filed monthly with the Board of Supervisors, Investment Oversight Committee, Superintendent of Schools, Executive Officer, County Auditor Controller and interested parties. Consistent with Board Policy B-21 (County Investment Policy Statement), § III A, an outside compliance audit will be conducted annually. Outside audits will be conducted at least biennially by an independent auditing firm selected by the Board of Supervisors, per Board Minute Order No. 3.48. Reports are posted monthly on the Treasurer's website:
http://www.countytreasurer.org/Treasurer/TreasurersPooledInvestmentFund/MonthlyReports.aspx

SPECIFIC INVESTMENTS
Specific investments for individual funds may be made in accordance with the Treasurer's Statement of Investment Policy, upon written request and approval of the responsible agency's governing board, and, approval of the Treasurer-Tax Collector. Investments outside of the policy may be made on behalf of such funds with approval of the governing Board and approval of the Treasurer-Tax Collector. All specific investments shall be memorialized by a Memorandum of Understanding. With the purchase of specific investments, the fund will be allocated the earnings and/or loss associated with those investments. The Treasurer-Tax Collector reserves the right to allocate a pro-rata charge for administrative costs to such funds.

PERFORMANCE EVALUATION
Portfolio performance is monitored daily and evaluated monthly in comparison to the movement of the Treasurer's Institutional Money Market Index (TIMMI), or other suitable index. Over time, the portfolio rate of return should perform in relationship to such an index. Regular meetings are to be conducted with the investment staff to review the portfolio's performance, in keeping with this policy, and, current market conditions.

INVESTMENT OVERSIGHT COMMITTEE
In accordance with Code Section 27130 et seq. of the Code, the Board of Supervisors has established an Investment Oversight Committee. The role of the Committee is advisory in nature. It has no input on day to day operations of the Treasury.

QUARTERLY DISTRIBUTION OF INVESTMENT EARNINGS
Portfolio income, including gains and losses (if any), will be distributed quarterly in compliance with Sections 53684 and 53844 of the Code which give the Treasurer broad authority to apportion earnings and losses among those participants sharing in pooled investment income, and, except for specific investments in which the interest income is to be credited directly to the fund from which the investment was made, all investment income is to be distributed pro-rata based upon each participant's average daily cash balance for the fiscal quarter. Any subsequent adjustments of reported earnings by the Auditor-Controller will be first reviewed and approved by the Treasurer to assure compliance with Code Sections 53684 and 53844.

QUARTERLY APPORTIONMENT OF ADMINISTRATIVE COSTS
Prior to the quarterly apportionment of pooled fund investment income, the County Treasurer is permitted, pursuant to Code Section 27013, to deduct from investment income before the distribution thereof, the actual cost of the investment, audit, deposit, handling and distribution of such income. Accordingly, in keeping with Code Sections 27013, 27133(f), and 27135, the Treasury shall deduct from pooled fund investment earnings the actual cost incurred for: banking services, custodial safekeeping charges, the pro-rata annual cost of the salaries including fringe

benefits for the personnel in the Treasurer-Tax Collector's office engaged in the administration, investment, auditing, cashiering, accounting, reporting, remittance processing and depositing of public funds for investment, together with the related computer and office expenses associated with the performance of these functions. Costs are apportioned based upon average daily ending balances. Prior to gaining reimbursement for these costs, the Treasurer-Tax Collector shall annually prepare a proposed budget revenue estimate per Code Section 27013.

TREASURY OPERATIONS

Treasury operations are to be conducted in the most efficient manner to reduce costs and assure the full investment of funds. The Treasurer will maintain a policy regarding outgoing wires and other electronic transfers. Requests for outgoing transfers which do not arrive on a timely basis may be delayed. The County Treasurer may institute a fee schedule to more equitably allocate costs that would otherwise be spread to all depositors.

POLICY CRITERIA FOR AGENCIES SEEKING VOLUNTARY ENTRY

Should any agency solicit entry, the agency shall comply with the requirements of Section 53684 of the Code and adopt a resolution by the legislative or governing body of the local agency authorizing the deposit of excess funds into the County treasury for the purpose of investment by the County Treasurer. The resolution shall specify the amount of monies to be invested, the person authorized by the agency to coordinate the transaction, the anticipated time frame for deposits, the agency's willingness to be bound to the statutory 30-day written notice requirement for withdrawals, and acknowledging the Treasurer's ability to deduct pro-rata administrative charges permitted by Code Section 27013. Any solicitation for entry into the TPIF must have the County Treasurer's consent before the receipt of funds is authorized. The depositing entity will enter into a depository agreement with the Treasurer.

POLICY CRITERIA FOR VOLUNTARY PARTICIPANT WITHDRAWALS

With the Treasury being required to maintain a 40% liquidity position at all times during the calendar year, it is anticipated that sufficient funds will be on hand to immediately meet on demand all participant withdrawals for the full dollar amounts requested without having to make any allowance or pro-rata adjustment based on the current market value of the portfolio. In addition, any withdrawal by a local agency for the purpose of investing or depositing those funds outside the Pool shall have the prior written approval of the County Treasurer.

The Treasurer's approval of the withdrawal request shall be based on the availability of funds; the circumstances prompting the request; the dollar volume of similar requests; the prevailing condition of the financial markets, and, an assessment of the effect of the proposed withdrawal on the stability and predictability of the investments in the county treasury.

POLICY ON RECEIPT OF HONORARIA, GIFTS AND GRATUITIES

Neither the Treasurer-Tax Collector nor any member of his staff, shall accept any gift, gratuity or honoraria from financial advisors, brokers, dealers, bankers or other persons or firms conducting business with the County Treasurer which exceeds the limits established by the Fair Political Practices Commission (FPPC) and relevant portions of Code Section 27133. IOC members shall be subject to the limits included in the Board of Supervisors Policy B-21.

ETHICS & CONFLICTS OF INTEREST

Officers and staff members involved in the investment process shall refrain from any personal business activity that compromises the security and integrity of the County's investment program or impairs their ability to make impartial and prudent investment decisions. In addition, the County Treasurer-Tax Collector, Assistant Treasurer-Tax Collector, Investment Manager, and Assistant Investment Manager are required to file annually the applicable financial disclosure statements as mandated by the FPPC and County policy.

INVESTMENTS MADE FROM DEBT ISSUANCE PROCEEDS
The proceeds of a borrowing may be specifically invested per Schedule I of this policy (with the exception of Collateralized Time Deposits and Local Agency Obligations) as well as competitively bid investments (see County of Riverside Office Of The Treasurer-Tax Collector Policy Governing Competitively Bid Investments, dated March 3, 2011).

No pooled fund investments made from the proceeds of a borrowing, the monies of which are deposited in the County Treasury, shall be invested for a period of time exceeding the maturity date of the borrowing. Nor shall any monies deposited with a bank trustee or fiscal agent for the ultimate purpose of retiring the borrowing be invested beyond the maturity date of the borrowing.

POLICY ADOPTION & AMENDMENTS
This policy statement will become effective following adoption by the Board of Supervisors, and, will remain in force until subsequently amended in writing by the Treasurer-Tax Collector and approved by the Board.

______________________ 12/10/2019

Jon Christensen
County of Riverside
Treasurer-Tax Collector

SCHEDULE I

AUTHORIZED INVESTMENTS	DIVERSIFICATION (1)	PURCHASE RESTRICTIONS	MATURITY	CREDIT QUALITY (S&P/MOODY'S/FITCH)
U.S. Treasury notes, bills, bonds or other certificates of indebtedness	100%	N/A	Maximum 5 years	N/A
Notes, participations, or obligations issued by the agencies of the federal government	100%	N/A	Maximum 5 years	N/A
Bonds, notes, warrants or certificates of indebtedness issued by the state of CA, or local agencies, or, the County of Riverside. Registered treasury notes or bonds of any of the other 49 United States per Government Code Section 53601 (d)	15% maximum	See Schedule VI	Maximum 4 years	Long term "AA-, Aa3, AA-" or better
Notes, participations or obligations issued or fully guaranteed as to principal and interest by the International Bank for Reconstruction and Development, and the International Finance Corporation	20%	Max 10% per issuer	Maximum 4 years	Long term "AA, Aa, AA" or better
Local Agency Investment Fund (LAIF)	$50 million	Maximum $50 million per LAIF	Daily Liquidity	N/A
Commercial Paper (CP)	40% maximum	See Schedule VI	Maximum 270 days	Short term "A-1,P-1,F-1" or better
Local Agency Obligations (LAO)	2.5% maximum	Board of Supervisors approval required. Issued by pool depositors only	Maximum 3 years	Non-rated, if in the opinion of the Treasurer, considered to be of investment grade or better
CalTRUST Short Term Fund (CLTR)	1% maximum	Board of Supervisors approval required	Daily liquidity	NR / Portfolio managed pursuant to California Government Code § 53601 & 53635
Negotiable CD's (NCD'S) issued by national or state chartered banks or a licensed branch of a foreign bank	25% maximum	See Schedule VI	Maximum 1 year	Short term "A-1,P-1,F-1" or better
Collateralized Time Deposits (TCD)	2% maximum	See Schedule IV	Maximum 1 year	N/A
Repurchase Agreements (REPO) with 102% collateral restricted to U. S. Treasuries, agencies, agency mortgages, CP, BA's	40% max, 25% in term repo over 7 days. No more than 20% w/one dealer in term repo	Repurchase agreements to be on file	Maximum 45 days	Short Term "A-1, P-1, F-1" or better If "A-2, P-2, F2" then overnight only
Reverse Repurchase Agreements on U. S. Treasury & federal agency securities in portfolio	10% maximum	For temporary cash Flow needs only.	Max 60 days with prior approval of Board of Supervisors	N/A
Medium Term Notes (MTNO) or Corporate Notes	20% maximum	See Schedule VI	Maximum 3 years	"AA, Aa2, AA" minimum if under 1 year
Interest bearing Checking Account	20%	N/A	Daily Liquidity	Fully collateralized
Money Market Mutual Funds (MMF) that invest in eligible securities meeting requirements of California Government Code	20% maximum	See Schedule V	Daily liquidity	Long Term "AAA" (2 of 3 nationally recognized rating services)

(1) Whichever is greater.

AUTHORIZED BROKER/DEALERS
SCHEDULE II

The Treasurer is authorized to conduct investment security transactions with the broker/dealers which are designated by the Federal Reserve Bank as primary government dealers. Security transactions with firms, other than those appearing on this list, are prohibited.

1. Other authorized firms:

   Union Bank
   Piper Jaffray & Co.
   SunTrust Bank
   FTN Financial
   InCapital
   Raymond James & Associates, Inc.
   Williams Capital Group
   Academy Securities Inc.
   Bank of New York

2. Direct purchases from major commercial paper issuers, money market mutual funds, banker's acceptance issuers, negotiable CD issuers, or savings and loan are authorized.

3. Incidental purchases of less than $10 million may be made with other firms if in the opinion of the Treasurer, such transactions are deemed advantageous.

To ensure compliance with the County Treasurer's investment guidelines, each newly authorized primary government dealer and other authorized firms (as listed above in section 1, 2 and 3) will be supplied a complete copy of this Investment Policy document approved by the Board of Supervisors.

POLICY CRITERIA FOR SELECTION OF BROKER/DEALERS
SCHEDULE III

1. The County Treasurer has elected to limit security transactions as mentioned in Schedule II. Accordingly, the financial institution must confirm that they are a member of the Financial Industry Regulatory Authority (FINRA), registered with the Securities & Exchange Commission (SEC), and possess all other required licenses. The Treasurer is prohibited from the selection of any broker, brokerage, dealer, or securities firm that has, within any consecutive 48-month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the local treasurer, any member of the governing board of the local agency, or any candidate for those offices.

2. The County Treasurer's intent is to enter into long-term relationships. Therefore, the integrity of the firm and the personnel assigned to our account is of primary importance.

3. The firm must specify the types of securities it specializes in and will be made available for our account.

4. It is important that the firm provide related services that will enhance the account relationship which could include:
   (a) An active secondary market for its securities.
   (b) Internal credit research analysis on commercial paper, banker's acceptances and other securities it offers for sale.
   (c) Be willing to trade securities for our portfolio.
   (d) Be capable of providing market analysis, economic projections, and newsletters.
   (e) Provide market education on new investment products, security spread relationships, graphs, etc.

5. The firm must be willing to provide us monthly financial statements, and transactional confirms.

6. The County Treasurer is prohibited from the establishment of a broker/dealer account for the purpose of holding the County's securities. All securities must be subject to delivery at the County's custodial bank.

7. Without exception, all transactions are to be conducted on a delivery versus payment (DVP) basis.

8. The broker/dealer must have been in operation for more than 5 years, and, if requested, the firm must be willing to provide us a list of local government clients or other reference, particularly those client relationships established within the State of California.

POLICY CRITERIA FOR COLLATERALIZED TIME DEPOSITS
SCHEDULE IV

Before the Treasury can place a time deposit with a local bank or savings and loan, the following criteria must be met:

1. The bank must provide us with an executed copy of the "Contract for Deposit of Moneys."

2. The interest rate on the Time Certificate of Deposit must be competitive with rates offered by other banks and savings and loans residing in Riverside County, as well as exceed that of U.S. Treasury Securities.

3. Investments less than the FDIC insurance limit will be sufficient without requiring any collateral to be pledged with the Federal Reserve to secure the public fund deposit.

4. Investments exceeding the FDIC insurance limit shall be fully collateralized by U.S. Treasury and Federal Agency securities having maturities five years or less. The County Treasury must receive written confirmation that these securities have been pledged in repayment of the time deposit. The securities pledged as collateral must have a current market value greater than the dollar amount of the deposit in keeping with the ratio requirements specified in Code Section 53652. Additionally, a statement of the collateral shall be provided on a monthly basis. A collateral waiver for the portion insured by the FDIC will be granted.

5. The County Treasurer must be given a current audited financial statement for the financial year just ended as well as the most recent quarterly statement of financial condition. The financial reports must both include a statement of financial condition as well as an income statement depicting current and prior year operations.

6. The County Treasurer will not place a public fund deposit for more than 10% of the present paid-in capital and surplus of the bank.

7. The County Treasurer must receive a certificate of deposit which specifically expresses the terms governing the transaction, deposit amount, issue date, maturity date, name of depositor, interest rate, interest payment terms (monthly, quarterly, etc).

8. All time certificates must have a maturity date not exceeding one year from the date of the deposit, with interest payments based upon the stated interest rate.

9. The County Treasurer must receive a letter from an officer of the bank at the time the initial deposit is made, that there is no known pending financial disclosure or public announcement of an adverse financial event involving the bank or savings and loan, nor is there any knowledge that a conflict of interest situation exists between any County official and an officer or employee of the bank.

10. Time deposits will only be made with banks and savings and loans having branch office locations within Riverside County.

POLICY CRITERIA FOR ENTERING INTO A MONEY MARKET FUND
SCHEDULE V

Shares of beneficial interest issued by diversified management companies, also known as money market mutual funds, invest in the securities and obligations authorized by Code Sections 53601.7(10). Approved mutual funds will be registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et. seq.) and shall meet the following criteria:

1. The fund must have a "AAA" ratings from two of the nationally recognized rating services: Moody's, Fitch, Standard & Poor's.

2. The fund's prospectus cannot allow hedging strategies, options or futures.

3. The fund must provide a current prospectus before participation in the fund and provide copies of their portfolio reports and shall provide at least at month-end, a complete listing of securities within the fund's portfolio.

POLICY CRITERIA
CORPORATE AND MUNICIPAL SECURITIES
SCHEDULE VI

Corporate Criteria. Money market securities will be first restricted by short-term ratings and then further restricted by long term credit ratings. The long term credit ratings, including the outlook of the parent company will be used. Money market securities consist of negotiable certificates of deposit (NCDs), bankers acceptances, and commercial paper. Medium term securities will be restricted by the long term ratings of the legal issuer. Concentration limit restrictions will make no distinction between medium term notes and money market securities.

No short term negative credit watch or long-term negative outlook by 2 of 3 nationally recognized rating services except for entities participating in government guaranteed programs. Credit Category 1 and Category 2 with negative credit watch or long-term negative outlook, by more than one nationally recognized rating service is permitted as Category 3 and Category 4 respectively.

Municipal Criteria. Minimum of A or A2 or A, underlying credit rating for selecting insured municipal securities and a maximum of 5% exposure to any one insurer (direct purchases and indirect commitments).

Liquidity Provider Restrictions. Maximum of 5% exposure to any one institution (direct purchases and indirect commitments).

Category	Short-Term Ratings	Long-Term Ratings	Restrictions
1	A-1+/P-1/F-1+ (SP-1+/MIG1/F-1+)	AAA/Aaa/AAA	**Corp.** Maximum of 5% per issuer with no more than 2% greater than 1 year final maturity and no more than 1% greater than 2 year final maturity. **Muni.** Maximum of 5% per issuer with no more than 2% greater than 13 month final maturity.
2	A-1+/P-1/F-1+ (SP-1+/MIG1/F-1)	AA+/Aa1/AA+, AA/Aa2/AA	**Corp.** Maximum of 4% per issuer with no more than 1% greater than 1 year final maturity. No more than 13 month final maturity. **Muni.** Maximum of 5% per issuer with no more than 1% greater than 13 month final maturity. For the State of California debt only maximum of 2% greater than 13 month final maturity.
3	A-1+/P-1/F-1+ (SP-1+/MIG1/F-1)	AA-/Aa3/AA-	**Corp.** Maximum of 3% per issuer with no more than 1.5% greater than 90 days. No more than 270 days final maturity. **Muni.** Maximum of 5% per issuer. No more than 13 month final maturity.
4	A-1/P-1/F-1 (SP-1/MIG1/F-1)	A/A2/A or better.	**Corp.** No Asset Backed programs. Maximum of 2% per issuer with no more than 1% greater than 7 days. No more than 45 days maximum maturity.

<u>Rating Agency Comparison Table</u>

Short-Term Scale

S&P	**A-1+, A-1**
Moody's	**P-1**
Fitch	**F-1+, F-1**

Long-Term Scale

S&P	**AAA, AA+, AA, AA-, A+, A**
Moody's	**Aaa, Aa1, Aa2, Aa3, A1, A2**
Fitch	**AAA, AA+, AA, AA-, A+, A**

County of Riverside

Treasurer's Pooled Investment Fund

November 2019

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Hot air balloons over Lake Skinner in Temecula, Southwest Riverside County, CA. Digital Image. *NBC San Diego*. http://www.nbcsandiego.com/news/local/temecula-valley-2014-balloon-wine-festival-north-san-diego-261142951.html

Treasurer's Pooled Investment Fund

Monthly Commentary

It's All Gravy: Markets Looking More Optimistic in November

In November, U.S. labor market and consumer data provided a confirmation of economic strength during a month that has been dominated by a cornucopia of U.S.-China trade dispute headlines. Following the third 25bps rate cut by the Federal Reserve (Fed) this year in October, markets became more optimistic in November and stopped pricing in additional rate cuts. As a result, short-term Treasury yields traded in a very narrow range. This offers the TPIF predictable investment options, but at lower rates. Every November, in the same way turkey producers see their revenues increase at a faster rate, the TPIF's balance increases from property tax collections. The confluence of increased funds for investing and lower interest rates means that the TPIF's yield will likely move downward towards the Fed Funds Target Rate range of 1.50-1.75%.

The first week of the month saw Treasury rates rise fairly aggressively due to strong job growth and positive developments in U.S.-China trade rhetoric. Mid month, Treasury rates drifted back down due to a mixed print in economic indicators and another negative shift in tone in U.S.-China trade talks. Ultimately, Treasury rates ended higher in November. The 2-year Treasury began the month at 1.56% and ended at 1.61%, while the 5-year Treasury began at 1.55% and ended the month at 1.62%.

The U.S.-China phase-one trade deal never materialized, but that doesn't mean that investors weren't monitoring the situation closely. As the clock ticked closer to another 15% tariff hike on $160bn worth of Chinese imports in mid-December, markets became bumpier with every shift in tone in trade rhetoric. Additionally, the impending Brexit-defining general election in the U.K. in December and civil unrest in Hong Kong, Chile, Bolivia, and Ecuador continued to cast a shadow over global market sentiment.

Overall, economic indicators continue to point to a robust U.S. economy, thanks in large part to consumer spending. Real GDP for 3Q19 was revised modestly upward to 2.1% SAAR from 1.9%. Although consumer sentiment, personal consumption, and retail sales figures fell below expectations in November at 96.8, 0.4% MoM and 0.2% MoM apiece, they are still indicative of a healthy consumer sector. The labor market, with 3.6% unemployment, 128K jobs added, and average hourly earnings increasing by 3.0% Y/Y, remains resilient. The Federal Open Market Committee's preferred measure of inflation continues to run below their 2.0% objective. This diminishes the likelihood for a Fed rate hike in the near term.

Sales of existing homes grew by 4.6% Y/Y, the strongest since early 2018. New home sales were measured at an annualized rate of 738K in September and 733K in October; both are twelve-year highs. The U.S. housing market is being propped up by low mortgage rates, flattening home prices, a strong job market, and robust consumer confidence. The U.S. manufacturing sector is not performing as well as the broader economy. The industrial production index and durable goods orders have contracted on a Y/Y basis, respectively, for the past two and three months. Additionally, residential construction spending fell by 3.2% Y/Y as of September.

In Riverside County, the median home price in October 2019 was $400K, an increase of 5.5% from October 2018. Over the same period, median home prices grew 0.7% in Orange County, 5.4% in Los Angeles County, and 8.0% in San Bernardino County. Nonfarm payrolls in the Inland Empire grew by 2.0% Y/Y in October, outpacing California (1.8% Y/Y) and the Nation (1.4% Y/Y).

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)
Nov-19	6,701,954,259.60	6,686,612,679.23	15,341,580.37	0.23%	1.91	1.13
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

*Market values do not include accrued interest.

Economy

National Economy

U.S. economic activity expanded modestly from October to mid-November, with consumer spending growing "moderately" and manufacturing activity stagnating. [Federal Reserve; 12/05/2019]

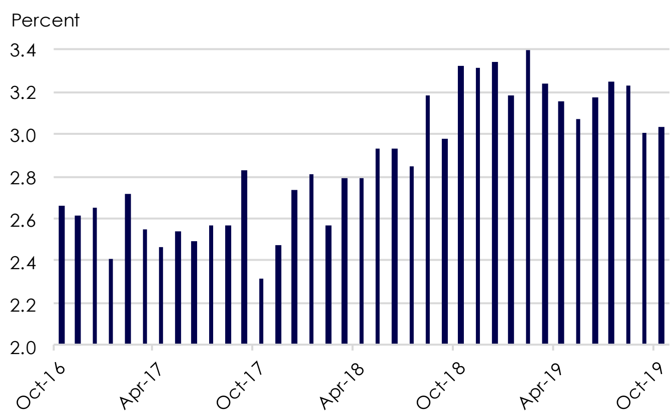
- Job growth has averaged 167k per month in 2019, compared to 223k per month in 2018. Strike activity has adversely affected payrolls in automotive manufacturing. [BLS; 12/05/2019]
- Consumer confidence declined for the fourth straight month in November, but confidence levels remain high and should support holiday spending. [Conference Board; 12/05/2019]

State Economy

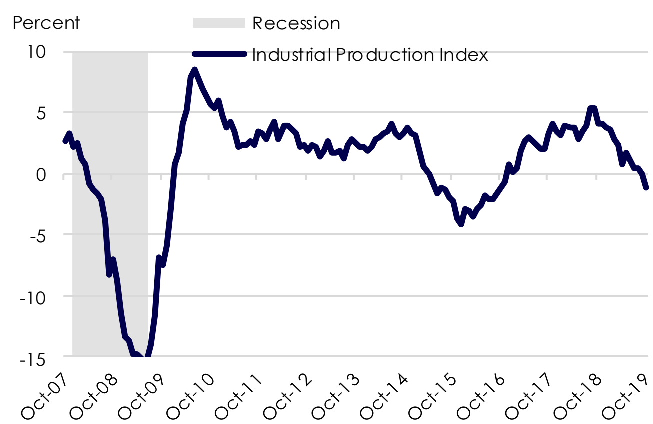
California's labor force grew substantially in September (21.2k) and October (40.8k), a sign that the strong economy is encouraging individuals to seek employment. [LA Times; 12/05/2019]

- Job growth was led by the construction sector over last twelve months (4.0% Y/Y), followed by education and health services (3.3% Y/Y). [BLS; 12/05/2019]
- In October, California ranked 42nd among states in home price growth with 2.0% Y/Y, compared to the national average of 3.5% Y/Y. In Riverside County, home prices grew 5.5% Y/Y over the same period. [CoreLogic; 12/05/2019]

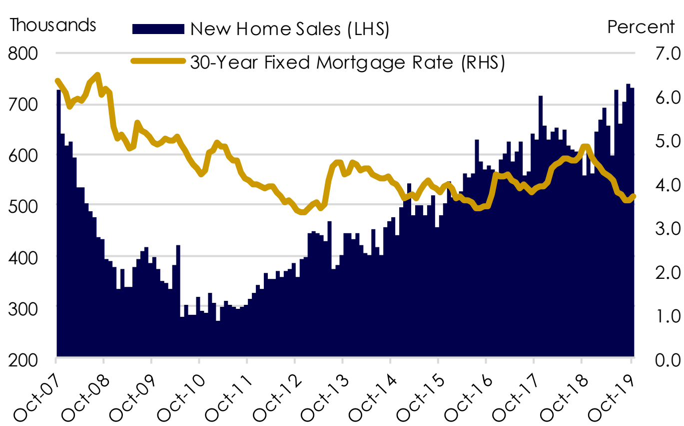
Private Sector Average Hourly Earnings Y/Y



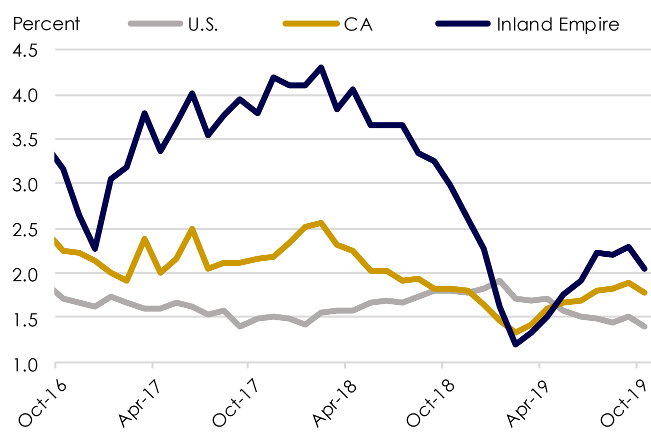
Industrial Production Index Y/Y



New Home Sales SAAR



Nonfarm Payrolls Added Y/Y



Key Economic Indicators

Release Date	Indicator	Actual	Consensus	Prior Year
11/27/2019	Real GDP - Q/Q Change - SAAR - 3Q19 (2nd estimate)	**2.1%**	1.9%	3.5%
11/01/2019	Unemployment Rate - Seasonally Adjusted	**3.6%**	3.6%	3.7%
11/01/2019	Non-Farm Payrolls - M/M Change - Thousands	**128**	85	250
11/13/2019	CPI - Y/Y Change	**1.8%**	1.7%	2.5%
11/13/2019	CPI Ex Food and Energy - Y/Y Change	**2.3%**	2.4%	2.1%
11/05/2019	ISM Non-Manufacturing Index (> 50 indicates growth)	**54.7**	53.5	60.3
11/26/2019	New Home Sales - SAAR - Thousands	**733**	705	544
11/04/2019	Factory Orders - M/M Change	**-0.6%**	-0.5%	0.7%
11/27/2019	Durable Goods Orders - New Orders - M/M Change	**0.6%**	-0.9%	-4.4%

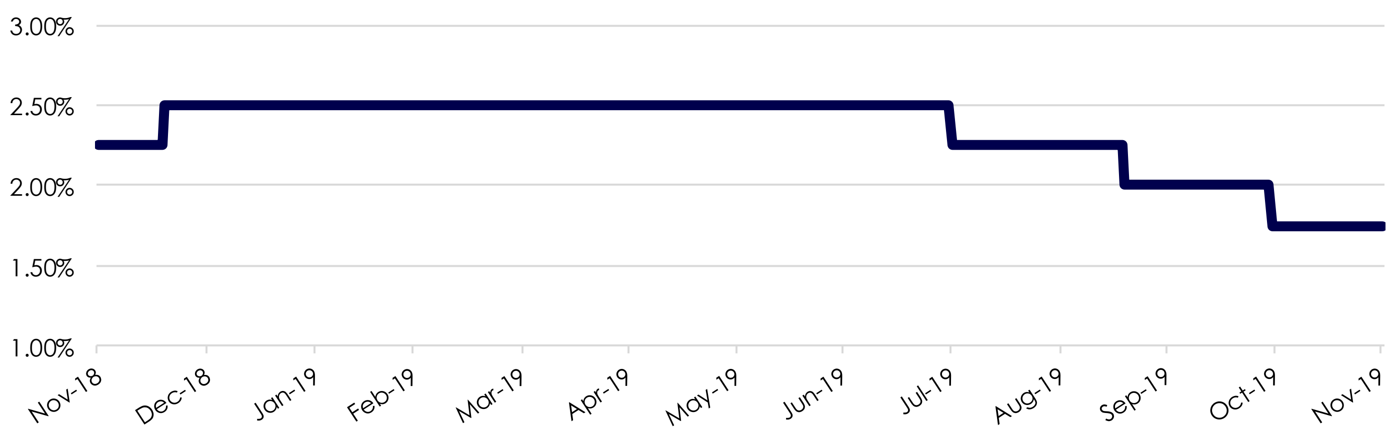
*Note: 'Prior Year' displays final estimates of indicator values from the equivalent period of the prior year.

Market Data

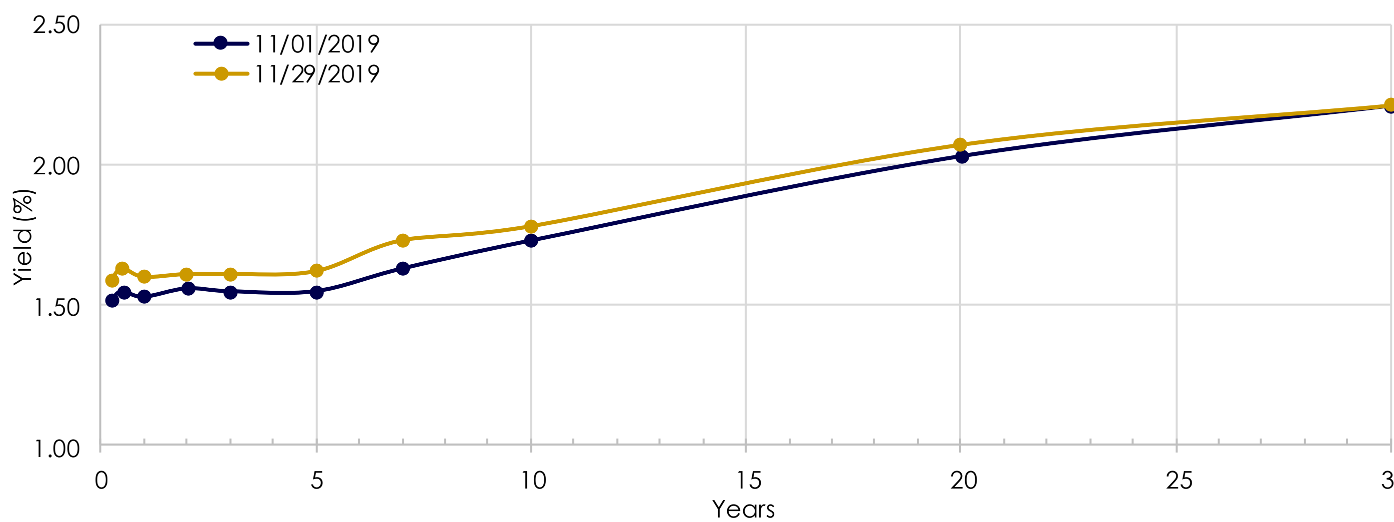
FOMC Meeting 10/30/2019

- 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

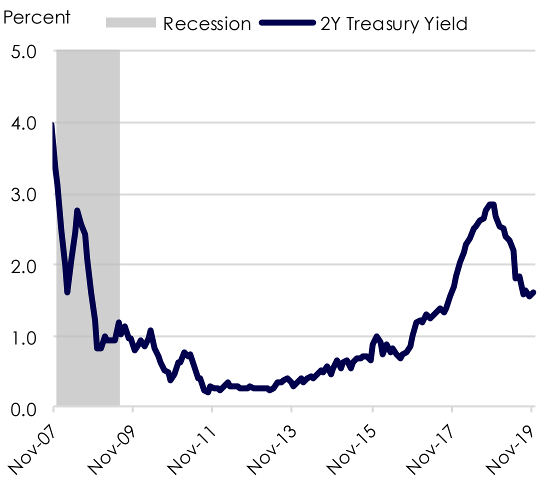


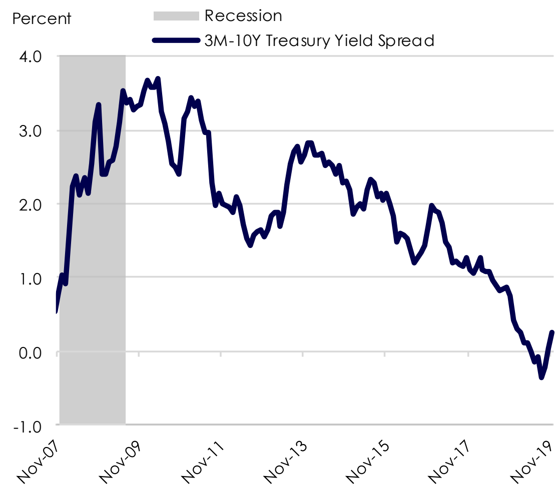
Treasury Curve Differentials	3 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr	30 Yr
11/29/2019 - 11/01/2019	0.07	0.08	0.07	0.05	0.06	0.07	0.05	0.00
11/29/2019	1.59	1.63	1.60	1.61	1.61	1.62	1.78	2.21
11/01/2019	1.52	1.55	1.53	1.56	1.55	1.55	1.73	2.21

The US Treasury Curve and its values are subject to frequent change and will be updated monthly with each issued TPIF report.

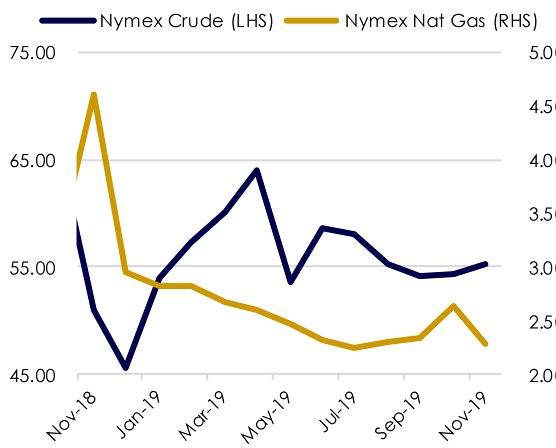
Market Data cont'd

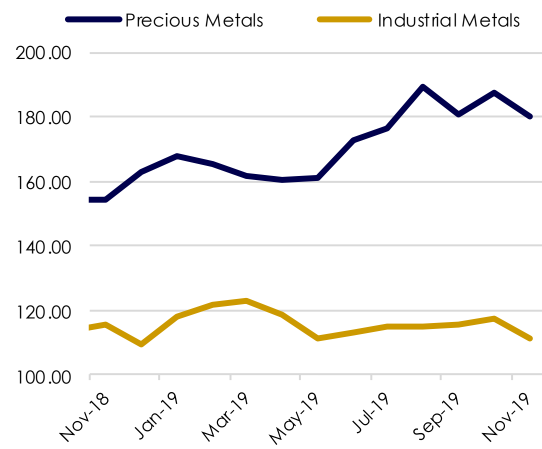
U.S. Treasuries



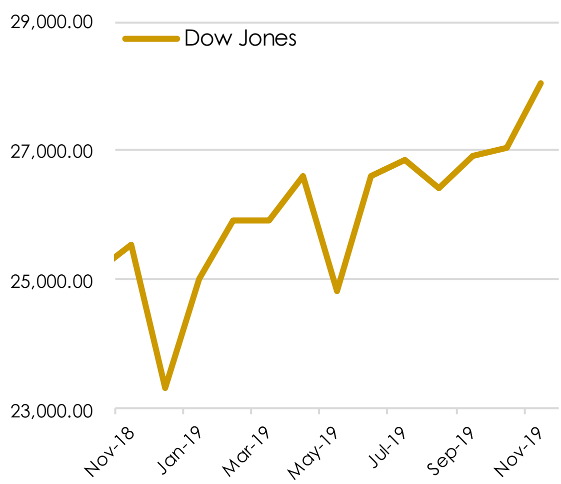


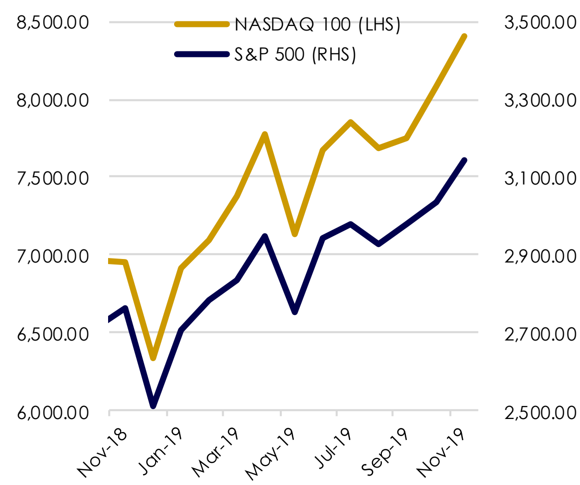
Commodities





Stocks





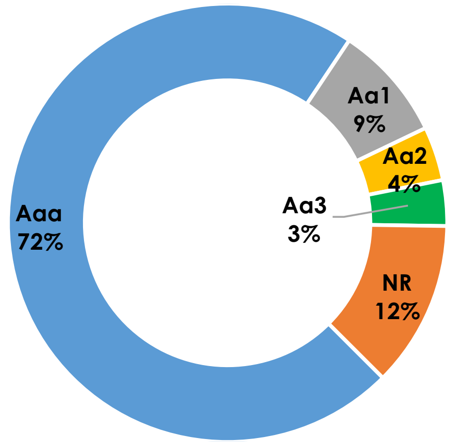
* Values listed for commodities and stocks are in US dollars and are as of the final business day of each month.

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**.

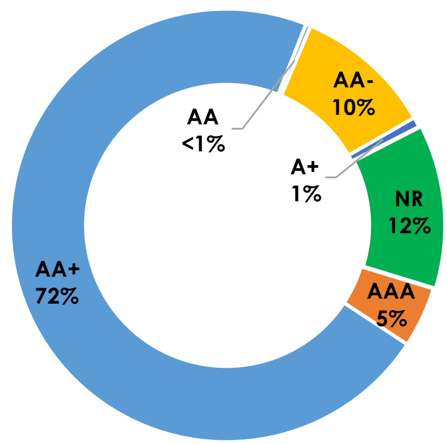
Moody's Asset Rating (000's)

	Book	MKT/Book	% Book	Yield
Aaa	4,804,065.86	100.27%	71.85%	1.91%
Aa1	570,665.35	100.20%	8.53%	1.87%
Aa2	266,410.86	100.13%	3.98%	1.83%
Aa3	225,385.91	100.03%	3.37%	2.26%
NR	820,084.70	100.08%	12.26%	1.90%
Totals:	**6,686,612.68**	**100.23%**	**100.00%**	**1.91%**



S&P Asset Rating (000's)

	Book	MKT/Book	% Book	Yield
AAA	303,641.31	100.78%	4.54%	2.08%
AA+	4,795,997.26	100.25%	71.73%	1.90%
AA	25,526.86	100.00%	0.38%	2.36%
AA-	691,362.54	100.05%	10.34%	1.93%
A+	50,000.00	100.00%	0.75%	1.84%
NR	820,084.70	100.08%	12.26%	1.90%
Totals:	**6,686,612.68**	**100.23%**	**100.00%**	**1.91%**



12-Month Projected Cash Flow

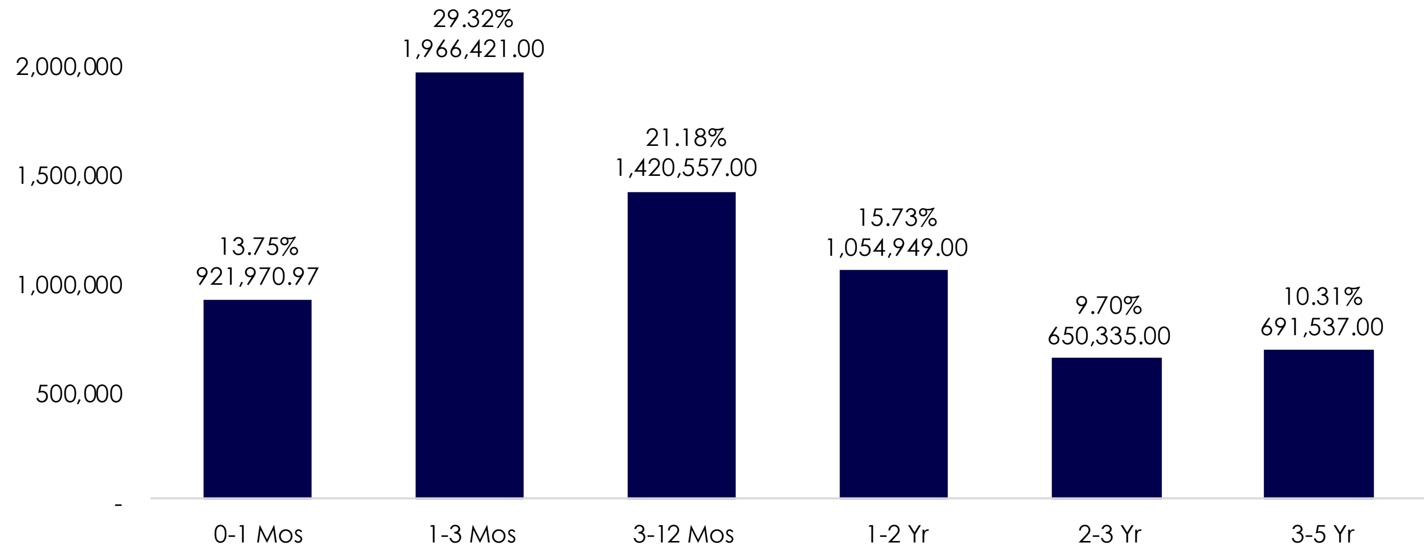
Month	Monthly Receipts	Monthly Disbursements	Difference	Required Matured Investments	Balance	Actual Investments Maturing	Available to Invest > 1 Year
12/2019					386.72		
12/2019	2,375.13	1,200.00	1,175.13		1,561.85	921.97	
01/2020	1,100.00	2,200.00	(1,100.00)		461.85	1,317.09	
02/2020	1,100.00	1,500.00	(400.00)		61.85	649.33	
03/2020	1,350.00	1,200.00	150.00		211.85	150.29	
04/2020	1,350.00	1,200.00	150.00		361.85	140.65	
05/2020	1,700.00	1,700.00	-		361.85	461.66	
06/2020	1,000.00	1,736.13	(736.13)	374.28	-	130.43	
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	-	108.35	
09/2020	1,030.00	1,300.00	(270.00)	270.00	-	115.00	
10/2020	1,100.00	1,300.00	(200.00)	200.00	-	87.25	
11/2020	1,200.00	1,320.00	(120.00)	120.00	-	130.10	
TOTALS	15,482.35	17,391.13	(1,908.78)	1,522.06	3,407.82	4,318.95	5,164.55
				22.76%		64.59%	77.24%

* 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)

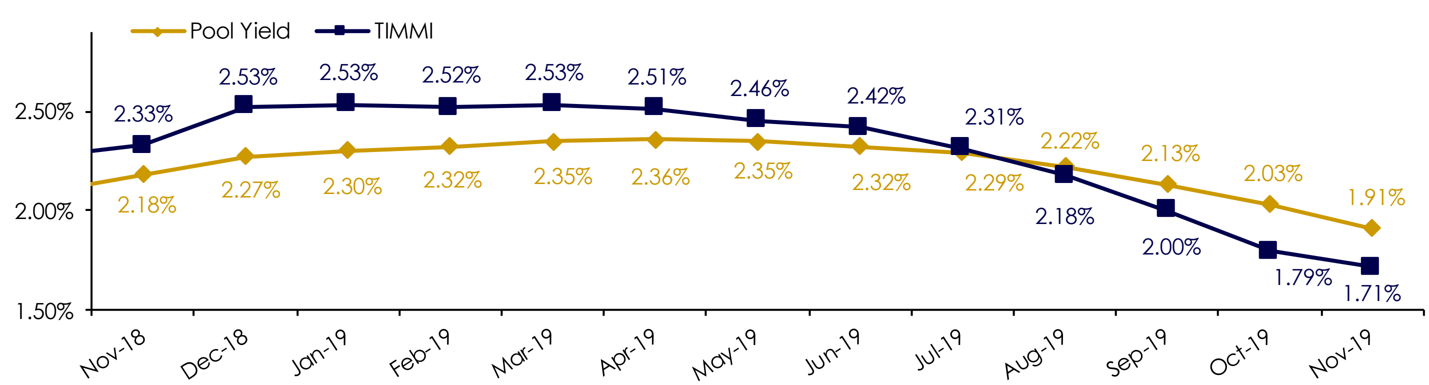


Asset Allocation (000's)

Assets	Scheduled Book	Scheduled Market	Mkt/Book	Yield	WAL (Yr.)	Mat (Yr.)
TREAS	387,509.14	388,552.65	100.27%	1.83%	1.48	1.48
AGENCIES	3,715,232.15	3,723,830.08	100.23%	1.92%	0.96	1.71
MMKT	208,000.00	208,000.00	100.00%	1.68%	0.00	0.00
CASH	665,000.00	665,000.00	100.00%	1.83%	0.00	0.00
CALTRUST FND	4,023.98	4,023.98	100.00%	1.96%	0.00	0.00
COMM PAPER	1,067,424.63	1,070,758.58	100.31%	1.85%	0.21	0.21
NCDS	340,000.00	340,000.00	100.00%	1.79%	0.31	0.31
MEDIUM TERM NOTES	138,386.54	140,752.74	101.71%	2.59%	0.60	0.64
MUNI	160,956.23	160,956.23	100.00%	2.63%	1.36	1.36
LOCAL AGCY OBLIG	80.00	80.00	100.00%	2.53%	0.54	0.54
Totals:	**6,686,612.68**	**6,701,954.26**	**100.23%**	**1.91%**	**0.71**	**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.

	GOVERNMENT CODE			COUNTY INVESTMENT POLICY			
Investment Category	Maximum Remaining Maturity	Authorized % Limit	S&P/ Moody's	Maximum Remaining Maturity	Authorized % Limit	S&P/Moody's/ Fitch	Actual %
MUNICIPAL BONDS (MUNI)	5 YEARS	NO LIMIT	NA	4 YEARS	15%	AA-/Aa3/AA-	**2.41%**
U.S. TREASURIES	5 YEARS	NO LIMIT	NA	5 YEARS	100%	NA	**5.80%**
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	**55.56%**
COMMERCIAL PAPER (CP)	270 DAYS	40%	A1/P1	270 DAYS	40%	A1/P1/F1	**15.96%**
CERTIFICATE & TIME DEPOSITS (NCD & TCD)	5 YEARS	30%	NA	1 YEAR	25% Combined	A1/P1/F1	**5.08%**
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	**2.07%**
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.	**3.11%**
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	**9.95%**

[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.

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											
FRGXX	FIDELITY GOV	12/01/2019	1.609	1.609	105,000,000.00	105,000,000.00	100.000000	105,000,000.00	0.00	.003	.003
GOFXX	FEDERATED GOV	12/01/2019	1.603	1.603	1,000,000.00	1,000,000.00	100.000000	1,000,000.00	0.00	.003	.003
WFFXX	WELLS FARGO GOV	12/01/2019	1.588	1.588	1,000,000.00	1,000,000.00	100.000000	1,000,000.00	0.00	.003	.003
FGTXX	GOLDMAN SACHS GOV	12/01/2019	1.604	1.604	1,000,000.00	1,000,000.00	100.000000	1,000,000.00	0.00	.003	.003
CJPXX	JP MORGAN PRIME	12/01/2019	1.760	1.758	49,985,004.50	50,000,000.00	100.030000	50,000,000.00	0.00	.003	.003
TMPXX	BLACKROCK PRIME	12/01/2019	1.767	1.764	49,970,017.99	50,000,000.00	100.060000	50,000,000.00	0.00	.003	.003
			1.683	**1.682**	**207,955,022.49**	**208,000,000.00**	**100.021628**	**208,000,000.00**	**0.00**	**.003**	**.003**
1065: CLTR-A/365-6											
CLTR	CALTRUST SHT TERM FUND	12/01/2019	1.971	1.959	4,015,944.14	4,023,976.03	100.200000	4,023,976.03	0.00	.003	.003
			1.971	**1.959**	**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	12/01/2019	1.890	1.890	300,000,000.00	300,000,000.00	100.000000	300,000,000.00	0.00	.003	.003
			1.890	**1.890**	**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	12/01/2019	1.784	1.784	40,000,000.00	40,000,000.00	100.000000	40,000,000.00	0.00	.003	.003
CASH	FIRST REPUBLIC BANK	12/01/2019	1.785	1.785	25,000,000.00	25,000,000.00	100.000000	25,000,000.00	0.00	.003	.003
CASH	UB MANAGED RATE	12/01/2019	1.780	1.780	300,000,000.00	300,000,000.00	100.000000	300,000,000.00	0.00	.003	.003
			1.781	**1.781**	**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	2.527	2.527	80,000.00	80,000.00	100.000000	80,000.00	0.00	.031	.542
			2.527	**2.527**	**80,000.00**	**80,000.00**	**100.000000**	**80,000.00**	**0.00**	**.031**	**.542**
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	99.774000	24,943,500.00	198,995.14	.145	.148
912796TE9	U.S. TREASURY BILL	02/06/2020	1.951	1.970	25,000,000.00	24,753,415.28	99.714000	24,928,500.00	175,084.72	.183	.186
912796TT6	U.S. TREASURY BILL	05/07/2020	1.523	1.535	25,000,000.00	24,807,509.72	99.321000	24,830,250.00	22,740.28	.429	.436
			1.832	**1.850**	**75,000,000.00**	**74,305,429.86**	**99.603000**	**74,702,250.00**	**396,820.14**	**.252**	**.256**
1310: U.S. TREASURY BOND											
912828UL2	U.S. TREASURY BOND	01/31/2020	1.375	2.462	50,000,000.00	49,539,062.50	99.951000	49,975,500.00	436,437.50	.168	.170
912828W63	U.S. TREASURY BOND	03/15/2020	1.625	2.449	15,000,000.00	14,889,257.81	99.981000	14,997,150.00	107,892.19	.287	.290
912828Y46	U.S. TREASURY BOND	07/31/2020	2.625	1.662	25,000,000.00	25,179,687.50	100.625000	25,156,250.00	-23,437.50	.655	.668
912828YH7	U.S. TREASURY BOND	09/30/2024	1.500	1.668	25,000,000.00	24,801,757.81	99.383000	24,845,750.00	43,992.19	4.630	4.838
912828YM6	U.S. TREASURY BOND	10/31/2024	1.500	1.601	25,000,000.00	24,878,906.25	99.375000	24,843,750.00	-35,156.25	4.714	4.923
912828L32	U.S. TREASURY BOND	08/31/2020	1.375	1.627	50,000,000.00	49,898,437.50	99.773000	49,886,500.00	-11,937.50	.741	.753
912828YC8	U.S. TREASURY BOND	08/31/2021	1.500	1.711	25,000,000.00	24,906,250.00	99.719000	24,929,750.00	23,500.00	1.713	1.753
912828S27	U.S. TREASURY BOND	06/30/2021	1.125	1.735	25,000,000.00	24,753,906.25	99.152000	24,788,000.00	34,093.75	1.553	1.584
912828YE4	U.S. TREASURY BOND	08/31/2024	1.250	1.702	25,000,000.00	24,479,492.19	98.297000	24,574,250.00	94,757.81	4.572	4.756
912828L99	U.S. TREASURY BOND	10/31/2020	1.375	1.634	50,000,000.00	49,876,953.13	99.707000	49,853,500.00	-23,453.13	.906	.921
			1.486	**1.825**	**315,000,000.00**	**313,203,710.94**	**99.635048**	**313,850,400.00**	**646,689.06**	**1.711**	**1.770**
1400: FHLMC-DISC NOTE											
313396RP0	FHLMC DISC NTE	01/09/2020	1.860	1.875	40,000,000.00	39,749,530.00	99.832000	39,932,800.00	183,270.00	.107	.110
			1.860	**1.875**	**40,000,000.00**	**39,749,530.00**	**99.832000**	**39,932,800.00**	**183,270.00**	**.107**	**.110**
1420: FHLMC-Fxd-Q 30/360											
3134GTFF5	FHLMC 1YrNc9MoE	04/08/2020	2.460	2.475	25,000,000.00	24,996,250.00	100.082000	25,020,500.00	24,250.00	.352	.356
			2.460	**2.475**	**25,000,000.00**	**24,996,250.00**	**100.082000**	**25,020,500.00**	**24,250.00**	**.352**	**.356**
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	99.919000	9,991,900.00	-8,100.00	.237	.238
3134GAVF8	FHLMC 3.5YrNc1YrE	05/08/2020	1.200	1.200	15,000,000.00	15,000,000.00	99.843000	14,976,450.00	-23,550.00	.435	.438
3134GAXZ2	FHLMC 4YrNc6MoE	11/25/2020	1.370	1.370	25,000,000.00	25,000,000.00	99.768000	24,942,000.00	-58,000.00	.976	.989
3134GAYK4	FHLMC 4YrNc1YrE	11/30/2020	1.440	1.440	10,000,000.00	10,000,000.00	99.833000	9,983,300.00	-16,700.00	.989	1.003
3134GBK35	FHLMC 3YrNc3MoB	09/29/2020	1.800	1.800	15,000,000.00	15,000,000.00	100.004000	15,000,600.00	600.00	.819	.833
3137EAEE5	FHLMC 2.75Yr	01/17/2020	1.500	1.602	25,000,000.00	24,942,750.00	99.980000	24,995,000.00	52,250.00	.130	.132
3134GBTX0	FHLMC 2.75YrNc2MoB	06/29/2020	1.750	1.780	20,000,000.00	19,983,860.00	99.959000	19,991,800.00	7,940.00	.571	.581
3134G9W37	FHLMC 2.5YrNc3MoB	08/10/2020	1.450	2.421	10,000,000.00	9,769,000.00	99.841000	9,984,100.00	215,100.00	.683	.696
3134GSMF9	FHLMC 5YrNc3YrE	05/26/2023	3.000	3.000	15,000,000.00	15,000,000.00	101.510000	15,226,500.00	226,500.00	3.288	3.488
3134GSQL2	FHLMC 5YrNc2YrE	06/29/2023	3.100	3.100	5,000,000.00	5,000,000.00	100.716000	5,035,800.00	35,800.00	3.322	3.581
3134GBXV9	FHLMC 1.6YrNc1Yr	07/13/2020	1.850	2.870	15,000,000.00	14,758,950.00	100.009000	15,001,350.00	242,400.00	.606	.619
3134GTHH9	FHLMC 2.75YrNc9MoE	01/24/2022	2.500	2.500	5,000,000.00	5,000,000.00	100.085000	5,004,250.00	4,250.00	2.075	2.153
3134GTEB5	FHLMC 5YrNc1YrE	04/24/2024	2.625	2.625	15,000,000.00	15,000,000.00	100.256000	15,038,400.00	38,400.00	4.120	4.403
3134GTGX5	FHLMC 5YrNc1YrE	04/24/2024	2.610	2.610	15,000,000.00	15,000,000.00	100.240000	15,036,000.00	36,000.00	4.121	4.403
3134GTGX5	FHLMC 5YrNc1YrE	04/24/2024	2.610	2.610	15,000,000.00	15,000,000.00	100.240000	15,036,000.00	36,000.00	4.121	4.403
3134GTKG7	FHLMC 5YrNc2YrB	05/03/2024	2.600	2.600	10,000,000.00	10,000,000.00	100.983000	10,098,300.00	98,300.00	4.147	4.427
3134GTSF1	FHLMC 3YrNc1YrE	06/10/2022	2.400	2.400	5,000,000.00	5,000,000.00	100.357000	5,017,850.00	17,850.00	2.411	2.529
3134GTTX1	FHLMC 5YrNc6MoE	06/20/2024	2.250	2.250	15,000,000.00	15,000,000.00	100.040000	15,006,000.00	6,000.00	4.265	4.559
3134GTYT4	FHLMC 1YrNc1YrE	07/01/2024	2.125	2.125	15,000,000.00	15,000,000.00	100.105000	15,015,750.00	15,750.00	4.310	4.589
3134GTYT4	FHLMC 1YrNc1YrE	07/01/2024	2.125	2.125	15,000,000.00	15,000,000.00	100.105000	15,015,750.00	15,750.00	4.310	4.589
3134GTYS6	FHLMC 3YrNc1YrE	07/01/2022	2.000	2.000	15,000,000.00	15,000,000.00	100.117000	15,017,550.00	17,550.00	2.488	2.586
3134GTYP2	FHLMC 2.75YrNc9MoE	04/01/2022	2.000	2.000	15,000,000.00	15,000,000.00	100.015000	15,002,250.00	2,250.00	2.274	2.337
3134GTYT4	FHLMC 5YrNc1YrE	07/01/2024	2.125	2.125	15,000,000.00	15,000,000.00	100.105000	15,015,750.00	15,750.00	4.310	4.589
3134GTXJ7	FHLMC 5YrNc1YrE	07/08/2024	2.190	2.190	50,000,000.00	50,000,000.00	100.063000	50,031,500.00	31,500.00	4.321	4.608
3134GTA37	FHLMC 5YrNc1YrE	07/15/2024	2.150	2.150	15,000,000.00	15,000,000.00	100.095000	15,014,250.00	14,250.00	4.346	4.627
3134GTA52	FHLMC 5YrNc1YrQ	07/15/2024	2.300	2.300	5,000,000.00	5,000,000.00	100.114000	5,005,700.00	5,700.00	4.327	4.627
3134GTA37	FHLMC 5YrNc1YrE	07/15/2024	2.150	2.150	5,000,000.00	5,000,000.00	100.095000	5,004,750.00	4,750.00	4.346	4.627
3134GTP23	FHLMC 3.9YrNc5MoQ	07/24/2023	2.300	2.300	1,000,000.00	1,000,000.00	100.015000	1,000,150.00	150.00	3.457	3.649
3134GTW82	FHLMC 5YrNc1YrQ	08/07/2024	2.150	2.150	5,000,000.00	5,000,000.00	99.846000	4,992,300.00	-7,700.00	4.406	4.690
3134GTW74	FHLMC 5YrNc6MoQ	08/07/2024	2.300	2.300	5,000,000.00	5,000,000.00	99.850000	4,992,500.00	-7,500.00	4.387	4.690
3134GT6P3	FHLMC 2YrNc6MoO	09/09/2021	1.880	1.880	25,000,000.00	25,000,000.00	99.707000	24,926,750.00	-73,250.00	1.731	1.778
3134GT5H2	FHLMC 2YrNc6MoO	09/09/2021	1.860	1.860	25,000,000.00	25,000,000.00	100.000000	25,000,000.00	0.00	1.731	1.778
3134GT6N8	FHLMC 5YrNc6MoQ	09/12/2024	2.125	2.125	25,000,000.00	25,000,000.00	99.535000	24,883,750.00	-116,250.00	4.505	4.789
3134GT5P4	FHLMC 3YrNC4MoO	09/13/2022	1.860	1.860	50,000,000.00	50,000,000.00	99.389000	49,694,500.00	-305,500.00	2.693	2.789
3134GUFQ8	FHLMC 5YrNc3MoO	10/07/2024	1.920	1.920	45,000,000.00	45,000,000.00	99.278000	44,675,100.00	-324,900.00	4.600	4.858
3134GUFS4	FHLMC 2YrNc3MoQ	10/07/2021	2.050	2.050	25,000,000.00	25,000,000.00	99.685000	24,921,250.00	-78,750.00	1.804	1.855
3134GUHK9	FHLMC 5YrNc1Q	10/15/2024	1.875	1.875	10,000,000.00	10,000,000.00	99.481000	9,948,100.00	-51,900.00	4.628	4.879
3134GUKC3	FHLMC 2YrNc3MoQ	10/21/2021	2.000	2.000	25,000,000.00	25,000,000.00	100.000000	25,000,000.00	0.00	1.844	1.893
3134GUMY3	FHLMC 5YrNc3MoQ	10/30/2024	2.125	2.125	5,000,000.00	5,000,000.00	99.894000	4,994,700.00	-5,300.00	4.637	4.921
3134GUWP1	FHLMC 4YrNc1YrB	11/27/2023	1.800	1.800	15,000,000.00	15,000,000.00	99.795000	14,969,250.00	-30,750.00	3.834	3.995
3134GUTX8	FHLMC 3.75YrNc9MoB	08/28/2023	1.800	1.814	695,000.00	694,652.50	99.872000	694,110.40	-542.10	3.609	3.745
			1.998	**2.042**	**656,695,000.00**	**656,149,212.50**	**99.921777**	**656,181,310.40**	**32,097.90**	**2.839**	**2.993**
1465: FHLMC-STEP%-S30/360											
3134G9JX6	FHLMC 5YrNc3MoB	06/09/2021	1.750	1.750	15,000,000.00	15,000,000.00	99.806000	14,970,900.00	-29,100.00	1.488	1.526
3134G9JW8	FHLMC 5YrNc3MoB	05/25/2021	1.750	1.750	20,000,000.00	20,000,000.00	99.857000	19,971,400.00	-28,600.00	1.462	1.485

CUSIP	Description	Maturity Date	Coupon	Yield To Mat	Par Value	Book Value	Market Price	Market Value	Unrealized Gain/Loss	Modified Duration	Years To Maturity
3134G9NU7	FHLMC 5YrNc3MoB	06/16/2021	2.000	2.010	15,000,000.00	14,997,000.00	100.005000	15,000,750.00	3,750.00	1.507	1.545
3134G9UM7	FHLMC 5YrNc3MoB	06/30/2021	1.625	1.625	15,000,000.00	15,000,000.00	99.863000	14,979,450.00	-20,550.00	1.548	1.584
3134G9VA2	FHLMC 5YrNc6MoB	06/30/2021	1.700	1.700	15,000,000.00	15,000,000.00	99.980000	14,997,000.00	-3,000.00	1.551	1.584
3134G9UX3	FHLMC 5YrNc3MoB	06/30/2021	2.000	2.000	10,000,000.00	10,000,000.00	99.930000	9,993,000.00	-7,000.00	1.546	1.584
3134G9S40	FHLMC 4YrNc6MoB	07/27/2020	1.750	1.750	15,000,000.00	15,000,000.00	99.970000	14,995,500.00	-4,500.00	.650	.658
3134G9R66	FHLMC 5YrNc3MoB	08/10/2021	1.500	1.500	15,000,000.00	15,000,000.00	99.667000	14,950,050.00	-49,950.00	1.663	1.696
3134G9S57	FHLMC 4YrNc6MoB	08/10/2020	1.750	1.750	15,000,000.00	15,000,000.00	99.946000	14,991,900.00	-8,100.00	.686	.696
3134G9T23	FHLMC 5YrNc3MoB	08/10/2021	1.750	1.750	10,000,000.00	10,000,000.00	99.929000	9,992,900.00	-7,100.00	1.661	1.696
3134G9U47	FHLMC 5YrNc3MoB	08/25/2021	1.625	1.625	15,000,000.00	15,000,000.00	99.822000	14,973,300.00	-26,700.00	1.700	1.737
3134G95W3	FHLMC 5YrNc3MoB	08/25/2021	1.500	1.500	10,000,000.00	10,000,000.00	99.806000	9,980,600.00	-19,400.00	1.701	1.737
3134G96A0	FHLMC 5YrNc3MoB	08/25/2021	1.625	1.625	15,000,000.00	15,000,000.00	99.745000	14,961,750.00	-38,250.00	1.702	1.737
3134GAEB6	FHLMC 4.25YrNc3MoB	12/08/2020	1.750	1.750	20,000,000.00	20,000,000.00	99.817000	19,963,400.00	-36,600.00	1.004	1.025
3134GADP6	FHLMC 5YrNc3MoB	09/13/2021	1.625	1.625	16,500,000.00	16,500,000.00	99.802000	16,467,330.00	-32,670.00	1.750	1.789
3134GAET7	FHLMC 5YrNc3MoB	09/30/2021	1.625	1.625	20,000,000.00	20,000,000.00	99.878000	19,975,600.00	-24,400.00	1.796	1.836
3134GAKY9	FHLMC 5YrNc6MoB	09/30/2021	1.750	1.750	15,000,000.00	15,000,000.00	99.922000	14,988,300.00	-11,700.00	1.796	1.836
3134GANB6	FHLMC 5YrNc6MoB	09/30/2021	1.750	1.750	15,000,000.00	15,000,000.00	99.930000	14,989,500.00	-10,500.00	1.797	1.836
3134GAPM0	FHLMC 5YrNc3MoB	10/25/2021	1.750	1.750	10,000,000.00	10,000,000.00	99.834000	9,983,400.00	-16,600.00	1.866	1.904
3134GAPM0	FHLMC 5YrNc3MoB	10/25/2021	1.750	1.750	6,705,000.00	6,705,000.00	99.834000	6,693,869.70	-11,130.30	1.866	1.904
3134GAQV9	FHLMC 5YrNc6MoB	10/27/2021	1.625	1.625	15,000,000.00	15,000,000.00	99.692000	14,953,800.00	-46,200.00	1.872	1.910
3134GAQV9	FHLMC 5YrNc6MoB	10/27/2021	1.625	1.625	15,000,000.00	15,000,000.00	99.692000	14,953,800.00	-46,200.00	1.872	1.910
3134GASF2	FHLMC 5YrNc3MoB	10/27/2021	1.625	1.625	15,000,000.00	15,000,000.00	99.715000	14,957,250.00	-42,750.00	1.871	1.910
3134GASF2	FHLMC 5YrNc3MoB	10/27/2021	1.625	1.625	15,000,000.00	15,000,000.00	99.715000	14,957,250.00	-42,750.00	1.871	1.910
3134GATA2	FHLMC 5YrNc3MoB	10/27/2021	1.625	1.625	10,000,000.00	10,000,000.00	99.891000	9,989,100.00	-10,900.00	1.872	1.910
3134GATB0	FHLMC 5YrNc3MoB	11/10/2021	1.625	1.625	17,000,000.00	17,000,000.00	99.661000	16,942,370.00	-57,630.00	1.906	1.948
3134GATA2	FHLMC 5YrNc3MoB	10/27/2021	1.625	1.625	14,000,000.00	14,000,000.00	99.891000	13,984,740.00	-15,260.00	1.872	1.910
3134GAUA0	FHLMC 5YrNc3MoB	11/30/2021	1.625	1.625	4,500,000.00	4,500,000.00	99.485000	4,476,825.00	-23,175.00	1.962	2.003
3134GAYF5	FHLMC 5YrNc3MoB	11/26/2021	1.625	1.625	20,000,000.00	20,000,000.00	99.653000	19,930,600.00	-69,400.00	1.950	1.992
3134GAYG3	FHLMC 5YrNc3MoB	12/09/2021	1.750	1.750	10,000,000.00	10,000,000.00	99.996000	9,999,600.00	-400.00	1.971	2.027
3134GAYR9	FHLMC 5YrNc3MoB	12/09/2021	1.650	1.650	20,000,000.00	20,000,000.00	100.001000	20,000,200.00	200.00	1.968	2.027
3134GAA87	FHLMC 5YrNc3MoB	12/30/2021	1.900	1.900	10,000,000.00	10,000,000.00	99.994000	9,999,400.00	-600.00	2.018	2.085
3134GAA87	FHLMC 5YrNc3MoB	12/30/2021	1.900	1.900	10,000,000.00	10,000,000.00	99.994000	9,999,400.00	-600.00	2.018	2.085
3134GBTD4	FHLMC 5YrNc3MoB	06/29/2022	2.050	2.050	20,000,000.00	20,000,000.00	100.022000	20,004,400.00	4,400.00	2.480	2.581
3134GBTE2	FHLMC 5YrNc6MoB	06/22/2022	2.000	2.000	15,000,000.00	15,000,000.00	100.006000	15,000,900.00	900.00	2.463	2.562
3134GBYK2	FHLMC 5YrNc3MoB	07/05/2022	2.000	2.000	20,000,000.00	20,000,000.00	100.023000	20,004,600.00	4,600.00	2.499	2.597
3134G92T3	FHLMC 5YrNc3MoB	08/08/2023	1.500	2.399	5,000,000.00	4,790,170.00	99.180000	4,959,000.00	168,830.00	3.541	3.690
			1.727	**1.736**	**523,705,000.00**	**523,492,170.00**	**99.852614**	**522,933,134.70**	**-559,035.30**	**1.770**	**1.815**
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	99.995000	4,999,750.00	-250.00	.043	.044
3136G3WC5	FNMA 4YrNc6MoE	07/13/2020	1.350	1.350	10,000,000.00	10,000,000.00	99.811000	9,981,100.00	-18,900.00	.612	.619
3135G0T60	FNMA 3Yr	07/30/2020	1.500	1.604	10,000,000.00	9,969,700.00	99.898000	9,989,800.00	20,100.00	.658	.666
3135G0S46	FNMA 2.16Yr2MoB	01/27/2020	1.650	1.800	5,000,000.00	4,983,850.00	99.971000	4,998,550.00	14,700.00	.157	.159
3135G0A78	FNMA 2Yr	01/21/2020	1.625	1.911	15,000,000.00	14,910,900.00	99.999000	14,999,850.00	88,950.00	.141	.142
3135G0UU5	FNMA 2.25Yr	03/06/2020	1.750	1.913	11,082,000.00	11,042,326.44	100.027000	11,084,992.14	42,665.70	.263	.266
3135G0T78	FNMA 4.83Yr	10/05/2022	2.000	2.322	15,000,000.00	14,782,200.00	101.184000	15,177,600.00	395,400.00	2.742	2.849
3135G0T94	FNMA 5Yr	01/19/2023	2.375	2.495	10,000,000.00	9,944,100.00	102.215000	10,221,500.00	277,400.00	2.978	3.140
3135G0U43	FNMA 4.41Yr	09/12/2023	2.875	2.333	30,000,000.00	30,670,500.00	104.435000	31,330,500.00	660,000.00	3.551	3.786
3136G4TY9	FNMA 5YrNc1YrQ	10/28/2024	2.000	2.000	10,000,000.00	10,000,000.00	99.551000	9,955,100.00	-44,900.00	4.648	4.915
			2.048	**2.034**	**121,082,000.00**	**121,303,576.44**	**101.368281**	**122,738,742.14**	**1,435,165.70**	**2.023**	**2.133**
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	100.001000	15,000,150.00	150.00	.766	.778
			1.750	**1.750**	**15,000,000.00**	**15,000,000.00**	**100.001000**	**15,000,150.00**	**150.00**	**.766**	**.778**
1565: FNMA-STEP%-S 30/360											
3136G3DV4	FNMA 5YrNc6MoB	03/30/2021	2.000	2.000	15,000,000.00	15,000,000.00	99.772000	14,965,800.00	-34,200.00	1.310	1.332
3136G3PB5	FNMA 5YrNc6MoB	06/09/2021	1.625	1.625	15,000,000.00	15,000,000.00	100.001000	15,000,150.00	150.00	1.490	1.526
3136G3TG0	FNMA 4YrNc6MoB	06/30/2020	1.750	1.750	20,000,000.00	20,000,000.00	100.000000	20,000,000.00	0.00	.575	.584
3136G3XT7	FNMA 5YrNc6MoB	07/27/2021	1.500	1.500	15,000,000.00	15,000,000.00	99.643000	14,946,450.00	-53,550.00	1.628	1.658
3136G3ZW8	FNMA 5YrNc6MoB	07/27/2021	1.750	1.750	20,000,000.00	20,000,000.00	99.988000	19,997,600.00	-2,400.00	1.625	1.658
			1.728	**1.728**	**85,000,000.00**	**85,000,000.00**	**99.894118**	**84,910,000.00**	**-90,000.00**	**1.299**	**1.324**
1700: FHLB-DISC NOTE											
313384SK6	FHLB DISC NTE	01/29/2020	2.028	2.049	25,000,000.00	24,743,683.33	99.744000	24,936,000.00	192,316.67	.161	.164
313384RH4	FHLB DISC NTE	01/03/2020	1.905	1.915	60,000,000.00	59,679,325.20	99.859000	59,915,400.00	236,074.80	.091	.093
313384RQ4	FHLB DISC NTE	01/10/2020	1.875	1.885	25,000,000.00	24,861,979.17	99.828000	24,957,000.00	95,020.83	.110	.112
313384TB5	FHLB DISC NTE	02/14/2020	1.625	1.633	20,000,000.00	19,897,986.11	99.671000	19,934,200.00	36,213.89	.205	.208
313384SE0	FHLB DISC NTE	01/24/2020	1.648	1.655	20,000,000.00	19,916,684.44	99.766000	19,953,200.00	36,515.56	.148	.151
313384RV3	FHLB DISC NTE	01/15/2020	1.640	1.646	50,000,000.00	49,813,222.22	99.806000	49,903,000.00	89,777.78	.124	.126
313384RV3	FHLB DISC NTE	01/15/2020	1.640	1.646	50,000,000.00	49,813,222.22	99.806000	49,903,000.00	89,777.78	.124	.126
313384TB5	FHLB DISC NTE	02/14/2020	1.610	1.618	50,000,000.00	49,749,555.56	99.671000	49,835,500.00	85,944.44	.205	.208
313384RP6	FHLB DISC NTE	01/09/2020	1.650	1.656	25,000,000.00	24,916,354.17	99.832000	24,958,000.00	41,645.83	.108	.110
313384SU4	FHLB DISC NTE	02/07/2020	1.630	1.637	50,000,000.00	49,771,347.22	99.702000	49,851,000.00	79,652.78	.186	.189
313384RV3	FHLB DISC NTE	01/15/2020	1.630	1.636	50,000,000.00	49,823,416.67	99.806000	49,903,000.00	79,583.33	.124	.126
313384TB5	FHLB DISC NTE	02/14/2020	1.580	1.587	50,000,000.00	49,765,194.44	99.671000	49,835,500.00	70,305.56	.205	.208
313384WG0	FHLB DISC NTE	05/01/2020	1.530	1.542	25,000,000.00	24,809,812.50	99.329000	24,832,250.00	22,437.50	.413	.419
313384WM7	FHLB DISC NTE	05/06/2020	1.569	1.582	25,000,000.00	24,801,695.83	99.307000	24,826,750.00	25,054.17	.426	.433
313384RN1	FHLB DISC NTE	01/08/2020	1.549	1.553	25,000,000.00	24,939,761.11	99.837000	24,959,250.00	19,488.89	.105	.107
313384SZ3	FHLB DISC NTE	02/12/2020	1.560	1.566	25,000,000.00	24,901,416.67	99.680000	24,920,000.00	18,583.33	.199	.203
313384SZ3	FHLB DISC NTE	02/12/2020	1.572	1.578	25,000,000.00	24,900,658.33	99.680000	24,920,000.00	19,341.67	.199	.203
313384RQ4	FHLB DISC NTE	01/10/2020	1.559	1.563	25,000,000.00	24,939,372.22	99.828000	24,957,000.00	17,627.78	.111	.112
			1.662	**1.670**	**625,000,000.00**	**622,044,687.41**	**99.728008**	**623,300,050.00**	**1,255,362.59**	**.171**	**.173**
1725: FHLB-Fxd-S 30/360											
3130A7PV1	FHLB 5Yr	04/05/2021	1.375	1.390	5,000,000.00	4,996,350.00	99.580000	4,979,000.00	-17,350.00	1.328	1.348
3130A7PU3	FHLB 4Yr	04/06/2020	1.200	1.210	10,000,000.00	9,996,000.00	99.854000	9,985,400.00	-10,600.00	.348	.351
3130ABYZ3	FHLB 2.75YrNc9MoE	05/22/2020	1.600	1.600	5,000,000.00	5,000,000.00	99.984000	4,999,200.00	-800.00	.473	.477
3130AC2C7	FHLB 3YrNc1YrE	08/28/2020	2.000	1.790	10,000,000.00	10,061,000.00	100.264000	10,026,400.00	-34,600.00	.738	.745
3130ABZE9	FHLB 3YrNc1YrE	08/28/2020	1.650	1.650	5,000,000.00	5,000,000.00	100.010000	5,000,500.00	500.00	.740	.745
3130ABY34	FHLB 2.5Yr	05/29/2020	1.613	1.813	10,000,000.00	9,950,500.00	99.972000	9,997,200.00	46,700.00	.491	.496
3130ACBD5	FHLB 2.58YrNc1MoB	06/29/2020	1.650	1.861	5,350,000.00	5,321,270.50	100.005000	5,350,267.50	28,997.00	.571	.581
313379Q69	FHLB 4.5 Yr	06/10/2022	2.125	2.182	7,975,000.00	7,955,620.75	101.127000	8,064,878.25	109,257.50	2.424	2.529
3130ADFW7	FHLB 3Yr	01/25/2021	2.200	2.212	15,000,000.00	14,994,900.00	100.578000	15,086,700.00	91,800.00	1.124	1.156
3130A0XD7	FHLB 3Yr	03/12/2021	2.375	2.484	10,000,000.00	9,968,000.00	100.887000	10,088,700.00	120,700.00	1.250	1.282
3130A0XD7	FHLB 3Yr	03/12/2021	2.375	2.489	10,000,000.00	9,966,500.00	100.887000	10,088,700.00	122,200.00	1.250	1.282
313378WG2	FHLB 4.08Yr	03/11/2022	2.500	2.619	10,000,000.00	9,954,700.00	101.860000	10,186,000.00	231,300.00	2.191	2.279
313382AX1	FHLB 4.9Yr	03/10/2023	2.125	2.716	11,750,000.00	11,432,397.50	101.493000	11,925,427.50	493,030.00	3.126	3.277

CUSIP	Description	Maturity Date	Coupon	Yield To Mat	Par Value	Book Value	Market Price	Market Value	Unrealized Gain/Loss	Modified Duration	Years To Maturity
3130AE6U9	FHLB 3Yr	05/07/2021	2.700	2.725	7,650,000.00	7,644,492.00	101.495000	7,764,367.50	119,875.50	1.397	1.436
3130AE6U9	FHLB 3Yr	05/07/2021	2.700	2.703	10,000,000.00	9,999,100.00	101.495000	10,149,500.00	150,400.00	1.397	1.436
3130A9M40	FHLB 4.17Yr	09/29/2022	1.650	2.929	15,730,000.00	14,940,354.00	99.114000	15,590,632.20	650,278.20	2.729	2.833
3130A8R54	FHLB 4.9YrNc1Mo	07/28/2023	1.800	2.965	3,700,000.00	3,504,196.00	99.936000	3,697,632.00	193,436.00	3.483	3.660
3130A8CK7	FHLB 4.5Yr	06/09/2023	2.050	3.147	10,000,000.00	9,540,100.00	100.000000	10,000,000.00	459,900.00	3.330	3.526
3130ADUJ9	FHLB 11Mo	03/30/2020	2.375	2.429	47,210,000.00	47,186,395.00	100.213000	47,310,557.30	124,162.30	.327	.332
313378WG2	FHLB 2.91Yr	03/11/2022	2.500	2.308	30,000,000.00	30,158,100.00	101.860000	30,558,000.00	399,900.00	2.194	2.279
3130AH2K8	FHLB 1YrNc3MoQ	09/10/2020	2.050	2.060	25,000,000.00	24,997,500.00	100.004000	25,001,000.00	3,500.00	.765	.781
3130AH5D1	FHLB 2YrNc6MoB	09/23/2021	2.050	2.050	25,000,000.00	25,000,000.00	100.106000	25,026,500.00	26,500.00	1.766	1.816
3130AGYJ8	FHLB 2.9YrNc5MoB	08/26/2022	2.000	2.021	25,000,000.00	24,985,000.00	100.005000	25,001,250.00	16,250.00	2.640	2.740
3130AH5N9	FHLB 1.66YrNc5MoQ	06/23/2021	2.000	2.009	25,000,000.00	24,996,250.00	100.030000	25,007,500.00	11,250.00	1.526	1.564
3130AHE33	FHLB 5YrNc1YrQ	10/21/2024	2.000	2.000	10,000,000.00	10,000,000.00	100.008000	10,000,800.00	800.00	4.628	4.896
3130AHE66	FHLB 5YrNc1YrQ	10/21/2024	2.000	2.000	10,000,000.00	10,000,000.00	99.522000	9,952,200.00	-47,800.00	4.628	4.896
3130AHG64	FHLB 5YrNc1YrQ	10/28/2024	2.000	2.000	10,000,000.00	10,000,000.00	100.002000	10,000,200.00	200.00	4.648	4.915
3130AHG56	FHLB 5YrNc3MoQ	10/29/2024	2.125	2.125	15,000,000.00	15,000,000.00	99.560000	14,934,000.00	-66,000.00	4.635	4.918
3130AHG31	FHLB 5YrNc2YrQ	10/29/2024	1.800	1.800	25,000,000.00	25,000,000.00	100.064000	25,016,000.00	16,000.00	4.676	4.918
3130AHGS6	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	2.810	2.912
3130AHM59	FHLB 1.75YrNc9MoB	08/27/2024	1.875	1.886	11,200,000.00	11,194,400.00	99.773000	11,174,576.00	-19,824.00	4.515	4.745
3130AHMR1	FHLB 5YrNc3MoB	11/27/2024	2.100	2.100	10,000,000.00	10,000,000.00	99.964000	9,996,400.00	-3,600.00	4.715	4.997
3130AHMR1	FHLB 5YrNc3MoB	11/27/2024	2.100	2.100	10,000,000.00	10,000,000.00	99.964000	9,996,400.00	-3,600.00	4.715	4.997
			2.075	**2.169**	**490,565,000.00**	**488,743,125.75**	**100.289439**	**491,984,888.25**	**3,241,762.50**	**2.291**	**2.391**
1765: FHLB-STEP%-S 30/360											
3130A9DH1	FHLB 5YrNc3MoB	09/30/2021	2.000	2.000	15,000,000.00	15,000,000.00	100.000000	15,000,000.00	0.00	1.795	1.836
3130A9DA6	FHLB 5YrNc3MoB	09/30/2021	2.000	2.000	15,000,000.00	15,000,000.00	99.993000	14,998,950.00	-1,050.00	1.795	1.836
3130AA2T4	FHLB 5YrNc6MoB	12/09/2021	1.600	1.600	10,000,000.00	10,000,000.00	99.859000	9,985,900.00	-14,100.00	1.970	2.027
3130AA2T4	FHLB 5YrNc6MoB	12/09/2021	1.600	1.600	10,000,000.00	10,000,000.00	99.859000	9,985,900.00	-14,100.00	1.970	2.027
3130AA5A2	FHLB 5YrNc1YrB	12/08/2021	1.700	1.700	15,000,000.00	15,000,000.00	99.999000	14,999,850.00	-150.00	1.964	2.025
3130A9TV3	FHLB 3.4YrNc2MoB	11/08/2021	1.750	3.363	10,000,000.00	9,690,500.00	99.951000	9,995,100.00	304,600.00	1.888	1.942
			1.800	**2.015**	**75,000,000.00**	**74,690,500.00**	**99.954267**	**74,965,700.00**	**275,200.00**	**1.888**	**1.939**
1767: FHLB-Var-M A/360											
3130A9FU0	FHLB 4Yr	09/22/2020	1.866	1.866	10,000,000.00	10,000,000.00	100.123000	10,012,300.00	12,300.00	.808	.814
3130A9FM8	FHLB 4Yr	09/22/2020	1.866	1.866	15,000,000.00	15,000,000.00	100.123000	15,018,450.00	18,450.00	.808	.814
3130A9FR7	FHLB 4Yr	09/28/2020	1.852	1.852	10,000,000.00	10,000,000.00	100.124000	10,012,400.00	12,400.00	.830	.830
3130A9FR7	FHLB 4Yr	09/28/2020	1.852	1.852	15,000,000.00	15,000,000.00	100.124000	15,018,600.00	18,600.00	.830	.830
			1.859	**1.859**	**50,000,000.00**	**50,000,000.00**	**100.123500**	**50,061,750.00**	**61,750.00**	**.819**	**.822**
1770: FHLB-Var-Q A/360											
3130A8NF6	FHLB 3Yr	07/01/2020	2.224	2.224	25,000,000.00	25,000,000.00	100.186000	25,046,500.00	46,500.00	.581	.586
			2.224	**2.224**	**25,000,000.00**	**25,000,000.00**	**100.186000**	**25,046,500.00**	**46,500.00**	**.581**	**.586**
1900: FFCB-DISC NOTE											
313312RT9	FFCB DISC NTE	01/13/2020	1.850	1.862	50,000,000.00	49,676,250.00	99.815000	49,907,500.00	231,250.00	.118	.121
313312YL8	FFCB DISC NTE	06/22/2020	1.530	1.545	25,000,000.00	24,755,625.00	99.098000	24,774,500.00	18,875.00	.553	.562
313312YF1	FFCB DISC NTE	06/17/2020	1.570	1.585	25,000,000.00	24,768,861.11	99.120000	24,780,000.00	11,138.89	.539	.548
			1.700	**1.714**	**100,000,000.00**	**99,200,736.11**	**99.462000**	**99,462,000.00**	**261,263.89**	**.331**	**.337**
1925: FFCB-Fxd-S 30/360											
3133EF5D5	FFCB 4YrNc1YrA	04/27/2020	1.420	1.420	7,700,000.00	7,700,000.00	99.911000	7,693,147.00	-6,853.00	.405	.408
3133EGSA4	FFCB 4YrNc1YrA	08/24/2020	1.320	1.320	10,000,000.00	10,000,000.00	99.763000	9,976,300.00	-23,700.00	.725	.734
3133EGVK8	FFCB 4YrNc1YrA	09/21/2020	1.350	1.350	10,000,000.00	10,000,000.00	99.766000	9,976,600.00	-23,400.00	.800	.811
3133EGXX8	FFCB 4YrNc1YrA	10/13/2020	1.340	1.340	15,000,000.00	15,000,000.00	99.762000	14,964,300.00	-35,700.00	.860	.871
3133EGC94	FFCB 4YrNc3MoA	11/02/2020	1.380	1.380	10,000,000.00	10,000,000.00	99.574000	9,957,400.00	-42,600.00	.912	.926
3133EGR49	FFCB 4YrNc1YrA	12/07/2020	1.770	1.770	10,000,000.00	10,000,000.00	99.858000	9,985,800.00	-14,200.00	.997	1.022
3133EHAJ2	FFCB 3YrNc1YrE	02/27/2020	1.710	1.710	10,000,000.00	10,000,000.00	100.000000	10,000,000.00	0.00	.242	.244
3133EHRK1	FFCB 2.5Yr	01/17/2020	1.520	1.520	10,000,000.00	10,000,000.00	99.984000	9,998,400.00	-1,600.00	.130	.132
3133EHUL5	FFCB 3Yr	08/10/2020	1.550	1.550	5,000,000.00	5,000,000.00	99.932000	4,996,600.00	-3,400.00	.685	.696
3133EHZN6	FFCB 3Yr	03/20/2020	1.450	1.511	20,000,000.00	19,970,400.00	99.958000	19,991,600.00	21,200.00	.302	.304
3133EHJ95	FFCB 3Yr	10/26/2020	1.750	1.760	20,000,000.00	19,994,000.00	100.073000	20,014,600.00	20,600.00	.893	.907
3133EH6X6	FFCB 4Yr	01/12/2022	2.200	2.365	10,000,000.00	9,938,000.00	101.166000	10,116,600.00	178,600.00	2.039	2.121
3133EJEM7	FFCB 3Yr	03/01/2021	2.500	2.501	10,000,000.00	9,999,700.00	101.097000	10,109,700.00	110,000.00	1.219	1.252
3133EJCE7	FFCB 2.8Yr	02/12/2021	2.350	2.474	15,000,000.00	14,948,670.00	100.816000	15,122,400.00	173,730.00	1.168	1.205
3133EJKN8	FFCB 5Yr	04/11/2023	2.700	2.721	10,000,000.00	9,990,300.00	103.544000	10,354,400.00	364,100.00	3.184	3.364
3133EJNS4	FFCB 3Yr	05/10/2021	2.700	2.747	10,000,000.00	9,986,600.00	101.503000	10,150,300.00	163,700.00	1.405	1.444
3133EJD48	FFCB 5Yr	10/02/2023	3.050	3.095	10,000,000.00	9,979,300.00	105.294000	10,529,400.00	550,100.00	3.579	3.841
3133EJT74	FFCB 2.9Yr	11/15/2021	3.050	2.922	10,000,000.00	10,035,700.00	102.634000	10,263,400.00	227,700.00	1.886	1.962
3133EFX44	FFCB 3.8YrNc1WKA	10/05/2022	2.050	3.050	10,000,000.00	9,640,870.00	100.000000	10,000,000.00	359,130.00	2.729	2.849
3133EJ3L1	FFCB 1.5Yr	06/24/2020	2.750	2.757	10,000,000.00	9,999,000.00	100.610000	10,061,000.00	62,000.00	.552	.567
3133EKBU9	FFCB 1Yr	02/27/2020	2.520	2.555	10,000,000.00	9,996,600.00	100.235000	10,023,500.00	26,900.00	.241	.244
3133EKRP3	FFCB 5YrNc2YrA	06/21/2024	2.220	2.220	10,000,000.00	10,000,000.00	100.280000	10,028,000.00	28,000.00	4.271	4.562
3133EKM45	FFCB 3Yr	09/06/2022	1.500	1.529	14,435,000.00	14,422,874.60	99.579000	14,374,228.65	-48,645.95	2.691	2.770
3133EKM94	FFCB 4YrNc1YrA	09/11/2023	1.900	1.900	10,000,000.00	10,000,000.00	99.912000	9,991,200.00	-8,800.00	3.617	3.784
3133EK2A3	FFCB 5YrNc1YrA	10/15/2024	1.920	1.920	10,000,000.00	10,000,000.00	99.542000	9,954,200.00	-45,800.00	4.622	4.879
3133EK4B9	FFCB 5YrNc2YrA	10/28/2024	1.820	1.820	10,000,000.00	10,000,000.00	99.655000	9,965,500.00	-34,500.00	4.671	4.915
3133EKP75	FFCB 4.9Yr	09/17/2024	1.600	1.672	6,128,000.00	6,107,471.20	99.832000	6,117,704.96	10,233.76	4.584	4.803
3133EK4A1	FFCB 4YrNc1YrA	10/30/2023	1.930	1.930	5,000,000.00	5,000,000.00	99.784000	4,989,200.00	-10,800.00	3.749	3.918
3133EKQA7	FFCB 4.9Yr	09/10/2024	2.080	1.688	2,064,000.00	2,101,585.44	102.029000	2,105,878.56	4,293.12	4.517	4.784
3133EK6Y7	FFCB 1.5YrNc3MoA	05/13/2021	1.670	1.741	50,000,000.00	49,947,500.00	99.905000	49,952,500.00	5,000.00	1.428	1.452
3133EK7L4	FFCB 1YrNc6MoA	11/19/2020	1.660	1.660	50,000,000.00	50,000,000.00	99.946000	49,973,000.00	-27,000.00	.957	.973
3133EK5Y8	FFCB 2.25YrNc3MoA	02/14/2022	1.770	1.793	50,000,000.00	49,975,000.00	99.905000	49,952,500.00	-22,500.00	2.164	2.211
3133ELBA1	FFCB 4.75YrNc3MoA	08/26/2024	1.970	1.992	15,000,000.00	14,985,000.00	99.851000	14,977,650.00	-7,350.00	4.501	4.742
			1.875	**1.922**	**465,327,000.00**	**464,718,571.24**	**100.287972**	**466,667,009.17**	**1,948,437.93**	**1.784**	**1.852**
1930: FFCB-Var-M A/360											
3133EFT56	FFCB 4Yr	04/01/2020	2.016	2.016	25,000,000.00	25,000,000.00	100.055000	25,013,750.00	13,750.00	.335	.337
3133EF2Z9	FFCB 4Yr	04/13/2020	2.008	2.008	50,000,000.00	50,000,000.00	100.062000	50,031,000.00	31,000.00	.368	.370
3133EGCE3	FFCB 5Yr	05/25/2021	1.978	1.978	10,000,000.00	10,000,000.00	100.322000	10,032,200.00	32,200.00	1.476	1.485
3133EGCE3	FFCB 5Yr	05/25/2021	1.978	1.978	10,000,000.00	10,000,000.00	100.322000	10,032,200.00	32,200.00	1.476	1.485
3133EG4C6	FFCB 3.9Yr	01/18/2022	2.003	1.567	15,000,000.00	15,139,095.00	100.147000	15,022,050.00	-117,045.00	2.089	2.137
3133EJDG1	FFCB 5Yr	02/21/2023	1.792	1.792	15,000,000.00	15,000,000.00	99.596000	14,939,400.00	-60,600.00	3.134	3.230
3133EJJE0	FFCB 3.5Yr	10/04/2021	1.810	1.810	15,000,000.00	15,000,000.00	99.874000	14,981,100.00	-18,900.00	1.808	1.847
			1.960	**1.914**	**140,000,000.00**	**140,139,095.00**	**100.036929**	**140,051,700.00**	**-87,395.00**	**1.155**	**1.176**
1936: FFCB-Var-SOFR-Q A/360											
3133EKT63	FFCB 2Yr	09/24/2021	1.790	1.790	15,000,000.00	15,000,000.00	99.964000	14,994,600.00	-5,400.00	1.774	1.819
3133EK6V3	FFCB 3Yr	11/07/2022	1.960	1.960	25,000,000.00	25,000,000.00	99.942000	24,985,500.00	-14,500.00	2.844	2.940
3133EK6V3	FFCB 3Yr	11/07/2022	1.960	1.960	25,000,000.00	25,000,000.00	99.942000	24,985,500.00	-14,500.00	2.845	2.940
3133EK6V3	FFCB 3Yr	11/07/2022	1.960	1.960	25,000,000.00	25,000,000.00	99.942000	24,985,500.00	-14,500.00	2.845	2.940

CUSIP	Description	Maturity Date	Coupon	Yield To Mat	Par Value	Book Value	Market Price	Market Value	Unrealized Gain/Loss	Modified Duration	Years To Maturity
3133EK6V3	FFCB 3Yr	11/07/2022	1.960	1.960	15,000,000.00	15,000,000.00	99.942000	14,991,300.00	-8,700.00	2.845	2.940
3133EK6V3	FFCB 3Yr	11/07/2022	1.960	1.960	25,000,000.00	25,000,000.00	99.942000	24,985,500.00	-14,500.00	2.845	2.940
			1.940	**1.940**	**130,000,000.00**	**130,000,000.00**	**99.944538**	**129,927,900.00**	**-72,100.00**	**2.721**	**2.811**
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	100.038000	15,005,700.00	5,700.00	.176	.178
3132X02Y6	FAMCA 1.58Yr	01/02/2020	2.530	2.530	20,000,000.00	20,000,000.00	100.078000	20,015,600.00	15,600.00	.089	.090
3132X03B5	FAMCA 4.9Yr	06/30/2023	2.850	2.964	10,000,000.00	9,947,900.00	103.624000	10,362,400.00	414,500.00	3.342	3.584
3132X04F5	FAMCA 2.91Yr	07/23/2021	2.840	2.864	10,000,000.00	9,993,300.00	101.613000	10,161,300.00	168,000.00	1.583	1.647
31422BBR0	FAMCA 1.16Yr	03/16/2020	2.640	2.640	15,000,000.00	15,000,000.00	100.268000	15,040,200.00	40,200.00	.289	.293
31422BEP1	FAMCA 1.08Yr	05/29/2020	2.430	2.430	25,000,000.00	25,000,000.00	100.304000	25,076,000.00	76,000.00	.490	.496
			2.499	**2.516**	**95,000,000.00**	**94,941,200.00**	**100.696000**	**95,661,200.00**	**720,000.00**	**.750**	**.786**
1965: FMAC-Var-M A/360											
3132X0AT8	FAMCA 2.5 Yr	06/02/2020	1.925	1.487	25,000,000.00	25,063,500.00	100.002000	25,000,500.00	-63,000.00	.503	.507
3132X0S77	FAMCA 3Yr	04/23/2021	1.758	1.758	25,000,000.00	25,000,000.00	99.969000	24,992,250.00	-7,750.00	1.376	1.397
3132X0U90	FAMCA 3Yr	05/10/2021	1.778	1.778	10,000,000.00	10,000,000.00	99.920000	9,992,000.00	-8,000.00	1.422	1.444
			1.831	**1.649**	**60,000,000.00**	**60,063,500.00**	**99.974583**	**59,984,750.00**	**-78,750.00**	**1.020**	**1.034**
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	.334	.337
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	.416	.419
3733845L6	GEORGIA STATE	07/01/2020	3.000	1.370	6,825,000.00	7,254,770.25	106.297000	7,254,770.25	0.00	.575	.586
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	.827	.838
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	1.304	1.337
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	.333	.337
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	1.299	1.337
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	1.297	1.337
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	1.298	1.337
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	2.245	2.337
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	1.671	1.756
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	2.243	2.337
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	2.241	2.337
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	1.298	1.337
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	1.052	1.090
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	1.998	2.090
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	.086	.088
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	.333	.337
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	.655	.671
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	.661	.671
835569GM0	SONOMA CO JUNIOR GO	08/01/2020	1.837	1.837	700,000.00	700,000.00	100.000000	700,000.00	0.00	.661	.671
			2.584	**2.629**	**161,060,000.00**	**160,956,234.55**	**99.935573**	**160,956,234.55**	**0.00**	**1.307**	**1.355**
3020: COMMERCIAL PAPER											
03785DAF3	APPLE	01/15/2020	2.430	2.470	30,000,000.00	29,518,050.00	99.797500	29,939,250.00	421,200.00	.123	.126
63763PA90	NATL SEC CLEARING CORP	01/09/2020	2.100	2.124	25,000,000.00	24,721,458.33	99.824500	24,956,125.00	234,666.67	.107	.110
63763PAD1	NATL SEC CLEARING CORP	01/13/2020	1.950	1.966	50,000,000.00	49,585,625.00	99.806500	49,903,250.00	317,625.00	.118	.121
63763PAF6	NATL SEC CLEARING CORP	01/15/2020	1.950	1.967	25,000,000.00	24,790,104.17	99.797500	24,949,375.00	159,270.83	.124	.126
03785DAQ9	APPLE	01/24/2020	1.980	1.998	55,000,000.00	54,506,925.00	99.757000	54,866,350.00	359,425.00	.148	.151
63763PAF6	NATL SEC CLEARING CORP	01/15/2020	1.950	1.966	35,000,000.00	34,709,937.50	99.797500	34,929,125.00	219,187.50	.124	.126
63763PAQ2	NATL SEC CLEARING CORP	01/24/2020	1.910	1.925	15,000,000.00	14,879,829.17	99.757000	14,963,550.00	83,720.83	.148	.151
16677KZL0	CHEVRON	12/20/2019	1.950	1.962	15,000,000.00	14,907,375.00	99.914500	14,987,175.00	79,800.00	.054	.055
16677JAV8	CHEVRON	01/29/2020	1.950	1.966	33,247,000.00	32,982,270.76	99.734500	33,158,729.22	176,458.46	.161	.164
16677JA89	CHEVRON	01/08/2020	1.950	1.963	15,000,000.00	14,903,312.50	99.829000	14,974,350.00	71,037.50	.105	.107
30229AAD1	EXXON MOBIL	01/13/2020	1.940	1.951	25,000,000.00	24,859,888.89	99.806500	24,951,625.00	91,736.11	.118	.121
30229AAQ2	EXXON MOBIL	01/24/2020	1.940	1.952	50,000,000.00	49,690,138.89	99.757000	49,878,500.00	188,361.11	.148	.151
30229AAN9	EXXON MOBIL	01/22/2020	1.940	1.952	50,000,000.00	49,700,916.67	99.766000	49,883,000.00	182,083.33	.142	.145
03785DBA3	APPLE	02/10/2020	1.780	1.791	25,000,000.00	24,844,250.00	99.660778	24,915,194.44	70,944.44	.194	.197
03785DAE6	APPLE	01/14/2020	1.780	1.789	25,000,000.00	24,878,861.11	99.802000	24,950,500.00	71,638.89	.121	.123
03785DBA3	APPLE	02/10/2020	1.760	1.771	25,000,000.00	24,847,222.22	99.660778	24,915,194.44	67,972.22	.194	.197
03785DA97	APPLE	01/09/2020	1.790	1.798	11,347,000.00	11,294,529.58	99.824500	11,327,086.02	32,556.44	.108	.110
63763PBS7	NATL SEC CLEARING CORP	02/26/2020	1.800	1.812	25,000,000.00	24,833,750.00	99.584333	24,896,083.33	62,333.33	.237	.241
03785DA97	APPLE	01/09/2020	1.770	1.777	20,000,000.00	19,918,383.33	99.824500	19,964,900.00	46,516.67	.108	.110
03785DA97	APPLE	01/09/2020	1.770	1.777	15,000,000.00	14,941,737.49	99.824500	14,973,675.00	31,937.51	.108	.110
63763PAF6	NATL SEC CLEARING CORP	01/15/2020	1.780	1.787	10,000,000.00	9,958,466.67	99.797500	9,979,750.00	21,283.33	.124	.126
63763PAF6	NATL SEC CLEARING CORP	01/15/2020	1.780	1.787	10,000,000.00	9,958,466.67	99.797500	9,979,750.00	21,283.33	.124	.126
30229ABM0	EXXON MOBIL	02/21/2020	1.810	1.821	50,000,000.00	49,698,333.33	99.608222	49,804,111.11	105,777.78	.223	.227
30229AB32	EXXON MOBIL	02/03/2020	1.800	1.809	10,000,000.00	9,949,000.00	99.694222	9,969,422.22	20,422.22	.175	.178
03785DB62	APPLE	02/06/2020	1.750	1.759	10,000,000.00	9,948,958.33	99.679889	9,967,988.89	19,030.56	.183	.186
30229AC56	EXXON MOBIL	03/05/2020	1.690	1.700	22,000,000.00	21,876,066.67	99.530278	21,896,661.11	20,594.44	.258	.263
30229AC56	EXXON MOBIL	03/05/2020	1.690	1.699	20,000,000.00	19,888,272.22	99.530278	19,906,055.56	17,783.34	.258	.263
16677JE77	CHEVRON	05/07/2020	1.650	1.664	94,000,000.00	93,220,191.67	99.196833	93,245,023.33	24,831.66	.428	.436
30229BZJ9	EXXON MOBIL	12/18/2019	1.610	1.613	25,000,000.00	24,960,868.06	99.923500	24,980,875.00	20,006.94	.048	.049
03785DBC9	APPLE	02/12/2020	1.610	1.616	40,000,000.00	39,847,944.44	99.651222	39,860,488.89	12,544.45	.199	.203
16677JBE5	CHEVRON	02/14/2020	1.590	1.596	34,000,000.00	33,870,856.67	99.641667	33,878,166.67	7,310.00	.205	.208
63763PEL9	NATL SEC CLEARING CORP	05/20/2020	1.750	1.766	35,000,000.00	34,690,347.22	99.130750	34,695,762.50	5,415.28	.463	.471
89233GEJ1	TOYOTA MOTOR CORP	05/18/2020	1.830	1.847	50,000,000.00	49,545,041.67	99.140917	49,570,458.33	25,416.66	.457	.466
04249KAQ1	ARMY AIR FORCE EXCHANGE	01/24/2020	1.670	1.675	25,000,000.00	24,930,416.75	99.757000	24,939,250.00	8,833.25	.148	.151
63763PBQ1	NATL SEC CLEARING CORP	02/24/2020	1.750	1.758	20,000,000.00	19,912,500.00	99.593889	19,918,777.78	6,277.78	.231	.236
89233GAN6	TOYOTA MOTOR CORP	01/22/2020	1.840	1.845	50,000,000.00	49,854,333.33	99.766000	49,883,000.00	28,666.67	.142	.145
			1.835	**1.847**	**1,074,594,000.00**	**1,067,424,629.31**	**99.643082**	**1,070,758,578.84**	**3,333,949.53**	**.202**	**.206**
3130: CORP-Fxd-S 30/360											
594918BV5	MICROSOFT CORP	02/06/2020	1.850	2.273	6,350,000.00	6,297,739.50	100.012000	6,350,762.00	53,022.50	.184	.186
594918BV5	MICROSOFT CORP	02/06/2020	1.850	2.277	6,000,000.00	5,951,100.00	100.012000	6,000,720.00	49,620.00	.184	.186
594918BG8	MICROSOFT CORP	11/03/2020	2.000	2.543	25,000,000.00	24,649,750.00	100.241000	25,060,250.00	410,500.00	.908	.929
594918BV5	MICROSOFT CORP	02/06/2020	1.850	2.354	3,000,000.00	2,971,440.00	100.012000	3,000,360.00	28,920.00	.184	.186
594918BV5	MICROSOFT CORP	02/06/2020	1.850	2.373	4,097,000.00	4,057,013.28	100.012000	4,097,491.64	40,478.36	.184	.186
594918BV5	MICROSOFT CORP	02/06/2020	1.850	2.388	8,000,000.00	7,920,160.00	100.012000	8,000,960.00	80,800.00	.184	.186
594918BV5	MICROSOFT CORP	02/06/2020	1.850	2.414	16,000,000.00	15,832,480.00	100.012000	16,001,920.00	169,440.00	.184	.186
478160BS2	JOHNSON & JOHNSON	03/01/2021	1.650	2.646	12,000,000.00	11,663,160.00	99.917000	11,990,040.00	326,880.00	1.224	1.252
594918BV5	MICROSOFT CORP	02/06/2020	1.850	2.469	10,000,000.00	9,887,000.00	100.012000	10,001,200.00	114,200.00	.184	.186
478160BS2	JOHNSON & JOHNSON	03/01/2021	1.650	2.625	12,969,000.00	12,617,410.41	99.917000	12,958,235.73	340,825.32	1.224	1.252
594918AY0	MICROSOFT CORP	02/12/2020	1.850	2.691	16,880,000.00	16,654,820.80	100.000000	16,880,000.00	225,179.20	.200	.203
478160BS2	JOHNSON & JOHNSON	03/01/2021	1.650	3.149	10,295,000.00	9,955,059.10	99.917000	10,286,455.15	331,396.05	1.221	1.252
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	.907	.929
			1.837	**2.587**	**140,691,000.00**	**138,386,544.09**	**100.043880**	**140,752,735.52**	**2,366,191.43**	**.627**	**.641**

CUSIP	Description	Maturity Date	Coupon	Yield To Mat	Par Value	Book Value	Market Price	Market Value	Unrealized Gain/Loss	Modified Duration	Years To Maturity
4500: NCD-Mat A/360											
06052TH52	BANK OF AMERICA	05/20/2020	1.840	1.840	50,000,000.00	50,000,000.00	100.000000	50,000,000.00	0.00	.462	.471
90333VW30	US BANK	01/15/2020	1.640	1.640	40,000,000.00	40,000,000.00	100.000000	40,000,000.00	0.00	.124	.126
89114NBD6	TORONTO DOMINION	01/27/2020	1.820	1.820	50,000,000.00	50,000,000.00	100.000000	50,000,000.00	0.00	.156	.159
89114NBE4	TORONTO DOMINION	02/25/2020	1.830	1.830	50,000,000.00	50,000,000.00	100.000000	50,000,000.00	0.00	.234	.238
89114NBL8	TORONTO DOMINION	01/27/2020	1.820	1.820	50,000,000.00	50,000,000.00	100.000000	50,000,000.00	0.00	.156	.159
90333VW55	US BANK	05/22/2020	1.760	1.760	50,000,000.00	50,000,000.00	100.000000	50,000,000.00	0.00	.468	.477
89114NBH7	TORONTO DOMINION	05/22/2020	1.820	1.820	50,000,000.00	50,000,000.00	100.000000	50,000,000.00	0.00	.468	.477
			1.794	**1.794**	**340,000,000.00**	**340,000,000.00**	**100.000000**	**340,000,000.00**	**0.00**	**.300**	**.306**
	Total Fund		**1.859**	**1.910**	**6,705,769,966.63**	**6,686,612,679.23**	**99.943098**	**6,701,954,259.60**	**15,341,580.37**	**1.088**	**1.130**
Grand Total			**1.859**	**1.910**	**6,705,769,966.63**	**6,686,612,679.23**	**99.943098**	**6,701,954,259.60**	**15,341,580.37**	**1.088**	**1.130**

The Mission Inn, Downtown Riverside. Digital Image. *The Mission Inn*. http://www.missioninn.com/about-en.html.

COUNTY OF RIVERSIDE
TREASURER-TAX COLLECTOR
CAPITAL MARKETS

COUNTY ADMINISTRATIVE CENTER
4080 LEMON STREET,
4TH FLOOR,
RIVERSIDE, CA 92502-2205

WWW.COUNTYTREASURER.ORG

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APPENDIX H

SPECIMEN MUNICIPAL INSURANCE POLICY

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ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: $ in aggregate principal amount of

Policy No: -N

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100