

PRELIMINARY OFFICIAL STATEMENT DATED JULY 8, 2020

NEW ISSUE—FULL BOOK-ENTRY

RATINGS: S&P: “AA-”; Fitch: “AAA”
(See “MISCELLANEOUS – Ratings” herein)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See “TAX MATTERS” herein with respect to tax consequences relating to the Bonds.

\$54,000,000*

**CORONA-NORCO UNIFIED SCHOOL DISTRICT
(Riverside County, California)
2020 General Obligation Refunding Bonds
(Federally Taxable)**

Dated: Date of Delivery

Due: August 1, as shown on the inside cover

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

The Corona-Norco Unified School District (Riverside County, California) 2020 General Obligation Refunding Bonds (Federally Taxable) (the “Bonds”) are being issued by the District to (i) advance refund certain of the District’s outstanding Prior Bonds and (ii) pay the costs of issuing the Bonds.

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

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

The Bonds will be dated as of their date of initial delivery and will be issued as current interest bonds, such that interest thereon will accrue from such date and be payable semiannually on February 1 and August 1 of each year, commencing February 1, 2021. The Bonds are issuable as fully registered bonds in denominations of \$5,000 principal amount or any integral multiple thereof. Payments of principal of and interest on the Bonds will be made by U.S. Bank National Association, as the designated Paying Agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds.

The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as further described herein.*

**MATURITY SCHEDULE
(see inside front cover)**

The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel. Certain matters are being passed upon for the District by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Disclosure Counsel, and for the Underwriter by Norton Rose Fulbright US LLP, Los Angeles, California. The Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about August ___, 2020.

Citigroup

Dated: July ___, 2020

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

MATURITY SCHEDULE

Base CUSIP[†]:

\$ _____
CORONA-NORCO UNIFIED SCHOOL DISTRICT
(Riverside County, California)
2020 General Obligation Refunding Bonds
(Federally Taxable)

\$ _____ **Serial Bonds**

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP[†] Suffix</u>
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\$ _____ – ____% **Term Bonds due August 1, 20__**; **Yield: ____%**; **CUSIP Suffix[†]:**

[†] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (“CGS”), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Underwriter, the Municipal Advisor or the District is responsible for the selection or correctness of the CUSIP numbers set forth herein, and no representation is made as to their correctness on the applicable Bonds or as included herein. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)2 and 3(a)12, respectively. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

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

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

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

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

This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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

CORONA-NORCO UNIFIED SCHOOL DISTRICT

Board of Education

Mary Helen Ybarra, *President, Trustee Area 3*
Bill Pollock, *Vice President, Trustee Area 5*
Elizabeth Marroquin, *Clerk, Trustee Area 2*
Dr. Jose Lalas, *Member, Trustee Area 1*
John Zickefoose, *Member, Trustee Area 4*

District Administration

Dr. Michael H. Lin, *Superintendent*
Alan P. Giles, *Assistant Superintendent, Business Services*

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San Francisco, California

Municipal Advisor

Piper Sandler & Co.
El Segundo, California

Paying Agent and Escrow Agent

U.S. Bank National Association
Los Angeles, California

Escrow Verification

Causey Demgen & Moore, P.C.
Denver, Colorado

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\$54,000,000*
CORONA-NORCO UNIFIED SCHOOL DISTRICT
(Riverside County, California)
2020 General Obligation Refunding Bonds
(Federally Taxable)

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of Corona-Norco Unified School District (Riverside County, California) 2020 General Obligation Refunding Bonds (Federally Taxable) (the “Bonds”).

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The District

The Corona-Norco Unified School District (the “District”) consists of approximately 148 square miles in the northwest portion of Riverside County, California (the “County”) and provides K-12 educational services to the residents of Corona, Norco, Eastvale and Jurupa Valley and adjacent unincorporated areas of the County. The District was established as a unified school district in 1948. The District operates 30 elementary schools, eight intermediate schools, three K-8 schools, five comprehensive high schools, one middle college high school, three alternative schools and one adult education school. For fiscal year 2020-21, the District’s average daily attendance (“ADA”) of students is expected to be 50,370, and the District has an assessed valuation of \$38,164,984,780.

However, the District’s actual pupil attendance and associated ADA figures, as well as the assessed valuation of taxable property, may be impacted by the current COVID-19 (as defined herein) pandemic that has had widespread negative economic effects. Effective March 16, 2020, all District schools were closed, and the District transitioned to distanced learning for the remainder of the school year. The District is following State of California (“State”) and County guidelines in developing plans for District operations for the 2020-21 academic year, including plans for the potential re-opening of school sites for in-person instruction. See also “DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19” herein.

The District is governed by a five-member Board of Education (the “Board”), the members of which are elected to four-year terms by voters within five trustee areas. Elections for positions to the Board are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Superintendent appointed by the Board who is responsible for day-to-day District operations, as well as the supervision of the District’s other key personnel. Michael H. Lin, Ed.D. is currently serving as the Superintendent of the District.

See “TAX BASE FOR REPAYMENT OF BONDS” herein for more information regarding the District’s assessed valuation, and “CORONA-NORCO UNIFIED SCHOOL DISTRICT” herein for more

* Preliminary, subject to change.

information regarding the District generally. The District's audited financial statements for fiscal year ending June 30, 2019 are attached hereto as APPENDIX B and should be read in their entirety.

Purpose of the Bonds

The Bonds are being issued to (i) advance refund certain of the District's Election of 2014 General Obligation Bonds, Series A (the "Prior Bonds"), and (ii) pay the costs of issuing the Bonds. See also "THE BONDS – Application and Investment of Bond Proceeds" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the Government Code and pursuant to a resolution adopted by the Board of Trustees of the District on May 5, 2020 (the "Resolution"). See "THE BONDS – Authority for Issuance" herein.

Sources of Payment for the Bonds

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

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered form only, without coupons. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), who will act as securities depository for the Bonds. See "THE BONDS – General Provisions" and "– Book-Entry Only System" herein. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds purchased. In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution described herein. See "THE BONDS – Discontinuation of Book-Entry Only System; Registration, Payment and Transfer of Bonds" herein.

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

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

Redemption.* The Bonds are subject to redemption prior to their respective stated maturity dates, as further described herein. Certain of the Bonds identified as Term Bonds (as defined herein) are further subject to mandatory sinking fund redemption as described herein. See "THE BONDS – Redemption" herein.

* Preliminary, subject to change.

Payments. The Bonds will be dated as of their date of initial delivery (the “Date of Delivery”) and will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery and be payable semiannually on each February 1 and August 1 of each year (each, a “Bond Payment Date”), commencing February 1, 2021. Principal of the Bonds is payable on August 1 in the amounts and years as set forth on the inside cover page hereof.

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

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See “TAX MATTERS” herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about August ___, 2020.

Bond Owner’s Risks

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

Continuing Disclosure

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

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Piper Sandler & Co., El Segundo, California is acting as Municipal Advisor to the District with respect to the Bonds. Stradling Yocca Carlson & Rauth, a Professional Corporation and Piper Sandler & Co. will receive compensation from the District contingent upon the sale and delivery of the Bonds. Certain matters will be passed upon for the Underwriter by Norton Rose Fulbright US LLP, Los Angeles, California. In addition to acting as Paying Agent, U.S. Bank National Association will serve as Escrow Agent (as defined herein) for the Prior Bonds. Causey Demgen & Moore, P.C., Denver, Colorado, will act as Verification Agent (as defined herein) for the Prior Bonds. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the District or the Bonds.

Forward Looking Statements

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

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

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Corona-Norco Unified School District, 2820 Clark Avenue, Norco, California 92860, telephone: (951) 736-5000. The District may impose a charge for copying, mailing and handling.

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional

provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each such documents, statutes and constitutional provisions.

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

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolution.

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the State Government Code, and pursuant to the Resolution.

Security and Sources of Payment

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

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

The amount of the annual *ad valorem* property taxes levied by the County to repay the Bonds as described above will be determined by the relationship between the assessed valuation of taxable property

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

Statutory Lien

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

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

General Provisions

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. See “—Book-Entry Only System” herein. Beneficial Owners will not receive certificates representing their interest in the Bonds. The Bonds will be dated as of the Date of Delivery.

The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery and be payable semiannually on each Bond Payment Date, commencing February 1, 2021. Interest on the Bonds will be computed on the basis of a 360-day year of 12, 30-day months. Each Bond shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 2021, in which event it shall bear interest from the Date of Delivery. The Bonds are issuable in denominations of \$5,000 principal amount or any integral multiple thereof. The Bonds mature on August 1 in the years and amounts set forth on the inside cover page hereof.

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

Annual Debt Service

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

<u>Year Ending (August 1)</u>	<u>Outstanding Bonded Debt Service^{(1)*}</u>	<u>Annual Principal Payment</u>	<u>Annual Interest Payment⁽²⁾</u>	<u>Total Annual Debt Service</u>
2020	\$40,372,670.16			
2021	44,656,965.72			
2022	45,176,168.22			
2023	44,803,644.72			
2024	42,365,026.72			
2025	41,761,517.22			
2026	47,956,948.22			
2027	45,218,917.10			
2028	39,238,839.86			
2029	33,973,732.00			
2030	31,996,410.56			
2031	30,074,294.90			
2032	21,373,687.76			
2033	21,941,101.26			
2034	37,371,967.66			
2035	40,167,383.50			
2036	41,452,857.40			
2037	46,249,110.96			
2038	48,276,003.80			
2039	49,129,812.06			
2040	21,898,300.00			
2041	16,587,800.00			
2042	17,274,350.00			
2043	17,994,500.00			
2044	18,740,450.00			
2045	23,344,600.00			
2046	24,282,200.00			
2047	25,249,800.00			
2048	13,108,400.00			
2049	<u>13,634,400.00</u>			
Total	<u>\$985,671,859.80</u>			

* Preliminary, subject to change.

(1) Principal of certain of the District’s prior bond issues matures on September 1 or March 1. See “CORONA-NORCO UNIFIED SCHOOL DISTRICT – District Debt Structure – General Obligation Bonds” herein. Does not include debt service on the Prior Bonds expected to be refinanced with proceeds of the Bonds.

(2) Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing February 1, 2021.

Source: Piper Sandler & Co. and the Underwriter.

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

Application and Investment of Bond Proceeds

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

The net proceeds from the sale of the Bonds will be deposited with U.S. Bank National Association (in such capacity, the “Escrow Agent”), to the credit of an escrow fund (the “Escrow Fund”) held pursuant to that certain Escrow Agreement, dated as of August 1, 2020, by and between the District and the Escrow Agent. Amounts deposited in the Escrow Fund will be used to purchase certain non-callable direct and general obligations of the United States of America, or non-callable obligations the payment of which is unconditionally guaranteed by the United States of America (collectively, the “Federal Securities”), the principal of and interest on which will be sufficient, together with any monies deposited in the Escrow Fund and held as cash, to enable the Escrow Agent to pay the respective redemption prices of the Prior Bonds on the first optional redemption dates therefor, as further described below, as well as the interest due on the Prior Bonds on and prior to such dates.

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

PRIOR BONDS*
Election of 2014 General Obligation Bonds, Series A
(Current Interest Bonds)

Maturity Date (August 1)	CUSIP	Principal Amount	Outstanding Principal be Refunded	Redemption Date	Redemption Price (% of Principal Amount)
2031	219764NE3	\$2,205,000	\$2,205,000	8/1/2025	100
2032	219764NF0	2,540,000	2,540,000	8/1/2025	100
2033	219764NG8	2,905,000	2,905,000	8/1/2025	100
2034	219764NH6	3,295,000	3,295,000	8/1/2025	100
2035	219764ND5	3,715,000	3,715,000	8/1/2025	100
2040	219764NK9	16,625,000	16,625,000	8/1/2025	100
2044	219764NL7	26,625,000	26,625,000	8/1/2025	100

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

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

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

* Preliminary, subject to change.

Redemption

Optional Redemption.* The Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their fixed maturity dates. The Bonds maturing on or after August 1, 20__ may be redeemed prior to their respective stated maturity dates at the option of the District, from any source of funds, in whole or in part, on August 1, 20__ or on any date thereafter, at a redemption price equal to the principal amount of the Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption.* The Bonds maturing on August 1, 20__ (the “Term Bonds”), are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20__, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amounts represented by such Term Bonds to be so redeemed and the dates therefor and the final principal payment date are as indicated in the following table:

Redemption Date (August 1)	Principal Amount
---------------------------------------	-------------------------

⁽¹⁾ Maturity.

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

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

Redemption Notice. When redemption is authorized or required pursuant to the County Resolution, the Paying Agent, upon written instruction from the District, will give notice (a “Redemption Notice”) of the redemption of the Bonds. Each Redemption Notice will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the portion of the principal amount of

* Preliminary, subject to change.

such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

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

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

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

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

Payment of Redeemed Bonds. When a Redemption Notice has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (principal, interest, and premium, if any) is irrevocably set aside in trust for that purpose, as described in “—Defeasance,” the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the Redemption Notice, said Bonds will be redeemed and paid at the redemption price out of such funds. All unpaid interest payable at or prior to the redemption date will continue to be payable to the respective Owners, but without interest thereon.

Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent will execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in principal amounts to the unredeemed portion of the Bond surrendered. Such partial redemption is valid upon payment of the amount required to be paid to such Owner, and the County and the District will be released and discharged thereupon from all liability to the extent of such payment.

Effect of Redemption Notice. If on the applicable designated redemption date, money for the redemption of the Bonds to be redeemed, together with interest accrued to such redemption date, is held by an independent escrow agent selected by the District so as to be available therefor on such redemption date as described in “—Defeasance,” and if a Redemption Notice thereof will have been given

substantially as described above, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable.

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

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and, accrued interest thereon to the date fixed for redemption, then such Bonds will no longer be deemed outstanding and shall be surrendered to the Paying Agent for cancellation.

Book-Entry Only System

The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the District believes to be reliable, but none of the District, the Municipal Advisor or the Underwriter take any responsibility for the accuracy or completeness thereof. The District and the Underwriter cannot and do not give any assurances that DTC, DTC Direct Participants or Indirect Participants (as defined herein) will distribute to the Beneficial Owners (a) payments of interest on, principal of or premium, if any, on the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered Owner of the Bonds, or that they will so do on a timely basis or that DTC, Direct Participants or Indirect Participants will act in the manner described in this Official Statement. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with Participants are on file with DTC.

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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York

Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants,” and together with the Direct Participants, the “Participants”). DTC has a Standard & Poor’s rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. However, the information presented on such website is not incorporated herein by any reference.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

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

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

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

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

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

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

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

Defeasance

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

- (a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which, together with any amounts transferred from the Debt Service Fund, is sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity dates or applicable redemption dates;
- (b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and any moneys transferred from the Debt Service Fund, be fully sufficient to pay and discharge all the Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premium, if any) at or before their maturity dates or applicable redemption dates;

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

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

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds

Principal Amount of Bonds
Total Sources

Uses of Funds

Deposit to Escrow Fund
Costs of Issuance⁽¹⁾
Underwriter’s Discount
Total Uses

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

TAX BASE FOR REPAYMENT OF BONDS

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

Ad Valorem Property Taxation

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

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

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

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

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

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

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

Assessed Valuations

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

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

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

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>% Change</u>
2010-11	\$24,778,827,795	\$5,829,451	\$1,318,729,825	\$26,103,387,071	--
2011-12	24,912,194,194	5,829,451	1,309,517,610	26,227,541,255	0.48%
2012-13	25,074,881,056	3,083,672	1,221,647,785	26,299,612,513	0.27
2013-14	26,175,204,713	3,083,672	1,172,388,030	27,350,676,415	4.00
2014-15	28,436,690,125	3,083,672	1,145,316,958	29,585,090,755	8.17
2015-16	29,843,939,854	3,083,672	1,128,436,787	30,975,460,313	4.70
2016-17	31,366,408,580	3,083,672	1,164,175,316	32,533,667,568	5.03
2017-18	33,062,641,755	3,083,672	1,149,518,821	34,215,244,248	5.17
2018-19	35,162,967,091	3,150,275	1,171,040,916	36,337,158,282	6.20
2019-20	36,961,090,588	3,150,275	1,200,743,917	38,164,984,780	5.03

Source: California Municipal Statistics, Inc.

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

Appeals and Adjustments of Assessed Valuations. Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the California State Board of Equalization (“SBE”), with the appropriate county board of equalization or assessment appeals board. The County Assessor may independently reduce assessed values as well based upon the above factors or reductions in the fair market value of the taxable property. In most cases,

an appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

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

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

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

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

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

**ASSESSED VALUATION BY JURISDICTION
Fiscal Year 2019-20
Corona-Norco Unified School District**

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Corona	\$20,675,564,656	54.17%	\$21,869,860,695	94.54%
City of Eastvale	8,644,061,589	22.65	10,396,734,985	83.14
City of Jurupa Valley	655,006,597	1.72	10,567,758,314	6.20
City of Norco	3,524,993,241	9.24	3,525,201,833	99.99
City of Riverside	440,578	0.00	31,782,095,968	0.00
Unincorporated Riverside County	<u>4,664,918,119</u>	<u>12.22</u>	45,667,165,927	10.22
Total District	\$38,164,984,780	100.00%		
Riverside County	\$38,164,984,780	100.00%	\$296,389,624,742	12.88%

Source: California Municipal Statistics, Inc.

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

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

	No. of Parcels	2019-20 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	59,740	\$25,163,554,216	\$421,218	\$422,348

2019-20 Assessed Valuation	No. of Parcels⁽¹⁾	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$49,999	555	0.929%	0.929%	\$20,465,090	0.081%	0.081%
50,000 - 99,999	1,436	2.404	3.333	106,749,276	0.424	0.506
100,000 - 149,999	1,404	2.350	5.683	177,696,758	0.706	1.212
150,000 - 199,999	2,445	4.093	9.776	433,521,491	1.723	2.935
200,000 - 249,999	4,082	6.833	16.609	925,052,794	3.676	6.611
250,000 - 299,999	5,111	8.555	25.164	1,405,627,847	5.586	12.197
300,000 - 499,999	5,069	8.485	33.649	1,648,355,774	6.551	18.747
350,000 - 399,999	6,365	10.655	44.304	2,391,635,060	9.504	28.252
400,000 - 449,999	7,452	12.474	56.778	3,165,513,994	12.580	40.831
450,000 - 499,999	7,232	12.106	68.883	3,432,267,130	13.640	54.471
500,000 - 549,999	6,122	10.248	79.131	3,209,517,158	12.755	67.226
550,000 - 599,999	4,887	8.180	87.312	2,801,099,143	11.132	78.357
600,000 - 649,999	3,240	5.424	92.735	2,018,758,952	8.023	86.380
650,000 - 699,999	1,835	3.072	95.807	1,232,437,762	4.898	91.278
700,000 - 749,999	853	1.428	97.235	615,718,476	2.447	93.725
750,000 - 799,999	491	0.822	98.057	379,309,025	1.507	95.232
800,000 - 849,999	312	0.522	98.579	257,074,685	1.022	96.253
850,000 - 899,999	207	0.347	98.925	180,738,322	0.718	96.972
900,000 - 949,999	150	0.251	99.176	138,356,278	0.550	97.522
950,000 - 999,999	96	0.161	99.337	93,439,102	0.371	97.893
1,000,000 and greater	<u>396</u>	<u>0.663</u>	100.000	<u>530,220,099</u>	<u>2.107</u>	100.000
Total	59,740	100.000%		\$25,163,554,216	100.000%	

⁽¹⁾ Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.

Source: California Municipal Statistics, Inc.

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

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

	2019-20	% of	No. of	% of
Non-Residential:	<u>Assessed Valuation</u>⁽¹⁾	<u>Total</u>	<u>Parcels</u>	<u>Total</u>
Agricultural/Rural	\$196,237,857	0.53%	289	0.36%
Commercial/Industrial	7,151,036,954	19.35	2,984	3.71
Vacant Commercial/Industrial	370,786,152	1.00	915	1.14
Government/Social/Institutional	2,012,555	0.01	229	0.28
Vacant Other/Unclassified Vacant	88,101,953	0.24	2,099	2.61
Miscellaneous	<u>16,124,569</u>	<u>0.04</u>	<u>42</u>	<u>0.05</u>
Subtotal Non-Residential	\$7,824,300,040	21.17%	6,558	8.15%
Residential:				
Single Family Residence	\$25,163,554,216	68.08%	59,740	74.25%
Condominium/Townhouse	2,105,552,425	5.70	6,837	8.50
Mobile Home	165,874,913	0.45	2,011	2.50
2+ Residential Units	1,504,518,780	4.07	1,092	1.36
Timeshare	1,006,139	0.00	1,575	1.96
Vacant Residential	<u>196,284,076</u>	<u>0.53</u>	<u>2,648</u>	<u>3.29</u>
Subtotal Residential	\$29,136,790,549	78.83%	73,903	91.85%
Total	\$36,961,090,589	100.00%	80,461	100.00%

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

Tax Levies and Delinquencies

The County levies and collects all property taxes for property falling within the County's taxing boundaries. The annual secured tax levies and delinquencies for bonded debt service of the District for fiscal years 2010-11 through 2018-19 are shown below.

SECURED TAX CHARGES AND DELINQUENCIES Fiscal Years 2010-11 through 2018-19 Corona-Norco Unified School District

	Secured Tax Charge⁽¹⁾	Amount Delinquent June 30	% Delinquent June 30
2010-11	\$11,040,097.47	\$297,424.60	2.69%
2011-12	16,227,981.42	268,344.57	1.65
2012-13	16,181,225.82	220,165.83	1.36
2013-14	17,702,133.10	188,735.57	1.07
2014-15	18,225,409.49	149,219.93	0.82
2015-16	25,268,249.40	205,774.66	0.81
2016-17	29,162,801.54	225,905.11	0.77
2017-18	27,293,881.56	180,247.53	0.66
2018-19	31,649,565.16	442,211.18	1.40

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

Pursuant to Revenue and Taxation Code Section 4985.2, the Treasurer may cancel any penalty, costs or other charges resulting from tax delinquency upon a finding that the late payment is due to reasonable cause and circumstances beyond the taxpayer's control, and occurred notwithstanding the exercise of ordinary care in the absence of willful neglect, provided the property taxes are paid within four fiscal years of such taxes coming due.

In addition, on May 6, 2020, the Governor signed Executive Order N-61-20 ("Order N-61-20"). Under Order N-61-20, certain provisions of the State Revenue and Taxation Code are suspended until May 6, 2021 to the extent said provisions require a tax collector to impose penalties, costs or interest for the failure to pay secured or unsecured property taxes, or to pay a supplemental bill, before the date that such taxes become delinquent, subject to certain conditions set forth in in Order N-61-20. See "Alternative Method of Tax Apportionment – Teeter Plan" and "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein

Tax Rates

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

SUMMARY OF *AD VALOREM* PROPERTY TAX RATES (TRA 4-003)⁽¹⁾
Fiscal Years 2015-16 through 2019-20
Corona-Norco Unified School District

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
General Tax Rate	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
Corona-Norco Unified School District	.08540	.09416	.08313	.09034	.08313
Riverside Community College District	.01725	.01649	.01616	.01478	.01616
Metropolitan Water District	<u>.00350</u>	<u>.00350</u>	<u>.00350</u>	<u>.00350</u>	<u>.00350</u>
Total	1.10615%	1.11415%	1.10279%	1.10862%	1.10279%

⁽¹⁾ The fiscal year 2019-20 assessed valuation of TRA 4-003 is \$3,991,695,171, reflecting approximately 10.46% of the District’s total assessed valuation.

Source: *California Municipal Statistics, Inc.*

Alternative Method of Tax Apportionment - Teeter Plan

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

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

The Board of Supervisors of the County has approved the implementation of the Teeter Plan. Under the Teeter Plan, the County funds the District its full secured property tax levy allocation rather than funding only actual collections (levy less delinquencies). In exchange, the County receives the interest and penalties that accrue on delinquent payments when the late taxes are collected. The County includes the District’s 1% general purpose secured property tax levy and the *ad valorem* property tax levy for the District’s general obligation bonds, under the Teeter Plan. The District will receive 100% of the *ad valorem* property tax levied to pay the Bonds irrespective of actual delinquencies in the collection of the tax by the County.

There can be no assurance that the County will always maintain the Teeter Plan or will have sufficient funds available to distribute the full amount of the District’s share of property tax collections to the District. The ability of the County to maintain the Teeter Plan may depend on its financial resources and may be affected by future property tax delinquencies. Property tax delinquencies may be impacted

by economic and other factors beyond the District’s or the County’s control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of the spread of COVID-19 or other pandemic or natural or manmade disaster. See “DISTRICT FINANCIAL INFORMATION –Considerations Regarding COVID-19.” However, notwithstanding any possible future change to or discontinuation of the Teeter Plan, State law requires the County to levy *ad valorem* property taxes sufficient to pay the Bonds when due.

Principal Taxpayers

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

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

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2019-20 Assessed Valuation</u>	<u>% of Total⁽¹⁾</u>
1.	Kaiser Foundation Health Plan Inc.	Medical Buildings	\$202,491,223	0.55%
2.	Castle & Cooke Corona Crossings	Commercial	187,605,322	0.51
3.	Fairfield Waterstone	Apartments	139,230,000	0.38
4.	Lennar Homes of California	Residential Development	118,374,750	0.32
5.	SCG Atlas Ashton Company	Apartments	117,600,000	0.32
6.	Corona North Main Development	Commercial	112,136,962	0.30
7.	FR the Ranch	Industrial	103,429,411	0.28
8.	Artisan Corona Apartments	Apartments	98,055,619	0.27
9.	JSP Palisades	Apartments	92,595,599	0.25
10.	Price REIT Inc.	Commercial	89,246,383	0.24
11.	BREIF MF Promenade Terrace	Apartments	83,164,740	0.23
12.	JSP Sierra Del Oro I	Apartments	78,884,473	0.21
13.	Encanto Apartment Homes	Apartments	75,240,090	0.20
14.	BRE MG Country Hills	Apartments	73,440,000	0.20
15.	INL Via Pacifica 2015	Apartments	72,624,000	0.20
16.	Arantine Hills Holdings LP	Residential Development	71,406,161	0.19
17.	Terrano Apartment Homes	Apartments	69,047,312	0.19
18.	Rexco Magnolia	Office Building	65,246,629	0.18
19.	Bryan Kang	Commercial	56,622,949	0.15
20.	Dart Container Corp. of California	Industrial	<u>56,299,230</u>	<u>0.15</u>
			\$1,962,740,853	5.31%

⁽¹⁾ The fiscal year 2019-20 local secured assessed valuation of the District is \$36,961,090,589.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the “Debt Report”) prepared by California Municipal Statistics, Inc. effective as of May 1, 2020. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

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

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

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**STATEMENT OF DIRECT AND OVERLAPPING DEBT
Corona-Norco Unified School District**

2019-20 Assessed Valuation: \$38,149,159,762

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 5/1/20</u>
Metropolitan Water District	1.234%	\$460,282
Riverside Community College District	33.889	96,301,021
Corona-Norco Unified School District	100.000	513,477,660⁽¹⁾⁽²⁾
Corona-Norco Unified School District Community Facilities Districts	100.000	150,920,222 ⁽³⁾
City of Riverside	0.001	78
City of Corona Community Facilities Districts	100.000	64,490,000
City of Corona 1915 Act Bonds	100.000	1,335,000
City of Norco Community Facilities Districts	100.000	29,496,517
Jurupa Community Services District Community Facilities Districts	100.000	288,500,000
Other Community Facilities Districts	100.000	80,874,803
Riverside County Community Facilities Districts	100.000	<u>12,295,000</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$1,238,150,583

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	12.891%	\$98,745,522
Riverside County Pension Obligation Bonds	12.891	28,209,375
Corona-Norco Unified School District General Fund Obligations	100.000	25,802,026
City of Corona General Fund Obligations	94.584	32,238,726
City of Riverside General Fund and Pension Obligation Bonds	0.001	2,726
Western Municipal Water District General Fund Obligations	38.428	<u>3,004,245</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$188,002,620
Less: Riverside County supported obligations		<u>114,017</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$187,888,603

OVERLAPPING TAX INCREMENT DEBT (Successor Agencies): \$168,440,885

GROSS COMBINED TOTAL DEBT	\$1,594,594,088 ⁽⁴⁾
NET COMBINED TOTAL DEBT	\$1,594,480,071

Ratios to 2019-20 Assessed Valuation:

Direct Debt (\$513,477,660)	1.35%
Total Direct and Overlapping Tax and Assessment Debt	3.25%
Combined Direct Debt (\$539,279,686)	1.41%
Gross Combined Total Debt	4.18%
Net Combined Total Debt	4.18%

Ratios to 2019-20 Redevelopment Incremental Valuation (\$6,591,121,001):

Total Overlapping Tax Increment Debt	2.56%
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- (1) Excludes the Bonds, but includes the Prior Bonds.
- (2) Excludes accreted interest on capital appreciation bonds or convertible capital appreciation bonds, which do not pay interest on a semi-annual basis but instead accrete in value through their maturity date or conversion date, as applicable, compounded semiannually.
- (3) Does not include the expected issuance of bonds on behalf of the District's CFD 17-1 (as defined herein). See "CORONA-NORCO UNIFIED SCHOOL DISTRICT – District Debt Structure – Non-Obligatory Debt; Community Facilities Districts" herein.
- (4) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
- Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The Bonds are payable solely from the proceeds of an ad valorem property tax required to be levied by the County on taxable property within the District in an amount sufficient for the payment thereof. (See “THE BONDS – Security and Sources of Payment” herein) Articles XIII A, XIII B, XIII C and XIII D of the Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes on behalf of the District and to the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County to levy taxes for payment of the Bonds.

Article XIII A of the California Constitution

Article XIII A (“Article XIII A”) of the State Constitution limits the amount of *ad valorem* property taxes on real property to 1% of “full cash value” as determined by the county assessor. Article XIII A defines “full cash value” to mean “the county assessor’s valuation of real property as shown on the 1975-76 bill under “full cash value,” or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment,” subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the “base year value.” The full cash value is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

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

Article XIII A requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIII A exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b), as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by fifty-five percent or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. In addition, Article XIII A requires the approval of two-thirds of all members of the State legislature to change any state taxes for the purpose of increasing tax revenues.

Split Roll Property Tax Ballot Measure. On May 29, 2020, a proposed ballot initiative became eligible for the November 2020 Statewide ballot (the “Proposition 15”). If approved by a majority of

voters casting a ballot at the November 2020 Statewide election, Proposition 15 would amend Article XIII A such that the “full cash value” of commercial and industrial real property, for each lien date, would be equal to the fair market value of that property. If approved, Proposition 15 would not affect the “full cash value” of residential property, real property used for commercial agricultural production, or commercial and industrial real property with combined value of \$3 million or less, which would continue to be subject to annual increases not to exceed 2%. In addition Proposition 15 would eliminate the business tangible personal property tax on equipment and fixtures for small businesses and provide a \$500,000 per year exemption for all other businesses. After compensating the State General Fund for resulting reductions in State personal income tax and corporate tax revenues, and compensating cities, counties and special districts for the cost of implementing Proposition 15, approximately 40% of the remaining additional tax revenues generated as a result of Proposition 15 would be deposited into a fund created pursuant to Proposition 15 called the Local School and Community College Property Tax Fund, with such funds being used to supplement, and not replace, existing funding school districts and community college districts receive under the State’s constitutional minimum funding requirement. With respect to the tax revenues deposited into the Local School and Community College Property Tax Fund, 11% would be allocated by the Board of Governors of the California Community Colleges to community college districts and 89% of such tax revenues would be allocated by the Superintendent of Public Instruction to school districts, charter schools and county offices of education.

The District cannot predict whether Proposition 15 will be approved by a majority of voters casting a ballot. If approved, the District cannot make any assurance as to what effect the implementation of Proposition 15 will have on District revenues or the assessed valuation of real property in the District.

Legislation Implementing Article XIII A

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

That portion of annual property tax revenues generated by increases in assessed valuations within each tax rate area within a county, subject to claims, if any, on tax increment and subject to changes in organizations, if any, of affected jurisdictions, is allocated to each jurisdiction within the tax rate area in the same proportion that the total property tax revenue from the tax rate area for the prior year was allocated to such jurisdictions.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

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

Proposition 50 and Proposition 171

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIII A of the State Constitution to allow owners of property that was “substantially damaged or destroyed” by a disaster, as declared by the Governor, (the “Damaged Property”), to transfer their existing base year value (the “Original Base Year Value”) to a comparable replacement property within the same county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the “Original Cash Value”); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50 percent of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

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

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

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

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

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions (“unitary property”). Under the State Constitution, such property is assessed by the SBE as part of a “going concern” rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year. So long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State’s school financing formula. See “DISTRICT FINANCIAL INFORMATION” herein.

Article XIII B of the California Constitution

Article XIII B (“Article XIII B”) of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIII B defines:

- (a) “change in the cost of living” with respect to school districts to mean the percentage change in California per capita income from the preceding year, and
- (b) “change in population” with respect to a school district to mean the percentage change in the ADA of the school district from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIII B, as amended.

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

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

Article XIII B includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIII B also includes a requirement that fifty percent of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See “– Propositions 98 and 111” herein.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIII D. 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 XIII C and Article XIII D of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218, popularly known as the “Right to Vote on Taxes Act.” Proposition 218 added to the California Constitution Articles XIII C and XIII D (respectively, “Article XIII C” and “Article XIII D”), 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 XIII C 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 XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIII D deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIII A of the California Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Propositions 98 and 111

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

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

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

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

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

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

- b. Treatment of Excess Tax Revenues. “Excess” tax revenues with respect to Article XIII B are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the minimum funding level for such districts. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into K-14 school district base expenditures for calculating their entitlement for State aid in the next year, and the State’s appropriations limit is not to be increased by this amount.
- c. Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIII B spending limit: (i) all appropriations for “qualified capital outlay projects” as defined by the State legislature, and (ii) any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the State legislature and the Governor, which was expected to raise over \$15 billion in additional taxes from 1990 through 2000 to fund transportation programs.
- d. Recalculation of Appropriations Limit. The Article XIII B appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.
- e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues (“Test 1”) or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to per capita personal income) and enrollment (“Test 2”). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test (“Test 3”), which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in California per capita personal income. Under Test 3, K-14 school districts will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 will become a “credit” (also known as a “maintenance factor”) to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

See also “DISTRICT FINANCIAL INFORMATION – State Budget Measures” for current State funding levels pursuant to Propositions 98 and 111.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends the State constitution to significantly reduce the State’s authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without

two-third approval of both houses of the State legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

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

Jarvis vs. Connell

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

Proposition 55

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

than \$408,001 for head-of-household filers), (ii) 2% for taxable income over \$300,000 but less than \$500,001 for single filers (over \$600,000 but less than \$1,000,001 for joint filers and over \$408,000 but less than \$680,001 for head-of-household filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$1,000,000 for joint filers and over \$680,000 for head-of-household filers).

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

Proposition 2

On November 4, 2014, voters approved the Rainy Day Budget Stabilization Fund Act (also known as “Proposition 2”). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State’s Budget Stabilization Account (the “BSA”) established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

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

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

Proposition 2 changes the conditions under which the Governor and the State legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend

transfers to the BSA, nor does the State legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a “budget emergency,” defined as an emergency within the meaning of Article XIII B of the Constitution or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the “PSSSA”) into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would be otherwise paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is “Test 1,” (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year’s funding level, as adjusted for ADA growth and cost of living.

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

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

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

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

Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the California Constitution and Propositions 22, 26, 30, 39, 98 and 55 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

DISTRICT FINANCIAL INFORMATION

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

State Funding of Education

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

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

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

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

LCFF. In each year, school districts had the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district’s funding gap.

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

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

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

The table below shows a breakdown of the District’s ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment for fiscal years 2012-13 through 2020-21.

ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2012-13 through 2020-21
Corona-Norco Unified School District

Fiscal Year	Average Daily Attendance⁽¹⁾					Enrollment	
	K-3	4-6	7-8	9-12	Total ADA	Total Enrollment⁽²⁾	% of EL/LI Enrollment⁽³⁾
2012-13	15,109.96	11,460.05	8,069.02	16,600.85	51,239.88	53,437	46.20%
2013-14	15,088.72	11,748.03	8,096.01	16,854.94	51,787.70	53,782	45.63
2014-15	15,039.87	11,852.38	7,971.32	17,003.23	51,866.80	53,739	47.73
2015-16	14,762.33	11,819.86	8,005.98	16,825.33	51,413.50	53,254	47.67
2016-17	14,652.55	11,895.51	8,108.21	16,608.14	51,264.41	53,178	46.36
2017-18	14,677.97	11,755.31	7,992.21	16,822.31	51,247.80	53,294	48.67
2018-19	14,710.50	11,487.02	8,087.28	16,804.80	51,089.60	53,001	48.54
2019-20	14,481.21	11,350.00	8,016.78	16,772.45	50,620.44	52,554	48.54
2020-21 ⁽⁴⁾	14,231.21	11,350.00	8,016.78	16,772.45	50,370.44	52,306	48.98

⁽¹⁾ Except for fiscal year 2020-21, reflects ADA as of the second principal reporting period (“P-2 ADA”), which ends on or before the last attendance month prior to April 15 of each school year. An attendance month is equal to each four-week period of instruction beginning with the first day of school for a particular school district. For the 2019-20 school year, due to the outbreak of COVID-19, P-2 ADA only reflects full school months from July 1, 2019 through February 29, 2020. See “— Considerations Regarding COVID-19” herein.

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

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

⁽⁴⁾ Projected.

Source: Corona-Norco Unified School District.

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

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

Certain schools districts, known as “community supported” (or previously as “basic aid”), have allocable local property tax collections that equal or exceed such districts’ total LCFF allocation, and

result in the receipt of no State apportionment aid. Community supported school districts receive only special categorical funding, which is deemed to satisfy the “basic aid” requirement of \$120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for community supported districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District does not currently qualify as community supported.

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

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

Support and Intervention. AB 97, as amended by SB 91, established a new system of support and intervention to assist school districts meet the performance expectations outlined in their respective LCAPs. School districts must adopt their LCAPs (or annual updates thereto) in tandem with their annual operating budgets, and not later than five days thereafter submit such LCAPs or updates to their respective county superintendents of schools. On or before August 15 of each year, a county superintendent may seek clarification regarding the contents of a district’s LCAP (or annual update thereto), and the district is required to respond to such a request within 15 days. Within 15 days of receiving such a response, the county superintendent can submit non-binding recommendations for amending the LCAP or annual update, and such recommendations must be considered by the respective school district at a public hearing within 15 days. A district’s LCAP or annual update must be approved by the county superintendent by October 8 of each year if the superintendent determines that (i) the LCAP or annual update adheres to the State template, and (ii) the district’s budgeted expenditures are sufficient to implement the actions and strategies outlined in the LCAP. For fiscal year 2020-21, the State budget provides for an alternate Learning Continuity and Attendance Plan to replace the LCAP, due by September 30, 2020. See “—State Budget Measures” herein.

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

The State Superintendent of Public Instruction (the “State Superintendent”) is further authorized, with the approval of the State Board of Education, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic

trustee to act on his or her behalf. In so doing, the State Superintendent is authorized (i) to modify a district’s LCAP, (ii) impose budget revisions designed to improve student outcomes, and (iii) stay or rescind actions of the local governing board that would prevent such district from improving student outcomes; provided, however, that the State Superintendent is not authorized to rescind an action required by a local collective bargaining agreement.

Other Revenue Sources

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

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

Developer Fees. The District maintains a fund, separate and apart from the general fund, to account for development impact fees levied on residential and commercial development pursuant to Education Code Section 17620. Developer fee revenue is required by statute to be expended on the construction or reconstruction of school facilities necessary to accommodate growth in student enrollment. The table below summarizes the revenues received by the District from developer fees since fiscal year 2010-11.

**DEVELOPER FEE COLLECTIONS
Fiscal Years 2010-11 through 2020-21
Corona-Norco Unified School District**

<u>Fiscal Year</u>	<u>Total Collections</u>
2010-11	\$1,045,261
2011-12	3,209,048
2012-13	1,118,763
2013-14	2,789,741
2014-15	4,450,219
2015-16	1,207,724
2016-17	3,206,549
2017-18	2,181,030
2018-19	5,902,820
2019-20	3,701,882
2020-21 ⁽¹⁾	1,563,158

⁽¹⁾ Projected.
Source: Corona-Norco Unified School District.

Considerations Regarding COVID-19

An outbreak of disease or similar public health threat, such as the current coronavirus (“COVID-19”) outbreak, or fear of such an event, could have an adverse impact on the District’s financial condition and operating results.

The spread of COVID-19 is having significant negative impacts throughout the world, including in the District. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the State and the United States. The purpose behind these declarations are to coordinate and formalize emergency actions and across federal, State and local governmental agencies, and to proactively prepare for a wider spread of the virus. On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) was signed by the President of the United States. The CARES Act appropriates over \$2 trillion to, among other things, (i) provide cash payments to individuals, (ii) expand unemployment assistance and eligibility, (iii) provide emergency grants and loans for small businesses, (iv) provide loans and other assistance to corporations, including the airline industry, (v) provide funding for hospitals and community health centers, (vi) expand funding for safety net programs, including child nutrition programs, and (vii) provide aid to state and local governments.

State law allows school districts to apply for a waiver to hold them harmless from the loss of LCFF funding based on attendance and state instructional time penalties when they are forced to close schools due to emergency conditions. In addition, the Governor of the State has enacted Executive Order N-26-20 (“Executive Order N-26-20”), which (i) generally streamlines the process of applying for such waivers for closures related to COVID-19 and (ii) directs school districts to use LCFF apportionment to fund distance learning and high quality educational opportunities, provide school meals and, as practicable, arrange for the supervision of students during school hours.

On March 17, 2020, Senate Bill 89 (“SB 89”) and Senate Bill 117 (“SB 117”) were signed by the Governor, both of which take effect immediately. SB 89 amends the Budget Act of 2019 by appropriating \$500,000,000 from the State general fund for any purpose related to the Governor’s March 4, 2020 emergency proclamation. SB 117, among other things, (i) specifies that for school districts that comply with Executive Order N-26-20, the ADA reported to the State Department of Education for the second period and the annual period for apportionment purposes for the 2019-20 school year only includes all full school months from July 1, 2019 through February 29, 2020, (ii) prevents the loss of funding related to an instructional time penalty because of a school closed due to the COVID-19 by deeming the instructional days and minutes requirements to have been met during the period of time the school was closed due to COVID-19, (iii) requires a school district to be credited with the ADA it would have received had it been able to operate its After School Education and Safety Program during the time the school was closed due to COVID-19, and (iv) appropriates \$100,000,000 from the State general fund to the State Superintendent to be apportioned to certain local educational agencies for purposes of purchasing personal protective equipment, or paying for supplies and labor related to cleaning school sites. The District is in compliance with the provisions of Executive Order N-26-20 required of it in order to receive funding from the State at levels that existed prior to such closure.

On March 19, 2020, the Governor ordered all California residents to stay home or at their place of residence to protect the general health and well-being, except as needed to maintain continuity of 16 critical infrastructure sectors described therein (the “Stay Home Order”). Consistent with recommendations made by the County Office of Education, effective March 16, 2020, all District schools were closed, and the District transitioned to distanced learning for the remainder of the school year. The District is following State and County guidelines in developing plans for District operations for the 2020-21 academic year, including plans for the potential re-opening of school sites for in-person instruction.

Pursuant to an Order of the State Public Health Officer on May 7, 2020, all local health jurisdictions in the State could move into Stage 2 of the State's four stage Pandemic Roadmap (the "Pandemic Roadmap") for easing restrictions implemented in the initial Stay Home Order. Stage 2 consists of the gradual reopening of some lower risk workplaces with modifications, including retail, related logistics and manufacturing, office workplaces, limited personal services, outdoor museums, child care, and essential businesses. However, local health jurisdictions may implement or continue more restrictive health measures as needed or may move further ahead in the Pandemic Roadmap if certain criteria are met.

To date there have been a number of confirmed cases of COVID-19 in the County and health officials are expecting the number of confirmed cases to grow. The outbreak has resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools (including the District's schools). The U.S. is restricting certain non-US citizens and permanent residents from entering the country. In addition, stock markets in the U.S. and globally have been volatile, with significant declines attributed to coronavirus concerns.

Potential impacts to the District associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges relating to establishing distance learning programs or other measures to permit instruction while schools remain closed, disruption of the regional and local economy with corresponding decreases in tax revenues, including property tax revenue, sales tax revenue and other revenues, increases in tax delinquencies, potential declines in property values, and decreases in new home sales, and real estate development. The economic consequences and the declines in the U.S. and global stock markets resulting from the spread of COVID-19, and responses thereto by local, State, and the federal governments, could have a material impact on the investments in the State pension trusts, which could materially increase the unfunded actuarial accrued liability of the STRS Defined Benefit Program and PERS Schools Pool, which, in turn, could result in material changes to the District's required contribution rates in future fiscal years. See also "CORONA-NORCO UNIFIED SCHOOL DISTRICT – District Retirement Programs" herein.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, and the economic and other of actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. Additional information with respect to events surround the outbreak of COVID-19 and responses thereto can be found on State and local government websites, including but not limited to: the Governor's office (<http://www.gov.ca.gov>) and the California Department of Public Health (<https://covid19.ca.gov/>). *The District has not incorporated by reference the information on such websites, and the District does not assume any responsibility for the accuracy of the information on such websites*

The District has received approximately \$887,000 pursuant to SB 117, and expects to receive additional funds pursuant to the CARES Act. The District has also realized decreased expenses in certain operational areas as a result of the implementation of distance learning.

However, the ultimate impact of COVID-19 on the District's operations and finances is unknown. There can be no assurances that the spread of COVID-19, or the responses thereto by local, State, or the federal government, will not materially adversely impact the local, state and national economies or the assessed valuation of property within the District, or adversely impact enrollment or ADA within the District and, notwithstanding Executive Order N-26-20 or SB 117, materially adversely impact the financial condition or operations of the District. See also "TAX BASE FOR REPAYMENT OF THE BONDS –Assessed Valuations" herein.

Accounting Practices

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

The District's expenditures are accrued at the end of the fiscal year to reflect the receipt of goods and services in that year. Revenues generally are recorded on a cash basis, except for items that are susceptible to accrual (measurable and/or available to finance operations). Current taxes are considered susceptible to accrual. Delinquent taxes not received after the fiscal year end are not recorded as revenue until received. Revenues from specific state and federally funded projects are recognized when qualified expenditures have been incurred. State block grant apportionments are accrued to the extent that they are measurable and predictable. The State Department of Education sends the District updated information from time to time explaining the acceptable accounting treatment of revenue and expenditure categories.

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

Comparative Financial Statements

The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Audited financial statements for the District for the fiscal year ended June 30, 2019, and prior fiscal years are on file with the District and available for public inspection at the Deputy Superintendent, Business Services of the District, Corona-Norco Unified School District, 2820 Clark Avenue, Norco, California 92860-1903. The audited financial statements for the year ended June 30, 2019, are included in APPENDIX B hereto.

The table below reflects the District's audited general fund revenues, expenditures and fund balances from fiscal year 2014-15 to fiscal year 2018-19.

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AUDITED GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES⁽¹⁾
Fiscal Years 2014-15 through 2018-19
Corona-Norco Unified School District

	Fiscal Year <u>2014-15</u>	Fiscal Year <u>2015-16</u>	Fiscal Year <u>2016-17</u>	Fiscal Year <u>2017-18</u>	Fiscal Year <u>2018-19</u>
REVENUES					
LCFF sources	\$362,704,481	\$412,322,540	\$431,395,137	\$440,835,005	\$472,902,835
Federal sources	20,462,358	22,546,093	21,797,710	21,615,464	23,207,818
Other state sources	59,809,531	99,311,217	85,287,599	84,973,715	112,389,396
Other local sources	<u>3,744,448</u>	<u>2,819,330</u>	<u>7,333,766</u>	<u>8,896,352</u>	<u>9,835,768</u>
Total Revenues	446,720,818	536,999,180	545,814,212	556,320,536	618,335,817
EXPENDITURES					
Current					
Instruction	295,634,738	333,723,584	361,569,697	367,638,138	396,321,811
Instruction-Related Activities:					
Supervision of instruction	14,451,345	17,407,423	19,397,328	19,314,152	21,548,504
Instructional library, media and technology	2,338,521	2,578,102	2,664,707	2,712,795	2,834,927
School site administration	34,722,582	38,425,613	40,150,361	40,303,147	43,877,450
Pupil Services:					
Home-to-school transportation	10,827,082	11,974,216	12,651,210	13,101,963	13,876,884
Food Services	--	14,993	17,206	16,119	8,739
All other pupil services	27,978,621	33,638,463	37,485,306	39,917,200	45,075,059
Administration:					
Data processing	5,956,465	5,400,553	5,171,494	5,592,729	6,080,882
All other administration	14,430,212	13,738,945	18,407,950	18,681,660	17,309,697
Plant services	40,635,531	49,610,430	52,465,113	50,478,701	50,121,528
Facility acquisition and construction	97,457	212,026	1,509,117	228,299	--
Ancillary services	2,869,837	3,542,873	3,660,931	3,947,533	4,383,038
Other Outgo	47,125	589,082	267,326	4,172,536	206,619
Enterprise Services	--	--	--	--	--
Debt Service					
Principal	125,054	152,262	568,090	707,500	943,091
Interest and other	<u>14,568</u>	<u>9,141</u>	<u>40,216</u>	<u>114,242</u>	<u>184,905</u>
Total Expenditures	450,129,138	511,017,706	556,026,052	566,926,714	602,773,134
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,408,320)	25,981,474	(10,211,840)	(10,606,178)	15,562,683
Other Financing Sources (Uses)					
Transfers in	--	200,000	--	--	--
Other sources – capital lease	97,457	--	9,676,028	--	--
Transfers out	<u>(677,310)</u>	<u>(504,994)</u>	<u>(371,367)</u>	<u>(373,682)</u>	<u>(311,061)</u>
Net Financing Sources (Uses)	(579,853)	(304,994)	9,304,661	(373,682)	(311,061)
NET CHANGE IN FUND BALANCE	(3,988,173)	25,676,480	(907,179)	(10,979,860)	15,251,622
Fund Balance - Beginning	<u>59,608,867</u>	<u>55,620,694</u>	<u>81,297,174</u>	<u>80,389,995</u>	<u>69,410,135</u>
Fund Balances - Ending	<u>\$55,620,694</u>	<u>\$81,297,174</u>	<u>\$80,389,995</u>	<u>\$69,410,135</u>	<u>\$84,661,757</u>

⁽¹⁾ In addition to the District's unrestricted and restricted general fund activity, includes the financial activity of the Special Reserve Fund for Other than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

Source: Corona-Norco Unified School District.

Budget Process

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

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

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

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

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

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

Within the past five years, the District submitted, and the County superintendent of schools accepted, “positive” designations certifications on each of its interim financial reports.

General Fund Budgeting Trends. The table on the following page sets forth the District’s general fund adopted budgets for fiscal years 2016-17 through 2020-21, ending results for fiscal years 2016-17 through 2018-19, and estimated results for fiscal year 2019-20.

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GENERAL FUND BUDGETING⁽¹⁾
Fiscal Years 2016-17 through 2020-21
Corona-Norco Unified School District

	<u>Fiscal Year 2016-17</u>		<u>Fiscal Year 2017-18</u>		<u>Fiscal Year 2018-19</u>		<u>Fiscal Year 2019-20</u>		<u>Fiscal Year 2020-21</u>
	<u>Budget⁽²⁾</u>	<u>Actual⁽²⁾</u>	<u>Budget⁽²⁾</u>	<u>Actual⁽²⁾</u>	<u>Budget⁽²⁾</u>	<u>Actual⁽²⁾</u>	<u>Budgeted⁽³⁾</u>	<u>Estimated⁽⁴⁾</u>	<u>Budgeted⁽⁴⁾</u>
REVENUES									
LCFF/Revenue Limit Sources ⁽⁵⁾	\$430,469,001	\$431,395,137	\$439,146,067	\$440,835,005	\$468,210,982	\$472,902,835	\$487,387,241	\$486,793,189	\$444,596,406
Federal Sources	20,442,167	21,797,710	20,643,470	21,615,464	21,320,450	23,207,818	20,254,803	29,534,765	29,886,092
Other State Sources	78,170,493	85,287,599	76,266,724	84,973,715	91,023,632	112,389,396	75,194,305	86,526,727	81,729,207
Other Local Sources	<u>1,899,066</u>	<u>7,333,766</u>	<u>4,701,066</u>	<u>8,896,352</u>	<u>1,962,096</u>	<u>9,835,768</u>	<u>6,990,000</u>	<u>8,051,014</u>	<u>6,360,500</u>
Total Revenues	530,980,727	545,814,212	540,757,327	556,320,536	582,517,160	618,335,817	589,826,349	610,905,695	562,572,205
EXPENDITURES:									
Current									
Certificated Salaries	276,779,987	278,968,783	279,772,584	283,835,155	290,259,564	291,641,663	296,299,740	296,580,078	289,795,363
Classified Salaries	71,470,488	72,673,776	73,397,516	74,246,734	77,566,926	76,379,367	81,233,039	77,663,116	74,127,605
Employee Benefits	105,176,359	106,871,723	117,684,242	119,151,696	126,915,929	151,795,151	135,388,021	135,937,064	131,337,359
Books & Supplies	24,059,096	28,954,393	23,368,525	18,250,096	21,841,211	14,019,986	18,802,766	23,980,982	14,128,192
Services and Operating Expenditures	56,921,428	66,015,396	56,709,490	65,919,368	60,249,696	68,312,096	69,330,151	76,822,063	70,971,725
Capital Outlay	426,550	2,430,016	1,312,763	5,162,442	577,072	313,147	976,073	883,464	608,464
Other Outgo	278,877	(496,341)	(66,090)	(460,519)	(1,030,561)	(816,272)	2,484,894	1,706,763	1,706,763
Transfers of indirect costs	--	--	--	--	--	--	(1,007,803)	(957,400)	(1,133,689)
Debt Service - Principal	148,515	568,090	1,212,703	707,500	1,671,534	943,091	--	--	--
Debt Service - Interest	<u>--</u>	<u>40,216</u>	<u>--</u>	<u>114,242</u>	<u>172,738</u>	<u>184,905</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Expenditures	535,261,300	556,026,052	553,391,733	566,926,714	578,224,109	602,773,134	603,506,881	612,616,129	581,541,782
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(4,280,573)	(10,211,840)	(12,634,406)	(10,606,178)	4,293,051	15,562,683	(13,680,532)	(1,710,434)	(18,969,577)
Other Financing Sources (Uses)									
Transfers In	-	-	--	--	--	--	--	--	--
Other Sources – Capital Lease	-	9,676,028	--	--	--	--	(342,044)	--	--
Transfers Out	<u>(261,304)</u>	<u>(371,367)</u>	<u>(414,728)</u>	<u>(373,682)</u>	<u>(323,729)</u>	<u>(311,061)</u>	<u>--</u>	<u>(876,995)</u>	<u>(1,832,876)</u>
Net Financing Sources (Uses)	(261,304)	9,304,661	(414,728)	(373,682)	(323,729)	(311,061)	(342,044)	(876,995)	(1,832,876)
NET CHANGE IN FUND BALANCE	(4,541,877)	(907,179)	(13,049,134)	(10,979,860)	3,969,322	15,251,622	(14,022,576)	(2,587,429)	(20,802,453)
Fund Balance - Beginning	<u>81,297,174</u>	<u>81,297,174</u>	<u>80,389,995</u>	<u>80,389,995</u>	<u>69,410,135</u>	<u>69,410,135</u>	<u>72,797,967</u>	<u>84,661,757</u>	<u>82,074,328</u>
Fund Balance – Ending	<u>\$76,755,297</u>	<u>\$80,389,995</u>	<u>\$67,340,861</u>	<u>\$69,410,135</u>	<u>\$73,379,457</u>	<u>\$84,661,757</u>	<u>\$58,775,391</u>	<u>\$82,074,328</u>	<u>\$61,271,875</u>

⁽¹⁾ In addition to the District's unrestricted and restricted general fund activity, includes the financial activity of the Special Reserve Fund for Other than Capital Outlay Projects, in accordance with the fund type definitions promulgated by Governmental Accounting Standards Board ("GASB") Statement No. 54.

⁽²⁾ From the District's comprehensive audited financial statements for fiscal years 2016-17 through 2018-19, respectively.

⁽³⁾ From the District's second interim financial report for fiscal year 2019-20.

⁽⁴⁾ From the District's adopted budget for fiscal year 2020-21.

Source: Corona-Norco Unified School District.

State Budget Measures

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

2020-21 State Budget. On June 29, 2020, the Governor signed into law the State budget for fiscal year 2020-21 (the "2020-21 Budget"). The following information is drawn from the DOF's summary of the 2020-21 Budget.

As with the Governor's May revision (the "May Revision") to the proposed State budget, the 2020-21 Budget acknowledges that the rapid onset of COVID-19 has had an immediate and severe impact on the State's economy. The ensuing recession has caused significant job losses, precipitous drops in family and business income, and has exacerbated inequality. The May Revision forecast included a peak unemployment rate of 24.5% in the second quarter of 2020 and a decline in personal income of nearly 9%. The 2020-21 Budget reports that the official unemployment rate exceeded 16% in both April and May of 2020.

The 2020-21 Budget includes a number of measures intended to address a projected deficit of \$54.3 billion identified by the May Revision, and occasioned principally by declines in the State's three main tax revenues (personal income, sales and use, and corporate). The measures included in the 2020-21 Budget, and described below, are intended to close this deficit and set aside \$2.6 billion in the State's traditional general fund reserve, including \$716 million for the State to respond to the changing conditions of the COVID-19 pandemic:

- *Draw Down of Reserves* – The 2020-21 Budget draws down \$8.8 billion in total State reserves, including \$7.8 billion from the BSA, \$450 million from the Safety Net Reserve and all funds in the PSSSA.
- *Triggers* – The 2020-21 Budget includes \$11.1 billion in reductions and deferrals that would be restored if at least \$14 billion in federal funds are received by October 15, 2020. If the State receives less than this amount, reductions and deferrals would be partially restored. The triggers includes \$6.6 billion in deferred spending on education, \$970 million in funding for the California State University and University of California systems, \$2.8 billion in State employee compensation and \$150 million for courts, as well as funding for various other State programs. The triggers would also fund an additional \$250 million for county programs to backfill revenue losses.
- *Federal Funds* – The 2020-21 Budget relies on \$10.1 billion in federal funds, including \$8.1 billion of which has already been received. This relief includes recent congressional approval for a temporary increase in the federal government's share of Medicaid costs, a portion of the State's Coronavirus Relief Fund allocation pursuant to the CARES Act and federal funds provided for childcare programs.
- *Borrowing/Transfers/Deferrals* – The 2020-21 Budget relies on \$9.3 billion in special fund borrowing and transfers, as well as deferrals to K-14 education discussed further herein. Approximately \$900 million of special fund borrowing is associated with reductions to State employee compensation and is subject to the triggers discussed above.

- *Increased Revenues* – The 2020-21 Budget temporarily suspends for three years net operating loss tax deductions for medium and large businesses and limits business tax credits, with an estimated increase in tax revenues of \$4.3 billion in fiscal year 2020-21.
- *Cancelled Expansions, Updated Assumptions and Other Measures* – The 2020-21 Budget includes an additional \$10.6 billion of measures, including cancelling multiple programmatic expansions, anticipated governmental efficiencies, higher ongoing revenues above the forecast included in the May Revision, and lower health and human services caseload costs than assumed by the May Revision.

For fiscal year 2019-20, the 2020-21 Budget projects total general fund revenues and transfers of \$137.6 billion and authorizes expenditures of \$146.9 billion. The State is projected to end the 2019-20 fiscal year with total available general fund reserves of \$17 billion, including \$16.1 billion in the BSA and \$900 million in the Safety Net Reserve Fund. For fiscal year 2020-21, the 2020-21 Budget projects total general fund revenues and transfers of \$137.7 billion and authorizes expenditures of \$133.9 billion. The State is projected to end the 2020-21 fiscal year with total available general fund reserves of \$11.4 billion, including \$2.6 billion in the traditional general fund reserve (of which \$716 million is earmarked for COVID-related responses), \$8.3 billion in the BSA and \$450 million in the Safety Net Reserve Fund.

As a result of the projected reduction of State revenues occasioned by the COVID-19 pandemic, the 2020-21 Budget estimates that the Proposition 98 minimum funding guarantee for fiscal year 2020-21 is \$70.1 billion, approximately \$10 billion below the revised prior-year funding level. For K-12 school districts, this results in per-pupil spending in fiscal year 2020-21 of \$10,654, a reduction of \$1,339 from the prior year.

The 2020-21 Budget proposes several measures intended to ameliorate the immediate impact of State revenue declines, and avoid a permanent decline in education funding:

- *Local Control Funding Formula* – The 2020-21 Budget provides for \$1.9 billion in LCFF apportionment deferrals for fiscal year 2019-20. The deferrals increase to \$11 billion in fiscal year 2020-21, which results in LCFF funding remaining at 2019-20 levels in both years. The 2020-21 Budget also suspends the statutory COLA in fiscal 2020-21. Of the total deferrals, \$5.8 billion will be triggered off in fiscal year 2020-21 if sufficient federal funding for this purpose is received.
- *Learning Loss Mitigation* – The 2020-21 Budget includes a one-time investment of \$5.3 billion (\$4.75 billion in CARES Act funding and \$539.9 million in Proposition 98 funding) to local educational agencies to address learning losses related to COVID-19 school closures. Of these funds, \$2.9 billion will be allocated based on LCFF supplemental and concentration grant allocations, \$1.5 billion based on the number of students with exceptional needs, and \$979.8 million based on total LCFF allocations.
- *Supplemental Appropriations* – The 2020-21 Budget provides for a new, multi-year payment obligation to supplement K-14 education funding. The total obligation would equal approximately \$12.4 billion, and reflects the administration's estimate of the additional funding K-14 school districts would have received in the absence of COVID-19-related reductions. Under this proposal the State will make annual payments toward this obligation beginning in fiscal year 2021-22. These payments would equal 1.5% of State general fund revenue. The 2020-21 Budget also increases the share of State general fund revenue required to be spent on K-14 school districts from 38% to 40% by fiscal year 2023-24.

- *CalSTRS/CalPERS* – The 2020-21 Budget redirects \$2.3 billion in funds previously appropriated for prefunding CalSTRS and CalPERS liabilities, and instead applies them to further reduce local educational agency contribution rates for such programs in fiscal years 2020-21 and 2021-22. This reduces CalSTRS employer rates to 16.15% in fiscal year 2020-21 and 16.02% in fiscal year 2021-22. CalPERS employer rates would be reduced to 20.7% in fiscal year 2020-21 and 22.84% in fiscal year 2021-22. See also “CORONA-NORCO UNIFIED SCHOOL DISTRICT – District Retirement Systems” herein.
- *Federal Funds* – In addition to the CARES Act funding previously discussed, the 2020-21 Budget appropriates \$1.6 billion in federal Elementary and Secondary School Emergency Relief funds recently awarded to the State. Of this amount, approximately \$1.5 billion will be allocated to local educational agencies in proportion to the amount of federal Title I-A funding such agencies receive, to be used for COVID-19 related costs. The remaining amount will be allocated to state-level activities.
- *Temporary Revenue Increases* – As discussed above, as part of closing the State’s projected deficit, the 2020-21 Budget provides for a temporary revenue increase of approximately \$4.3 billion in fiscal year 2020-21, of which approximately \$1.6 billion counts towards the Proposition 98 funding guarantee.

Other significant features of K-12 education funding in the 2020-21 Budget include the following:

- *Special Education* – The 2020-21 Budget increases special education base rates to \$625 per pupil, and provides \$100 million to increase funding for students with low-incidence disabilities.
- *Average Daily Attendance* – The 2020-21 Budget provides for a hold-harmless for calculating apportionments in fiscal year 2020-21. ADA will be based on the 2019-20 year, except for new charter schools commencing instruction in fiscal year 2020-21. The 2020-21 Budget also provides an exemption for local educational agencies from certain annual minimum instructional minute requirements, and includes requirements for distance learning to ensure that, in the absence of in-person instruction, students continue to receive access to quality education.
- *LCAPs* – In April of 2020, the Governor issued an executive order allowing local educational agencies to submit their LCAP for fiscal year 2020-21 in December, in lieu of the usual July 1 deadline. Recognizing that federal relief funds need to be expended on an accelerated timeline, and to ensure transparency, the 2020-21 Budget replaces the December LCAP with a Learning Continuity and Attendance Plan to be completed by September 30, 2020. The 2020-21 Budget requires the State Superintendent of Public Instruction to develop a template of this plan for use by local educational agencies which will include a description of how such agencies will provide continuity of learning during the COVID-19 pandemic, expenditures related to addressing the impacts of the COVID-19 pandemic, and how such agencies are increasing or improving services in proportion to concentration funding that is received under the LCFF.
- *Employee Protections* – The 2020-21 Budget suspends school districts’ window to lay off teachers and other non-administrative certificated staff, which typically runs from the time the budget is approved by the State Legislature to August 15. The 2020-21 Budget also suspends layoffs of classified staff working in transportation, nutrition and custodial services from July 1, 2020 through June 30, 2021.

For additional information regarding the 2020-21 Budget, see the DOF website at www.dof.ca.gov. However, the information presented on such website is not incorporated herein by reference.

Future Actions and Events. The District cannot predict what actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. The COVID-19 pandemic has already resulted in significant negative economic effects at State and federal levels, and additional negative economic effects are possible, each of which could negatively impact anticipated State revenue levels. In addition, the COVID-19 pandemic could also result in higher State expenditures, of both a direct nature (such as those related to managing the outbreak) and an indirect nature (such as higher public usage of need-based programs resulting from unemployment or disability). See "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein. The District also cannot predict whether the federal government will provide additional funding in amounts sufficient to offset any of the fiscal impacts of the COVID-19 pandemic described above. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District. However, the obligation to levy *ad valorem* property taxes upon all taxable property within the District for the payment of principal of and interest on the Bonds would not be impaired.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

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

Introduction

The District consists of approximately 148 square miles in the northwest portion of the County and provides K-12 educational services to the residents of Corona, Norco, Eastvale and Jurupa Valley and adjacent unincorporated areas of the County. The District was established as a unified school district in 1948. The District operates 30 elementary schools, eight intermediate schools, three K-8 schools, five high schools, one middle college high school, three alternative schools and one adult education school. For fiscal year 2020-21, the District's ADA is expected to be 50,370 students, and the District has an assessed valuation of \$38,164,984,780. However, the District's actual pupil attendance, and associated ADA figures, as well as the assessed valuation of taxable property, may be impacted by the current coronavirus outbreak. See "DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19" herein.

Administration

The District is governed by the five-member Board, each member of which is elected to four-year terms by voters within five trustee areas. Elections for positions to the Board are held every two years, alternating between two and three available positions. Current members of the Board, together with their offices and the date their term expires, are listed below:

CORONA-NORCO UNIFIED SCHOOL DISTRICT Board of Education

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Mary Helen Ybarra	President	November 2020
Bill Pollock	Vice President	November 2020
Elizabeth Marroquin	Clerk	November 2022
Dr. Jose L alas	Vice President	November 2020
John Zickefoose	Member	November 2022

The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Currently, Michael H. Lin, Ed.D. is the Superintendent of the District. Brief biographies of the Superintendent and other key administrative officials follow:

Michael H. Lin, Ed.D., Superintendent. Dr. Lin was appointed Superintendent of the District effective July 1, 2012, and, immediately prior thereto, he served as the District's Assistant Superintendent, Human Resources from July 1, 2008 through June 30, 2012. Dr. Lin has also held the positions of teacher, coach, student activities director, assistant principal and director/administrative director of human resources. Dr. Lin has a B.S. in aerospace engineering from California Polytechnic State University, an M.S. in Educational Administration from California State University, Fullerton and a Doctorate in Institutional Management from Pepperdine University.

Alan P. Giles, Assistant Superintendent, Business Services. Mr. Giles was appointed Assistant Superintendent, Business Services of the District effective July 1, 2016. Immediately prior thereto, he served as Assistant Superintendent, Business Services for the Hesperia Unified School District from February 1, 2013 through June 30, 2016. Mr. Giles has also held the positions of teacher, coach, assistant principal, principal, and director of human resources. Mr. Giles has a B.A. from San Diego State University and an M.A. in Educational Administration from Chapman University.

Labor Relations

The District currently employs approximately 2,466 full-time certificated employees and 2,334 full-time classified employees. In addition, the District employs part-time faculty and staff. These employees, except management and some part-time employees, are represented by two bargaining units as noted in the following table:

CORONA-NORCO UNIFIED SCHOOL DISTRICT Labor Relations

<u>Labor Organization</u>	<u>Number of Employees in Organization</u>	<u>Contract Expiration Date</u>
Corona-Norco Teachers Association	2,334	6/30/2021
California Service Employees Association (CSEA)	2,466	6/30/2021

Source: Corona-Norco Unified School District.

Direct Retirement Programs

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

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

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

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

Commencing July 1, 2014, the employee contribution rate increased over a three-year phase-in period in accordance with the following schedule:

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

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

Source: AB 1469.

Pursuant to the Reform Act (defined below), the contribution rates for members hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees hired after the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year commencing July 1, 2019, the contribution rate was 10.250% for employees hired before the Implementation Date and 10.205% for employees hired after the Implementation Date. For fiscal year commencing July 1, 2020, the contribution rate will be 10.250% for employees hired before the Implementation Date and 10.205% employees hired after the Implementation Date.

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

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

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

Source: AB 1469.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "STRS Board"), is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify

adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

On June 27, 2019, the Governor signed SB 90 (“SB 90”) into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated \$2.246 billion to be transferred to the Teacher’s Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21, resulting in employer contribution rates of 17.1% in fiscal year 2019-20 and 18.4% in fiscal year 2020-21. In addition, the State made a contribution of \$1.117 billion to be allocated to reduce the employer’s share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. This additional payment will be reflected in the June 30, 2020 actuarial valuation. Subsequently, the State’s 2020-21 Budget redirected \$2.3 billion previously appropriated to STRS and PERS pursuant to SB 90 for long-term unfunded liabilities to further reduce the employer contribution rates in fiscal year 2020-21 and 2021-22. As a result, the effective employer contribution rate is 16.15% in fiscal year 2020-21 and is projected to be 16.02% in fiscal year 2021-22. See also “DISTRICT FINANCIAL INFORMATION – State Budget Measures” herein.

The District’s contributions to STRS were \$35,054,501 in fiscal year 2016-17, \$40,782,835 for fiscal year 2017-18, \$47,242,786 in fiscal year 2018-19 and \$50,458,800 in fiscal year 2019-20. The District currently projects \$45,951,339 for its contribution to STRS for fiscal year 2020-21.

The State also contributes to STRS, currently in an amount equal to 7.828% for fiscal year 2019-20 and 8.328% for fiscal year 2020-21. The State’s contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State’s contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. The STRS Board approved State supplemental contribution rate for fiscal year 2020-21 reflects an increase of 0.5% of payroll, the maximum allowed under current law.

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

PERS. Classified employees working four or more hours per day are members of the Public Employees’ Retirement System (“PERS”). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund (“PERF”). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2018 included 1,579 public agencies and 1,313 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for “classified employees,” which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the “Schools Pool”).

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The employer contribution rate for fiscal year 2020-21 is 20.7%, which reflects an initial actuarially determined rate of 23.35% that was reduced by pursuant to SB 90 (discussed below) and further reduced by the State's 2020-21 Budget as a result of the redirection of funds previously appropriated pursuant to SB 90 for long-term unfunded liabilities (discussed above). The State's 2020-21 State Budget projects an employer contribution rate of 22.84% in fiscal year 2021-22. See also "DISTRICT FINANCIAL INFORMATION – State Budget Measures" herein. Participants enrolled in PERS prior to January 1, 2013 contribute at a rate established by statute, which is 7% of their respective salaries in fiscal year 2019-20 and will be 7% of such salaries in fiscal year 2020-21, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 7% in fiscal year 2019-20 and will be 7% in fiscal year 2020-21. See "—California Public Employees' Pension Reform Act of 2013" herein.

Pursuant to SB 90, the State Legislature appropriated \$144 million for fiscal year 2019-20 and \$100 million for fiscal year 2020-21 to be transferred to the Public Employees' Retirement Fund, to pay in advance, on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years. In addition, the State Legislature appropriated \$660 million to be applied toward certain unfunded liabilities for K-14 school district employers. As a result of the payments made by the State pursuant to SB 90, the employer contribution rate for fiscal year 2019-20 was 19.721%.

The District's contributions to PERS were \$9,180,227 in fiscal year 2016-17, \$10,524,280 for fiscal year 2017-18, \$11,755,224 in fiscal year 2018-19 and \$13,163,201 in fiscal year 2019-20. The District currently projects \$12,483,104 for its contribution to PERS for fiscal year 2020-21.

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

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

FUNDED STATUS
STRS (Defined Benefit Program) and PERS (Schools Pool)
(Dollar Amounts in Millions)⁽¹⁾
Fiscal Years 2010-11 through 2018-19

<u>STRS</u>					
<u>Fiscal Year</u>	<u>Accrued Liability</u>	<u>Value of Trust Assets (MVA)⁽²⁾</u>	<u>Unfunded Liability (MVA)⁽²⁾</u>	<u>Value of Trust Assets (AVA)⁽³⁾</u>	<u>Unfunded Liability (AVA)⁽³⁾</u>
2010-11	\$208,405	\$147,140	\$68,365	\$143,930	\$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152
2018-19	310,719	225,466	102,636	205,016	105,703

<u>PERS</u>					
<u>Fiscal Year</u>	<u>Accrued Liability</u>	<u>Value of Trust Assets (MVA)</u>	<u>Unfunded Liability (MVA)</u>	<u>Value of Trust Assets (AVA)⁽³⁾</u>	<u>Unfunded Liability (AVA)⁽³⁾</u>
2010-11	\$58,358	\$45,901	\$12,457	\$51,547	\$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	-- ⁽⁴⁾	-- ⁽⁴⁾
2014-15	73,325	56,814	16,511	-- ⁽⁴⁾	-- ⁽⁴⁾
2015-16	77,544	55,785	21,759	-- ⁽⁴⁾	-- ⁽⁴⁾
2016-17	84,416	60,865	23,551	-- ⁽⁴⁾	-- ⁽⁴⁾
2017-18	92,071	64,846	27,225	-- ⁽⁴⁾	-- ⁽⁴⁾
2018-19 ⁽⁵⁾	99,528	68,177	31,351	-- ⁽⁴⁾	-- ⁽⁴⁾

⁽¹⁾ Amounts may not add due to rounding.

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

⁽³⁾ Reflects actuarial value of assets.

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

⁽⁵⁾ On April 21, 2020, the PERS Board (defined below) approved the K-14 school district contribution rate for fiscal year 2020-21 and released certain actuarial information to be incorporated into the June 30, 2019 actuarial valuation to be released in the latter half of 2020.

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

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

2017 actuarial evaluation (the “2017 STRS Actuarial Valuation”), and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%.

Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2015, through June 30, 2018) (the “2020 Experience Analysis”), on January 31, 2020, the STRS Board adopted a new set of actuarial assumptions that were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2019 (the “2019 STRS Actuarial Valuation”). While no changes were made to the actuarial assumptions discussed above, which were established as a result of the 2017 Experience Analysis, certain demographic changes were made, including: (i) lowering the termination rates to reflect a continued trend of lower than expected teachers leaving their employment prior to retirement, and (ii) adopting changes to the retirement rates for both employees hire before the Implementation Date and after the Implementation Date to better reflect the anticipated impact of years of service on retirements. The 2019 STRS Actuarial Valuation continues using the Entry Age Normal Actuarial Cost Method.

Based on salary increases less than assumed, additional State contributions, and actuarial asset gains recognized from the current and prior years, the 2019 STRS Actuarial Valuation reports that the unfunded actuarial obligation decreased by \$1.5 billion since the 2018 STRS Actuarial Valuation and the funded ratio increased by 2.0% to 66.0% over such time period.

According to the 2019 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2046 of 99.9%, except for a small portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990, for which AB 1469 provides no authority to the STRS Board to adjust rates to pay down that portion of the unfunded actuarial obligation. This finding reflects the scheduled contribution rate increases directed by statute, assumes additional increases in the scheduled contribution rates allowed under the current law will be made, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption and includes the \$1.117 billion State contribution made in July 2019 pursuant to SB 90.

The actuary for the STRS Defined Benefit Program notes in the 2019 STRS Actuarial Report that, since such report is dated as of June 30, 2019, the significant declines in the investment markets that have occurred in the first half the 2020 calendar year are not directly reflected in the 2019 STRS Actuarial Report. The actuary notes that such declines will almost certainly impact the future of the STRS Defined Benefit Program funding, and that, all things being equal, it is expected that the actuarial valuation for the fiscal year ending June 30, 2020 will show a greater increase in the projected State contribution rate (and possibly the employer rate) and a possible decline in the funded ratio. See also “DISTRICT FINANCIAL INFORMATION – Considerations Regarding COVID-19” herein.

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

On March 14, 2012, the PERS Board voted to lower the PERS’ rate of expected price inflation and its investment rate of return (net of administrative expenses) (the “PERS Discount Rate”) from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the

following schedule: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The new discount rate went into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise.

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

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions were first reflected in the Schools Pool in the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

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

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

On April 21, 2020, the PERS Board established the employer contribution rates for 2020-21 and released certain information from the Schools Pool Actuarial Valuation as of June 30, 2019, ahead of its release date in the latter half of 2020. From June 30, 2018 to June 30, 2019 the funded status for the Schools Pool decreased by 1.9% (from 70.4% to 68.5%); mainly due to the reduction in the discount rate from 7.25% to 7.00% and investment return in 2018-19 being lower than expected. The funded status as

of June 30, 2019 does not reflect the State's additional payment of \$660 million that was made pursuant to SB 90, since PERS received the payment in July 2019. PERS attributes the decline in the funded status over the last five years to recent investment losses in excess of investment gains, adoption of new assumptions, both demographic and economic, lowering of the discount rate, and negative amortization. Assuming all actuarial assumptions are realized, including investment return of 7% in fiscal year 2019-20, that no changes to assumptions, methods of benefits will occur during the projection period, along with the expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date, the contribution rate was projected to increase annually, resulting in a projected 26.2% employer contribution rate for fiscal year 2026-27. As of the April 21, 2020, PERS reported that the year to date return for the 2019-20 fiscal year was well below the 7% assumed return.

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

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

GASB Statement Nos. 67 and 68. On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for

certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employees, including the District, took effect for the fiscal year beginning July 1, 2014.

As of June 30, 2019, the District reported net pension liability for the STRS and PERS systems equal to \$481,330,411 and \$136,798,840, respectively. For more information, see “APPENDIX B – 2018-19 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 14” attached hereto.

Supplemental Early Retirement Plan. The District has adopted a supplemental early retirement plan (“SERP”) whereby certain eligible employees are provided an annuity to supplement retirement benefits. The annuities, which were purchased for employees who retired during the 2012-13 and 2015-16 fiscal years, are being paid over a five year period. As of June 30, 2019, the total obligation associated with the SERP was \$3,949,310. Future payments in connection therewith are as follows:

Year Ending June 30,	Annual Payment
2020	\$1,974,655
2021	<u>1,974,655</u>
Total	<u>\$3,949,310</u>

Source: Corona-Norco Unified School District.

Other Post-Employment Benefits

Benefit Plan. The District provides post-employment health benefits (the “Benefits”) to eligible retirees and their spouses based on agreements entered into with the Corona-Norco Teachers Association (“CNTA”) and the local California Service Employees Association (“CSEA”). Under the District’s plan (the “Plan”), the District provides Benefits, up to \$6,150 annually for certificated retirees and \$6,500 annually for classified retirees, who retire from the District with at least 10 years of service, on or after age 50 (if hired prior to July 1, 2007) or age 55 (if hired on or after July 1, 2007). As of June 30, 2020, there are 233 retirees and beneficiaries receiving the Benefits, and 3,434 eligible active employees.

Funding Policy. The contribution requirements of the District and the plan members are established and may be amended by the District, CNTA and CSEA. The District’s funding policy is based on the projected pay-as-you-go financing requirements, with additional amounts to prefund the Benefits as determined annually by the Board. For fiscal years ending June 30, 2018, June 30, 2019 and June 30, 2020, the District recognized \$1,860,061, \$1,804,100 and \$1,934,463 respectively, of expenditures for the Benefits. For fiscal year ending June 30, 2021, the District has budgeted \$2,370,954 of such expenditures for the Benefits.

The District has established an internal service fund to begin funding its accrued liability (as defined herein) with respect to the Benefits. This fund has not been irrevocably pledged to the payment of the Benefits, and may be accessed for other purposes upon Board decision.

Accrued Liability. The District has implemented *Governmental Accounting Standards Board Statement #74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions* (“GASB 74”) and *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB 75”), pursuant to which the District has commissioned and received an actuarial study of its liability with respect to the Benefits. The new GASB statements No. 74 and No. 75 (discussed below) require biennial actuarial valuations for all plans. The most recent actuarial study, dated as of March 4, 2020 (the “Study”), concluded that the Total OPEB Liability (the “TOL”) with respect to such Benefits, was \$73,384,526. Because the District does not maintain a qualifying irrevocable trust, the District’s Fiduciary Net Position (“FNP”) was \$0, and the Net OPEB Liability (the “NOL”) is equal to the TOL. For more information regarding the District’s other post-employment benefit liability, “APPENDIX B – 2018-19 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 10 – Net Other Post Employment Benefit (OPEB) Liability” attached hereto.

GASB Statement Nos. 74 and 75. On June 2, 2015, GASB approved Statements Nos. 74 and 75 with respect to pension accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB Statement No. 74 replaces GASB Statements No. 43 and 57 and Statement No. 75 replaces GASB Statement No. 45.

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

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

GASB No. 74 has an effective date for plan fiscal years beginning after June 15, 2016 and GASB Statement No. 75 will be effective for employer fiscal years beginning after June 15, 2017. The District will first recognize GASB No. 74 and GASB No. 75 in their financial statements for fiscal year 2017-18.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; cyber intrusions; injuries to employees and natural disasters. During the fiscal year ended June 30, 2019, the District was a member of Southern California Regional Liability Excess Fund (“SCR”) for property and liability coverage and Self-Insured Schools of California (“SISC”) and Voluntary Employee Beneficiary Association (“VEBA”) for employee health benefits coverage. The District also purchased excess liability insurance for liability and property coverage from Safety National Insurance, a commercial carrier. See also “APPENDIX B – 2018-19 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 16” attached hereto.

District Debt Structure

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

Long-Term Debt. A schedule of changes in long-term debt for the year ended June 30, 2019, is shown below:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
General Obligation Bonds	\$534,490,253	\$8,001,785	\$15,625,000	\$526,867,038
Premium on issuance	39,489,391	--	2,016,904	37,472,487
2011 Refunding COPs, Series A	23,145,000	--	1,310,000	21,835,000
Premium on issuance	558,556	--	49,285	509,271
Corona-Norco Unified School District Public Financing Authority Bonds ⁽¹⁾	61,225,000	--	2,695,000	58,530,000
Capital leases	8,577,876	--	943,091	7,634,785
Property and liability	865,156	726,386	1,052,927	538,615
Claims liability	17,787,000	5,066,711	2,817,711	20,036,000
Supplemental Early Retirement Plan	5,923,966	--	1,974,655	3,949,311
Compensated Absences	4,929,678	98,728	--	5,028,406
Net other postemployment benefit (OPEB) Liability	<u>62,121,359</u>	<u>7,344,539</u>	<u>3,738,354</u>	<u>65,727,544</u>
Totals	<u>\$759,113,235</u>	<u>\$21,238,149</u>	<u>\$32,222,927</u>	<u>\$748,128,457</u>

⁽¹⁾ Debt service on the PFA Bonds (as defined herein) is paid from the proceeds of special taxes levied against taxable real property within the respective CFDs (as defined herein). The District’s general fund is not a source of repayment therefor. See “- Public Financing Authority Bonds” herein.

Source: Corona-Norco Unified School District.

General Obligation Bonds. The District has issued general obligation bonds pursuant to several voter-approved authorizations, as well as general obligation refunding bonds to refinance certain of such bonds. The following table summarizes the outstanding prior bond issuances of the District, not including the Bonds.

<u>Issuance</u>	<u>Initial Principal Amount</u>	<u>Principal Outstanding⁽¹⁾</u>	<u>Date of Delivery</u>
Election of 1998 General Obligation Bonds, Series B	\$14,885,534.00	\$3,094,500.80	7/19/2000
Election of 1998 General Obligation Bonds, Series C	23,000,139.00	7,307,200.60	12/20/2001
Election of 1998 General Obligation Bonds, Series D	10,113,949.00	4,243,272.05	12/12/2002
Election of 2006 General Obligation Bonds, Series B	53,429,199.50	5,124,199.50	2/4/2009
Election of 2006 General Obligation Bonds, Series C	67,997,922.00	19,650,197.45	12/17/2009
Election of 2006 General Obligation Bonds, Series E	21,568,291.00	11,818,290.70	10/26/2011
2015 General Obligation Refunding Bonds	51,675,000.00	44,270,000.00	7/8/2015
2016 General Obligation Refunding Bonds, Series A	70,030,000.00	66,785,000.00	10/26/2016
2016 General Obligation Refunding Bonds, Series B	31,145,000.00	31,145,000.00	10/26/2016
Election of 2014 General Obligation Bonds, Series A	99,995,000.00	53,800,000.00	7/8/2015
Election of 2014 General Obligation Bonds, Series B	119,440,000.00	119,440,000.00	4/26/2018
Election of 2014 General Obligation Bonds, Series C	86,000,000.00	86,000,000.00	10/24/2019
2019 General Obligation Refunding Bonds	34,175,000.00	34,175,000.00	10/24/2019

⁽¹⁾ As of July 1, 2020. Includes the Prior Bonds expected to be refunded with proceeds of the Bonds.
Source: Piper Sandler & Co.

The tables on the following page shows the annual debt service on the District's general obligation bonds, including the Bonds but excluding the Prior Bonds being refunded with the Bonds.

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**COMBINED GENERAL OBLIGATION BOND DEBT SERVICE SCHEDULE
ELECTION OF 1998, ELECTION OF 2006 AND ELECTION OF 2014 BONDS^{(1)*}
Corona-Norco Unified School District**

Year Ending (August 1)	Election of 1998 Series B	Election of 1998 Series C	Election of 1998 Series D	Election of 2006 Series B	Election of 2006 Series C	Election of 2006 Series E	Election of 2014 Series A⁽³⁾	Election of 2014 Series B	Election of 2014 Series C
2020	\$1,865,000.00	\$2,575,000.00	\$795,000.00	\$1,825,000.00	\$4,433,050.00	\$242,650.00	\$5,135,818.75	\$6,361,350.00	\$6,632,885.00
2021	1,955,000.00	2,695,000.00	830,000.00	2,010,000.00	4,803,050.00	551,050.00	6,721,637.50	6,556,350.00	7,996,800.00
2022	2,050,000.00	2,815,000.00	870,000.00	2,200,000.00	4,433,050.00	1,633,240.00	6,486,637.50	7,016,750.00	7,223,050.00
2023	2,320,000.00	3,090,000.00	940,000.00	2,400,000.00	4,188,050.00	2,620,740.00	6,402,587.50	7,325,950.00	4,931,050.00
2024	2,620,000.00	3,390,000.00	1,055,000.00	2,605,000.00	3,628,050.00	3,960,152.50	6,008,587.50	6,020,850.00	2,663,050.00
2025	1,400,000.00 ⁽²⁾	4,655,000.00	1,255,000.00	2,825,000.00	3,058,050.00	5,347,665.00	5,609,337.50	6,108,050.00	2,663,050.00
2026	--	6,080,000.00	1,555,000.00	3,055,000.00	2,458,050.00	6,801,480.00	8,727,837.50	6,194,450.00	2,663,050.00
2027	--	--	8,085,000.00	3,295,000.00	513,050.00	2,183,850.00	6,963,087.50	6,407,450.00	2,663,050.00
2028	--	--	--	3,540,000.00	4,613,050.00	--	11,262,537.50	6,485,450.00	2,663,050.00
2029	--	--	--	--	4,433,850.00	--	11,285,337.50	4,394,450.00	2,983,050.00
2030	--	--	--	--	3,153,804.30	--	10,209,554.30	4,394,850.00	3,157,050.00
2031	--	--	--	--	2,986,302.60	--	8,057,402.60	4,394,850.00	3,336,550.00
2032	--	--	--	--	2,935,000.00	--	3,501,600.00	4,394,450.00	3,520,800.00
2033	--	--	--	--	--	--	566,600.00	4,488,650.00	3,684,050.00
2034	--	--	--	--	6,027,246.30	--	6,593,846.30	5,828,650.00	3,916,800.00
2035	--	--	--	--	2,392,309.60	--	2,958,909.60	6,069,450.00	4,074,400.00
2036	--	--	--	--	9,698,739.50	--	14,430,339.50	6,312,850.00	4,233,400.00
2037	--	--	--	--	10,197,454.80	--	11,677,454.80	6,560,987.50	4,403,400.00
2038	--	--	--	--	10,279,235.60	--	11,826,035.60	8,340,200.00	4,124,800.00
2039	--	--	--	--	10,060,000.00	--	11,674,200.00	8,672,800.00	4,292,650.00
2040	--	--	--	--	--	--	1,682,000.00	9,014,800.00	4,463,750.00
2041	--	--	--	--	--	--	1,280,000.00	9,385,000.00	4,642,800.00
2042	--	--	--	--	--	--	1,346,800.00	9,756,400.00	4,824,350.00
2043	--	--	--	--	--	--	1,414,200.00	10,148,000.00	5,018,100.00
2044	--	--	--	--	--	--	1,482,000.00	10,553,000.00	5,223,450.00
2045	--	--	--	--	--	--	--	16,684,800.00	6,659,800.00
2046	--	--	--	--	--	--	--	17,357,200.00	6,925,000.00
2047	--	--	--	--	--	--	--	18,048,200.00	7,201,600.00
2048	--	--	--	--	--	--	--	--	13,108,400.00
2049	--	--	--	--	--	--	--	--	13,634,400.00
Total	<u>\$10,810,000.00</u>	<u>\$25,300,000.00</u>	<u>\$15,385,000.00</u>	<u>\$23,755,000.00</u>	<u>\$94,291,392.70</u>	<u>\$23,340,827.50</u>	<u>\$163,304,348.95</u>	<u>\$223,276,237.50</u>	<u>\$153,527,635.00</u>

* Preliminary, subject to change.

⁽¹⁾ Mature on August 1, except the 1998 Series B Bonds, 1998 Series C Bonds and 1998 Series D Bonds, which mature on September 1.

⁽²⁾ Due March 1, 2025.

⁽³⁾ Does not include debt service on the Prior Bonds to be refunded with proceeds of the Bonds.

Source: Piper Sandler & Co.

**COMBINED GENERAL OBLIGATION BOND DEBT SERVICE SCHEDULE
REFUNDING BONDS
Corona-Norco Unified School District**

Year Ending (August 1)	2015 Refunding	2016 Series A Refunding	2016 Series B Refunding	2019 Refunding	The Bonds
2020	\$5,151,637.50	\$2,513,650.00	\$1,245,800.00	\$1,595,828.91	
2021	5,179,287.50	2,513,650.00	1,245,800.00	1,599,340.72	
2022	5,180,787.50	2,648,650.00	1,245,800.00	1,373,203.22	
2023	5,189,187.50	2,809,600.00	1,245,800.00	1,340,679.72	
2024	4,854,687.50	2,975,600.00	1,245,800.00	1,338,249.22	
2025	4,507,687.50	3,146,350.00	1,245,800.00	1,340,527.22	
2026	4,504,187.50	3,329,850.00	1,245,800.00	1,342,243.22	
2027	4,502,437.50	3,511,850.00	1,245,800.00	5,848,342.10	
2028	4,506,137.50	3,707,600.00	1,245,800.00	1,215,214.86	
2029	4,504,887.50	3,910,850.00	1,245,800.00	1,215,507.00	
2030	4,499,400.00	4,120,600.00	1,245,800.00	1,215,351.96	
2031	4,504,500.00	4,335,850.00	1,245,800.00	1,213,039.70	
2032	--	4,560,600.00	1,245,800.00	1,215,437.76	
2033	--	4,798,600.00	7,190,800.00	1,212,401.26	
2034	--	5,043,350.00	8,748,000.00	1,214,075.06	
2035	--	5,298,600.00	18,158,400.00	1,215,314.30	
2036	--	5,562,850.00	--	1,214,678.40	
2037	--	5,841,250.00	--	7,568,563.86	
2038	--	6,126,550.00	--	7,579,182.60	
2039	--	6,427,700.00	--	8,002,462.06	
2040	--	6,737,750.00	--	--	
2041	--	1,280,000.00	--	--	
2042	--	1,346,800.00	--	--	
2043	--	1,414,200.00	--	--	
2044	--	1,482,000.00	--	--	
Total	<u>\$57,084,825.00</u>	<u>\$95,444,350.00</u>	<u>\$50,292,600.00</u>	<u>\$49,859,643.15</u>	

Source: Piper Sandler & Co.

Refinancing Lease. On January 30, 2020, the District entered into a lease-purchase agreement (the “2020 Financing Lease”) with the Public Property Financing Corporation (the “Corporation”). Pursuant to the 2020 Financing Lease, the District will make lease payments to the Corporation for the use and possession of certain District sites and facilities. The Corporation’s interest in lease payments has been assigned in their entirety to Capital One Public Financing, LLC (“COPF”). The proceeds from the purchase by COPF of the Corporation’s interest in such lease payments were used by the District to refinance then-outstanding certificates of participation of the District. The principal component of lease payments payable by the District under the 2020 Financing Lease equal \$20,145,000. The following table summarizes future semi-annual lease payment requirements of the District under the 2020 Financing Lease.

**2020 FINANCING LEASE – SEMI-ANNUAL CERTIFICATE PAYMENT SCHEDULE
Corona-Norco Unified School District**

Payment Date	Principal Portion	Interest Portion	Total Payment Amount
10/15/2020	\$785,000	\$298,560	\$1,083,560
4/15/2021	785,000	286,000	1,071,000
10/15/2021	810,000	273,440	1,083,440
4/15/2022	810,000	260,480	1,070,480
10/15/2022	835,000	247,520	1,082,520
4/15/2023	835,000	234,160	1,069,160
10/15/2023	860,000	220,800	1,080,800
4/15/2024	865,000	207,040	1,072,040
10/15/2024	890,000	193,200	1,083,200
4/15/2025	890,000	178,960	1,068,960
10/15/2025	920,000	164,720	1,084,720
4/15/2026	920,000	150,000	1,070,000
10/15/2026	950,000	135,280	1,085,280
4/15/2027	950,000	120,080	1,070,080
10/15/2027	980,000	104,880	1,084,880
4/15/2028	980,000	89,200	1,069,200
10/15/2028	1,015,000	73,520	1,088,520
4/15/2029	1,010,000	57,280	1,067,280
10/15/2029	1,040,000	41,120	1,081,120
4/15/2030	1,045,000	24,480	1,069,480
10/15/2030	240,000	7,760	247,760
4/15/2031	245,000	3,920	248,920

Source: Piper Sandler & Co.

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

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

The District’s CFDs have bonded debt outstanding as shown in the table on the following page. In addition, the District Board, acting as the legislative body of Community Facilities District No. 17-1 of the Corona-Norco Unified School District (“CFD 17-1”), has adopted a resolution approving the issuance of not-to-exceed \$3,500,000 of CFD 17-1’s 2020 Special Tax Bonds, and these bonds are expected to be issued in August of 2020.

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SPECIAL TAX BOND DEBT
Corona-Norco Unified School District Community Facilities Districts
As of July 7, 2020

<u>Name of CFD</u>	<u>Date of Issuance</u>	<u>Initial Principal Amount</u>	<u>Principal Currently Outstanding</u>
CFD No. 97-1 ⁽¹⁾	7/28/2005	\$1,575,000	\$794,428.14
CFD No. 98-1	7/11/2013	42,675,000	35,495,000.00
CFD No. 99-1 ⁽¹⁾	7/28/2005	3,795,000	2,097,292.21
CFD No. 99-2 Improvement Area A ⁽¹⁾	7/28/2005	2,945,000	1,774,137.46
CFD No. 99-2 Improvement Area B ⁽¹⁾	7/28/2005	2,230,000	1,308,891.00
CFD No. 99-2 Improvement Area C ⁽¹⁾	7/28/2005	2,640,000	1,543,664.72
CFD No. 00-1 ⁽²⁾	2/21/2013	2,185,000	1,645,000.00
CFD No. 01-1 Improvement Area A ⁽²⁾	2/21/2013	3,085,000	2,270,000.00
CFD No. 01-1 Improvement Area B ⁽²⁾	2/21/2013	5,590,000	4,105,000.00
CFD No. 01-2 Improvement Area A ⁽²⁾	2/21/2013	3,480,000	2,765,000.00
CFD No. 01-2 Improvement Area B ⁽²⁾	2/21/2013	3,085,000	2,330,000.00
CFD No. 01-2 Improvement Area C ⁽²⁾	2/21/2013	7,220,000	5,725,000.00
CFD No. 02-1 ⁽¹⁾	7/28/2005	4,230,000	3,243,224.93
CFD No. 02-2 Improvement Area A ⁽¹⁾	7/28/2005	3,855,000	2,602,817.71
CFD No. 02-2 Improvement Area B ⁽¹⁾	7/28/2005	4,875,000	3,286,398.77
CFD No. 03-1 ⁽²⁾	2/21/2013	11,535,000	8,710,000.00
CFD No. 03-2 ⁽²⁾	2/21/2013	2,275,000	1,800,000.00
CFD No. 03-3 Improvement Area A ⁽²⁾	2/21/2013	2,325,000	1,845,000.00
CFD No. 03-3 Improvement Area B ⁽²⁾	2/21/2013	2,560,000	2,015,000.00
CFD No. 03-4 ⁽²⁾	2/21/2013	2,070,000	1,630,000.00
CFD No. 03-5 ⁽²⁾	2/21/2013	2,205,000	1,730,000.00
CFD No. 04-1	5/7/2020	10,830,000	10,005,000.00
CFD No. 04-2 Improvement Area 1 ⁽³⁾	7/12/2006	2,700,000	1,974,193.55
CFD No. 04-2 Improvement Area 2 ⁽³⁾	7/12/2006	3,300,000	2,405,806.45
CFD No. 04-2 Improvement Area 3	2/10/2016	1,885,000	1,595,000.00
CFD No. 05-1	5/7/2020 ⁽⁴⁾	20,585,000 ⁽⁴⁾	20,585,000.00
CFD No. 06-1	4/20/2017	5,000,000	4,520,000.00
CFD No. 06-2	10/22/2013	3,300,000	2,950,000.00
CFD No. 15-1	08/24/2017	6,315,000	6,085,000.00
CFD No. 16-1	12/18/2018	13,765,000	13,485,000.00

⁽¹⁾ Secures the 2016 Refunding PFA Bonds (as defined herein). See “Non-Obligatory Debt – Public Financing Authority Bonds” herein.

⁽²⁾ Secures the 2013 Series A PFA Bonds and the 2013 Series B PFA Bonds (each as defined herein). See “Non-Obligatory Debt – Public Financing Authority Bonds” herein.

⁽³⁾ Secures the 2014 Refunding PFA Bonds (as defined herein). See “Non-Obligatory Debt – Public Financing Authority Bonds” herein.

⁽⁴⁾ Reflects the issuance date of CFD No. 05-1’s 2020 Special Tax Bonds, issued on a parity with prior bonds thereof issued in 2016. Principal amount shown reflects total outstanding bonds from both series.

Source: Piper Sandler & Co.

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

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

Year Ending (September 1)	CFD 04-2 Improvement							
	CFD 98-1	CFD 04-1	Area 3	CFD 05-1	CFD 06-1	CFD 06-2	CFD 15-1	CFD 16-1
2020	\$3,389,737.50	\$621,343.35	\$129,882.00	\$8,573.59	\$345,760.00	\$213,961.25	\$345,031.26	\$864,700.00
2021	3,468,137.50	829,890.80	127,229.00	69,074.50	348,915.00	211,751.25	344,631.26	878,100.00
2022	3,537,637.50	829,021.70	129,481.25	71,759.90	341,885.00	214,313.75	349,031.26	878,500.00
2023	3,614,137.50	829,683.10	126,638.75	69,320.10	344,670.00	211,583.75	346,781.26	878,500.00
2024	3,686,887.50	829,812.40	128,796.25	67,911.60	347,177.50	213,696.25	348,781.26	878,100.00
2025	3,770,637.50	829,409.60	125,764.25	68,503.10	344,407.50	215,508.75	347,581.26	877,300.00
2026	3,849,387.50	829,474.70	127,637.50	70,032.00	346,360.00	211,988.75	347,781.26	878,300.00
2027	3,932,887.50	828,976.40	129,416.00	72,467.00	347,942.50	213,388.75	348,656.26	878,550.00
2028	4,015,387.50	829,914.70	130,910.25	68,776.80	349,062.50	214,457.50	348,556.26	878,050.00
2029	4,101,387.50	829,227.00	127,309.75	68,149.20	344,997.50	215,182.50	348,306.26	876,800.00
2030	4,095,137.50	829,944.60	128,709.25	67,490.30	340,747.50	215,575.00	347,906.26	874,800.00
2031	3,822,562.50	829,004.90	129,824.50	67,800.10	346,127.50	215,575.00	347,125.00	877,050.00
2032	2,859,062.50	829,439.20	130,750.25	71,047.30	350,952.50	215,325.00	345,950.00	878,300.00
2033	1,075,062.50	829,184.90	131,581.25	71,138.00	345,500.00	214,687.50	344,612.50	878,550.00
2034	--	829,242.00	127,222.75	67,166.10	344,677.50	213,793.75	347,862.50	877,800.00
2035	--	829,579.20	127,864.25	71,256.80	348,392.50	212,343.75	345,512.50	876,050.00
2036	--	829,165.20	118,316.25	71,159.70	351,552.50	215,625.00	347,987.50	878,300.00
2037	--	--	--	--	344,342.50	213,368.75	345,112.50	879,100.00
2038	--	--	--	--	--	215,843.75	347,062.50	874,100.00
2039	--	--	--	--	--	212,781.25	348,062.50	878,500.00
2040	--	--	--	--	--	214,450.00	348,687.50	876,500.00
2041	--	--	--	--	--	215,581.25	348,937.50	878,250.00
2042	--	--	--	--	--	216,175.00	348,812.50	878,500.00
2043	--	--	--	--	--	211,231.25	348,312.50	877,250.00
2044	--	--	--	--	--	216,018.75	347,437.50	874,500.00
2045	--	--	--	--	--	--	346,187.50	875,250.00
2046	--	--	--	--	--	--	344,562.50	874,250.00
2047	--	--	--	--	--	--	347,562.50	876,500.00
2048	--	--	--	--	--	--	--	876,750.00
TOTALS	<u>\$49,218,050.00</u>	<u>\$13,892,313.75</u>	<u>\$2,177,333.50</u>	<u>\$1,121,626.09</u>	<u>\$6,233,470.00</u>	<u>\$5,354,207.50</u>	<u>\$9,722,831.36</u>	<u>\$25,427,200.00</u>

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

Source: Piper Sandler & Co.

Non-Obligatory Debt – Public Financing Authority Bonds. The District created the Corona-Norco Unified School District Public Financing Authority (the “PFA”) to refinance certain debt of the District’s CFDs. The PFA has issued bonds in order to acquire certain Special Tax Bonds of some of the District’s CFDs, which Special Tax Bonds were issued to refund prior Special Tax Bonds issued by those CFDs. On February 21, 2013 the PFA issued \$34,700,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds, 2013 Series A (Senior Lien Bonds) (the “2013 Series A PFA Bonds”) and \$12,915,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds, 2013 Series B (Junior Lien Bonds) (the “2013 Series B PFA Bonds”). On December 23, 2014, the PFA issued \$5,315,000 aggregate principal amount of its Special Tax Revenue Refunding Bonds (the “2014 Refunding PFA Bonds”). On January 28, 2016, the PFA issued \$18,605,000 aggregate principal amount of its 2016 Special Tax Revenue Refunding Bonds, Series A (the “2016 Refunding PFA Bonds,” and together with the the 2013 Series A PFA Bonds, the 2013 Series B PFA Bonds, and the 2014 Refunding PFA Bonds, the “PFA Bonds”).

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

**PFA BONDS – ANNUAL DEBT SERVICE REQUIREMENTS
Corona-Norco Unified School District Public Financing Authority**

Year Ending (September 1)	2013 Series A PFA Bonds	2013 Series B PFA Bonds	2014 Refunding PFA Bonds	2016 Refunding PFA Bonds	Total Annual Debt Service
2020	\$2,626,250.00	\$925,037.50	\$369,052.50	\$1,474,266.00	\$5,394,606.00
2021	2,627,000.00	934,412.50	371,375.00	1,485,323.00	5,418,110.50
2022	2,609,500.00	926,693.76	368,282.50	1,479,651.00	5,384,127.26
2023	2,619,500.00	927,968.76	369,982.50	1,473,069.00	5,390,520.26
2024	2,630,500.00	927,156.26	366,267.50	1,475,304.00	5,399,227.76
2025	2,632,250.00	929,875.00	367,345.00	1,476,174.00	5,405,644.00
2026	2,630,000.00	930,875.00	368,007.50	1,475,588.00	5,404,470.50
2027	2,628,750.00	930,250.00	368,255.00	1,473,546.00	5,400,801.00
2028	2,633,250.00	928,437.50	368,087.50	1,465,139.00	5,394,914.00
2029	2,623,000.00	919,750.00	367,505.00	1,380,367.00	5,290,622.00
2030	2,623,500.00	925,000.00	371,507.50	1,167,142.00	5,087,149.50
2031	2,619,000.00	923,250.00	369,887.50	1,165,105.00	5,077,242.50
2032	2,614,500.00	929,750.00	367,852.50	761,794.00	4,673,896.50
2033	2,094,750.00	739,000.00	370,402.50	761,678.00	3,965,830.50
2034	1,180,250.00	435,750.00	367,330.00	450,743.00	2,434,073.00
2035	1,191,750.00	441,000.00	368,842.50	--	2,001,592.50
2036	--	--	369,732.50	--	369,732.50
TOTALS	<u>\$38,583,750.00</u>	<u>\$38,583,750.00</u>	<u>\$6,269,715.00</u>	<u>\$83,437,215.00</u>	<u>\$77,492,560.28</u>

Source: Piper Sandler & Co.

See “TAX BASE FOR REPAYMENT OF BONDS – Statement of Direct and Overlapping Debt” herein for the total principal amount of the Special Tax Bonds and PFA Bonds outstanding.

Capital Lease Obligations. The District has entered into agreements, with options to purchase, to lease certain equipment (the “Capital Leases”). Future minimum lease payments with respect to the Capital Leases are as follows:

Year Ending <u>June 30,</u>	<u>Lease Payment</u>
2021	\$655,024
2022	655,024
2023	655,024
2024-2028	3,275,121
2029-2033	<u>2,947,608</u>
Total	<u>\$8,187,801</u>

Source: Corona-Norco Unified School District.

TAX MATTERS

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

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

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

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

The federal tax and State of California personal income tax discussion set forth above with respect to the Bonds is included for general information only and may not be applicable depending upon an Owner’s particular situation. The ownership and disposal of the Bonds and the accrual or receipt of

interest with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences.

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

LIMITATION ON REMEDIES; BANKRUPTCY

General

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

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors from taking any action to collect amounts due from the District or to enforce any obligation of the District related to such amounts due, without consent of the District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a chapter 9 bankruptcy case, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Statutory Lien

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

Special Revenues

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

Possession of Tax Revenues; Remedies

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

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

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

LEGAL MATTERS

Legality for Investment in California

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

Continuing Disclosure

Current Undertaking. The District has covenanted for the benefit of Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District

(the “Annual Report”) by not later than nine months following the end of the District’s fiscal year (which currently ends June 30), commencing with the report for the 2019-20 Fiscal Year, and to provide notices of the occurrence of certain listed events. The specific nature of the information to be contained in the Annual Report or the notices of listed events is included in “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE. These covenants have been made in order to assist the Underwriter in complying with the Rule.

Prior Undertakings. The District has conducted a review of the compliance of the District, as well as of other community facilities districts and a joint power authority formed by the School District (collectively, the “School District Entities”), with their respective previous continuing disclosure undertakings pursuant to the Rule. This review has concluded that, within the past five years,

(i) Community Facilities District No. 06-2 of the Corona-Norco Unified School District failed to file in a timely manner the annual report for Fiscal Year 2015-16 required in connection with its Series 2013 Special Tax Bonds;

(ii) The Corona-Norco Unified School District Public Financing Authority failed to file in a timely manner a portion of the annual report for Fiscal Year 2014-15 required in connection with its Special Tax Revenue Refunding Bonds, 2013 Series A and 2013 Series B;

(iii) The School District Entities failed to file in a timely manner certain notices of listed events; and

(iv) The District failed to file a portion of the annual report for Fiscal Year 2017-18 required in connection with certain of the District’s outstanding general obligation bonds.

All missing filings have been made.

Litigation

No Litigation Regarding the Bonds. No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District’s ability to receive *ad valorem* property taxes or to collect other revenues or contesting the District’s ability to issue and retire the Bonds.

Pending Investigation Concerning Former District Employee. In August, 2017, the District was informed by the Riverside County Sheriff’s Department (the “County Sheriff”) that it had initiated an investigation of allegations made by District employees regarding the possible misappropriation of District facility funds by a now former School District employee (the “Former Employee”). The County Sheriff’s investigation is ongoing, and the District has no information regarding their findings or the expected completion date of the investigation.

In addition to the County Sheriff’s investigation, the District requested that the Riverside County Office of Education conduct an independent audit of the District’s facilities department and all funds which had been under the supervision and control of the Former Employee. The audit, which was issued in November of 2019, concluded that fraud, misappropriation or other illegal activities may have occurred in connection with District construction funds paid to a single District contractor. The audit did not make any finding that District operating funds were implicated in the activities reviewed by the audit. The full audit is available at www.fcmat.org, however the information presented on such website is not incorporated herein by any reference.

The Former Employee was placed on administrative leave immediately after the District learned of the County Sheriff's investigation, and several days thereafter the Former Employee resigned from employment with the District.

The District does not have information indicating the exact amount or source of funds which may have been diverted by the Former Employee. Management of the former facilities department is now the responsibility of the Assistant Superintendent of Business Services of the District.

Financial Statements

The financial statements with supplemental information for the year ended June 30, 2019, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report dated December 9, 2019 of Eide Bailly LLP (the "Auditor"), are attached to this Official Statement as APPENDIX B. In connection with the inclusion of the financial statements and the report of the Auditor thereon as APPENDIX B to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

Legal Opinion

The legal opinion of Bond Counsel approving the validity of the Bonds will be supplied to the original purchasers thereof without cost. The proposed form of such legal opinion is attached to this Official Statement as APPENDIX A.

MISCELLANEOUS

Ratings

The Bonds have been assigned ratings of "AAA" by Fitch Ratings ("Fitch") and "AA-" by S&P Global Ratings. The ratings reflect only the views of the rating agencies, and any explanation of the significance of such ratings should be obtained therefrom. There is no assurance that the ratings will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agencies if, in the judgment of the rating agencies, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings obtained may have an adverse effect on the market price of the Bonds.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies. In the published release regarding its rating on the Bonds, Fitch noted that it "has been provided with legal opinions by the [District's] bond counsel that provide a reasonable basis for concluding that the tax revenues levied to repay the [Bonds] would be considered 'pledged special revenues' in the event of a district bankruptcy." See also "LIMITATIONS ON REMEDIES; BANKRUPTCY" herein. Such legal opinion speaks only as of its date, does not reflect subsequent events or legal developments, cannot be relied upon by the Underwriter or any Owner or Beneficial Owners of any of the Bonds, and is an expression of professional judgment regarding the legal matters addressed and thus is not a guaranty that a court will reach any particular result.

The District has covenanted in a Continuing Disclosure Certificate to file on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("EMMA") notices of any ratings changes on the Bonds. See "APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. Notwithstanding such covenant, information relating to ratings changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to the ratings agencies and their respective websites and official media outlets for the most current ratings changes with respect to the Bonds after the initial issuance of the Bonds.

Underwriting

Purchase of Bonds. Citigroup Global Markets Inc. (the "Underwriter") has agreed, pursuant to a purchase contract relating to the Bonds, each by and between the District and the Underwriter, to purchase all of the Bonds. The Underwriter will purchase the Bonds for a purchase price of \$_____ (which is equal to the principal amount of the Bonds of \$_____ and less an Underwriter's discount of \$_____).

The purchase contract for the Bonds provide that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase contract, the approval of certain legal matters by bond counsel and certain other conditions. The initial offering prices stated on the inside cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices.

Underwriter Disclosures. The Underwriter has provided the following information for inclusion in this Official Statement. The District does not guarantee the accuracy or completeness of the following information, and the inclusion thereof should be construed as a representation of the District.

The Underwriter has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, the Underwriter may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, the Underwriter will compensate Fidelity for its selling efforts.

Additional Information

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolution providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

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

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

CORONA-NORCO UNIFIED SCHOOL DISTRICT

By: _____
Alan P. Giles
Assistant Superintendent, Business Services

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APPENDIX A

FORM OF OPINION OF BOND COUNSEL

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

_____, 2020

Board of Trustees
Corona-Norco Unified District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of \$ _____ Corona-Norco Unified School District 2020 General Obligation Refunding Bonds (the “Bonds”). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution of the Board of Education of the District adopted on May 5, 2020 (the “Resolution”).
2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.
3. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”).
4. Interest on the Bonds is exempt from State of California personal income tax.
5. Except for certain exceptions, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated payment price at maturity with respect to such Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by a Bond owner will increase the Bond owner’s basis in the applicable Bond.

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

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

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

Respectfully submitted,

APPENDIX B

2018-19 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

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Annual Financial Report
June 30, 2019

Corona-Norco Unified School District

CORONA-NORCO UNIFIED SCHOOL DISTRICT

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CORONA-NORCO UNIFIED SCHOOL DISTRICT

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Governing Board
Corona-Norco Unified School District
Norco, 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 Corona-Norco 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.

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 Corona-Norco Unified School District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows 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 15, budgetary comparison schedule on page 80, schedule of changes in the District's total OPEB liability and related ratios on page 81, schedule of the District's proportionate share of the net OPEB liability - MPP program on page 82, schedule of the District's proportionate share of the net pension liability on page 83, and the schedule of District contributions on page 84, 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 Corona-Norco Unified School District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major 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 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 December 9, 2019, on our consideration of the Corona-Norco 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 Corona-Norco 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 Corona-Norco Unified School District's internal control over financial reporting and compliance.

Eide Sallee LLP

Rancho Cucamonga, California
December 9, 2019



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This section of Corona-Norco Unified School District's (the District) 2018-2019 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 for the year ending June 30, 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 Corona-Norco Unified School District and its component units using the integrated approach as prescribed by Governmental 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 separately. These statements include all assets of the District (including capital assets), 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.

Governmental Activities are prepared using the economic resources measurement focus and the accrual basis of accounting.

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 *Proprietary Funds* are prepared using the economic resources measurement focus and the 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 Corona-Norco Unified School District.

Board of Education

Jose W. Lalas, Ph.D. Elizabeth "Lisa" Marroquin
 Bill Pollock Mary Helen Ybarra John "Mr. Z" Zickefoose



CORONA-NORCO UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

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 deferred outflows of resources, and liabilities and deferred inflows of resources 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, one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

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 separate the District activities as follows:

Governmental activities - Most of the District's services are reported 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.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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.

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Fund Net Position*. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities - such as the District's Self-Insurance Fund. The Internal Service Fund is reported with governmental activities in the government-wide financial statements.

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. The District's fiduciary activities are reported in the *Statement 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.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

FINANCIAL HIGHLIGHTS

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$50,098,799 for the fiscal year ended June 30, 2019. Of this amount, \$(480,399,929) was unrestricted (deficit). Restricted net position is reported separately to show legal constraints from debt covenants grantors, constitutional provisions, and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations. Our analysis below, in summary form, 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	\$ 342,181,888	\$ 387,235,974
Capital assets	975,793,228	933,668,245
Total Assets	<u>1,317,975,116</u>	<u>1,320,904,219</u>
Deferred Outflows of Resources	<u>183,202,643</u>	<u>200,202,540</u>
Liabilities		
Current liabilities	48,063,533	45,385,952
Long-term obligations	748,128,457	759,113,235
Aggregate pension liability	618,129,251	608,323,074
Total Liabilities	<u>1,414,321,241</u>	<u>1,412,822,261</u>
Deferred Inflows of Resources	<u>36,757,719</u>	<u>33,924,649</u>
Net Position		
Net investment in capital assets	458,862,762	460,886,600
Restricted	71,635,966	62,765,989
Unrestricted (deficit)	(480,399,929)	(449,292,740)
Total Net Position	<u>\$ 50,098,799</u>	<u>\$ 74,359,849</u>

The \$(480,399,929) in unrestricted net position represents the accumulated results of all past years' operations. Restricted net position are reported separately to show legal constraints from debt covenants and enabling legislation that limit the District's ability to use those net position for day-to-day operations.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

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 17. Table 2 takes the information from the Statement and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2019	2018
Revenues		
Program revenues:		
Charges for services	\$ 9,504,570	\$ 6,197,730
Operating grants and contributions	122,031,616	122,803,412
Capital grants and contributions	2,113,488	-
General revenues:		
Federal and State aid not restricted	374,461,643	343,637,565
Property taxes	159,356,344	150,457,117
Other general revenues	37,083,529	37,662,565
Total Revenues	704,551,190	660,758,389
Expenses		
Instruction-related	517,162,072	489,349,406
Pupil services	80,959,913	76,004,078
Administration	26,083,082	24,769,021
Plant services	54,486,913	46,590,469
All other activities	50,120,260	55,589,120
Total Expenses	728,812,240	692,302,094
Change in Net Position	\$ (24,261,050)	(31,543,705)

CORONA-NORCO UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Governmental Activities

As reported in the *Statement of Activities* on page 17, the cost of all of our governmental activities this year was \$728,812,240. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$159,356,344 because the cost was paid by other governments and organizations who subsidized certain programs with charges for services, grants, and contributions (\$133,649,674). We paid for the remaining "public benefit" portion of our governmental activities with \$374,461,643 in Federal and State unrestricted funds and with \$37,083,529 in other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction including, special instruction programs and other instructional programs, pupil services, administration, plant services, and all other services. 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	\$ 517,162,072	\$ 489,349,406	\$ 428,713,385	\$ 410,029,628
Pupil services	80,959,913	76,004,078	51,415,183	46,489,396
Administration	26,083,082	24,769,021	23,071,405	22,765,223
Plant services	54,486,913	46,590,469	52,760,030	43,559,171
All other services	50,120,260	55,589,120	39,202,563	40,457,534
Total	\$ 728,812,240	\$ 692,302,094	\$ 595,162,566	\$ 563,300,952

CORONA-NORCO UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

THE DISTRICT'S FUNDS

As the District completed this year, governmental funds reported a combined fund balance of \$211,422,304, which is a decrease of \$47,028,696 from last year (Table 4).

Table 4

	Balances and Activity			
	July 1, 2018	Revenues	Expenditures	June 30, 2019
General Fund	\$ 69,410,135	\$ 618,335,817	\$ 603,084,195	\$ 84,661,757
Building Fund	94,228,301	1,600,114	69,460,130	26,368,285
Bond Interest and Redemption Fund	75,453,316	35,387,299	33,996,241	76,844,374
Adult Education Fund	1,871,565	2,973,046	3,241,164	1,603,447
Child Development Fund	-	379,061	379,061	-
Cafeteria Fund	2,033,107	18,754,573	19,824,858	962,822
Capital Facilities Fund	848,636	13,785,329	13,680,843	953,122
County School Facilities Fund	-	2,113,488	2,113,488	-
Capital Project Fund for Blended Component Units	937,021	13,489,371	7,052,852	7,373,540
Debt Service Fund for Blended Component Units	13,668,919	15,478,508	16,492,470	12,654,957
Total	\$ 258,451,000	\$ 722,296,606	\$ 769,325,302	\$ 211,422,304

The primary reasons for these changes are the following:

The Building Fund, Capital Facilities Fund and the Capital Project Fund from Blended Component Units are revenues and expenditures that are accounted for from school facility fees received and funds expended on new construction and modernization projects within the district. Specifically, funds were expended on the construction of the Rondo School of Discovery and the Roosevelt HS eSTEM Academy.

The District expended Measure GG funds on projects that included the modernization of administrative offices, multi-purpose rooms, classrooms, playgrounds and parking lots at Garretson Elementary School, Norco Elementary School, Jefferson Elementary School, and Norco Intermediate School.

The District had other expenditures that include fencing at Foothill Elementary, stadium turf replacement at Santiago and Corona High School, a new marquee at Riverview Elementary School, additional storage for the music program at Santiago High School and the modernization of the Boys and Girls gym locker rooms at Corona High School.

Lastly, the District increased its Career Technical education (CTE) capacity by upgrading the Culinary Arts classroom at Centennial High School and the Photo Lab and Welding Shop at Corona High School.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 25, 2019. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 80.)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the District had \$975,793,228 in a broad range of capital assets (net of depreciation), including land, construction in progress, buildings and improvements, furniture and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of \$42,124,983 or 4.5 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2019	2018
Land	\$ 86,028,059	\$ 86,028,059
Construction in progress	235,919,883	158,701,606
Buildings and improvements	639,262,746	673,328,499
Furniture and equipment	14,582,540	15,610,081
Total	\$ 975,793,228	\$ 933,668,245

Construction in progress includes increases due to the commencement of modernization and construction projects District-wide.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

Long-Term Obligations

At the end of this year, the District had \$748,128,457 in long-term obligations versus \$759,113,235 last year, a decrease of 1.4 percent. The decrease is primarily attributed to decrease in the general obligation bonds.

Table 6

	Governmental Activities	
	2019	2018
General obligation bonds (net of unamortized premium)	\$ 564,339,525	\$ 573,979,644
Certificates of participation (net of unamortized premium)	22,344,271	23,703,556
Public Financing Authority bonds	58,530,000	61,225,000
Capital leases	7,634,785	8,577,876
Property and liability	538,615	865,156
Claims liability	20,036,000	17,787,000
Supplemental early retirement plan (SERP)	3,949,311	5,923,966
Net other postemployment benefits (OPEB) liability	65,727,544	62,121,359
Compensated absences	5,028,406	4,929,678
Total	\$ 748,128,457	\$ 759,113,235

The District's general obligation bond rating was raised to "AA+". The State limits the amount of general obligation debt that districts can issue to five percent of the assessed value of all taxable property within the district's boundaries. The District's outstanding general obligation debt of \$564,339,525 is below this statutorily-imposed limit.

Other obligations include certificates of participation, compensated absences, and other long-term obligations. We present more detailed information regarding our long-term obligations in Note 10 of the financial statements.

Net Pension Liability (NPL)

At year end, the District has a net pension liability of \$618,129,251 versus \$608,323,074 last year, an increase of \$9,806,177, or 1.6 percent.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2018-2019 ARE NOTED BELOW:

Corona-Norco Unified School District has analyzed district data and has identified the following areas as those of greatest progress based on the California School Dashboard:

- Corona-Norco Unified School District was recognized as a California Exemplary School District, one of 18 school districts named from the 1,026 districts in California.
- CNUSD has been recognized once again as a 2019 Model School Attendance Review Board winner.
- CNUSD has 24 schools being recognized by Ed Trust West through their Education Equity Navigator as schools making progress with a focus on equity.
- Chronic Absenteeism has been an area of focus in CNUSD for the last few years. Efforts have been made through various avenues to improve this area concentrating on our Unduplicated Count students and Special Education.
- CNUSD reports a chronic absentee rate of 5.8 percent when compared with the California rate of nine percent.
- CNUSD provides support to district sites in the area of positive school environments using such programs as Positive Behavior Interventions and Supports Program (PSIS) as well as Leader in Me and Capturing Kids Hearts. This work has affected the suspension rates in the district resulting in 2.9 percent rate. California reports a 3.5 percent suspension rate.
- In terms of the progress of English Learners in the district in 2019, 75.5 percent of EL students were reported to be well or moderately-well developed as measured by the ELPAC as compared to 65.2 percent in California, state-wide.
- According to the California School Dashboard, CNUSD reports a graduation rate status of "High" at 94.4 percent of students completing high school. This represents an increase of 0.8 percent over last year. Subgroups reported in the green category on the California School Dashboard are English Learners, Foster Youth, Hispanic, Homeless and Socioeconomically Disadvantaged students. Increases in the graduation rates for these groups range from about one percent to almost seven percent. In the blue category are African American students, Filipino students, Two or More Races and White students.
- When considering students leaving the CNUSD TK-12 educational system, it is important that the students be college and career ready. The California School Dashboard reports that 51.7 percent of our students are considered College/Career Ready with 19.2 percent scoring at Approaching Prepared for College/Career.
- In the area of English Language Arts, grades three through eight and 11, CNUSD maintained its progress scoring in the "high" category on the California School Dashboard reported in December 2018. This information is based on the annual CAASPP state assessments.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

- When considering academic progress in the area of Math, based on the December 2018 California School Dashboard, CNUSD scored in the "Medium" range having maintained progress when compared with the previous testing cycle.
- CNUSD has implemented the usage of iReady in grades TK to 6th grade to support continuous improvement at the classroom level. This initiative provides a consistent diagnostic assessment with information to teachers regarding mastery of standards. Additionally, the students engage in online lessons based on the diagnostic scores. Over 31,532 students engaged in the diagnostic assessments in Trimester 1 (2018) and 35,539 in Trimester 2 (2019). 79 percent of students report to be on or above grade level in Reading and 84 percent of students report to be on or above grade level based on iReady reports comparing Diagnostic 1 data with Diagnostic 2 data.
- CNUSD has seen significant gains for the at-risk students in the area of academic achievement. English Learners increased achievement in the areas of ELA (7.1 percent) and Math (3.5 percent) as measured by CAASPP scores. Foster Youth increased achievement in the areas of ELA (12.7 percent) and Math (6.4 percent) as measured by CAASPP scores.
- Socioeconomically Disadvantaged students increased achievement in the areas of ELA (5.3 percent) and Math (two percent) as measured by CAASPP scores.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

The key assumptions in our forecast are the following:

- Revenue increase based on new Local Control Funding Formula (LCFF) model.
- Revenue cost of living adjustment of three percent.
- Gap funding projected at 100 percent.
- Unduplicated pupil count projected at 47.9 percent.
- ADA decline of 100 projected.
- Cost to service salary schedules.
- Updated salary schedules to include contractual agreements.
- Employer fixed cost increase for STRS and PERS.

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 the Assistant Superintendent, Business Services, at Corona-Norco Unified School District, 2820 Clark Avenue, Norco, California 92860, or e-mail at Alan.Giles@cnusd.k12.ca.us.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

**STATEMENT OF NET POSITION
JUNE 30, 2019**

	Governmental Activities
ASSETS	
Deposits and investments	\$ 256,935,561
Receivables	20,550,542
Long-term receivables	64,275,000
Prepaid expenses	127,550
Stores inventories	293,235
Capital assets	
Land and construction in progress	321,947,942
Other capital assets	1,175,813,542
Less: Accumulated depreciation	<u>(521,968,256)</u>
Total Capital Assets	<u>975,793,228</u>
Total Assets	<u>1,317,975,116</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	9,644,289
Deferred outflows of resources related to net other postemployment benefits (OPEB) liability	1,804,100
Deferred outflows of resources related to pensions	<u>171,754,254</u>
Total Deferred Outflows of Resources	<u>183,202,643</u>
LIABILITIES	
Accounts payable	37,155,619
Accrued interest payable	9,177,616
Unearned revenue	1,730,298
Long-term obligations:	
Current portion of long-term obligations other than pensions	26,695,125
Noncurrent portion of long-term obligations other than pensions	<u>721,433,332</u>
Total Long-Term Liabilities	<u>748,128,457</u>
Aggregate net pension liability	<u>618,129,251</u>
Total Liabilities	<u>1,414,321,241</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to net other postemployment benefits (OPEB) liability	1,311,269
Deferred inflows of resources related to pensions	<u>35,446,450</u>
Total Deferred Inflows of Resources	<u>36,757,719</u>
NET POSITION	
Net investment in capital assets	458,862,762
Restricted for:	
Debt service	49,176,715
Capital projects	953,122
Educational programs	12,231,024
Other activities	9,275,105
Unrestricted	<u>(480,399,929)</u>
Total Net Position	<u>\$ 50,098,799</u>

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

CORONA-NORCO UNIFIED SCHOOL DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
					Governmental Activities
Governmental Activities:					
Instruction	\$ 443,216,467	\$ -	\$ 73,602,557	\$ 2,113,488	\$ (367,500,422)
Instruction-related activities:					
Supervision of instruction	23,181,578	-	8,570,233	-	(14,611,345)
Instructional library, media, and technology	3,010,173	-	143,200	-	(2,866,973)
School site administration	47,753,854	-	4,019,209	-	(43,734,645)
Pupil services:					
Home-to-school transportation	14,655,057	-	521,578	-	(14,133,479)
Food services	19,503,731	4,534,763	13,354,026	-	(1,614,942)
All other pupil services	46,801,125	-	11,134,363	-	(35,666,762)
Administration:					
Data processing	6,475,891	-	274,729	-	(6,201,162)
All other administration	19,607,191	380,752	2,356,196	-	(16,870,243)
Plant services	54,486,913	-	1,726,883	-	(52,760,030)
Ancillary services	4,501,640	-	221,781	-	(4,279,859)
Enterprise services	23,601	-	-	-	(23,601)
Interest on long-term obligations	29,829,646	-	-	-	(29,829,646)
Other outgo	15,765,373	4,589,055	6,106,861	-	(5,069,457)
Total Governmental Activities	\$ 728,812,240	\$ 9,504,570	\$122,031,616	\$ 2,113,488	(595,162,566)
General revenues and subventions:					
					120,370,890
					33,525,780
					5,459,674
					374,461,643
					6,405,394
					30,678,135
					<u>570,901,516</u>
					Change in Net Position
					(24,261,050)
					74,359,849
					<u>\$ 50,098,799</u>

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

CORONA-NORCO UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2019

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	\$ 91,704,944	\$37,485,228	\$ 76,844,374	\$ 23,440,895	\$229,475,441
Receivables	17,205,764	305,149	-	2,855,814	20,366,727
Due from other funds	1,072,888	-	-	-	1,072,888
Prepaid expenditures	127,550	-	-	-	127,550
Stores inventories	97,192	-	-	196,043	293,235
Total Assets	\$ 110,208,338	\$37,790,377	\$ 76,844,374	\$ 26,492,752	\$251,335,841
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 24,130,443	\$11,422,092	\$ -	\$ 1,557,816	\$ 37,110,351
Due to other funds	-	-	-	1,072,888	1,072,888
Unearned revenue	1,416,138	-	-	314,160	1,730,298
Total Liabilities	25,546,581	11,422,092	-	2,944,864	39,913,537
Fund Balances:					
Nonspendable	429,742	-	-	205,163	634,905
Restricted	12,231,024	26,368,285	76,844,374	22,694,057	138,137,740
Committed	-	-	-	648,668	648,668
Assigned	60,402,095	-	-	-	60,402,095
Unassigned	11,598,896	-	-	-	11,598,896
Total Fund Balances	84,661,757	26,368,285	76,844,374	23,547,888	211,422,304
Total Liabilities and Fund Balances	\$ 110,208,338	\$37,790,377	\$ 76,844,374	\$ 26,492,752	\$251,335,841

CORONA-NORCO UNIFIED SCHOOL DISTRICT

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

Total Fund Balance - Governmental Funds	\$ 211,422,304
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:	\$ 1,497,761,484
Accumulated depreciation is:	<u>(521,968,256)</u>
Net Capital Assets	975,793,228
Receivables related to Corona-Norco Unified School District Public Financing Authority are not received in the near term (within a year) and therefore, are not reported as receivables in the governmental funds. Current year collections totaling \$1,815,000 were received, leaving a balance of \$64,275,000.	
	64,275,000
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 shorter) and are included with governmental activities.	
	9,644,289
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.	
	(9,177,616)
An Internal Service Fund is used by the District's management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities.	
	7,562,667
Deferred outflows 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 the amount paid by the District for OPEB as the benefits come due subsequent to measurement date.	
	1,804,100
Deferred inflows of resources related to OPEB 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 changes of assumptions	
	(1,311,269)

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

CORONA-NORCO UNIFIED SCHOOL DISTRICT

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

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	\$ 59,926,478	
Net change in proportionate share of net pension liability	11,810,363	
Differences between projected and actual earnings on pension plan investments	1,122,058	
Differences between expected and actual experience in the measurement of the total pension liability	10,460,618	
Changes of assumptions	<u>88,434,737</u>	
Total Deferred Outflows of Resources Related to Pensions		\$ 171,754,254

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	(9,920,598)	
Differences between projected and actual earnings on pension plan investments	(18,534,261)	
Differences between expected and actual experience in the measurement of the total pension liability	<u>(6,991,591)</u>	
Total Deferred Inflows of Resources Related to Pensions		(35,446,450)

Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds. (618,129,251)

Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term obligations at year-end consist of:

General obligation bonds	(465,480,037)	
Premium on issuance of bonds	(37,472,487)	
Certificates of participation	(21,835,000)	
Premium on issuance of certificates	(509,271)	
Corona-Norco Unified School District Public Financing Authority bonds	(58,530,000)	
Capital lease	(7,634,785)	
Property and liability	(538,615)	
Supplemental early retirement plan (SERP)	(3,949,311)	
Net other postemployment benefits (OPEB) liability	(65,727,544)	
Compensated absences (vacation)	(5,028,406)	
In addition, the District has issued 'capital appreciation' bonds.		
The accretion of interest on these bonds to date is:	<u>(61,387,001)</u>	
Total Long-Term Obligations		<u>(728,092,457)</u>

Total Net Position - Governmental Activities **\$ 50,098,799**

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

CORONA-NORCO 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
REVENUES		
Local Control Funding Formula	\$472,902,835	\$ -
Federal sources	23,207,818	-
Other State sources	112,389,396	-
Other local sources	9,835,768	1,600,114
Total Revenues	<u>618,335,817</u>	<u>1,600,114</u>
EXPENDITURES		
Current		
Instruction	396,321,811	-
Instruction-related activities:		
Supervision of instruction	21,548,504	-
Instructional library, media, and technology	2,834,927	-
School site administration	43,877,450	-
Pupil services:		
Home-to-school transportation	13,876,884	-
Food services	8,739	-
All other pupil services	45,075,059	-
Administration:		
Data processing	6,080,882	-
All other administration	17,309,697	-
Plant services	50,121,528	-
Ancillary services	4,383,038	-
Other outgo	206,619	-
Facility acquisition and construction	-	69,460,130
Debt service		
Principal	943,091	-
Interest and other	184,905	-
Total Expenditures	<u>602,773,134</u>	<u>69,460,130</u>
Deficiency of Revenues Over Expenditures	<u>15,562,683</u>	<u>(67,860,016)</u>
Other Financing Sources (Uses)		
Transfers in	-	-
Transfers out	(311,061)	-
Net Financing Sources (Uses)	<u>(311,061)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	15,251,622	(67,860,016)
Fund Balances - Beginning	69,410,135	94,228,301
Fund Balances - Ending	<u>\$ 84,661,757</u>	<u>\$ 26,368,285</u>

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

Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 472,902,835
769,781	13,928,941	37,906,540
222,664	5,143,849	117,755,909
34,394,854	43,089,341	88,920,077
<u>35,387,299</u>	<u>62,162,131</u>	<u>717,485,361</u>
-	2,192,025	398,513,836
-	-	21,548,504
-	-	2,834,927
-	1,230,060	45,107,510
-	-	13,876,884
-	18,909,632	18,918,371
-	-	45,075,059
-	-	6,080,882
-	3,168,895	20,478,592
-	90,475	50,212,003
-	-	4,383,038
-	15,558,754	15,765,373
-	9,148,143	78,608,273
15,625,000	4,005,000	20,573,091
18,371,241	3,981,568	22,537,714
<u>33,996,241</u>	<u>58,284,552</u>	<u>764,514,057</u>
<u>1,391,058</u>	<u>3,877,579</u>	<u>(47,028,696)</u>
-	4,811,245	4,811,245
-	(4,500,184)	(4,811,245)
-	311,061	-
<u>1,391,058</u>	<u>4,188,640</u>	<u>(47,028,696)</u>
75,453,316	19,359,248	258,451,000
<u>\$ 76,844,374</u>	<u>\$ 23,547,888</u>	<u>\$ 211,422,304</u>

CORONA-NORCO 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	\$ (47,028,696)
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 capital outlay exceeds depreciation expense in the period.	
Capital outlays	\$77,895,031
Depreciation expense	<u>(35,665,929)</u>
Net Expense Adjustment	42,229,102
Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.	(104,119)
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 paid were more than the amounts earned by \$1,974,655. Vacation earned was more than the amounts used by \$98,728.	1,875,927
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.	(27,710,942)
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.	(4,940,556)
The collection of tax assessment are revenues in the governmental funds, but it reduces long-term receivables in the Statement of Net Position and does not affect the Statement of Activities.	(1,815,000)
The claims activity for property liability are reported in the governmental funds (General Fund) as expenditures. In the Statement of Net Position, the property liabilities incurred but not claimed are reported as long-term obligations.	326,541

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

CORONA-NORCO 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

Repayment of bond principal 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	\$15,625,000	
Certificates of participation	1,310,000	
Corona-Norco Unified School District Public Financing Authority bonds	2,695,000	
Capital lease	<u>943,091</u>	
Combined adjustment		\$ 20,573,091

Under the modified basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following balances:

Amortization of debt premium	2,066,189	
Amortization of deferred charges on refunding	<u>(593,831)</u>	
Combined adjustment		1,472,358

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 increased by \$762,505, and second, \$8,001,785 of additional interest was accreted on the District's 'capital appreciation' general obligation bonds.

(8,764,290)

An Internal Service Fund is used by the District's management to charge the costs of the workers' compensation insurance program to the individual funds. The net revenue charged to the Internal Service Fund is reported with governmental activities.

(374,466)

Change in Net Position of Governmental Activities

\$ (24,261,050)

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

CORONA-NORCO UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019**

	<u>Governmental Activities Internal Service Fund</u>
ASSETS	
Current Assets	
Deposits and investments	\$ 27,460,120
Receivables	183,815
Total Assets	<u>27,643,935</u>
LIABILITIES	
Current Liabilities	
Accounts payable	45,268
Claim liabilities	2,817,711
Total Current Liabilities	<u>2,862,979</u>
Noncurrent Liabilities	
Noncurrent portion of claims liabilities	<u>17,218,289</u>
NET POSITION	
Restricted	<u>\$ 7,562,667</u>

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

CORONA-NORCO UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

	Governmental Activities Internal Service Fund
OPERATING REVENUES	
Charges to other funds	\$ 4,931,039
OPERATING EXPENSES	
Payroll costs	337,475
Supplies and materials	3,167
Other operating cost	5,510,968
Total Operating Expenses	5,851,610
Operating Loss	(920,571)
NONOPERATING REVENUES	
Interest income	546,105
Change in Net Position	(374,466)
Total Net Position - Beginning	7,937,133
Total Net Position - Ending	\$ 7,562,667

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

CORONA-NORCO UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from assessment made to other funds	\$ 4,910,457
Cash payments to employees for services	(337,475)
Cash payments for goods and services	41,850
Cash payments for insurance premiums	(3,261,968)
Net Cash Provided by Operating Activities	<u>1,352,864</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	494,692
Net Increase in Cash and Cash Equivalents	<u>1,847,556</u>
Cash and Cash Equivalents - Beginning	25,612,564
Cash and Cash Equivalents - Ending	<u>\$ 27,460,120</u>
 RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (920,571)
Changes in assets and liabilities:	
Receivables	(20,582)
Accrued liabilities	45,017
Claims liability	<u>2,249,000</u>
 NET CASH PROVIDED FOR OPERATING ACTIVITIES	 <u>\$ 1,352,864</u>

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

CORONA-NORCO UNIFIED SCHOOL DISTRICT

**FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019**

	Agency Funds
	<u> </u>
ASSETS	
Deposits and investments	\$ 30,901,758
Receivables	83,399
Stores inventories	117,682
Total Assets	<u><u>\$ 31,102,839</u></u>
LIABILITIES	
Accounts payable	\$ 195,900
Due to student groups	3,379,508
Due to other bondholders	27,527,431
Total Liabilities	<u><u>\$ 31,102,839</u></u>

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

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Corona-Norco Unified School District (the District) was organized in 1948 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 operates 31 elementary schools, eight middle schools, five high schools, a middle college, two continuation schools, one school for the severely handicapped, an independent study program, and one adult education 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 Corona-Norco 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 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 have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and thus are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method 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 Corona-Norco Unified School District, the Community Facilities Districts (the CFDs), the Corona-Norco Unified School District Land Acquisition Corporation (the Corporation), and the Corona-Norco Unified School District Public Financing Authority (the Authority) have a financial and operational relationship which meets the reporting entity definition criteria of the GASB Statement No. 14, as amended by GASB Statement No. 39, *The Financial Reporting Entity*, for inclusion of the CFDs, the Authority, and the Corporation as component units of the District. Accordingly, the financial activities of the CFDs, Authority, and the Corporation have been included in the financial statements of the District. The financial statements present the Corporation's and Authority's financial activity within the Debt Service Fund for Blended Component Units and Capital Project Fund for Blended Units. The CFDs' financial activity is presented in the Capital Project Fund for Blended Component Units and the Agency Funds. All debt instruments issued by the Corporation and the Authority are included as long-term liabilities in the government-wide financial statement. Debt instruments issued by the CFD do not represent liabilities of the District or of the component units and are not included in the District-wide financial statements.

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 three broad fund categories: governmental, proprietary, and fiduciary.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 governmental funds 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.

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 used 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).

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Capital Project Funds The Capital Project Funds are used to account for financial resources 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).

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 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).

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 1D), 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.).

Capital Project Fund for Blended Component Units The Capital Project 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).

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.

Debt Service Fund for Blended Component Units The Debt Service Fund for Blended Component Units is used to account for the accumulation of resources for the payment of principal and interest on bonds issued by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

Proprietary Funds Proprietary Funds are used to account for activities that are more business-like than government-like in nature. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary funds:

Internal Service Fund Internal Service funds may be used to account for good or services provided to other funds of the District on a cost-reimbursement basis. The District operates a self-insured workers' compensation program that is accounted for in an internal service fund.

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.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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. The District operates no trust funds. 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 fund accounts for associated student body (ASB) activities and funds held for the Communities Facilities Districts.

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. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared.

The government-wide financial statement of activities presents a comparison between direct expenses and program revenues for each segment of the District and for each governmental program and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities, except for depreciation. 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 or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

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 the internal service fund and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary 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. The internal service fund is presented in a single column on the face of the proprietary fund statements.

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 balances 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 financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide financial 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.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Proprietary Funds Proprietary Funds are accounted for using a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

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 balance sheet and revenue is recognized.

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

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 general 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.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

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 investment pools are determined by the program sponsor.

Prepaid Expenditures (Expenses)

Prepaid expenditures (expenses) 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.

Store Inventory

Inventory is valued at lower of cost or market utilizing the weighted average method. Inventory in the applicable funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are withdrawn from the store's inventory for consumption in the government type funds and expenses in the proprietary and fiduciary 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 \$15,000. 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 expensed as incurred. Interest incurred during the construction of capital assets utilized by the enterprise fund is also capitalized.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide 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 acquisition cost on the date donated.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

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 and improvements, 25 to 50 years; equipment, five to 15 years.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 column of the Statement of Net Position.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned and 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 and proprietary fund 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 funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the 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 governmental fund financial statements when due.

Debt Issuance Costs, Premiums and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund 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.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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, for pension related items, and for OPEB related items.

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 pension related items and for OPEB related items.

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 net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP 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.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 chief business officer/assistant superintendent of business services 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 two 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 first 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 \$71,635,966 of restricted net position which is restricted by enabling legislation.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges to other funds for self-insurance and charges for food sales. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Interfund Activity

Transfers between governmental activities in the government-wide financial statements are reported in the same manner as general revenues.

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 and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities, except for the net residual amounts transferred between governmental 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.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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.

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JUNE 30, 2019

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.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

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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.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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	\$ 256,935,561
Fiduciary funds	30,901,758
Total Deposits and Investments	<u>\$ 287,837,319</u>

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

Cash on hand and in banks	\$ 1,069,309
Cash in revolving	214,120
Investments	286,553,890
Total Deposits and Investments	<u>\$ 287,837,319</u>

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Policies and Practices

The District is authorized under *California Government Code* to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the 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	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Authorized Under Debt Agreements

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	N/A	None	None
Registered State Bonds, Notes, Warrants	N/A	None	None
Federal Housing Administration Debentures	N/A	None	None
Farmers Home Administration Certificates	N/A	None	None
Federal Home Loan Mortgage Corporation Obligations	N/A	None	None
Farm Credit Banks Bonds and Notes	N/A	None	None
Federal Home Loan Banks Obligations	N/A	None	None
Federal National Mortgage Association Obligations	N/A	None	None
Student Loan Marketing Association Obligations	N/A	None	None
Financing Corporation Obligations	N/A	None	None
Resolution Funding Corporation Obligations	N/A	None	None
Federal Housing Administration Certificates	N/A	None	None
General Services Administration Certificates	N/A	None	None
Government National Mortgage Association Mortgage-Backed Securities and Certificates	N/A	None	None
Small Business Administration Certificates	N/A	None	None
U.S. Department of Housing and Urban Development Bonds	N/A	None	None
U.S. Maritime Administration Financings	N/A	None	None
Washington Metropolitan Area Transit Authority Bonds	N/A	None	None
Unsecured Certificates of Deposit, Time Deposits, and Bankers' Acceptances	30 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Repurchase Agreements	N/A	None	None
Investment Agreement	N/A	None	None
Pre-Funded Municipal Obligations	N/A	None	None
State Sponsored Investment Pools (LAIF)	N/A	None	None
Guaranteed Pool Certificates	N/A	None	None

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 investing in the Riverside County Treasury Investment Pool to provide the cash flow and liquidity needed for operations, and by purchasing a combination of shorter term and longer term investments and timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow necessary for debt service requirements.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Reported Amount	Maturity Date/ Average Maturity in Days
Riverside County Treasury Investment Pool	\$ 222,190,027	387
First American Treasury Obligation Money Market Funds	22,317,007	17
Federal Home Loan Banks Unsecured Senior Notes	445,116	12/11/2020
Federal Home Loan Banks Unsecured Senior Notes	968,216	3/11/2022
Federal Home Loan Banks Unsecured Senior Notes	892,982	11/15/2019
Federal Home Loan Banks Unsecured Senior Notes	343,094	9/11/2020
Federal Home Loan Banks Unsecured Senior Notes	418,752	2/18/2021
Federal Home Loan Banks Unsecured Senior Notes	1,909,086	7/1/2019
Federal Home Loan Mortgage Corporation Medium-Term Unsecured Senior Notes	301,140	7/15/2020
Federal Home Loan Mortgage Corporation Medium-Term Unsecured Senior Notes	877,110	7/27/2021
Federal Farm Credit Banks Unsecured Senior Notes	2,037,723	4/1/2021
Federal National Mortgage Association Unsecured Senior Notes	209,030	12/28/2020
Federal National Mortgage Association Unsecured Senior Notes	421,787	2/5/2020
Toyota Motor Credit Corporation Commercial Paper	208,642	8/23/2019
U.S. Treasury Notes	33,014,178	7/31/2019
Total	\$ 286,553,890	

CORONA-NORCO UNIFIED SCHOOL DISTRICT

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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. All of the District's investments have been rated Aaa by Moody's Investor Services as of June 30, 2019, other than First American Treasury Obligation Money Market Mutual Funds and Toyota Motor Credit Commercial Paper, which has been rated Aaa and P-1, respectively.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the *California Government Code*. However, the District has no investments in any one issuer that represent five percent or more of the total investments (excluding investments issued by or explicitly guaranteed by the U.S. government, investments in money market mutual funds, and investments in external investment pools).

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 has 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 \$8,819,346 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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	Reported Amount	Fair Value Measurements Using		Uncategorized
		Level 1 Inputs	Level 2 Inputs	
U.S. Agencies Securities	\$ 8,824,036	\$ -	\$ 8,824,036	\$ -
U.S. Treasury Notes	33,014,178	33,014,178	-	-
First American Treasury Obligation				
Money Market Mutual Funds	22,317,007	-	22,317,007	-
Toyota Motor Credit Commercial Paper	208,642	-	208,642	-
Riverside County Treasury Investment Pool	222,190,027	-	-	222,190,027
Total	<u>\$286,553,890</u>	<u>\$ 33,014,178</u>	<u>\$ 31,349,685</u>	<u>\$ 222,190,027</u>

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

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities	Fiduciary Fund
Federal Government						
Categorical aid	\$ 9,663,031	\$ -	\$ 2,352,877	\$ -	\$ 12,015,908	\$ -
State Government						
Categorical aid	1,897,628	-	467,711	-	2,365,339	-
Lottery	2,562,231	-	-	-	2,562,231	-
Special education	883,069	-	-	-	883,069	-
Local Government						
Interest	535,945	305,088	7,326	159,035	1,007,394	-
Other Local Sources	1,663,860	61	27,900	24,780	1,716,601	83,399
Total	<u>\$ 17,205,764</u>	<u>\$ 305,149</u>	<u>\$ 2,855,814</u>	<u>\$ 183,815</u>	<u>\$ 20,550,542</u>	<u>\$ 83,399</u>

NOTE 5 - LONG-TERM RECEIVABLES

The \$64,275,000 long-term receivable represents special taxes on parcels of taxable property within the Community Facilities Districts (CFDs) to be paid to the Corona-Norco Unified School District Public Financing Authority to pay principal and interest of bonds used to refinance CFDs' debt.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 6 - 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	\$ 86,028,059	\$ -	\$ -	\$ 86,028,059
Construction in process	158,701,606	77,218,277	-	235,919,883
Total Capital Assets Not Being Depreciated	<u>244,729,665</u>	<u>77,218,277</u>	<u>-</u>	<u>321,947,942</u>
Capital Assets Being Depreciated				
Land improvements	77,444,743	-	-	77,444,743
Buildings and improvements	1,052,361,447	-	-	1,052,361,447
Furniture and equipment	46,317,061	676,754	986,463	46,007,352
Total Capital Assets Being Depreciated	<u>1,176,123,251</u>	<u>676,754</u>	<u>986,463</u>	<u>1,175,813,542</u>
Less Accumulated Depreciation				
Land improvements	48,535,106	3,371,893	-	51,906,999
Buildings and improvements	407,942,585	30,693,860	-	438,636,445
Furniture and equipment	30,706,980	1,600,176	882,344	31,424,812
Total Accumulated Depreciation	<u>487,184,671</u>	<u>35,665,929</u>	<u>882,344</u>	<u>521,968,256</u>
Governmental Activities Capital Assets, Net	<u>\$ 933,668,245</u>	<u>\$ 42,229,102</u>	<u>\$ 104,119</u>	<u>\$ 975,793,228</u>

Depreciation expense was charged to governmental functions as follows:

Governmental activities:	
Instruction	\$ 31,012,466
Supervision of instruction	784,223
School site administration	641,637
Home-to-school transportation	748,577
Food services	19,417
All other pupil services	178,232
Data processing	142,586
All other general administration	712,930
Plant services	1,425,861
Total Depreciation Expenses	<u>\$ 35,665,929</u>

CORONA-NORCO UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2019, between major governmental funds, non-major governmental funds, and non-major enterprise funds are as follows:

The balance of \$1,072,888 is due to the General Fund from the Cafeteria Non-Major Governmental Fund resulted from salaries, benefits, and other operating expenditure reimbursements.

Operating Transfers

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

Transfer To	Transfer From		
	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-Major Governmental Funds	\$ 311,061	\$ 4,500,184	\$ 4,811,245

The General Fund transferred to the Child Development Non-Major Governmental Fund for an operating contribution.	\$ 311,061
The Capital Facilities Non-Major Governmental Fund transferred to the Debt Service Non-Major Governmental Fund for Blended Component Units for debt service requirements on outstanding certificates of participation.	2,386,696
The County School Facilities Non-Major Governmental Fund transferred to the Capital Facilities Fund for qualifying capital expenditures.	2,113,488
	\$ 4,811,245

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 8 - ACCOUNTS PAYABLE

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

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities	Fiduciary Fund
Salaries and benefits	\$ 10,142,651	\$ -	\$ 89,134	\$ -	\$ 10,231,785	\$ -
LCFF apportionment	8,702,605	-	-	-	8,702,605	-
Supplies	845,983	350,671	370,534	-	1,567,188	-
Services	4,126,043	247,289	307,580	45,241	4,726,153	-
Capital outlay	-	10,824,126	704,230	-	11,528,356	-
Other vendor payables	313,161	6	86,338	27	399,532	195,900
Total	\$ 24,130,443	\$ 11,422,092	\$ 1,557,816	\$ 45,268	\$ 37,155,619	\$ 195,900

NOTE 9 - UNEARNED REVENUE

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

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal financial assistance	\$ 1,117,789	\$ -	\$ 1,117,789
State categorical aid	298,349	-	298,349
Other local	-	314,160	314,160
Total	\$ 1,416,138	\$ 314,160	\$ 1,730,298

CORONA-NORCO UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the year consisted of the following:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due in One Year
General obligation bonds	\$ 534,490,253	\$ 8,001,785	\$ 15,625,000	\$ 526,867,038	\$ 17,240,000
Premium on issuance	39,489,391	-	2,016,904	37,472,487	-
2011 Refunding Certificates of Participation, Series A	23,145,000	-	1,310,000	21,835,000	1,375,000
Premium on issuance	558,556	-	49,285	509,271	-
Corona-Norco Unified School District Public Financing Authority Bonds	61,225,000	-	2,695,000	58,530,000	2,795,000
Capital leases	8,577,876	-	943,091	7,634,785	492,759
Property and liability	865,156	726,386	1,052,927	538,615	-
Claims liability	17,787,000	5,066,711	2,817,711	20,036,000	2,817,711
Supplemental early retirement plan (SERP)	5,923,966	-	1,974,655	3,949,311	1,974,655
Compensated absences	4,929,678	98,728	-	5,028,406	-
Net other postemployment benefits (OPEB) liability	62,121,359	7,344,539	3,738,354	65,727,544	-
	<u>\$ 759,113,235</u>	<u>\$ 21,238,149</u>	<u>\$ 32,222,927</u>	<u>\$ 748,128,457</u>	<u>\$ 26,695,125</u>

- Payments for General Obligation Bonds are made in the Bond Interest and Redemption Fund.
- Payments for the Certificates of Participation are made in the Debt Service Fund for Blended Component Units.
- Payments for the Corona-Norco Unified School District Public Financing Authority Bonds are made in the Debt Service Fund for Blended Component Units.
- Payments for Capital Leases are made in the General Fund.
- Payments for property and liability are made in the General Fund.
- Claims liability is paid from the Internal Service Fund.
- Payments for the Supplemental Early Retirement Plan and other postemployment benefits are made in the General Fund.
- Payments for compensated absences are typically liquidated in the General Fund and other Non-Major Governmental Funds.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Dates	Interest Rate	Original Issue	Bonds Outstanding Beginning of Year	Accreted	Redeemed	Bonds Outstanding End of Year
7/1/00	2025	4.15-6.04%	\$ 14,885,534	\$ 12,387,735	\$ 723,911	\$ 1,735,000	\$ 11,376,646
12/1/01	2027	3.00-5.72%	23,000,139	22,694,053	1,234,300	2,390,000	21,538,353
12/12/02	2028	2.50-5.71%	10,113,949	11,414,646	639,567	740,000	11,314,213
2/4/09	2034	3.00-6.11%	53,429,200	13,672,181	1,263,052	1,350,000	13,585,233
12/1/09	2040	2.50-7.08%	67,997,922	64,114,092	3,312,012	2,780,000	64,646,104
12/1/09	2037	4.77%	32,000,000	32,000,000	-	-	32,000,000
11/26/11	2028	2.00-5.50%	21,568,291	20,872,546	828,943	90,000	21,611,489
7/8/15	2045	2.50-5.00%	99,995,000	88,220,000	-	3,660,000	84,560,000
7/8/15	2032	3.00-5.00%	51,675,000	50,170,000	-	2,835,000	47,335,000
9/27/16	2040	3.00-4.00%	70,030,000	68,360,000	-	45,000	68,315,000
9/27/16	2036	4.000%	31,145,000	31,145,000	-	-	31,145,000
4/5/18	2048	3.00-5.00%	119,440,000	119,440,000	-	-	119,440,000
				<u>\$ 534,490,253</u>	<u>\$ 8,001,785</u>	<u>\$ 15,625,000</u>	<u>\$ 526,867,038</u>

1998 General Obligations Bonds, Series B

On July 1, 2000, the District issued \$14,885,534 of 1998 General Obligation Bonds, Series B. The Series B Bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting \$18,234,466, and an aggregate principal debt service balance of \$33,120,000. The bonds have a final maturity to occur on March 1, 2025, with interest rates ranging from 4.15 to 6.04 percent. Proceeds from the sale of the bonds were used to finance the construction of school facilities and the repair of existing school facilities. At June 30, 2019, the principal balance outstanding of the 1998 General Obligation Bonds, Series B was \$11,376,646.

1998 General Obligation Bonds, Series C

On December 1, 2001, the District issued \$23,000,139 of 1998 General Obligation Bonds, Series C. The Series C bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting \$23,459,861, and an aggregate principal debt service balance of \$46,460,000. The bonds have a final maturity to occur on September 1, 2026, with interest rates ranging from 3.00 to 5.72 percent. Proceeds from the sale of the bonds were used to finance the construction of school facilities and the repair of existing school facilities. At June 30, 2019, the principal balance outstanding on the 1998 General Obligation Bonds, Series C was \$21,538,353. Unamortized premium received on issuance of the bonds amounted to \$111,246 as of June 30, 2019.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

1998 General Obligation Bonds, Series D

On December 12, 2002, the District issued \$10,113,949 of 1998 General Obligation Bonds, Series D. The Series D bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting to \$13,461,051, and an aggregate principal debt service balance of \$23,575,000. The bonds have a final maturity on September 1, 2027, with interest rates ranging from 2.5 to 5.71 percent. Proceeds from the sale of the bonds were used to finance the construction of school facilities and the repair of existing school facilities. At June 30, 2019, the principal balance outstanding of the 1998 General Obligation Bonds, Series D was \$11,314,213. Unamortized premium received on issuance of the bonds amounted to \$83,569, as of June 30, 2019.

2006 General Obligation Bonds, Series B

On February 4, 2009, the District issued \$53,429,200 of 2006 General Obligation Bonds, Series B. The Series B Bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting to \$18,630,800, and an aggregate principal debt service balance of \$72,060,000. The bonds have a final maturity to occur on February 1, 2034, with interest rates ranging from 3.0 to 6.11 percent. Proceeds from the sale of the bonds were used to finance the construction of school facilities and the repair of existing school facilities. On September 27, 2016, \$41,330,000 of principle was defeased with proceeds from the issuance of the District's 2016 General Obligation Refunding Bonds, Series A. As of June 30, 2019, the principal balance outstanding on the 2006 General Obligation Bonds, Series B was \$13,585,233. Unamortized premium received on issuance of the bonds amounted to \$1,888,410, as of June 30, 2019.

2006 General Obligation Bonds, Series C

On December 1, 2009, the District issued \$67,997,922 of 2006 General Obligation Bonds, Series C. The Series C Bonds were issued as current interest bonds, capital appreciation bonds, and convertible capital appreciation bonds, with the value of the capital appreciation bonds accreting to \$87,472,171, and an aggregate principal debt service balance of \$155,470,093. The bonds have a final maturity to occur on August 1, 2039, with interest rates ranging from 2.50 to 7.08 percent. Proceeds from the sale of the bonds were used to pay off the 2009 General Obligation Bond Anticipation Notes, with any remaining amount to be used to finance the construction of school facilities and the repair of existing school facilities. On September 27, 2016, \$28,405,000 of principle was defeased with proceeds from the issuance of the District's 2016 General Obligation Refunding Bonds, Series A. As of June 30, 2019, the principal balance outstanding on the 2006 General Obligation Bonds, Series C was \$64,646,104. Unamortized premium received on issuance of the bonds amounted to \$6,808,239, as of June 30, 2019.

2006 General Obligation Bonds, Series D

On December 1, 2009, the District issued \$32,000,000 of 2006 General Obligation Bonds, Series D. The bonds have a final maturity to occur on August 1, 2036 and yield an interest rate of 4.772 percent. Proceeds from the sale of the bonds were used to finance the construction of school facilities and the repair of existing school facilities. As of June 30, 2019, the principal balance outstanding on the 2006 General Obligation Bonds, Series D was \$32,000,000.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

2006 General Obligation Bonds, Series E

On November 26, 2011, the Corona-Norco Unified School District issued \$21,568,291 of 2006 General Obligation Bonds, Series E. The Series E bonds represent the fifth and final series of authorized bonds not to exceed \$250,000,000 to be issued under the measure as approved by the voters. The Series E bonds were issued as current interest bonds and convertible capital appreciation bonds, with the value of convertible capital appreciation bonds accreting to \$7,411,709, and an aggregate principle debt service balance of \$28,980,000. The bonds have a final maturity on August 1, 2027, with interest rates ranging from 2.00 to 5.50 percent. Proceeds from the sale of bonds were used to finance the construction of school facilities and repair of existing school facilities. On June 30, 2019, the principal balance outstanding on the 2006 General Obligation Bonds, Series E was \$21,611,489. Unamortized premium received on issuance as of June 30, 2019, amounted to \$109,501.

2014 General Obligation, Series A

On July 8, 2015, the Corona-Norco Unified School District issued 2014 General Obligation Bonds, Series A in the amount of \$99,995,000. The Series A bonds represent the first series of authorized bonds not to exceed \$396,000,000 to be issued under the measure as approved by the voters. The Series A bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$108,057,551 (representing the principal amount of \$99,995,000 and premium of \$8,728,494, less cost of issuance of \$665,944). The bonds have a final maturity which occurs on August 1, 2044 with interest rates of 2.5 to 5.0 percent. Proceeds from the sale of the bonds were used to finance the construction of school facilities and repair of existing school facilities. As of June 30, 2019, the principal balance outstanding was \$84,560,000, and unamortized premium on issuance was \$7,524,563.

2015 General Obligation Refunding Bonds

On July 8, 2015, the Corona-Norco Unified School District issued 2015 General Obligation Refunding Bonds in the amount of \$51,675,000. The refunding bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$57,052,754 (representing the principal amount of \$51,675,000 and premium of \$5,725,655, less cost of issuance of \$347,901). The bonds have a final maturity which occurs on August 1, 2031 with interest rates of 3.0 to 5.0 percent. Proceeds from the sale of the bonds were used to provide advance refunding of the District's 2005 General Obligation Refunding Bonds and partial refunding of 2006 General Obligation Bonds Series A in in the amount of \$3,980,000 and \$47,855,000, respectively. As of June 30, 2019, the principal balance outstanding was \$47,335,000, and unamortized premium on issuance and deferred amount on refunding were \$4,294,242 and \$2,061,742, respectively.

2016 General Obligation Refunding Bonds, Series A

On September 27, 2016, the Corona-Norco Unified School District issued 2016 General Obligation Refunding Bonds, Series A in the amount of \$70,030,000. The refunding bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$77,533,286 (representing the principal amount of \$70,030,000 and premium of \$7,981,433, less cost of issuance of \$478,147). The bonds have a final maturity which occurs on August 1, 2039 with interest rates of 3.0 to 4.0 percent. Proceeds from the sale of the bonds were used to provide advance refunding of the District's 2006 General Obligation Bonds, Series B and partial refunding of 2006 General Obligation Bonds, Series C in the amount of \$41,330,000 and \$28,405,000, respectively. The refunding resulted in a cumulative cash flow saving of \$15,342,721 over the life of the new debt and an economic gain of \$19,921,520 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.59 percent. As of June 30, 2019, the principal balance outstanding was \$68,315,000, and unamortized premium on issuance and deferred amount on refunding were \$6,940,376 and \$6,332,970, respectively.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

2016 General Obligation Refunding Bonds, Series B (2019 Crossover)

On September 27, 2016, the Corona-Norco Unified School District issued 2016 General Obligation Refunding Bonds, Series B (2019 Crossover) in the amount of \$31,145,000. The refunding bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$34,649,907 (representing the principal amount of \$31,145,000 and premium of \$3,726,198, less cost of issuance of \$221,291). The bonds have a final maturity which occurs on August 1, 2035 with interest rates of 4.0 percent. Proceeds from the sale of the bonds will be used to provide advance refunding on the crossover date of August 1, 2019, of the District's 2006 General Obligation Bonds, Series D in the amount of \$32,000,000 and pay the cost of issuing the refunding bonds. As of June 30, 2019, the principal balance outstanding was \$31,145,000, and unamortized premium on issuance was \$3,137,850.

2014 General Obligation, Series B

On April 5, 2018, the Corona-Norco Unified School District issued 2014 General Obligation Bonds, Series B in the amount of \$119,440,000. The Series B bonds represent the second series of authorized bonds not to exceed \$396,000,000 to be issued under the measure as approved by the voters. The Series B bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$125,621,046 (representing the principal amount of \$119,440,000 and premium of \$6,870,640, less cost of issuance of \$689,594). The bonds have a final maturity which occurs on August 1, 2047 with interest rates of 3.0 to 5.0 percent. Proceeds from the sale of the bonds were used to finance the repair, upgrading, acquisition, construction and equipping of District sites and facilities. As of June 30, 2019, the principal balance outstanding was \$119,440,000, and unamortized premium on issuance was \$6,574,491.

The general obligation bonds mature as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Current Interest to Maturity	Total
2020	\$ 16,909,662	\$ 330,338	\$ 19,160,138	\$ 36,400,138
2021	14,685,675	1,309,325	18,907,813	34,902,813
2022	15,226,254	2,253,746	19,195,783	36,675,783
2023	15,430,995	3,074,005	19,423,653	37,928,653
2024	16,802,693	4,007,307	19,107,384	39,917,384
2025-2029	85,696,410	23,833,590	88,223,334	197,753,334
2030-2034	72,118,113	5,161,994	73,784,128	151,064,235
2035-2039	143,555,976	27,454,008	46,217,352	217,227,336
2040-2044	81,241,260	7,643,740	22,130,194	111,015,194
2045-2048	65,200,000	-	5,487,075	70,687,075
Total	\$ 526,867,038	\$ 75,068,053	\$ 331,636,854	\$ 933,571,945

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

2011 Refunding Certificates of Participation, Series A

In September 2010 the Corona-Norco Unified School District Land Acquisition Corporation issued the 2011 Refunding Certificates of Participation, Series A in the amount of \$32,125,000. The certificates have a final maturity to occur on April 15, 2031, with interest rates ranging from 4.625 to 5.000 percent. Proceeds from the sale of the certificates were used to provide for the current refunding of the District's \$38,105,000 Certificates of Participation. As of June 30, 2019, the principal balance is \$21,835,000. Unamortized premium on issuance and deferred charge on refunding were \$509,271, and \$92,136, respectively.

Year Ending June 30,	Principal	Interest	Total
2020	\$ 1,375,000	\$ 1,011,444	\$ 2,386,444
2021	1,440,000	942,694	2,382,694
2022	1,515,000	870,694	2,385,694
2023	1,590,000	794,944	2,384,944
2024	1,650,000	735,319	2,385,319
2025-2029	9,385,000	2,542,144	11,927,144
2030-2032	4,880,000	384,980	5,264,980
Total	<u>\$ 21,835,000</u>	<u>\$ 7,282,219</u>	<u>\$ 29,117,219</u>

Corona-Norco Unified School District Public Financing Authority Bonds

The Corona-Norco Unified School District Public Financing Authority (PFA) was created to refinance the Community Facility Districts' (CFD) debt. The 2005 PFA, Series B Refunding Bonds refinanced the debt for CFDs 1997-1, 1999-1, 1999-2, and 2002-1. The 2006 PFA, Series A and Series B bonds refinanced the debt for CFDs 2004-2 Area 2 and 2004-2 Area 3, respectively. The 2013 PFA, Series A and Series B bonds refinanced the debt for CFD 2000-1, 2001-1 Area A and B, 2001-2 Area A, 2003-3 Area A and B, CFD 2003-4, 2001-2 Area B, 2001-2 Area C, 2003-2, 2003-5, and 2003-1. Lastly, the 2016 PFA, Series A Refunding Bonds refinanced the debt for 2005 PFA, Series B Refunding Bonds. As of June 30, 2019, the principal balance is \$58,530,000.

Fiscal Year	Principal	Current Interest to Maturity	Total
2020	\$ 2,795,000	\$ 2,547,684	\$ 5,342,684
2021	2,900,000	2,428,813	5,328,813
2022	3,050,000	2,303,619	5,353,619
2023	3,135,000	2,172,233	5,307,233
2024	3,280,000	2,034,829	5,314,829
2025-2029	18,690,000	7,850,252	26,540,252
2030-2034	20,210,000	3,345,830	23,555,830
2035-2037	4,470,000	225,816	4,695,816
Total	<u>\$ 58,530,000</u>	<u>\$ 22,909,076</u>	<u>\$ 81,439,076</u>

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Capital Leases

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

Balance, Beginning of Year	\$ 9,970,821
Payments	<u>(1,127,996)</u>
Balance, End of Year	<u><u>\$ 8,842,825</u></u>

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2020	\$ 655,024
2021	655,024
2022	655,024
2023	655,024
2024	655,024
2025-2029	3,275,120
2030-2033	<u>2,292,585</u>
Total	8,842,825
Less: Amount Representing Interest	<u>(1,208,040)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 7,634,785</u></u>

Property and Liability

The District had outstanding reserves that amounted to \$538,615 at June 30, 2019 based on its self-insured retention amounts of \$250,000 for its property and liability programs.

Claims Liability

Liabilities associated with workers' compensation claims are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are based upon estimated ultimate cost of settling the claims, considering recent claim settlement trends including the frequency and amount of payouts and other economic and social factors. The liability for workers' compensation claims is reported in the Internal Service Fund. The outstanding claims liability at June 30, 2019, amounted to \$20,036,000, using a discount factor of 1.0 percent.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Supplemental Early Retirement Plan (SERP)

The District adopted a supplemental retirement plan whereby certain eligible certificated non-management and certificated/classified management employees are provided an annuity to supplement the retirement benefits they are entitled to through their respective retirement systems. The annuities offered to the employees are to be paid over a five-year period. The annuities, which were purchased for employees who retired during the 2012-2013 and 2015-2016 school year, were purchased from Pacific Life Insurance Company. As of June 30, 2019, the balance of the obligation associated with the supplemental early retirement plan was \$3,949,311.

Future payments are as follows:

Year Ending June 30,	Annual Payment
2020	\$ 1,974,655
2021	1,974,656
Total	<u>\$ 3,949,311</u>

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2019, amounted to \$5,028,406.

Net Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 62,129,465	\$ 1,804,100	\$ 1,311,269	\$ 5,334,586
Medicare Premium Payment (MPP) Program	3,598,079	-	-	(394,030)
Total	<u>\$ 65,727,544</u>	<u>\$ 1,804,100</u>	<u>\$ 1,311,269</u>	<u>\$ 4,940,556</u>

The details of each plan are as follows:

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 four of GASB Statement No. 75.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Plan Membership

As of June 30, 2019, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	234
Active employees	4,081
	<hr/>
	4,315
	<hr/> <hr/>

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.

The benefit payment requirements of Plan members and the District are established and may be amended by the District, the Corona-Norco Teachers Association (CNTA), 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, CNTA, CSEA, and the unrepresented groups. For the measurement period June 30, 2018, the District paid \$1,934,463 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$62,129,465 was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2017.

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 was determined by applying update procedure to the financial reporting actuarial valuation as of June 30, 2017 and rolling forward the total OPEB liability to June 30, 2018. The following assumptions were 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	3.80 percent for 2018
Healthcare cost trend rates	4.00 percent

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 reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2017	\$ 58,129,250
Service cost	5,075,939
Interest	2,268,600
Changes of assumptions	(1,409,861)
Benefit payments	(1,934,463)
Net change in total OPEB liability	<u>4,000,215</u>
Balance at June 30, 2018	<u>\$ 62,129,465</u>

Changes of assumptions reflect a change in the discount rate from 3.50 percent in 2018 to 3.80 percent in 2019.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

<u>Discount Rate</u>	<u>Total OPEB Liability</u>
1% decrease (2.8%)	\$ 66,348,257
Current discount rate (3.8%)	62,129,465
1% increase (4.8%)	58,054,603

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

<u>Healthcare Cost Trend Rates</u>	<u>Total OPEB Liability</u>
1% decrease (3.0%)	\$ 58,398,388
Current healthcare cost trend rate (4.0%)	62,129,465
1% increase (5.0%)	66,000,149

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

OPEB Expense, 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 \$5,334,586. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Amount paid by the District for OPEB as the benefits come due subsequent to measurement date	\$ 1,804,100	\$ -
Changes of assumptions	-	1,311,269
Total	<u>\$ 1,804,100</u>	<u>\$ 1,311,269</u>

The deferred outflows of resources related to the amount paid by the District for OPEB as the benefits come due subsequent to measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

The deferred inflows of resources related to the changes of assumptions will be recognized as OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Inflows of Resources</u>
2020	\$ (98,592)
2021	(98,592)
2022	(98,592)
2023	(98,592)
2024	(98,592)
Thereafter	(818,309)
	<u>\$ (1,311,269)</u>

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California *Education Code* Section 25930, benefit payments that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2019, the District reported a liability of \$3,598,079 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB 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 0.9400 percent, and 0.9489 percent, resulting in a net decrease in the proportionate share of 0.0089 percent.

For the year ended June 30, 2019, the District recognized OPEB expense of \$(394,030).

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Actuarial Methods and Assumptions

The June 30, 2018 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total OPEB liability to June 30, 2018, using the assumptions listed in the following table:

Measurement Date	June 30, 2018	June 30, 2017
Valuation Date	June 30, 2017	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.87%	3.58%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

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

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 459 or an average of 0.27 percent of the potentially eligible population (171,593).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2018, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2018, is 3.87 percent. The MPP Program is funded on a pay-as-you-go basis as described in Note 1, and under the pay-as-you-go method, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.87 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2018, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 0.29 percent from 3.58 percent as of June 30, 2017.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net OPEB 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 OPEB Liability
1% decrease (2.87%)	\$ 3,979,657
Current discount rate (3.87%)	3,598,079
1% increase (4.87%)	3,253,544

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District's proportionate share of the net OPEB liability calculated using the current Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	\$ 3,281,087
Current Medicare costs trend rate (3.7% Part A and 4.1% Part B)	3,598,079
1% increase (4.7% Part A and 5.1% Part B)	3,939,002

NOTE 11 - NON-OBLIGATORY DEBT

Non-obligatory debt relates to debt issuances issued by the Community Facility Districts, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies, should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders. The Community Facilities District Special Tax Bonds include several Community Facilities Districts with a remaining balance as of June 30, 2019, of \$81,385,000.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 12 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 205,000	\$ -	\$ -	\$ 9,120	\$ 214,120
Stores inventories	97,192	-	-	196,043	293,235
Prepaid expenditures	127,550	-	-	-	127,550
Total Nonspendable	429,742	-	-	205,163	634,905
Restricted					
Legally restricted programs	12,231,024	-	-	1,712,438	13,943,462
Capital projects	-	26,368,285	-	8,326,662	34,694,947
Debt services	-	-	76,844,374	12,654,957	89,499,331
Total Restricted	12,231,024	26,368,285	76,844,374	22,694,057	138,137,740
Committed					
Adult education program	-	-	-	648,668	648,668
Assigned					
School site planned expenditures	5,873,243	-	-	-	5,873,243
LCAP planned expenditures	227,642	-	-	-	227,642
Instructional Materials					
Facilities maintenance and Technology	12,700,000	-	-	-	12,700,000
Local grants	217,096	-	-	-	217,096
Textbooks	4,000,000	-	-	-	4,000,000
Enrollment adjustment	37,384,114	-	-	-	37,384,114
Total Assigned	60,402,095	-	-	-	60,402,095
Unassigned					
Reserve for economic uncertainties	11,598,896	-	-	-	11,598,896
Total	\$84,661,757	\$26,368,285	\$76,844,374	\$23,547,888	\$211,422,304

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 13 - RISK MANAGEMENT

Description

The District accounts for risk management activities in the General Fund and in the Internal Service Fund. The purpose of the Internal Service Fund is to administer the workers' compensation program for the District. The activity of the Internal Service Fund does not constitute a transfer of risk from the District. All other risk financing activities are accounted for in the General Fund including employee benefit programs, and property and liability coverage. The District's property and liability programs are covered through the District's participation in Southern California Regional Liability Excess Fund (SCR). The District's has contracted with Self Insured Schools of California (SISC) and Voluntary Employee Beneficiary Association (VEBA) to provide employee health benefits. The District provides health insurance benefits to District employees electing to participate in the plan by paying a monthly premium based on the number of District employees participating in the plan. The District purchases excess liability insurance for the liability and property coverages from Safety National Insurance commercial carrier. Refer to Note 16 for additional information regarding JPAs.

Significant losses are covered by commercial insurance for all major programs. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year.

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. Claims liabilities of \$20,036,000 have been discounted at 1.0 percent as of June 30, 2019. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2017 to June 30, 2019:

	Workers' Compensation
Liability Balance, July 1, 2017	\$ 16,871,000
Claims and changes in estimates	3,124,219
Claims payments	(2,208,219)
Liability Balance, June 30, 2018	17,787,000
Claims and changes in estimates	5,041,931
Claims payments	(2,792,931)
Liability Balance, June 30, 2019	\$ 20,036,000
Assets available to pay claims at June 30, 2019	\$ 27,643,935

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 14 - 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).

For the fiscal year ended June 30, 2019, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 481,330,411	\$ 134,375,857	\$ 33,625,903	\$ 59,106,253
CalPERS	136,798,840	37,378,397	1,820,547	28,531,167
Total	\$ 618,129,251	\$ 171,754,254	\$ 35,446,450	\$ 87,637,420

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 publicly available reports that can be found on the CalSTRS website under Publications at:

<http://www.calstrs.com/member-publications>.

Benefits Provided

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

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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:

	<u>STRP Defined Benefit Program</u>	
	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 \$47,310,178.

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	\$ 481,330,411
State's proportionate share of the net pension liability associated with the District	275,584,171
Total	<u>\$ 756,914,582</u>

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 0.5237 percent and 0.5241 percent, resulting in a net decrease in the proportionate share of 0.0004 percent.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

For the year ended June 30, 2019, the District recognized pension expense of \$59,106,253. In addition, the District recognized pension expense and revenue of \$32,374,926 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 47,310,178	\$ -
Net change in proportionate share of net pension liability	10,797,116	8,100,051
Differences between projected and actual earnings on pension plan investments	-	18,534,261
Differences between expected and actual experience in the measurement of the total pension liability	1,492,587	6,991,591
Changes of assumptions	74,775,976	-
Total	<u>\$ 134,375,857</u>	<u>\$ 33,625,903</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2020	\$ 4,024,311
2021	(2,920,146)
2022	(15,549,524)
2023	(4,088,902)
Total	<u>\$ (18,534,261)</u>

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

The deferred outflows/(inflows) 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 Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ 15,189,506
2021	15,189,506
2022	15,189,505
2023	12,950,945
2024	13,572,438
Thereafter	(117,863)
Total	<u>\$ 71,974,037</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the 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.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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	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%)	\$ 705,092,726
Current discount rate (7.10%)	481,330,411
1% increase (8.10%)	295,809,738

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

The CalPERS provisions and benefits in effect at June 30, 2019, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	18.062%	18.062%

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be 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 \$12,616,300.

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 \$136,798,840. 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 0.5131 percent and 0.5178 percent, resulting in a net decrease in the proportionate share of 0.0047 percent.

For the year ended June 30, 2019, the District recognized pension expense of \$28,531,167. 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	\$ 12,616,300	\$ -
Net change in proportionate share of net pension liability	1,013,247	1,820,547
Differences between projected and actual earnings on pension plan investments	1,122,058	-
Differences between expected and actual experience in the measurement of the total pension liability	8,968,031	-
Changes of assumptions	13,658,761	-
Total	<u>\$ 37,378,397</u>	<u>\$ 1,820,547</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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	\$ 4,081,170
2021	975,976
2022	(3,127,644)
2023	(807,444)
Total	<u>\$ 1,122,058</u>

The deferred outflows/(inflows) 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 Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.0 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ 10,288,002
2021	8,801,035
2022	2,730,455
Total	<u>\$ 21,819,492</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the 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.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-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:

<u>Discount rate</u>	<u>Net Pension Liability</u>
1% decrease (6.15%)	\$ 199,172,569
Current discount rate (7.15%)	136,798,840
1% increase (8.15%)	85,050,903

Social Security

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

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$25,434,731 (9.828 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. 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 2018–2019 contribution on behalf of school employers of \$2.246 billion for CalSTRS and \$904 million for CalPERS. A proportionate share of these contributions 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 15 - 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 litigations 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.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Construction Commitments

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

<u>Capital Projects</u>	<u>Remaining Construction Commitments</u>	<u>Expected Date of Completion</u>
Jefferson Elementary School - School upgrades/admin/classrooms	\$ 23,665,869	July 2021
Norco Elementary School - School upgrades/admin/classrooms	19,186,294	July 2021
Rondo Elementary School - New Elementary School	8,710,846	July 2020
Roosevelt High School - Stem Academy High School	10,375,404	August 2019
Corona High School - Locker rooms	565,788	July 2019
	<u>\$ 62,504,201</u>	

NOTE 16 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS

The District is a member of the Southern California Regional Liability Excess Fund (SCR), Self-Insured Schools of California (SISC), and Voluntary Employee Beneficiary Association (VEBA) joint powers authorities. The District pays an annual premium to SCR for liability and property coverage. Payments for health benefits are paid to SISC and VEBA. The relationship between the District and the pools are such that the pools are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of their 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 generally available from the entities.

During the year ended June 30, 2019, the District made a payment of \$1,738,885, \$14,185,399, and \$27,686,263 to SCR, SISC, and VEBA, respectively, for the coverage noted above.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 17 - SUBSEQUENT EVENTS

2014 General Obligation, Series C

On October 24, 2019, the Corona-Norco Unified School District issued 2014 General Obligation Bonds, Series C in the amount of \$86,000,000. The Series C bonds represent the third series of authorized bonds not to exceed \$396,000,000 to be issued under the measure as approved by the voters. The Series C bonds were issued as current interest bonds. The bonds have a final maturity which occurs on August 1, 2049 with interest rates of 3.0 to 5.0 percent. Proceeds from the sale of the bonds were used to finance the acquisition, construction, modernization, and equipping of District sites and facilities.

2019 General Obligation Refunding Bonds

On October 24, 2019, the Corona-Norco Unified School District issued 2019 General Obligation Refunding Bonds in the amount of \$34,175,000. The refunding bonds were issued as current interest bonds. The bonds have a final maturity which occurs on August 1, 2039 with interest rates of 1.732 to 3.191 percent. Proceeds from the sale of the bonds were used to provide advance refunding of the District's 2006 General Obligation Bonds, Series C and 2006 General Obligation Bonds, Series E.



REQUIRED SUPPLEMENTARY INFORMATION

CORONA-NORCO UNIFIED SCHOOL DISTRICT

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual (GAAP Basis)	Variances - Positive (Negative)
	Original	Final		Final to Actual
	REVENUES			
Local Control Funding Formula	\$ 468,210,982	\$ 472,157,012	\$ 472,902,835	\$ 745,823
Federal sources	21,320,450	26,878,549	23,207,818	(3,670,731)
Other State sources	91,023,632	87,521,660	112,389,396	24,867,736
Other local sources	1,962,096	8,370,783	9,835,768	1,464,985
Total Revenues ¹	582,517,160	594,928,004	618,335,817	23,407,813
EXPENDITURES				
Current				
Certificated salaries	290,259,564	292,447,634	291,641,663	805,971
Classified salaries	77,566,926	76,836,827	76,379,367	457,460
Employee benefits	126,915,929	129,628,323	151,795,151	(22,166,828)
Books and supplies	21,841,211	21,984,791	14,019,986	7,964,805
Services and operating expenditures	60,249,696	69,180,915	68,312,096	868,819
Other outgo	(1,030,561)	(989,987)	(816,272)	(173,715)
Capital outlay	577,072	325,150	313,147	12,003
Debt service - principal	1,671,534	1,626,313	943,091	683,222
Debt service - interest	172,738	172,738	184,905	(12,167)
Total Expenditures ¹	578,224,109	591,212,704	602,773,134	(11,560,430)
Deficiency of Revenues Over Expenditures	4,293,051	3,715,300	15,562,683	11,847,383
Other Financing Sources (Uses)				
Transfers out	(323,729)	(327,468)	(311,061)	16,407
NET CHANGE IN FUND BALANCE	3,969,322	3,387,832	15,251,622	11,863,790
Fund Balance - Beginning	69,410,135	69,410,135	69,410,135	-
Fund Balance - Ending	\$ 73,379,457	\$ 72,797,967	\$ 84,661,757	\$ 11,863,790

¹ On behalf payments of \$23,139,444 relating to Senate Bill 90 are included in the actual revenues and expenditures but have not been included in the budgeted amounts.

See accompanying note to required supplementary information.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

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

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 5,075,939	\$ 4,940,087
Interest	2,268,600	1,911,349
Changes of assumptions	(1,409,861)	-
Benefit payments	<u>(1,934,463)</u>	<u>(1,860,061)</u>
Net change in total OPEB liability	4,000,215	4,991,375
Total OPEB liability - beginning	<u>58,129,250</u>	<u>53,137,875</u>
Total OPEB liability - ending	<u>\$ 62,129,465</u>	<u>\$ 58,129,250</u>
Covered payroll	<u>N/A¹</u>	<u>N/A¹</u>
District's total OPEB liability as a percentage of covered payroll	<u>N/A¹</u>	<u>N/A¹</u>

¹ The District's OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

See accompanying note to required supplementary information.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET
OPEB LIABILITY - MPP PROGRAM
FOR THE YEAR ENDED JUNE 30, 2019**

Year ended June 30,	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	<u>0.9400%</u>	<u>0.9489%</u>
District's proportionate share of the net OPEB liability	<u>\$ 3,598,079</u>	<u>\$ 3,992,109</u>
District's covered payroll	<u>N/A¹</u>	<u>N/A¹</u>
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	<u>N/A¹</u>	<u>N/A¹</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>-0.40%</u>	<u>0.01%</u>

¹ As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

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

See accompanying note to required supplementary information.

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CORONA-NORCO UNIFIED SCHOOL DISTRICT

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

	<u>2019</u>	<u>2018</u>
CalSTRS		
District's proportion of the net pension liability	<u>0.5237%</u>	<u>0.5241%</u>
District's proportionate share of the net pension liability	\$ 481,330,411	\$ 484,717,387
State's proportionate share of the net pension liability associated with the District	<u>275,584,171</u>	<u>286,754,711</u>
Total	<u>\$ 756,914,582</u>	<u>\$ 771,472,098</u>
District's covered payroll	<u>\$ 282,625,329</u>	<u>\$ 278,652,631</u>
District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>170.31%</u>	<u>173.95%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>69%</u>
CalPERS		
District's proportion of the net pension liability	<u>0.5131%</u>	<u>0.5178%</u>
District's proportionate share of the net pension liability	<u>\$ 136,798,840</u>	<u>\$ 123,605,687</u>
District's covered payroll	<u>\$ 67,763,055</u>	<u>\$ 66,101,865</u>
District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>201.88%</u>	<u>186.99%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>72%</u>

See accompanying note to required supplementary information.

<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>0.5385%</u>	<u>0.5358%</u>	<u>0.5048%</u>
<u>\$ 435,505,985</u>	<u>\$ 360,710,997</u>	<u>\$ 294,991,961</u>
<u>247,925,788</u>	<u>190,776,354</u>	<u>178,128,882</u>
<u>\$ 683,431,773</u>	<u>\$ 551,487,351</u>	<u>\$ 473,120,843</u>
<u>\$ 271,662,311</u>	<u>\$ 248,682,275</u>	<u>\$ 230,677,774</u>
<u>160.31%</u>	<u>145.05%</u>	<u>127.88%</u>
<u>70%</u>	<u>74%</u>	<u>77%</u>
<u>0.5319%</u>	<u>0.5032%</u>	<u>0.4453%</u>
<u>\$ 105,049,259</u>	<u>\$ 74,173,770</u>	<u>\$ 50,553,827</u>
<u>\$ 64,746,375</u>	<u>\$ 56,284,674</u>	<u>\$ 47,346,544</u>
<u>162.25%</u>	<u>131.78%</u>	<u>106.77%</u>
<u>74%</u>	<u>79%</u>	<u>83%</u>

CORONA-NORCO UNIFIED SCHOOL DISTRICT

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

	<u>2019</u>	<u>2018</u>
CalSTRS		
Contractually required contribution	\$ 47,310,178	\$ 40,782,835
Contributions in relation to the contractually required contribution	<u>(47,310,178)</u>	<u>(40,782,835)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 290,603,059</u>	<u>\$ 282,625,329</u>
Contributions as a percentage of covered payroll	<u>16.28%</u>	<u>14.43%</u>
CalPERS		
Contractually required contribution	\$ 12,616,300	\$ 10,524,280
Contributions in relation to the contractually required contribution	<u>(12,616,300)</u>	<u>(10,524,280)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>69,849,961</u>	<u>67,763,055</u>
Contributions as a percentage of covered payroll	<u>18.062%</u>	<u>15.531%</u>

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

See accompanying note to required supplementary information.

<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 35,054,501	\$ 29,149,366	\$ 22,082,986
<u>(35,054,501)</u>	<u>(29,149,366)</u>	<u>(22,082,986)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 278,652,631</u>	<u>\$ 271,662,311</u>	<u>\$ 248,682,275</u>
<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
\$ 9,180,227	\$ 7,670,503	\$ 6,625,269
<u>(9,180,227)</u>	<u>(7,670,503)</u>	<u>(6,625,269)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 66,101,865</u>	<u>\$ 64,746,375</u>	<u>\$ 56,284,674</u>
<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTE 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 States 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 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		
	Budget	Actual*	Excess
General Fund	<u>\$ 591,540,172</u>	<u>\$ 603,084,195</u>	<u>\$ 11,544,023</u>

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.

Changes in Benefit Terms – There were no changes in benefit terms.

Changes of Assumptions – The discount rate changed from 3.50 percent in 2018 to 3.80 percent in 2019.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB Liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented

Changes in Benefit Terms – There were no changes in the benefit terms since the previous valuation.

Changes of Assumptions – The plan rate of investment return assumption was changed from 3.58 percent to 3.87 percent since the previous valuation.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2019

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 of Assumptions – There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

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

CORONA-NORCO UNIFIED SCHOOL DISTRICT

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

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE)			
Title I, Part A, Basic Grants Low-Income and Neglected School Improvement Funding for LEAs	84.010	14329	\$ 8,601,365
Title II, Part A, Supporting Effective Instruction	84.367	14341	1,223,038
Title III, Immigrant Student Program	84.365	15146	1,523
Title III, English Learner Student Program	84.365	14346	700,559
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	82,889
Early Intervention Grants	84.181	23761	148,995
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	303,333
Adult Basic Education & ELA	84.002A	14508	449,782
Adult Secondary Education	84.002	13978	153,450
English Literacy & Civics Education	84.002A	14109	173,698
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	8,524,309
Preschool Grants, Part B, Sec 619	84.173	13430	169,096
Preschool Capacity Building, Part B, Sec 619	84.173A	13839	6,802
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	592,069
Preschool Staff Development, Part B, Sec 619	84.173A	13431	4,555
Alternate Dispute Resolution, Part B, Sec 611	84.173A	13007	9,489
Subtotal - Special Education (IDEA) Cluster			<u>9,306,320</u>
Passed through California Department of Rehabilitation			
Workability II, Transition Partnership	84.126	10006	366,980
Total U.S. Department of Education			<u>21,516,150</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Medicaid Cluster			
Passed through California Department of Health Services			
Medi-Cal Billing Option	93.778	10013	906,145
Passed through Passed through County of Riverside			
Medi-Cal Administrative Activities	93.778	10060	1,386,246
Subtotal - Medicaid Cluster			<u>2,292,391</u>
Passed through CDE			
Child Care and Development Fund (CCDF) Cluster			
Federal Child Care - Center Based	93.596	13609	14,844
Federal Child Care - Center Based	93.575	15136	6,824
Subtotal - CCDF Cluster			<u>21,668</u>
Total U.S. Department of Health and Human Services			<u>2,314,059</u>

See accompanying note to supplementary information.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (Continued)
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE			
Child Nutrition Cluster			
National School Lunch Program	10.555	13396	\$ 9,280,873
Basic School Breakfast Program	10.553	13390	38,127
Especially Needy Breakfast Program	10.553	13390	1,784,834
Summer Food Service Program	10.559	13004	129,433
Commodities	10.555	13396	1,320,182
Subtotal - Child Nutrition Cluster			<u>12,553,449</u>
Child and Adult Care Food Program	10.558	13666	576,894
Forest Reserve	10.665	10044	15,201
Total U.S. Department of Agriculture			<u>13,145,544</u>
U.S. DEPARTMENT OF JUSTICE			
STOP Threat Assessment Program	16.839	[1]	54,838
Total U.S. Department of Justice			<u>54,838</u>
Total Expenditures of Federal Awards			<u><u>\$ 37,030,591</u></u>

[1] Pass-Through Entity Number not available

See accompanying note to supplementary information.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2019

ORGANIZATION

The District was established as a unified school district in 1948. The District conducts a kindergarten through twelfth grade educational program for approximately 50,000 students through 31 elementary schools, eight middle schools, five high schools, a middle college, two continuation schools, and one school for the severely handicapped, an independent study program, and one adult education school. The District is located in Riverside County and occupies the western regions of Riverside, the City of Corona, and the City of Norco. There were no boundary changes during the year.

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Mary Ybarra	President	2020
Jose W. Lalas, Ph.D.	Vice President	2020
Bill Pollock	Clerk	2020
John Zickefoose	Member	2022
Elizabeth Marroquin	Member	2022

ADMINISTRATION

<u>NAME</u>	<u>TITLE</u>
Michael H. Lin, Ed.D.	Superintendent
Samuel Buenrostro, Ed.D.	Deputy Superintendent, Instructional Support
Alan Giles	Assistant Superintendent, Business Services
Lisa Simon, Ed.D.	Associate Superintendent, Educational Services
Ben Odipo	Assistant Superintendent, Information Technology
Glen Gonsalves	Assistant Superintendent, Human Resources
Dalia Gadelmawla	Chief Business Officer

See accompanying note to supplementary information.

CORONA-NORCO 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	14,693.38	14,734.86
Fourth through sixth	11,469.88	11,471.67
Seventh and eighth	8,072.94	7,896.80
Ninth through twelfth	16,754.50	16,772.05
Total Regular ADA	<u>50,990.70</u>	<u>50,875.38</u>
Extended Year Special Education		
Transitional kindergarten through third	16.51	16.51
Fourth through sixth	11.31	11.31
Seventh and eighth	6.61	6.61
Ninth through twelfth	18.21	18.21
Total Extended Year Special Education	<u>52.64</u>	<u>52.64</u>
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.58	0.78
Fourth through sixth	5.19	7.29
Seventh and eighth	6.96	9.94
Ninth through twelfth	28.73	38.59
Total Special Education, Nonpublic, Nonsectarian Schools	<u>41.46</u>	<u>56.60</u>
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.03	0.09
Fourth through sixth	0.63	0.63
Seventh and eighth	0.77	0.85
Ninth through twelfth	3.37	3.47
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	<u>4.80</u>	<u>5.04</u>
Total ADA	<u>51,089.60</u>	<u>50,989.66</u>

See accompanying note to supplementary information.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

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

Grade Level	1986-87	2018-19	Number of Days		Status
	Minutes Requirement	Actual Minutes	Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	36,060	180	175	Complied
Grades 1 - 3	50,400				
Grade 1		50,785	180	175	Complied
Grade 2		50,785	180	175	Complied
Grade 3		50,785	180	175	Complied
Grades 4 - 6	54,000				
Grade 4		54,113	180	175	Complied
Grade 5		54,113	180	175	Complied
Grade 6		54,113	180	175	Complied
Grades 7 - 8	54,000				
Grade 7		60,500	180	-	Complied
Grade 8		60,500	180	-	Complied
Grades 9 - 12	64,800				
Grade 9		64,988	180	-	Complied
Grade 10		64,988	180	-	Complied
Grade 11		64,988	180	-	Complied
Grade 12		64,988	180	-	Complied

See accompanying note to supplementary information.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

**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.

CORONA-NORCO 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	\$ 589,826,349	\$ 618,335,817	\$ 556,320,536	\$ 545,814,212
Other sources and transfers in	-	-	-	9,676,028
Total Revenues and Other Sources	589,826,349	618,335,817	556,320,536	555,490,240
Expenditures	603,506,881	602,773,134	566,926,714	556,026,052
Other uses and transfers out	342,044	311,061	373,682	371,367
Total Expenditures and Other Uses	603,848,925	603,084,195	567,300,396	556,397,419
INCREASE (DECREASE) IN FUND BALANCE	\$ (14,022,576)	\$ 15,251,622	\$ (10,979,860)	\$ (907,179)
ENDING FUND BALANCE	\$ 70,639,181	\$ 84,661,757	\$ 69,410,135	\$ 80,389,995
AVAILABLE RESERVES²	\$ 12,076,979	\$ 11,598,896	\$ 11,346,008	\$ 11,100,463
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO³	2.0%	2.0%	2.0%	2.0%
LONG-TERM OBLIGATIONS	N/A	\$748,128,457	\$759,113,235	\$649,135,830
K-12 AVERAGE DAILY ATTENDANCE AT P-2	51,066	51,090	51,248	51,264

The General Fund balance has increased by \$4,271,762 over the past two years. The fiscal year 2019-2020 budget projects a decrease of \$14,022,576 (16.6 percent). For a district this size, the State recommends available reserves of at least two percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in two of the past three years and anticipates incurring an operating deficit during the 2019-2020 fiscal year. Total long-term obligations have increased by \$98,992,627 over the past two years.

Average daily attendance has decreased by 174 over the past two years. Additional decline of 24 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 On behalf payments of \$23,139,444 relating to Senate Bill 90 have been excluded from the calculation of available reserves for the fiscal year ending June 30, 2019.

See accompanying note to supplementary information.

CORONA-NORCO 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	\$ 827,440	\$ 9,903	\$ 375,472
Receivables	884,160	-	1,960,828
Stores inventories	-	-	196,043
Total Assets	\$ 1,711,600	\$ 9,903	\$ 2,532,343
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 108,153	\$ 9,903	\$ 182,473
Due to other funds	-	-	1,072,888
Unearned revenue	-	-	314,160
Total Liabilities	108,153	9,903	1,569,521
Fund Balances:			
Nonspendable	-	-	205,163
Restricted	954,779	-	757,659
Committed	648,668	-	-
Total Fund Balances	1,603,447	-	962,822
Total Liabilities and Fund Balances	\$ 1,711,600	\$ 9,903	\$ 2,532,343

See accompanying note to supplementary information.

Capital Facilities Fund	Capital Project Fund for Blended Component Units	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
\$ 2,172,421	\$ 7,373,540	\$ 12,682,119	\$ 23,440,895
10,826	-	-	2,855,814
-	-	-	196,043
<u>\$ 2,183,247</u>	<u>\$ 7,373,540</u>	<u>\$ 12,682,119</u>	<u>\$ 26,492,752</u>
\$ 1,230,125	\$ -	\$ 27,162	\$ 1,557,816
-	-	-	1,072,888
-	-	-	314,160
<u>1,230,125</u>	<u>-</u>	<u>27,162</u>	<u>2,944,864</u>
-	-	-	205,163
953,122	7,373,540	12,654,957	22,694,057
-	-	-	648,668
<u>953,122</u>	<u>7,373,540</u>	<u>12,654,957</u>	<u>23,547,888</u>
<u>\$ 2,183,247</u>	<u>\$ 7,373,540</u>	<u>\$ 12,682,119</u>	<u>\$ 26,492,752</u>

CORONA-NORCO 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	\$ 776,930	\$ 21,668	\$ 13,130,343
Other State sources	2,153,827	46,332	830,202
Other local sources	42,289	-	4,794,028
Total Revenues	<u>2,973,046</u>	<u>68,000</u>	<u>18,754,573</u>
EXPENDITURES			
Current			
Instruction	1,812,964	379,061	-
Instruction-related activities:			
School site administration	1,230,060	-	-
Pupil services:			
Food services	-	-	18,909,632
Administration:			
All other administration	107,665	-	915,226
Plant services	90,475	-	-
Other outgo	-	-	-
Facility acquisition and construction	-	-	-
Debt service			
Principal	-	-	-
Interest and other	-	-	-
Total Expenditures	<u>3,241,164</u>	<u>379,061</u>	<u>19,824,858</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(268,118)</u>	<u>(311,061)</u>	<u>(1,070,285)</u>
Other Financing Sources (Uses)			
Transfers in	-	311,061	-
Transfers out	-	-	-
Net Financing Sources (Uses)	<u>-</u>	<u>311,061</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(268,118)</u>	<u>-</u>	<u>(1,070,285)</u>
Fund Balances - Beginning	1,871,565	-	2,033,107
Fund Balances - Ending	<u>\$ 1,603,447</u>	<u>\$ -</u>	<u>\$ 962,822</u>

See accompanying note to supplementary information.

Capital Facilities Fund	County School Facilities Fund	Capital Project Fund for Blended Component Units	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 13,928,941
-	2,113,488	-	-	5,143,849
11,671,841	-	13,489,371	13,091,812	43,089,341
<u>11,671,841</u>	<u>2,113,488</u>	<u>13,489,371</u>	<u>13,091,812</u>	<u>62,162,131</u>
-	-	-	-	2,192,025
-	-	-	-	1,230,060
-	-	-	-	18,909,632
2,146,004	-	-	-	3,168,895
-	-	-	-	90,475
-	-	7,052,852	8,505,902	15,558,754
9,148,143	-	-	-	9,148,143
-	-	-	4,005,000	4,005,000
-	-	-	3,981,568	3,981,568
<u>11,294,147</u>	<u>-</u>	<u>7,052,852</u>	<u>16,492,470</u>	<u>58,284,552</u>
<u>377,694</u>	<u>2,113,488</u>	<u>6,436,519</u>	<u>(3,400,658)</u>	<u>3,877,579</u>
2,113,488	-	-	2,386,696	4,811,245
(2,386,696)	(2,113,488)	-	-	(4,500,184)
<u>(273,208)</u>	<u>(2,113,488)</u>	<u>-</u>	<u>2,386,696</u>	<u>311,061</u>
104,486	-	6,436,519	(1,013,962)	4,188,640
848,636	-	937,021	13,668,919	19,359,248
<u>\$ 953,122</u>	<u>\$ -</u>	<u>\$ 7,373,540</u>	<u>\$ 12,654,957</u>	<u>\$ 23,547,888</u>

CORONA-NORCO UNIFIED SCHOOL DISTRICT

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.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist of Medi-Cal Billing Option program funds have been recorded in the current period as revenues that have not been expended as of June 30, 2019. These unspent balances are reported as legally restricted ending balances within the General Fund. In addition, the District received Qualified School Construction Bonds – Interest Subsidy which are not required to be reported on the Schedule of Expenditures of Federal Awards.

	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balances:		\$ 37,906,540
Medi-Cal Billing Option	93.778	(106,168)
Qualified School Construction Bonds - Interest Subsidy	N/A	(769,781)
Total Schedule of Expenditures of Federal Awards		<u>\$ 37,030,591</u>

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.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2019

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 1986-1987 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.

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

The Non-Major Governmental Funds Combining Balance Sheet and Combining 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
Corona-Norco Unified School District
Norco, 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Corona-Norco 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 Corona-Norco Unified School District's basic financial statements, and have issued our report thereon dated December 9, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Corona-Norco 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 Corona-Norco Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Corona-Norco 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 Corona-Norco 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*.

We noted certain matters that we reported to management of Corona-Norco Unified School District in a separate letter dated December 9, 2019.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 9, 2019



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

Governing Board
Corona-Norco Unified School District
Norco, California

Report on Compliance for Each Major Federal Program

We have audited Corona-Norco 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 Corona-Norco Unified School District's major Federal programs for the year ended June 30, 2019. Corona-Norco 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 Corona-Norco 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 Corona-Norco 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 Corona-Norco Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Corona-Norco 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 Corona-Norco 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 Corona-Norco 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 Corona-Norco 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
December 9, 2019



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Corona-Norco Unified School District
Norco, California

Report on State Compliance

We have audited Corona-Norco 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 Corona-Norco 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 Corona-Norco 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 Corona-Norco 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 Corona-Norco Unified School District's compliance with those requirements.

Unmodified Opinion

In our opinion, Corona-Norco 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 Corona-Norco 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	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios 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	Yes
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	No, see below
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
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	Yes
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Nonclassroom-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 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 any procedures for the District of Choice Program.

The District did not have any expenditures related to the California Clean Energy Jobs Act; therefore, we did not perform any procedures related to the California Clean Energy Jobs Act.

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

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

Eide Sully LLP

Rancho Cucamonga, California
December 9, 2019



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CORONA-NORCO UNIFIED SCHOOL DISTRICT

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

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

Identification of major Federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Programs or Clusters</u>
<u>84.010</u>	<u>Title I, Part A, Basic Grants</u>
<u>84.010</u>	<u>Low-Income and Neglected</u>
<u>84.367</u>	<u>School Improvement Funding for LEAs</u>
<u>93.778</u>	<u>Title II, Part A, Supporting Effective Instruction</u>
<u>93.778</u>	<u>Medicaid Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,110,918</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Type of auditor's report issued on compliance for State programs:	<u>Unmodified</u>
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CORONA-NORCO UNIFIED SCHOOL DISTRICT

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

None reported.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

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

None reported.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

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

None reported.

CORONA-NORCO UNIFIED SCHOOL DISTRICT

**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 Findings and Questioned Costs.



Management
Corona-Norco Unified School District
Norco, California

In planning and performing our audit of the financial statements of Corona-Norco Unified School District (the District) for the year ended June 30, 2019, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 9, 2019, on the government-wide financial statements of the District.

INTERNAL CONTROL

Local Revenue

Observation

Per review of the supporting documents pertaining to the local revenues, it was noted that 14 of 51 receipts tested were not deposited in a timely manner. Based on our review of sample selected for testing, it appears that the delay in deposits ranged from 11 to 73 days. Majority of the delay was due to the sites not submitting the deposits to the District office in a timely manner. The delay in cash deposits can increase the probability of theft, loss, or misappropriation.

Recommendation

The District should ensure that the sites are adhering to its established procedures related to frequency of deposits. The frequency of deposits may need to be increased depending on the volume and amount of cash collected. At a minimum, the sites should try and make a single deposit once a week to reduce the risks associated with theft, loss, and misappropriation.

Observation

Cash collections at certain school sites and departments are not accounted for properly. Cash collections are not supported by sub-receipts that tie the total to the cash count sheet. 14 of 51 receipts tested did not have sufficient support or a paper trail; therefore, the auditor was unable to confirm if these deposits were intact and deposited in a timely manner.

Recommendation

Pre-numbered triplicate receipts or logs should be utilized when collecting money. If using a receipt book, the receipts should be issued in sequential order to all individuals turning in monies. The white copy of the receipt should be issued to the person turning in the monies, the yellow receipt or log sheet should be utilized for deposit back-up, and the pink copy should be retained in the receipt book for audit purposes.

ASSOCIATED STUDENT BODY (ASB)

River Heights Intermediate School

Observations

During our audit of the ASB internal controls, we noted the following:

1. Cash collections are not accounted for properly. Cash collections are not supported by sub-receipts or logs that tie the total to the cash count sheet.
2. ASB disbursements were being made without explicit receiving documentation for goods being ordered. As a result, two of seven vendor invoices were paid without the direct knowledge of whether or not the goods being ordered have been received by the ASB.
3. A master ticket log is not being used consistently by the ASB to account for all tickets on hand and used during the year.

Recommendations

1. Pre-numbered triplicate receipts or logs should be utilized when collecting money for all ASB events and transactions. If utilizing a log, the students name and amount being turned in should be documented. If using a receipt book, the receipts should be issued in sequential order to all individuals turning in monies for ASB events. Teachers and administrators who collect monies should be equipped with a triplicate receipts book or log sheet. The yellow copy of the receipt should be issued to the person turning in the monies, the white receipt or log sheet should be utilized for deposit back-up, and the pink copy should be retained in the receipt book for audit purposes. When teachers are turning in monies for deposit, a cash count sheet should be turned in with the white copy of the receipts and monies to clearly identify the total amount being turned in.
2. All goods being ordered should be documented with explicit receiving documentation. Documentation should indicate the date that the goods have been received and documentation regarding whether or not the goods have been received intact, undamaged, and in the correct quantities. Payments for vendor invoices should only be made once the receiving documentation is available.
3. A master ticket log should be maintained which notes the type of ticket, color, and current beginning ticket number in the role. The tickets should be safeguarded as if they were cash because stolen tickets would equate to lost revenue for the site because these tickets could be presented for admission rather than an individual paying for admission. When ticket rolls are issued, they should be logged out noting the beginning ticket number in the roll and to whom the roll was issued. When the ticket sales recap form is returned, the form should be reconciled to the log.

Eleanor Roosevelt High School

Observations

During our audit of the ASB internal controls, we noted the following:

1. Based on the review of the cash receipting procedures, it was noted 10 of 30 deposits tested were not deposited in a timely manner. The delay in deposit ranged from approximately 11 to 41 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.
2. Based on the review of the disbursement procedures, it was noted that two of 25 disbursements tested were not approved prior to transactions taking place. This could potentially lead to spending in excess of available funds. Additionally, expenditures of a questionable nature could arise if disbursements are not pre-approved.
3. Based on the review of the ticket inventory control log and ticket sales summary, it was noted that for each event the revenue is short by one ticket. This is due to the way tickets are logged on the ticket inventory control log, the log records the last sold ticket as the ending ticket number. When the beginning and ending numbers are subtracted it doesn't account for the last ticket sold and therefore the amount being deposited is short by one ticket sale.
4. The ASB is giving PE uniforms to low-income students at no charge. Such transactions are viewed as gift of public funds.

Recommendations

1. The ASB should, at a minimum, make their deposits once a week to minimize the amount of cash held at the sites. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure including the maximum cash on hand that should be maintained at the site.
2. In order to ensure proper internal controls over the ASB disbursements, the site should ensure that all disbursement transactions are pre-approved by authorized administrative personnel and the student council. This would allow the reviewing administrator and/or the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.
3. The ASB should revise their procedure to ensure that the beginning and ending ticket numbers agree to the actual numbers on the ticket roll. This will ensure the numbers of ticket sold and expected revenue is mathematically accurate.
4. PE uniforms provided at no cost to certain group of students benefit individual students and not the student body as a whole. PE uniforms purchased using ASB funds and issued by the ASB would generally constitute the act of gifting public funds. Using these two points as basis, the ASB should not engage in such activity.

We will review the status of the current year comments during our next audit engagement.

Eide Bailly LLP

Rancho Cucamonga, California
December 9, 2019

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Corona-Norco Unified School District (the “District”) in connection with the issuance of \$ _____ of the District’s 2020 General Obligation Refunding Bonds (the “Bonds”). The Bonds are being issued pursuant to a resolution of the Board of Education of the District adopted on May 5, 2020 (the “Resolution”). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean initially Cooperative Strategies, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

“Financial Obligation” shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of (a) or (b). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the Municipal Rulemaking Board consistent with the Rule.

“Holders” shall mean registered owners of the Bonds.

“Listed Events” shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

“Official Statement” shall mean the Official Statement dated as of _____, 2020 and relating to the Bonds.

“Participating Underwriter” shall mean the original Underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean the Municipal Securities Rulemaking Board, which can be found at <http://emma.msrb.org/>, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District’s fiscal year (presently ending June 30), commencing with the report for the 2019-20 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than 30 days (nor more than 60 days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than 15 Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a timely notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent, no later than the date required by subsection (a). The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided to the Repository.

SECTION 4. Content and Form of Annual Reports. (a) The District’s Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District’s audited financial statements):

- (a) State funding received by the District for the last completed fiscal year;
- (b) average daily attendance of the District for the last completed fiscal year;
- (c) outstanding District indebtedness;
- (d) summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year;
- (e) total assessed valuation of taxable properties in the District for the current fiscal year; and
- (f) the secured property tax levies, collections and delinquencies for the District, for the most recently completed fiscal year, to the extent that Riverside County discontinues the Teeter Plan (as such term is defined in the Official Statement) with respect to general obligation bonds of the District.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format accompanied by identifying information prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

- 1. principal and interest payment delinquencies.
- 2. tender offers.
- 3. defeasances.
- 4. rating changes.
- 5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).
- 6. unscheduled draws on the debt service reserves reflecting financial difficulties.
- 7. unscheduled draws on credit enhancement reflecting financial difficulties.
- 8. substitution of the credit or liquidity providers or their failure to perform.
- 9. bankruptcy, insolvency, receivership or similar event of the District. For the purposes of the event identified in this Section 5(a)(10), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or

federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.
2. modifications to rights of Bondholders.
3. unless described under Section 5(a)(6) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
4. optional, contingent or unscheduled Bond calls.
5. release, substitution or sale of property securing repayment of the Bonds.
6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.
7. appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.
8. incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Bondowners.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon 15 days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;
- (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;
- (c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and
- (d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth

in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: _____, 2020

CORONA-NORCO UNIFIED SCHOOL DISTRICT

By: _____
Assistant Superintendent, Business Services

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: CORONA-NORCO UNIFIED SCHOOL DISTRICT

Name of Bond Issue: 2020 General Obligation Refunding Bonds (Federally Taxable)

Date of Issuance:

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

CORONA-NORCO UNIFIED SCHOOL DISTRICT

By _____ [form only; no signature required]

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APPENDIX D

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITIES OF CORONA, EASTVALE AND NORCO AND RIVERSIDE COUNTY

The following information regarding the City of Corona (“Corona”), the City of Eastvale (“Eastvale”), the City of Norco (“Norco,” and together with Corona and Eastvale, the “Cities”) and Riverside County (the “County”) is included only for the purpose of supplying general information regarding the local community and economy. The Bonds are not a debt of the Cities or of the County. This material has been prepared by or excerpted from the sources as noted herein and has not been reviewed for accuracy by the District, the Underwriter or the Municipal Advisor.

General

City of Corona. A city of ethnically diverse, young, well-educated families, Corona is located in the western portion of the County, 44 miles east of Los Angeles along State Route 91 and U.S. Interstate 15. The City encompasses 39.2 square miles in area with includes 394 acres of parks and outdoor sports fields. Incorporated in 1896, Corona operates as a general law city. It has a council-manager form of government, with the five City Council members elected at large for staggered four-year terms. The City Council elects one of the City Council members as Mayor.

City of Eastvale. Eastvale is the second newest city in the state of California. Eastvale incorporated on October 1, 2010 and has a growing population and a total area of 13.1 square miles. Eastvale is located directly northwest of Norco. The proximity of Los Angeles County approximately 8 miles northwest of Eastvale and Orange County approximately 5 miles to the southwest has made Eastvale something of a commuter town. Eastvale has a Council-Manager form of government. Its City Council consists of 5 Council Members, elected within districts, including a Mayor and Mayor Pro Temp. Biannual elections are held in November. The terms of office are 4 years but are overlapping so that the City is provided with a continuity of knowledge in the City business and legislative matters.

City of Norco. Norco is located directly north of Corona in the western portion of the County, 44 miles east of Los Angeles along U.S. Interstate 15 and is approximately 17 square miles in area. Also known as “Horsetown USA,” Norco is an equestrian-oriented and animal-keeping community. Incorporated in 1964, Norco operates as a general law city. It has a council-manager form of government, with the five City Council members elected at large for staggered four-year term. The City Council elects one of the City Council members as Mayor.

Riverside County. The County of rivers, mountains, deserts and fertile valleys is the fourth largest county in the State of California (the “State”), encompassing approximately 7,243 square miles. It is located in the southern portion of the State and is bordered by San Bernardino County on the north, Los Angeles and Orange Counties on the west, the State of Arizona and the Colorado River on the east, and San Diego and Imperial Counties on the south. The County has experienced a long period of growth and development including events as diverse as the Bob Hope Golf Classic to the mega-concerts of Coachella and Stagecoach. It is currently the eleventh most populous county in the United States. The County, incorporated in 1893, is a general law county governed by five elected members of the Board of Supervisors and the County seat located in the City of Riverside.

Population

The following table shows historical population figures for the Cities, County and State of California for years 2011 through 2020.

**POPULATION ESTIMATES
2011 through 2020
City of Corona, City of Eastvale, City of Norco, Riverside County and State of California**

<u>Year</u> ⁽¹⁾	<u>City of Corona</u>	<u>City of Eastvale</u>	<u>City of Norco</u>	<u>Riverside County</u>	<u>State of California</u>
2011	153,764	54,354	27,076	2,216,250	37,561,624
2012	155,644	56,058	27,243	2,244,472	37,924,661
2013	157,482	57,709	26,828	2,268,660	38,269,864
2014	159,540	59,600	26,765	2,290,907	38,556,731
2015	160,420	61,002	26,058	2,315,706	38,870,150
2016	161,294	63,331	26,543	2,343,785	39,131,307
2017	164,745	64,645	26,618	2,376,580	39,398,702
2018	166,154	65,416	26,557	2,400,762	39,586,646
2019	166,723	65,611	26,426	2,422,146	39,695,376
2020	168,248	66,413	27,564	2,442,304	39,782,870

⁽¹⁾ As of January 1.

Source: 2011-20 (2010 Demographic Research Unit Benchmark): California Department of Finance..

Income

The following table shows per capita personal income for the County, State and the United States for 2009 through 2018.

**PER CAPITA PERSONAL INCOME
2009 through 2018
Riverside County, State of California and United States**

<u>Year</u>	<u>Riverside County</u>	<u>State of California</u>	<u>United States</u>
2009	\$33,276	\$33,276	\$39,284
2010	34,373	34,373	40,546
2011	35,527	35,527	42,735
2012	36,438	36,438	44,599
2013	37,728	37,728	44,851
2014	39,802	39,802	47,058
2015	41,855	41,855	48,978
2016	42,701	42,701	49,870
2017	43,405	43,405	51,885
2018	44,793	44,793	54,446

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Employment

The following table summarizes the labor force, employment and unemployment figures for 2015 through 2019 for the Cities, County, and State.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
2015 through 2019⁽¹⁾
City of Corona, City of Eastvale, City of Norco, Riverside County and State of California

<u>Year</u>	<u>Area</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate (%)</u>
2015	City of Corona	79,700	75,500	4,200	5.2
	City of Eastvale	28,700	27,400	1,300	4.5
	City of Norco	11,100	10,600	600	5.4
	County of Riverside	1,033,300	964,100	69,200	6.7
	State of California	18,828,800	17,660,700	1,168,100	6.2
2016	City of Corona	81,500	77,700	3,800	4.7
	City of Eastvale	30,100	28,800	1,300	4.3
	City of Norco	11,500	10,900	600	5.2
	County of Riverside	1,051,400	987,200	64,200	6.1
	State of California	19,021,200	17,980,100	1,041,100	5.5
2017	City of Corona	82,600	79,200	3,300	4.0
	City of Eastvale	31,300	30,100	1,200	3.7
	City of Norco	11,500	11,000	500	4.3
	County of Riverside	1,072,200	1,015,800	56,300	5.3
	State of California	19,176,400	18,257,100	919,300	4.8
2018	City of Corona	83,700	80,900	2,800	3.4
	City of Eastvale	32,400	31,400	1,000	3.2
	City of Norco	11,600	11,100	400	3.7
	County of Riverside	1,091,400	1,042,700	48,700	4.5
	State of California	19,280,800	18,460,700	820,100	4.3
2019	City of Corona	84,700	82,100	2,600	3.1
	City of Eastvale	32,800	31,800	1,000	2.9
	City of Norco	11,700	11,300	400	3.5
	County of Riverside	1,104,000	1,057,900	46,100	4.2
	State of California	19,411,600	18,627,400	784,200	4.0

Note: Data is based on annual averages, unless otherwise specified, and is not seasonally adjusted.

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department, March 2019.

Industry

Employment data by industry is not separately reported on an annual basis for the Cities but is compiled in the following table for the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (the “MSA”), which includes all of the County and San Bernardino County from 2015 through 2019.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES Riverside-San Bernardino-Ontario Metropolitan Statistical Area 2015-2019

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total Farm	14,800	14,600	14,500	14,500	15,100
Mining and Logging	1,300	900	1,000	1,200	1,200
Construction	85,700	92,000	97,400	105,200	105,900
Manufacturing	96,200	98,700	99,200	101,100	101,200
Wholesale Trade	60,500	61,600	62,600	65,500	66,700
Retail Trade	174,400	178,300	180,900	181,200	181,300
Transportation, Warehousing & Utilities	98,100	108,000	122,100	132,900	142,800
Information	11,700	11,800	11,600	11,400	11,500
Financial Activities	43,700	44,300	43,900	43,800	44,200
Professional and Business Services	147,400	144,900	146,900	151,400	155,500
Education and Health Services	206,300	215,700	226,700	239,500	250,100
Leisure and Hospitality	151,700	160,200	166,300	170,600	175,200
Other Services	44,000	44,600	45,400	45,800	45,800
Government	<u>233,300</u>	<u>242,300</u>	<u>251,000</u>	<u>257,200</u>	<u>260,500</u>
Total All Industries	1,369,100	1,417,900	1,469,400	1,521,200	1,556,900

Note: Items may not add to total due to independent rounding.

Source: California Employment Development Department, Labor Market Information Division. March 2019 Benchmark.

Principal Employers

The following tables list the principal employers located in the Cities and the County.

PRINCIPAL EMPLOYERS City of Corona As of June 30, 2019

<u>Company</u>	<u>Employees</u>
Corona-Norco Unified School District ⁽¹⁾	5,478
Corona Regional Medical Center	1,200
Kaiser Permanente	995
All American Asphalt	840
City of Corona	785
TWR Framing Enterprises	750
Fender USA Corona	675
Monster Energy	607
Thermal Structures	500
Veg Fresh Farms	425

⁽¹⁾ For updated District labor information, see “CORONA-NORCO UNIFIED SCHOOL DISTRICT – Labor Relations” in the front part of this Official Statement

Source: City of Corona ‘Comprehensive Annual Financial Report’ for Fiscal Year Ended June 30, 2019.

PRINCIPAL EMPLOYERS City of Eastvale As of June 30, 2019

<u>Company</u>	<u>Employees</u>
Amazon Fulfillment Center	4,000
Corona-Norco Unified School District ⁽¹⁾	894
Walmart Distribution	786
Ingram Micro	445
Costco	275
Grainger Inc	200
Kmart Distribution Center	175
Komar Distribution Services	169
Home Depot	161
Coringware Corelle & More	127

⁽¹⁾ For updated District labor information, see “CORONA-NORCO UNIFIED SCHOOL DISTRICT – Labor Relations” in the front part of this Official Statement

Source: City of Eastvale ‘Comprehensive Annual Financial Report’ for Fiscal Year Ended June 30, 2019.

PRINCIPAL EMPLOYERS
City of Norco
As of June 30, 2019

<u>Company</u>	<u>Employees</u>
Corona-Norco Unified School District ⁽¹⁾	5,078
Naval Surface Warfare Center	1,564
California Rehabilitation Center	1,176
Riverside Community College	561
Quick Crete Products Corp.	180
Western Hospitality Group	159
International E-Z Up, Inc.	135
Hidden Villa Ranch	120
Winco Foods, LLC	114
Hemborg Ford, Inc.	110

⁽¹⁾ For updated District labor information, see “CORONA-NORCO UNIFIED SCHOOL DISTRICT – Labor Relations” in the front part of this Official Statement

Source: City of Norco ‘Comprehensive Annual Financial Report’ for Fiscal Year Ended June 30, 2019.

PRINCIPAL EMPLOYERS
Riverside County
As of June 30, 2019

<u>Company</u>	<u>Employees</u>
County of Riverside	21,215
March Air Reserve Base	9,000
University of California at Riverside	8,735
Wal-Mart	--
Kaiser Permanente Riverside Med. Center	5,592
Stater Bros. Markets	--
Corona-Norco Unified School District ⁽¹⁾	4,989
Pechanga Resort & Casino	4,683
Riverside Unified School District	4,335
Hemet Unified School District	4,302
Eisenhower Medical Center	3,743
Moreno Valley Unified School District	3,684

⁽¹⁾ For updated District labor information, see “CORONA-NORCO UNIFIED SCHOOL DISTRICT – Labor Relations” in the front part of this Official Statement

Source: County of Riverside, California ‘Comprehensive Annual Financial Report’ for Fiscal Year Ended June 30, 2019.

Commercial Activity

Summaries of annual taxable sales for the Cities and County from 2014 through 2018 are shown in the following tables.

**ANNUAL TAXABLE SALES
2014 through 2018
City of Corona
(Dollars in Thousands)**

<u>Year</u>	<u>Retail Permits</u>	<u>Retail Stores Taxable Transactions</u>	<u>Total Permits</u>	<u>Total Taxable Transactions</u>
2014	2,558	\$1,917,343	4,057	\$3,231,208
2015	2,477	1,960,713	4,369	3,358,691
2016	2,534	1,972,531	4,489	3,434,509
2017	2,507	2,084,193	4,439	3,704,978
2018 ⁽¹⁾	2,602	2,170,981	4,714	3,859,555

⁽¹⁾ Preliminary, subject to change.

Source: *Taxable Sales in California, California State Board of Equalization for 2014.*

Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA") for 2015-18. Some previously reported data has been revised by the CDTFA.

**ANNUAL TAXABLE SALES
2015 through 2018
City of Eastvale
(Dollars in Thousands)**

<u>Year</u>	<u>Retail Permits</u>	<u>Retail Stores Taxable Transactions</u>	<u>Total Permits</u>	<u>Total Taxable Transactions</u>
2015	517	\$348,680	808	\$656,460
2016	540	359,099	848	633,526
2017	631	385,707	1,001	742,347
2018 ⁽¹⁾	704	462,838	1,127	787,483

⁽¹⁾ Data for 2014 is not available for the City.

⁽²⁾ Preliminary, subject to change.

Source: *Taxable Sales in California, California State Board of Equalization for 2014.*

Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA") for 2015-18. Some previously reported data has been revised by the CDTFA.

**ANNUAL TAXABLE SALES
2014 through 2018
City of Norco
(Dollars in Thousands)**

Year	<u>Retail Permits</u>	<u>Retail Stores Taxable Transactions</u>	<u>Total Permits</u>	<u>Total Taxable Transactions</u>
2014	664	\$422,781	947	\$510,210
2015	726	445,175	1,106	543,871
2016	797	467,463	1,199	565,886
2017	886	512,967	1,324	603,813
2018 ⁽¹⁾	903	537,203	1,375	627,794

⁽¹⁾ Preliminary, subject to change.

Source: *Taxable Sales in California, California State Board of Equalization for 2014.*

Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA") for 2015-18. Some previously reported data has been revised by the CDTFA.

**ANNUAL TAXABLE SALES
2014 through 2018
Riverside County
(Dollars in Thousands)**

Year	<u>Retail Permits</u>	<u>Retail Stores Taxable Transactions</u>	<u>Total Permits</u>	<u>Total Taxable Transactions</u>
2014	34,910	22,646,343	48,453	32,035,687
2015	37,304	23,537,475	55,857	33,166,660
2016	38,378	24,274,686	57,742	34,483,694
2017	38,967	25,856,341	58,969	36,407,460
2018	39,577	27,977,809	61,433	38,837,736

⁽¹⁾ Preliminary, subject to change.

Source: *Taxable Sales in California, California State Board of Equalization for 2014.*

Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA") for 2015-18. Some previously reported data has been revised by the CDTFA.

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued for 2015 through 2019 for the Cities and County are shown in the following tables.

BUILDING PERMIT VALUATIONS 2015 through 2019 City of Corona (Dollars in Thousands)

<u>Valuation (\$000's)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Residential	\$52,535	\$23,341	\$43,818	\$95,141	\$127,097
Non-residential	<u>89,581</u>	<u>81,914</u>	<u>36,514</u>	<u>115,688</u>	<u>66,061</u>
Total	\$142,116	\$105,225	\$80,332	\$210,829	\$193,158
<u>Residential Units:</u>					
Single family	28	66	113	206	195
Multiple family	<u>533</u>	<u>0</u>	<u>108</u>	<u>240</u>	<u>400</u>
Total	561	66	221	446	595

Note: Columns may not add to totals due to rounding.

Source: Construction Industry Research Board.

BUILDING PERMIT VALUATIONS 2015 through 2019 City of Eastvale (Dollars in Thousands)

<u>Valuation (\$000's)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Residential	\$143,652	\$96,958	\$34,678	\$25,412	\$47,333
Non-residential	<u>34,930</u>	<u>79,637</u>	<u>162,800</u>	<u>41,737</u>	<u>21,025</u>
Total	\$178,582	\$176,595	\$197,478	\$67,149	\$68,358
<u>Residential Units:</u>					
Single family	445	351	141	100	174
Multiple family	<u>30</u>	<u>0</u>	<u>0</u>	<u>5</u>	<u>0</u>
Total	475	351	141	105	174

Note: Columns may not add to totals due to rounding.

Source: Construction Industry Research Board.

BUILDING PERMIT VALUATIONS
2015 through 2019
City of Norco
(Dollars in Thousands)

<u>Valuation (\$000's)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Residential	\$286	\$2,644	\$1,718	\$2,533	\$4,648
Non-residential	<u>1,253</u>	<u>8,950</u>	<u>16,755</u>	<u>15,345</u>	<u>9,052</u>
Total	\$1,539	\$11,594	\$18,473	\$17,878	\$13,700
<u>Residential Units:</u>					
Single family	0	1	2	4	7
Multiple family	<u>0</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	0	7	2	4	7

Note: Columns may not add to totals due to rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
County of Riverside
2015-2019
(Dollars in Thousands)

<u>Valuation (\$000's)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Residential	\$1,536,742	\$1,759,535	\$1,903,417	\$2,558,081	\$2,275,405
Non-residential	<u>911,465</u>	<u>1,346,020</u>	<u>1,433,691</u>	<u>1,959,680</u>	<u>1,285,856</u>
Total	\$2,448,207	\$3,105,555	\$3,337,108	\$4,517,761	\$3,561,261
<u>Residential Units:</u>					
Single family	5,007	5,662	6,265	7,540	6,563
Multiple family	<u>1,189</u>	<u>1,039</u>	<u>1,070</u>	<u>1,628</u>	<u>1,798</u>
Total	6,196	6,701	7,335	9,168	8,361

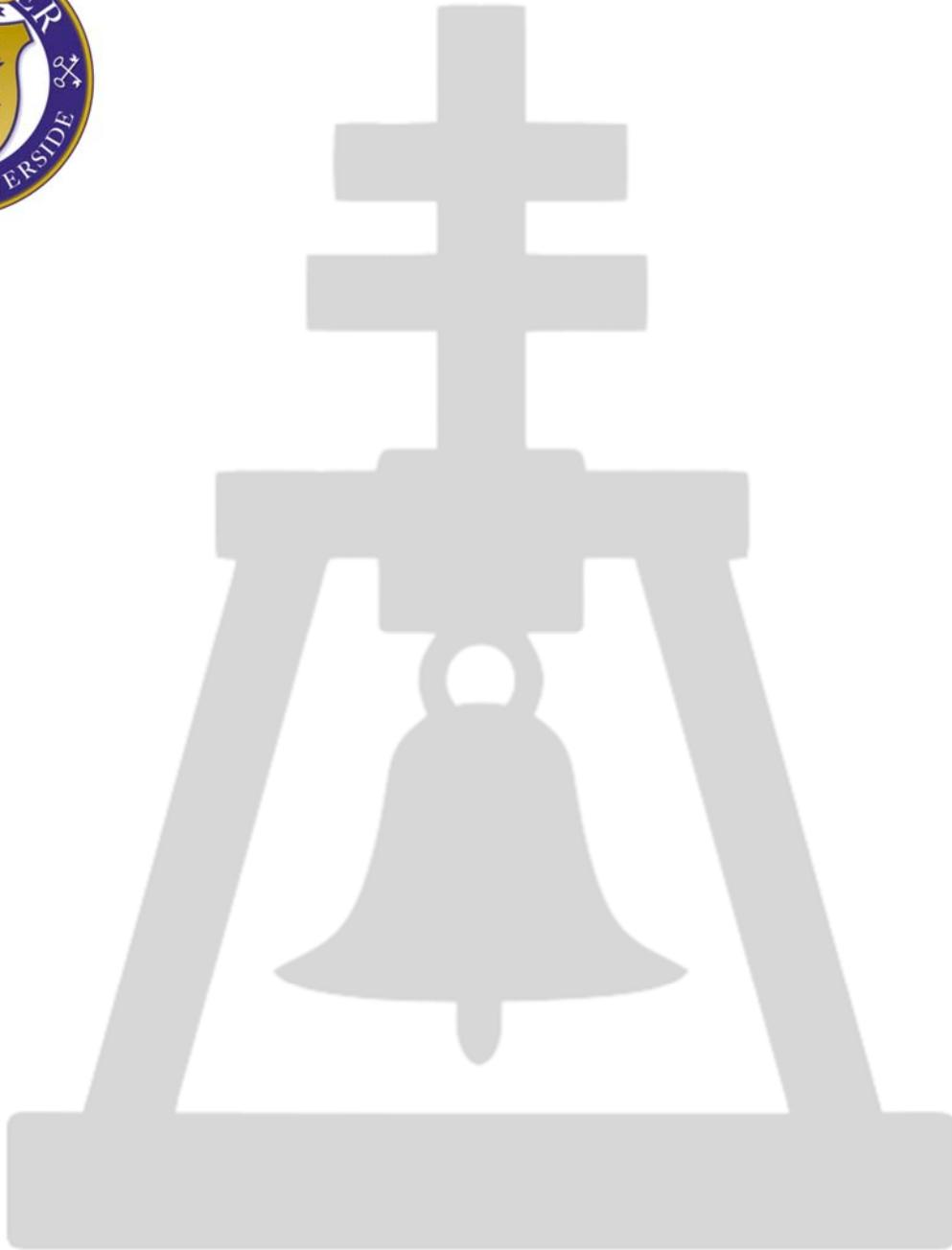
Note: Columns may not add to totals due to rounding.
Source: Construction Industry Research Board.

APPENDIX E

RIVERSIDE COUNTY TREASURER'S POOLED INVESTMENT FUND

The following information concerning the Treasurer's Pooled Investment Fund (the "Investment Pool") has been provided by the County Treasurer-Tax Collector (the "Treasurer"), and has not been confirmed or verified by the District, the Municipal Advisor or the Underwriter. The District, the Municipal Advisor and the Underwriter have not made an independent investigation of the investments in the Investment Pool and have made no assessment of the current County investment policy. The value of the various investments in the Investment Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Investment Pool will not vary significantly from the values described herein. Finally, none of the District, the Municipal Advisor or the Underwriter make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Investment Pool may be obtained from the Treasurer at <https://www.countytreasurer.org/>; however, the information presented on such website is not incorporated herein by any reference.

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County of Riverside

Treasurer's Pooled Investment Fund

May 2020

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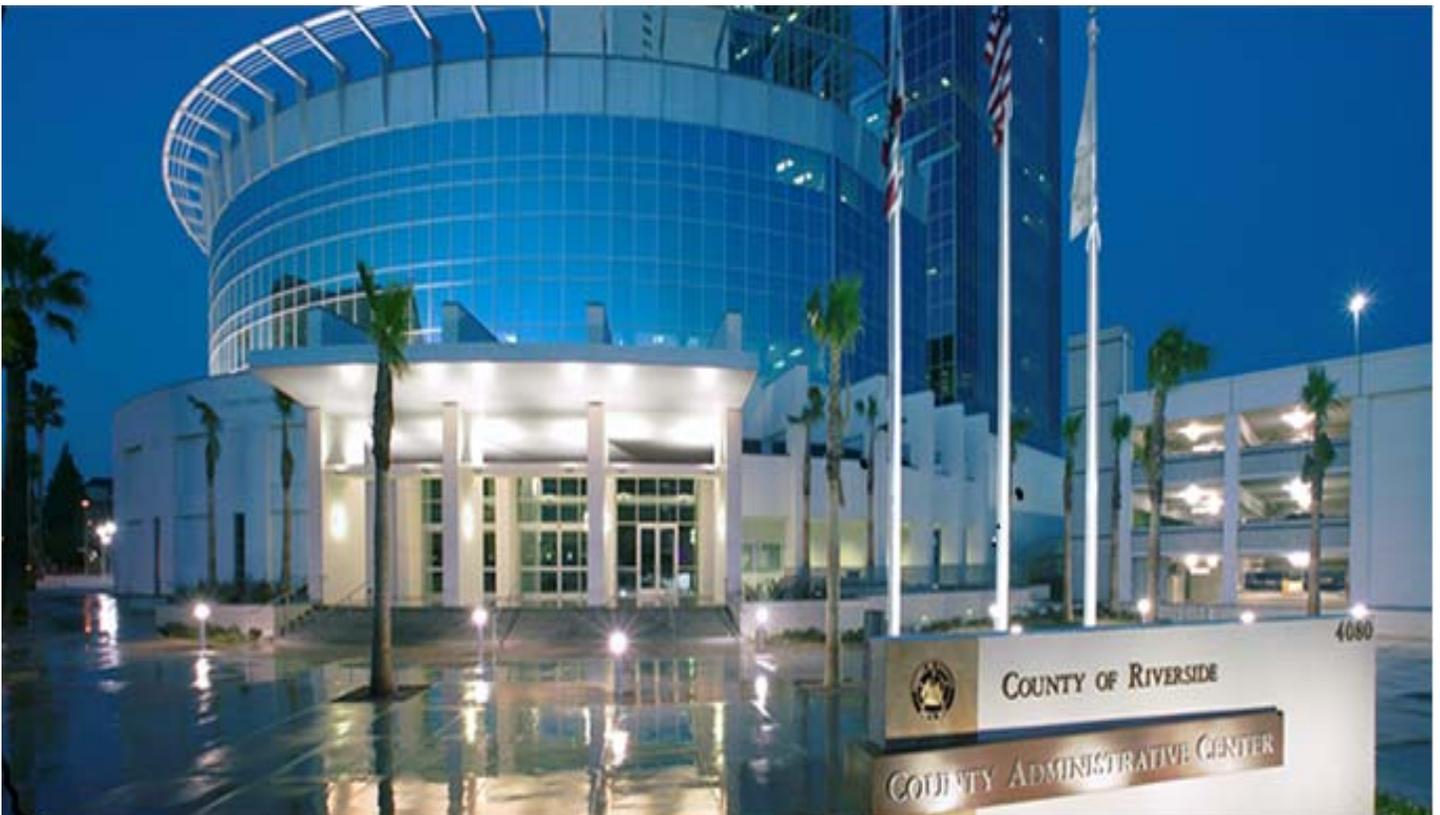
3 | Economy

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6 | Portfolio Data

8 | Compliance Report

9 | Month End Holdings



Treasurer's Pooled Investment Fund

Monthly Commentary

U.S. Enters Previously Unthinkable Economic Downturn

The unemployment rate published in May made history, and interest rates settled in for an extended stay near zero. Hopes for a V shape recovery began to diminish even as stay-at-home orders began to be lifted. The killing of George Floyd triggered public outrage and social disturbances throughout the United States as the month of May came to an end. Low interest rates continue to put downward pressure on the TPIF yield.

The number of worldwide confirmed cases of COVID-19 surpassed six million. The United States remains the global epicenter, accounting for approximately 29% of all reported and confirmed cases in the world. The dim economic fallout was captured in the economic data release in May.

The Bureau of Economic Analysis released their second estimate for 1Q20 Real GDP, which revised the advance estimate of -4.8% by -0.2% to -5.0%. The employment report was

slightly better than expected with an unemployment rate of 14.7% beating consensus of 16%, and a decline of 20.5 million jobs in nonfarm payrolls, the highest since the Great Depression. Chair of the Federal Reserve, Jerome Powell, contributed to the building consensus that the U.S. economic recovery will take time, stating that the recession could last until the end of 2021.

Durable goods orders continued to show more pain, showing a drop-in order of 14.7%. Real estate however was a bright spot, in Riverside County home prices rose 5.8% YoY in April, above the national average of 5.4%. CoreLogic data indicates that home listings fell nearly 16% YoY by the week ending May 23rd.

Supply and demand dynamics had very little effect on the front end of the market, as it is anchored by the FED's zero rate policy, but Treasury issuance raised eyebrows. The U.S. government

announced plans to borrow \$3 trillion for the second quarter, five times more than the previous record set during the 2008 financial crisis. On May 11th, the Treasury department announced record sizes for their quarterly refunding program, \$32 billion in 10-year notes, \$20 billion in 20-year notes and \$22 billion in 30-year notes. The Treasury department had not issued 20-year Treasury bonds since 1986.

The prospect of an effective treatment for COVID-19 injected volatility to financial markets, as they rose and fell in line with news of a treatment. By month end, despite renewed trade tensions, and economic concerns, Treasury yields remained remarkably stable. The 2-year Treasury waffled between a yield of 0.15% to 0.19% and the 5-year Treasury between 0.31% and 0.37%.

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

Hayden Nestande
Prof Student Intern

6-Month Pool Performance

	Month End Market Value (\$)*	Month End Book Value (\$)	Paper Gain or Loss (\$)	Paper Gain or Loss (%)	Book Yield (%)	WAM (Yrs)
May-20	8,196,871,029.51	8,166,677,324.99	30,193,704.52	0.37%	0.88	1.10
Apr-20	8,707,241,840.70	8,668,716,409.06	38,525,431.64	0.44%	1.15	1.01
Mar-20	7,300,500,274.82	7,261,665,325.07	38,834,949.75	0.53%	1.46	1.19
Feb-20	7,341,926,889.86	7,315,633,798.80	26,293,091.06	0.36%	1.80	1.16
Jan-20	7,653,741,469.47	7,633,961,510.96	19,779,958.51	0.26%	1.82	1.06
Dec-19	8,232,092,850.66	8,214,054,109.29	18,038,741.37	0.22%	1.86	1.01

*Market values do not include accrued interest.

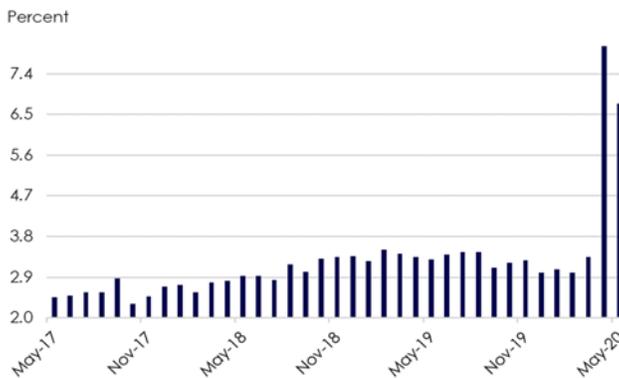
Economy

National Economy

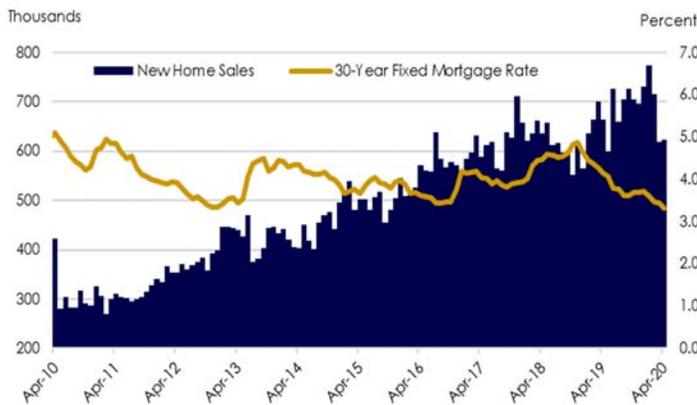
In the last 12 weeks, almost 45 million unemployment claims have been made, but economists suggest the number of people seeking benefits is closer to 31 million. Claims have been declining for 10 straight weeks, but weekly applications remain in the millions. Following the 2008 financial crisis, the highest amount of weekly claims was 665,000, last week California alone had over 250,000. ([Politico 06/11/20](#))

- Throughout May, the economy slowly started opening back up and consumers celebrated. After declining for two months, consumer confidence unexpectedly rose from 85.7 in April to 86.6 in May, beating estimates of a drop to 82.3. Consumers were happy to see all 50 states begin lifting restrictions and working towards re-opening the economy. ([CNBC 05/26/20](#))

Private Sector Average Hourly Earnings Y/Y



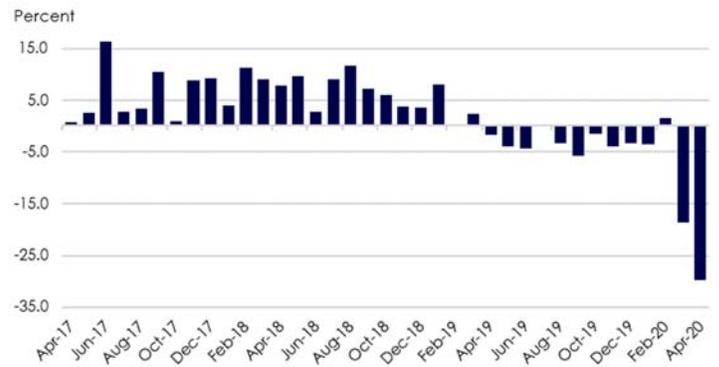
New Home Sales SAAR



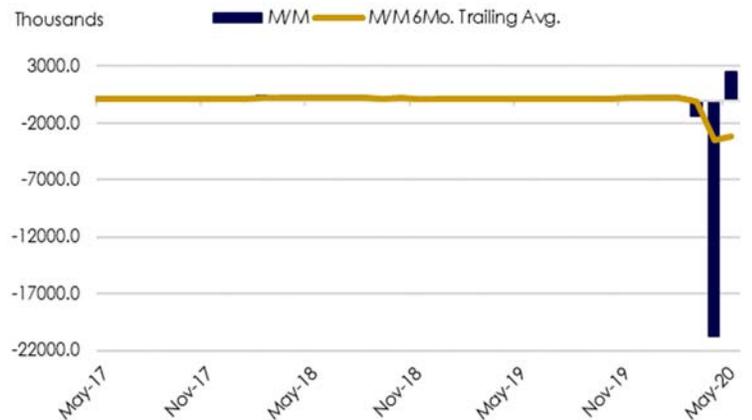
State Economy

In May, California began to ease lockdown restrictions. Governor Newsom cited stable hospitalization rates among COVID-19 patients, increased access to testing, and more protective gear as reasons to begin the re-opening process of our State. After pressure from several counties with low infection rates, new standards allow for an easier process that allows counties to begin re-opening as they see fit. New rules allowed 53 of California's 58 counties to move toward an accelerate phase 2, with plans to move towards phase 3 in early June. The 4th and final phase however is not part of the plan just yet. ([LA Times 05/19/20](#))

Durable Goods Percent Chg. Y/Y



Nonfarm Payrolls Total M/M Change SA



Key Economic Indicators

Release Date	Indicator	Actual	Consensus	Prior Year
05/28/2020	Real GDP - Q/Q Change	-5.0%	-4.8%	3.1%
05/08/2020	Unemployment Rate - Seasonally Adjusted	14.7%	16.0%	3.6%
05/08/2020	Non-Farm Payrolls - M/M Change - Thousands	-20,500	-22,000	263
05/12/2020	CPI - Y/Y Change	0.3%	0.4%	2.0%
05/12/2020	CPI Ex Food and Energy - Y/Y Change	1.4%	1.7%	2.1%
05/05/2020	ISM Non-Manufacturing Index (> 50 indicates growth)	41.8	36.8	55.5
05/26/2020	New Home Sales - SAAR - Thousands	623	490	673
05/04/2020	Factory Orders - M/M Change	-10.3%	-9.7%	1.9%
05/04/2020	Durable Goods Orders - New Orders - M/M Change	-14.7%	-14.4%	2.6%

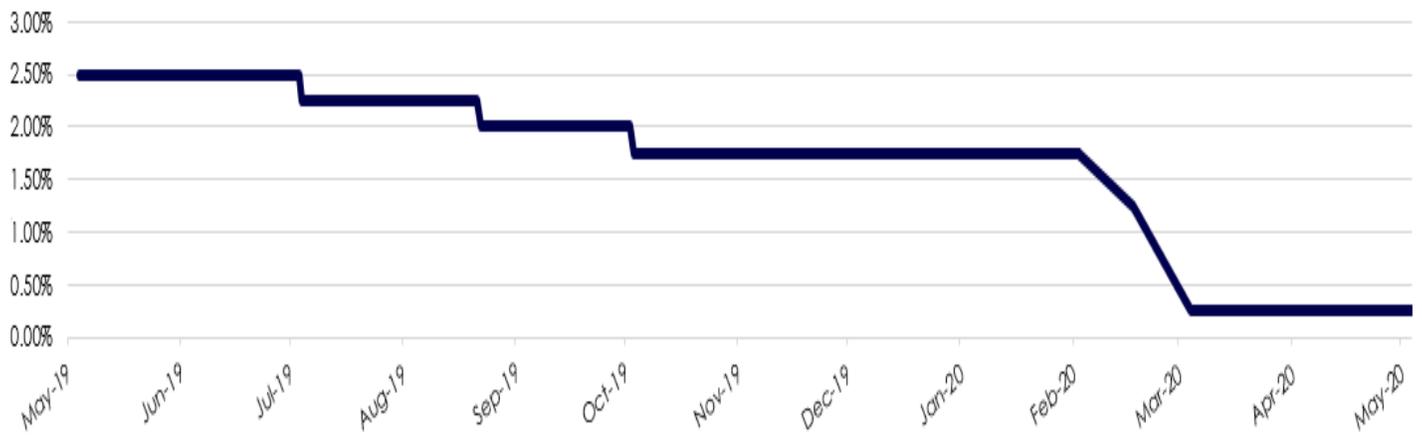
*Note: 'Prior Year' displays final estimates of indicator values from the equivalent period of the prior year.

Market Data

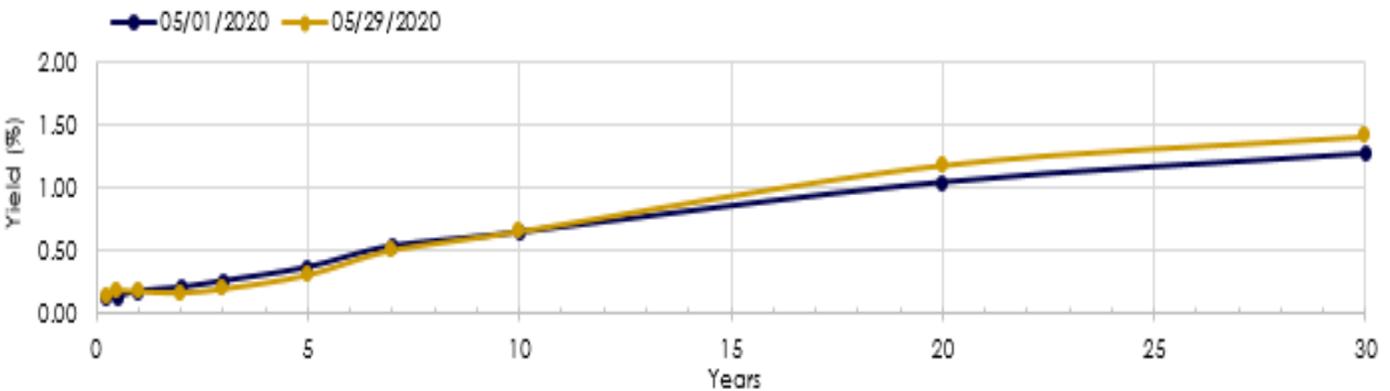
Federal Open Market Committee Meeting 04/29/2020

- The FOMC stated that the Corona virus outbreak is causing tremendous human and economic hardship across the U.S., and will weigh heavily on economic activity, employment, and inflation in the near term, and poses considerable risk to the economic outlook over the medium term.
- The FOMC maintained the Fed Funds Target Range of 0.0-0.25%
- The FOMC stated in their April statement that “it is prepared to use its full range of tools to support the U.S. in this challenging time, thereby promoting its maximum employment and price stability goals.”

Fed Funds Target Rate (Upper Limit)



U.S. Treasury Curve

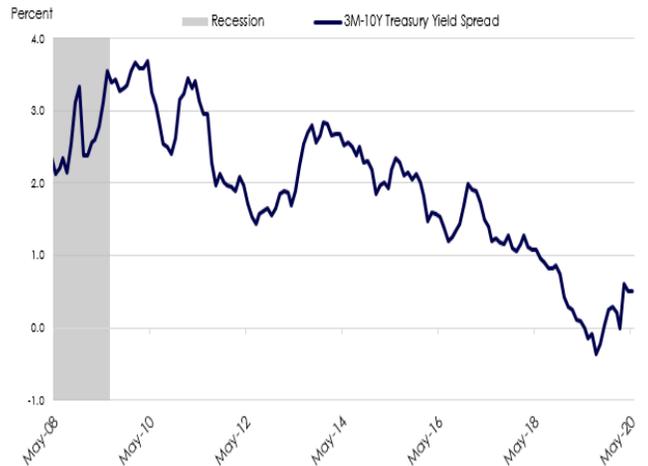


Treasury Curve Differentials	3 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr	30 Yr
05/29/2020 - 05/01/2020	0.02	0.06	0.00	-0.04	-0.06	-0.06	0.01	0.14
05/29/2020	0.14	0.18	0.17	0.16	0.19	0.30	0.65	1.41
05/01/2020	0.12	0.12	0.17	0.20	0.25	0.36	0.64	1.27

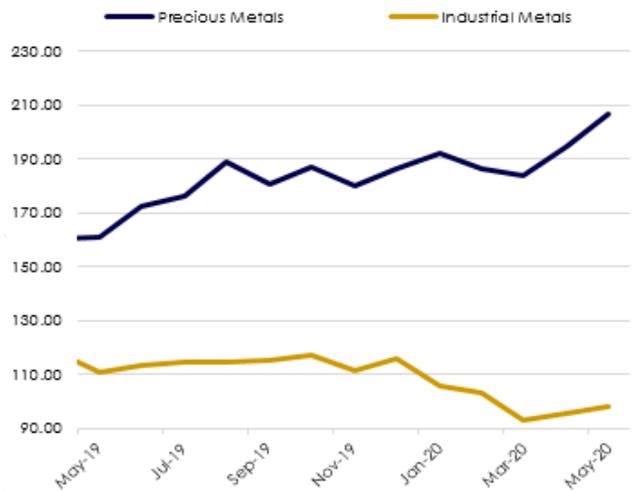
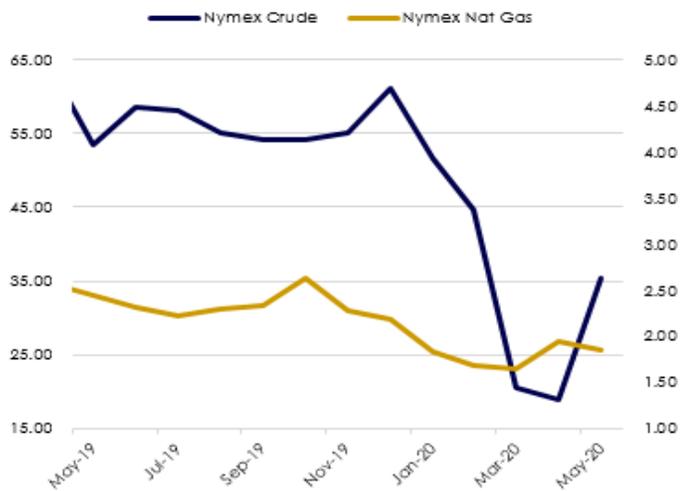
The US Treasury Curve and its values are subject to frequent change and will be updated monthly with each issued TPIF report.

Market Data cont'd

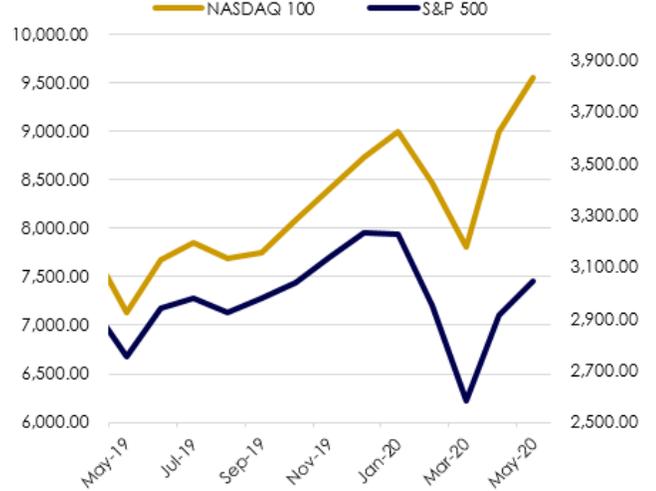
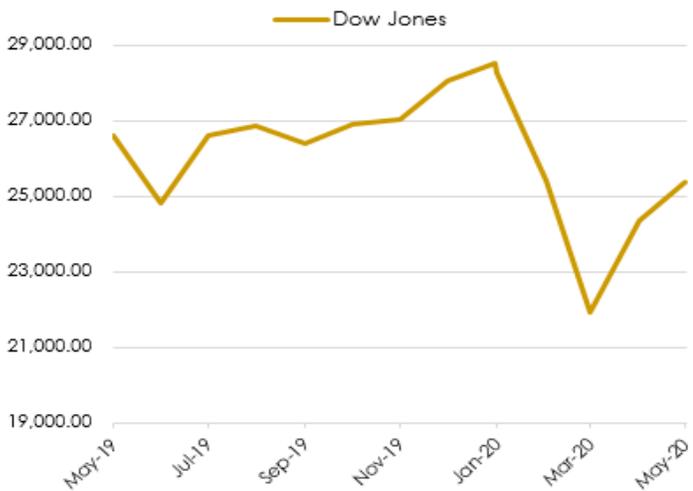
U.S. Treasuries



Commodities



Stocks



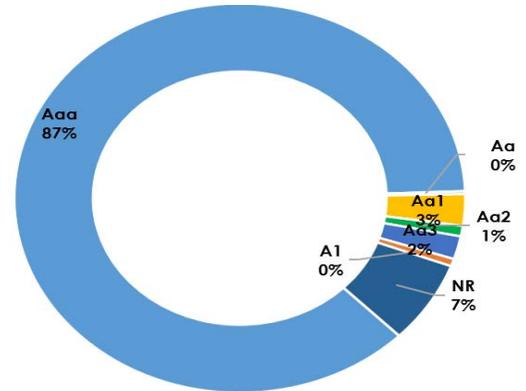
* Values listed for commodities and stocks are in US dollars and are as of the final business day of each month.

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**.

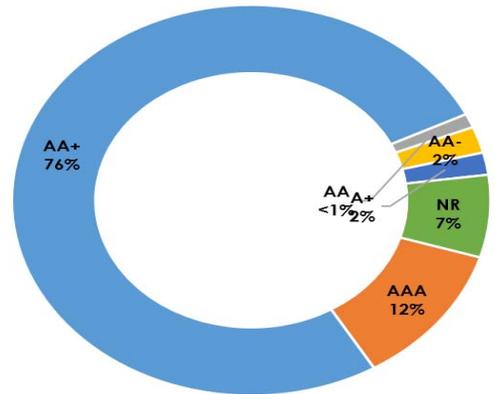
Moody's Asset Rating (000's)

	Book	MKT/Book	% Book	Yield
Aaa	7,076,836.37	100.40%	86.66%	0.85%
Aa	20,000.00	100.81%	0.24%	2.06%
Aa1	212,975.76	100.29%	2.61%	1.73%
Aa2	70,678.20	100.05%	0.87%	0.91%
Aa3	156,142.29	100.12%	1.91%	2.41%
A1	50,000.00	100.00%	0.61%	1.75%
NR	555,044.70	100.18%	6.80%	0.45%
NA	25,000.00	99.98%	0.31%	0.17%
Totals:	8,166,677.32	100.37%	100.00%	0.88%



S&P Asset Rating (000's)

	Book	MKT/Book	% Book	Yield
AAA	952,969.56	100.22%	11.67%	0.37%
AA+	6,212,820.73	100.43%	76.08%	0.94%
AA	93,700.04	100.05%	1.15%	0.98%
AA-	177,142.29	100.10%	2.17%	2.31%
A+	150,000.00	100.00%	1.84%	1.70%
NR	555,044.70	100.18%	6.80%	0.45%
NA	25,000.00	99.98%	0.31%	0.17%
Totals:	8,166,677.32	100.37%	100.00%	0.88%



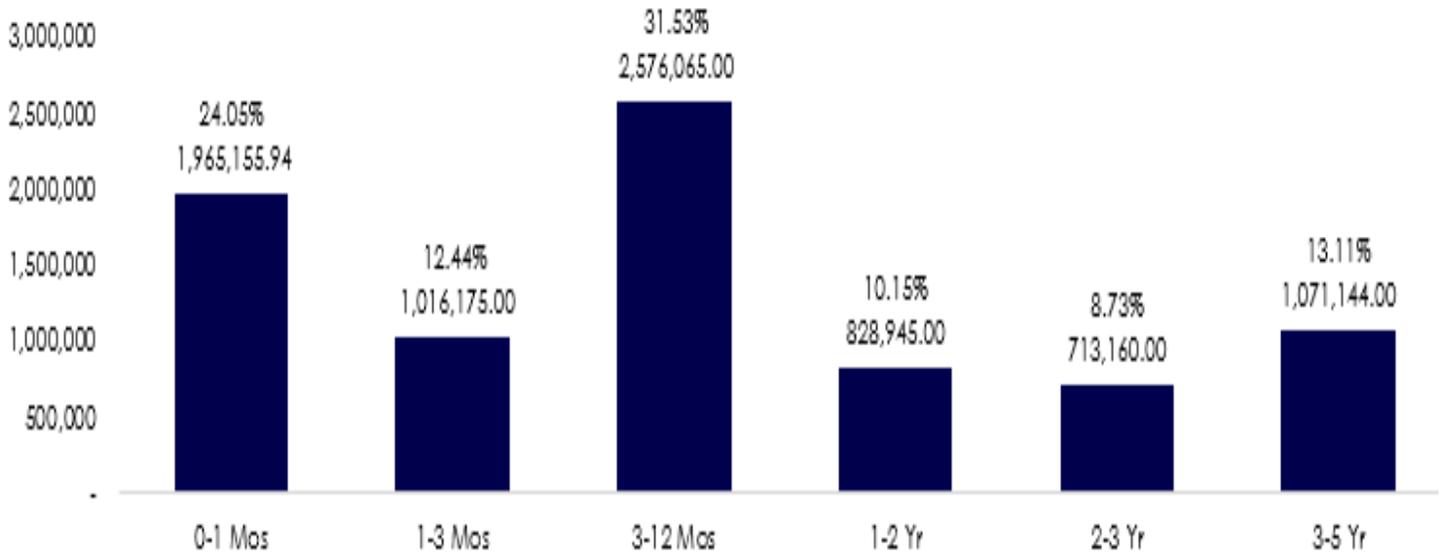
12-Month Projected Cash Flow

Month	Monthly Receipts	Monthly Disbursements	Difference	Required Matured Investments	Balance	Actual Investments Maturing	Available to Invest > 1 Year
06/2020					452.48		
06/2020	1,044.30	1,802.91	(758.61)	306.13		1,965.16	
07/2020	1,034.18	1,472.64	(438.46)	438.46		551.83	
08/2020	986.77	1,164.92	(178.15)	178.15		614.35	
09/2020	1,085.65	1,145.14	(59.49)	59.49		513.98	
10/2020	1,249.55	1,343.18	(93.63)	93.63		547.25	
11/2020	1,205.40	1,074.70	130.70		130.70	420.10	
12/2020	2,348.61	1,073.38	1,275.23		1,405.93	-	
01/2021	1,078.90	1,910.81	(831.91)		574.02	327.75	
02/2021	1,005.21	1,217.34	(212.13)		361.89	65.00	
03/2021	1,497.96	1,092.59	405.37		767.26	215.26	
04/2021	2,103.36	1,289.52	813.84		1,581.10	154.08	
05/2021	2,100.00	1,086.87	1,013.13		2,594.23	182.65	
TOTALS	16,739.89	15,674.00	1,065.89	1,075.86	7,867.61	5,557.41	7,090.81
				13.17%		68.05%	86.83%

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)

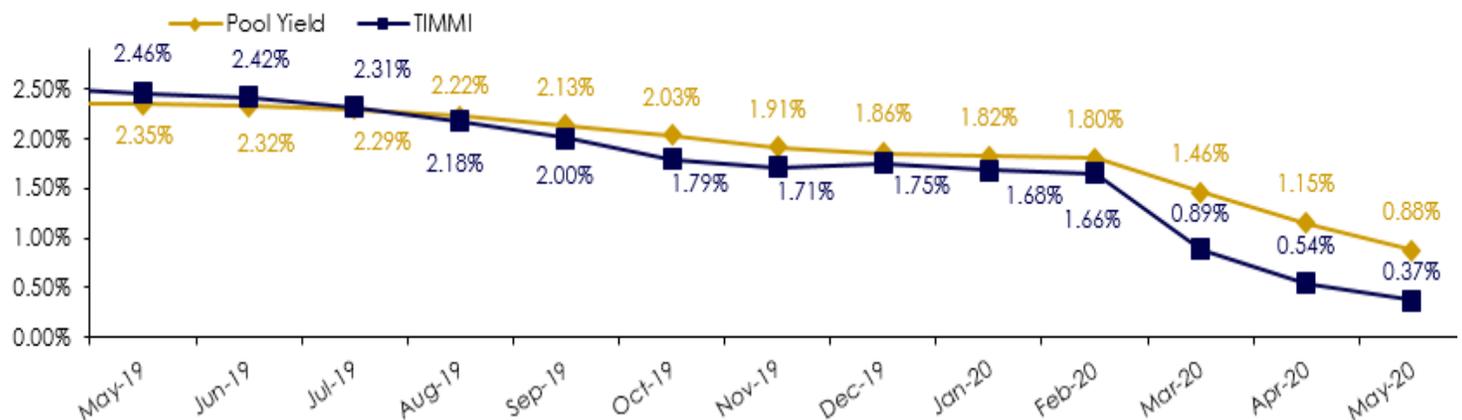


Asset Allocation (000's)

Assets	Scheduled Book	Scheduled Market	Mkt/Book	Yield	WAL (Yr.)	Mat (Yr.)
TREAS	1,600,186.11	1,608,013.97	100.49%	0.85%	0.55	0.55
AGENCIES	4,626,799.24	4,645,889.69	100.41%	0.91%	0.68	1.67
MMKT	869,000.00	869,000.00	100.00%	0.16%	0.00	0.00
CASH	375,000.00	375,000.00	100.00%	0.55%	0.00	0.00
CALTRUST FND	4,023.98	4,023.98	100.00%	1.05%	0.00	0.00
COMM PAPER	260,873.13	262,054.84	100.45%	1.11%	0.10	0.10
CDS	100,000.00	100,000.00	100.00%	1.63%	0.48	0.72
NCDS	120,000.00	120,000.00	100.00%	1.81%	0.04	0.04
MEDIUM TERM NOTES	82,836.63	84,930.31	102.53%	2.56%	0.48	0.54
MUNI	127,918.24	127,918.24	100.00%	2.71%	1.14	1.14
LOCAL AGCY OBLIG	40.00	40.00	100.00%	1.65%	0.04	0.04
Totals:	8,166,677.33	8,196,871.03	100.37%	0.88%	0.531	1.10

* For details on the Pool's composition see Month End Portfolio Holdings, pages 9 to 13.

TIMMI



The Treasurer's Institutional Money Market Index (TIMMI) is a composite index of four AAA rated prime institutional money market funds. Their average yield is compared to the yield of the Treasurer's Pooled Investment Fund in the above graph.

Compliance Report

Compliance Status: Full Compliance

The Treasurer's Pooled Investment Fund was in full compliance with the County of Riverside's Treasurer's Statement of Investment Policy. The County's Statement of Investment Policy is more restrictive than California Government Code 53646. The County's Investment Policy is reviewed annually by the County of Riverside's Oversight Committee and approved by the Board of Supervisors.

Investment Category	GOVERNMENT CODE			COUNTY INVESTMENT POLICY			Actual %
	Maximum Remaining Maturity	Authorized % Limit	S&P/Moody's	Maximum Remaining Maturity	Authorized % Limit	S&P/Moody's/Fitch	
MUNICIPAL BONDS (MUNI)	5 YEARS	NO LIMIT	NA	4 YEARS	15%	AA-/Aa3/AA-	1.57%
U.S. TREASURIES	5 YEARS	NO LIMIT	NA	5 YEARS	100%	NA	19.59%
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	56.65%
COMMERCIAL PAPER (CP)	270 DAYS	40%	A1/P1	270 DAYS	40%	A1/P1/F1	3.19%
CERTIFICATE & TIME DEPOSITS (NCD & TCD)	5 YEARS	30%	NA	1 YEAR	25% Combined	A1/P1/F1	2.69%
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	1.01%
CALTRUST SHORT TERM FUND	NA	NA	NA	DAILY LIQUIDITY	1.00%	NA	0.05%
MONEY MARKET MUTUAL FUNDS (MMF)	60 DAYS ⁽¹⁾	20%	AAA/Aaa ⁽²⁾	DAILY LIQUIDITY	20%	AAA by 2 Of 3 RATINGS	10.64%
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	4.59%

¹ Money Market Mutual Funds maturity may be interpreted as a weighted average maturity not exceeding 60 days.

² Or must have an investment advisor with no fewer than 5 years experience and with assets under management of \$500,000,000 USD.

THIS COMPLETES THE REPORT REQUIREMENTS OF CALIFORNIA GOVERNMENT CODE 53646.

Month End Portfolio Holdings

CUSIP	Description	Maturity Date	Coupon	Yield To Mat	Par Value	Book Value	Market Price	Market Value	Unrealized Gain/Loss	Modified Duration	Years To Maturity
Fund: 1 POOL FUND											
1060: MMKT ACCTS-A/365-6											
FRGX	FIDELITY GOV	06/01/2020	.154	.154	86,000,000.00	86,000,000.00	100.000000	86,000,000.00	0.00	.003	.003
GOFXX	FEDERATED GOV	06/01/2020	.161	.161	146,000,000.00	146,000,000.00	100.000000	146,000,000.00	0.00	.003	.003
WFFXX	WELLS FARGO GOV	06/01/2020	.143	.143	141,000,000.00	141,000,000.00	100.000000	141,000,000.00	0.00	.003	.003
FGTXX	GOLDMAN SACHS GOV	06/01/2020	.189	.189	231,000,000.00	231,000,000.00	100.000000	231,000,000.00	0.00	.003	.003
OGVXX	JP MORGAN GOV	06/01/2020	.141	.141	105,000,000.00	105,000,000.00	100.000000	105,000,000.00	0.00	.003	.003
TFDXX	BLACKROCK GOV	06/01/2020	.137	.137	160,000,000.00	160,000,000.00	100.000000	160,000,000.00	0.00	.003	.003
			.158	.158	869,000,000.00	869,000,000.00	100.000000	869,000,000.00	0.00	.003	.003
1065: CLTR-A/365-6											
CLTR	CALTRUST SHT TERM FUND	06/01/2020	1.073	1.049	4,015,944.14	4,023,976.03	100.200000	4,023,976.03	0.00	.003	.003
			1.073	1.049	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	06/01/2020	.650	.650	25,000,000.00	25,000,000.00	100.000000	25,000,000.00	0.00	.003	.003
			.650	.650	25,000,000.00	25,000,000.00	100.000000	25,000,000.00	0.00	.003	.003
1170: MGD RATE-A/360											
CASH	PACIFIC PREMIER BANK	06/01/2020	1.530	1.530	0.00	0.00	.000000	0.00	0.00	.000	.003
CASH	FIRST REPUBLIC BANK	06/01/2020	1.515	1.515	0.00	0.00	.000000	0.00	0.00	.000	.003
CASH	UB MANAGED RATE	06/01/2020	.543	.543	350,000,000.00	350,000,000.00	100.000000	350,000,000.00	0.00	.003	.003
			.543	.543	350,000,000.00	350,000,000.00	100.000000	350,000,000.00	0.00	.003	.003
1175: LAO-SINKING FND-A/360											
LAO	US DIST COURTHOUSE	06/15/2020	1.652	1.652	40,000.00	40,000.00	100.000000	40,000.00	0.00	-.215	.041
			1.652	1.652	40,000.00	40,000.00	100.000000	40,000.00	0.00	-.215	.041
1300: U.S. TREASURY BILL											
9127963X5	U.S. TREASURY BILL	09/08/2020	.146	.146	75,000,000.00	74,953,158.33	99.955000	74,966,250.00	13,091.67	.273	.274
912796TN9	U.S. TREASURY BILL	10/08/2020	.172	.172	75,000,000.00	74,934,783.00	99.942000	74,956,500.00	21,717.00	.355	.356
9127964A4	U.S. TREASURY BILL	09/29/2020	.136	.136	50,000,000.00	49,970,911.11	99.933000	49,966,500.00	-4,411.11	.331	.332
9127962T5	U.S. TREASURY BILL	10/29/2020	.162	.162	50,000,000.00	49,959,176.50	99.928000	49,964,000.00	4,823.50	.413	.414
9127964G1	U.S. TREASURY BILL	10/06/2020	.136	.136	50,000,000.00	49,970,911.11	99.945000	49,972,500.00	1,588.89	.350	.351
912796TP4	U.S. TREASURY BILL	11/05/2020	.130	.130	50,000,000.00	49,967,139.00	99.927000	49,963,500.00	-3,639.00	.432	.433
9127962Z1	U.S. TREASURY BILL	11/12/2020	.154	.154	50,000,000.00	49,961,198.50	99.924000	49,962,000.00	801.50	.451	.452
912796UA5	U.S. TREASURY BILL	06/25/2020	.095	.095	50,000,000.00	49,994,458.33	99.992000	49,996,000.00	1,541.67	.068	.068
9127963P2	U.S. TREASURY BILL	08/18/2020	.110	.110	50,000,000.00	49,985,486.11	99.969000	49,984,500.00	-986.11	.216	.216
9127963Y3	U.S. TREASURY BILL	09/15/2020	.115	.115	50,000,000.00	49,980,833.33	99.957000	49,978,500.00	-2,333.33	.293	.293
9127963Z0	U.S. TREASURY BILL	09/22/2020	.128	.128	50,000,000.00	49,977,510.42	99.928000	49,964,000.00	-13,510.42	.312	.312
9127964H9	U.S. TREASURY BILL	10/13/2020	.133	.133	50,000,000.00	49,972,805.00	99.948000	49,974,000.00	1,195.00	.369	.370
9127964G1	U.S. TREASURY BILL	10/06/2020	.129	.129	50,000,000.00	49,975,370.83	99.945000	49,972,500.00	-2,870.83	.350	.351
9127962W8	U.S. TREASURY BILL	06/23/2020	.080	.080	50,000,000.00	49,996,444.44	99.993000	49,996,500.00	55.56	.063	.063
912796XE4	U.S. TREASURY BILL	02/25/2021	.172	.172	50,000,000.00	49,935,211.11	99.866000	49,933,000.00	-2,211.11	.738	.740
9127963B3	U.S. TREASURY BILL	11/27/2020	.161	.161	50,000,000.00	49,959,302.78	99.919974	49,959,973.61	670.83	.492	.493
			.136	.136	850,000,000.00	849,494,699.90	99.942379	849,510,223.61	15,523.71	.342	.343
1310: U.S. TREASURY BOND											
912828Y46	U.S. TREASURY BOND	07/31/2020	2.625	1.662	25,000,000.00	25,179,687.50	100.413000	25,103,250.00	-76,437.50	.166	.167
912828L32	U.S. TREASURY BOND	08/31/2020	1.375	1.627	50,000,000.00	49,898,437.50	100.308000	50,154,000.00	255,562.50	.250	.252
912828YC8	U.S. TREASURY BOND	08/31/2021	1.500	1.711	25,000,000.00	24,906,250.00	101.621000	25,405,250.00	499,000.00	1.228	1.252
912828S27	U.S. TREASURY BOND	06/30/2021	1.125	1.735	25,000,000.00	24,753,906.25	100.988000	25,247,000.00	493,093.75	1.066	1.082
912828YE4	U.S. TREASURY BOND	08/31/2024	1.250	1.702	25,000,000.00	24,479,492.19	104.176000	26,044,000.00	1,564,507.81	4.104	4.255
912828L99	U.S. TREASURY BOND	10/31/2020	1.375	1.634	50,000,000.00	49,876,953.13	100.488000	50,244,000.00	367,046.87	.415	.419
9128283Q1	U.S. TREASURY BOND	01/15/2021	2.000	1.647	50,000,000.00	50,193,359.38	101.133000	50,566,500.00	373,140.62	.612	.627
912828PC8	U.S. TREASURY BOND	11/15/2020	2.625	1.638	50,000,000.00	50,455,078.13	101.106000	50,553,000.00	97,921.87	.456	.460
912828A42	U.S. TREASURY BOND	11/30/2020	2.000	1.639	50,000,000.00	50,173,828.13	100.902000	50,451,000.00	277,171.87	.497	.501
9128283Q1	U.S. TREASURY BOND	01/15/2021	2.000	1.643	50,000,000.00	50,193,359.38	101.133000	50,566,500.00	373,140.62	.612	.627
9128283Q1	U.S. TREASURY BOND	01/15/2021	2.000	1.637	25,000,000.00	25,097,656.25	101.133000	25,283,250.00	185,593.75	.612	.627
912828VY6	U.S. TREASURY BOND	11/30/2024	1.500	1.751	25,000,000.00	24,705,078.13	105.484000	26,371,000.00	1,665,921.87	4.330	4.504
9128283Q1	U.S. TREASURY BOND	01/15/2021	2.000	1.626	25,000,000.00	25,097,656.25	101.133000	25,283,250.00	185,593.75	.612	.627
9128283Q1	U.S. TREASURY BOND	01/15/2021	2.000	1.645	50,000,000.00	50,185,546.88	101.133000	50,566,500.00	380,953.12	.612	.627
9128282Z2	U.S. TREASURY BOND	10/15/2020	1.625	1.649	25,000,000.00	24,995,117.19	100.527000	25,131,750.00	136,632.81	.372	.375
9128283Q1	U.S. TREASURY BOND	01/15/2021	2.000	1.606	50,000,000.00	50,201,171.88	101.133000	50,566,500.00	365,328.12	.612	.627
912828VV9	U.S. TREASURY BOND	08/31/2020	2.125	1.615	50,000,000.00	50,166,015.63	100.493000	50,246,500.00	80,484.37	.250	.252
9128283Q1	U.S. TREASURY BOND	01/15/2021	2.000	1.605	50,000,000.00	50,195,312.50	101.133000	50,566,500.00	371,187.50	.612	.627
912828L32	U.S. TREASURY BOND	08/31/2020	1.375	1.591	50,000,000.00	49,937,500.00	100.308000	50,154,000.00	216,500.00	.250	.252
			1.846	1.642	750,000,000.00	750,691,406.30	101.133833	758,503,750.00	7,812,343.70	.771	.791
1400: FHLMC-DISC NOTE											
313396Z29	FHLMC DISC NTE	07/29/2020	.126	.126	50,000,000.00	49,983,725.00	99.979000	49,989,500.00	5,775.00	.161	.162
313396E41	FHLMC DISC NTE	09/02/2020	.120	.120	50,000,000.00	49,978,666.67	99.959000	49,979,500.00	833.33	.257	.258
			.123	.123	100,000,000.00	99,962,391.67	99.969000	99,969,000.00	6,608.33	.209	.210
1425: FHLMC-Fxd-S 30/360											
3134GAX22	FHLMC 4YrNc6MoE	11/25/2020	1.370	1.370	25,000,000.00	25,000,000.00	100.527000	25,131,750.00	131,750.00	.484	.488
3134GAYK4	FHLMC 4YrNc1YrE	11/30/2020	1.440	1.440	10,000,000.00	10,000,000.00	100.579000	10,057,900.00	57,900.00	.497	.501
3134GSMF9	FHLMC 5YrNc3YrE	05/26/2023	3.000	3.000	15,000,000.00	15,000,000.00	102.403000	15,360,450.00	360,450.00	2.835	2.986
3134GSQL2	FHLMC 5YrNc2YrE	06/29/2023	3.100	3.100	5,000,000.00	5,000,000.00	100.214000	5,010,700.00	10,700.00	2.877	3.079
3134GTGK7	FHLMC 5YrNc2YrB	05/03/2024	2.600	2.600	10,000,000.00	10,000,000.00	101.869000	10,186,900.00	186,900.00	3.699	3.926
3134GTSF1	FHLMC 3YrNc1YrE	06/10/2022	2.400	2.400	5,000,000.00	5,000,000.00	100.056000	5,002,800.00	2,800.00	1.943	2.027
3134GTYT4	FHLMC 1YrNc1YrE	07/01/2024	2.125	2.125	15,000,000.00	15,000,000.00	100.133000	15,019,950.00	19,950.00	3.858	4.088
3134GTYT4	FHLMC 1YrNc1YrE	07/01/2024	2.125	2.125	15,000,000.00	15,000,000.00	100.133000	15,019,950.00	19,950.00	3.858	4.088
3134GTY56	FHLMC 3YrNc1YrE	07/01/2022	2.000	2.000	15,000,000.00	15,000,000.00	100.137000	15,020,550.00	20,550.00	2.014	2.085
3134GTYT4	FHLMC 5YrNc1YrE	07/01/2024	2.125	2.125	15,000,000.00	15,000,000.00	100.133000	15,019,950.00	19,950.00	3.858	4.088
3134GTJX7	FHLMC 5YrNc1YrE	07/08/2024	2.190	2.190	50,000,000.00	50,000,000.00	100.173000	50,086,500.00	86,500.00	3.870	4.107
3134GTA37	FHLMC 5YrNc1YrE	07/15/2024	2.150	2.150	15,000,000.00	15,000,000.00	100.190000	15,028,500.00	28,500.00	3.894	4.126
3134GTA52											

Month End Portfolio Holdings

CUSIP	Description	Maturity Date	Coupon	Yield To Mat	Par Value	Book Value	Market Price	Market Value	Unrealized Gain/Loss	Modified Duration	Years To Maturity
3134GVBK3	FHLMC 3.5YrNc6MoB	08/10/2023	1.750	1.750	5,000,000.00	5,000,000.00	100.236000	5,011,800.00	11,800.00	3.075	3.195
3134GVAU2	FHLMC 4YrNc6MoB	02/12/2024	1.800	1.800	5,000,000.00	5,000,000.00	100.233000	5,011,650.00	11,650.00	3.543	3.704
3134GVCD8	FHLMC 4YrNc6MoB	02/24/2024	1.750	1.750	5,000,000.00	5,000,000.00	100.138000	5,006,900.00	6,900.00	3.580	3.737
3134GVCZ9	FHLMC 5YrNc1YrB	02/18/2025	1.700	1.700	10,000,000.00	10,000,000.00	100.718000	10,071,800.00	71,800.00	4.490	4.723
3134GVC87	FHLMC 5YrNc1YrB	02/19/2025	1.800	1.800	5,785,000.00	5,785,000.00	100.778000	5,830,007.30	45,007.30	4.480	4.726
3134G4UG6	FHLMC 5YrNc1YrB	02/19/2025	1.770	1.770	5,000,000.00	5,000,000.00	100.665000	5,033,250.00	33,250.00	4.484	4.726
3134GVDC9	FHLMC 3YrNc9MoB	11/20/2023	1.700	1.700	10,000,000.00	10,000,000.00	100.465000	10,046,500.00	46,500.00	3.366	3.474
3134GVCP1	FHLMC 4YrNc1YrE	02/26/2024	1.600	1.605	10,000,000.00	9,998,000.00	100.804000	10,080,400.00	82,400.00	3.598	3.742
3134GVDP0	FHLMC 5YrNc6MoB	02/27/2025	1.700	1.700	26,400,000.00	26,400,000.00	100.202000	26,453,328.00	53,328.00	4.515	4.748
3134GVEM6	FHLMC 3YrNc6MoB	02/28/2023	1.500	1.500	10,000,000.00	10,000,000.00	100.221000	10,022,100.00	22,100.00	2.675	2.748
3134GVHU5	FHLMC 2YrNc3MoB	03/30/2022	1.150	1.150	35,000,000.00	35,000,000.00	100.075000	35,026,250.00	26,250.00	1.806	1.830
3134GVHE1	FHLMC 5YrNc3MoB	03/26/2025	1.400	1.410	5,000,000.00	4,997,500.00	100.020000	5,001,000.00	3,500.00	4.634	4.822
3134GVHJ0	FHLMC 5YrNc3MoB	03/26/2025	1.500	1.500	5,000,000.00	5,000,000.00	100.023000	5,001,150.00	1,150.00	4.621	4.822
3134GVHM3	FHLMC 1.5YrNc3MoB	09/30/2021	1.000	1.000	25,000,000.00	25,000,000.00	100.016000	25,004,000.00	4,000.00	1.324	1.334
3134GVJG4	FHLMC 3YrNc3MoE	04/06/2023	1.150	1.150	25,000,000.00	25,000,000.00	100.004000	25,001,000.00	1,000.00	2.789	2.849
3134GVJP4	FHLMC 2.5YrNc3MoE	10/07/2022	1.125	1.125	50,000,000.00	50,000,000.00	100.095000	50,047,500.00	47,500.00	2.309	2.353
3134GVJP4	FHLMC 2.5YrNc3MoE	10/07/2022	1.125	1.125	25,000,000.00	25,000,000.00	100.095000	25,023,750.00	23,750.00	2.309	2.353
3134GVJP4	FHLMC 2.5YrNc3MoE	10/07/2022	1.125	1.125	25,000,000.00	25,000,000.00	100.095000	25,023,750.00	23,750.00	2.309	2.353
3134GVJM1	FHLMC 2YrNc3MoE	04/08/2022	1.150	1.150	25,000,000.00	25,000,000.00	100.093000	25,023,250.00	23,250.00	1.825	1.855
3134GVJW9	FHLMC 3YrNc3MoE	04/13/2023	1.100	1.100	25,000,000.00	25,000,000.00	100.106000	25,026,500.00	26,500.00	2.810	2.868
3134GVJ00	FHLMC 1.75YrNc3MoE	04/13/2022	1.050	1.050	5,835,000.00	5,835,000.00	100.088000	5,840,134.80	5,134.80	1.841	1.868
3134GVPD4	FHLMC 2.5YrNc6MoB	10/27/2022	.500	.500	10,000,000.00	10,000,000.00	100.013000	10,001,300.00	1,300.00	2.387	2.408
3134GVPD4	FHLMC 2.5YrNc6MoB	10/27/2022	.500	.500	10,000,000.00	10,000,000.00	100.013000	10,001,300.00	1,300.00	2.387	2.408
3134GVPD4	FHLMC 2.5YrNc6MoB	10/27/2022	.500	.500	10,000,000.00	10,000,000.00	100.013000	10,001,300.00	1,300.00	2.387	2.408
3134GVPD4	FHLMC 2.5YrNc6MoB	10/27/2022	.500	.500	10,000,000.00	10,000,000.00	100.013000	10,001,300.00	1,300.00	2.387	2.408
3134GVRF7	FHLMC 4YrNc6MoB	05/06/2024	.625	.625	10,000,000.00	10,000,000.00	99.986000	9,998,600.00	-1,400.00	3.875	3.934
3134GVSE9	FHLMC 3YrNc6MoB	05/12/2023	.550	.550	50,000,000.00	50,000,000.00	99.980000	49,990,000.00	-10,000.00	2.919	2.948
3134GVSJ8	FHLMC 5YrNc1YrB	05/12/2025	.800	.800	10,000,000.00	10,000,000.00	99.853000	9,985,300.00	-14,700.00	4.839	4.951
3134GVTA6	FHLMC 4YrNc6MoB	05/13/2024	.625	.625	15,000,000.00	15,000,000.00	100.000000	15,000,000.00	0.00	3.894	3.953
3134GVUH9	FHLMC 4YrNc6MoQ	05/13/2024	.650	.656	10,475,000.00	10,472,381.25	99.894000	10,463,896.50	-8,484.75	3.892	3.953
3134GVV00	FLM 3.25YrNc1YrB	08/18/2023	.450	.450	10,000,000.00	10,000,000.00	100.005000	10,000,500.00	500.00	3.183	3.216
3134GVU08	FHLMC 2YrNc6MoB	05/19/2022	.350	.350	50,000,000.00	50,000,000.00	100.000000	50,000,000.00	0.00	1.958	1.967
3134GVV09	FHLMC 3YrNc6MoB	11/20/2023	.570	.570	10,000,000.00	10,000,000.00	100.006000	10,000,600.00	600.00	3.430	3.474
3134GVV09	FHLMC 3YrNc6MoB	11/20/2023	.570	.570	10,000,000.00	10,000,000.00	100.006000	10,000,600.00	600.00	3.430	3.474
3134GVXN3	FHLMC 4YrNc6MoB	05/20/2024	.650	.650	15,000,000.00	15,000,000.00	100.013000	15,001,950.00	1,950.00	3.912	3.973
3134GVXL7	FHLMC 4YrNc1YrB	05/20/2024	.600	.600	25,000,000.00	25,000,000.00	100.025000	25,006,250.00	6,250.00	3.916	3.973
3134GVVR2	FHLMC 5YrNc1YrQ	05/27/2025	.750	.750	10,000,000.00	10,000,000.00	99.880000	9,988,000.00	-12,000.00	4.887	4.992
3134GVZF8	FHLMC 4YrNc1YrQ	05/28/2024	.600	.600	15,000,000.00	15,000,000.00	100.000000	15,000,000.00	0.00	3.938	3.995
3134GVW00	FHLMC 5YrNc1YrQ	05/28/2025	.730	.730	10,000,000.00	10,000,000.00	100.000000	10,000,000.00	0.00	4.893	4.995
3134GVW00	FHLMC 5YrNc1YrQ	05/28/2025	.730	.730	5,000,000.00	5,000,000.00	100.000000	5,000,000.00	0.00	4.893	4.995
			1.369	1.371	1,067,937,000.00	1,067,922,783.75	100.231252	1,070,406,628.27	2,483,844.52	3.093	3.201
1465: FHLMC-STEP%-S30/360											
3134GADP6	FHLMC 5YrNc3MoB	09/13/2021	1.625	1.625	16,500,000.00	16,500,000.00	100.042000	16,506,930.00	6,930.00	1.262	1.288
			1.625	1.625	16,500,000.00	16,500,000.00	100.042000	16,506,930.00	6,930.00	1.262	1.288
1476: FHLMC-Var-SOFR-Q A/360											
3134GVHN1	FHLMC 1.5Yr	09/23/2021	.380	.380	25,000,000.00	25,000,000.00	100.212000	25,053,000.00	53,000.00	1.306	1.315
3134GVHN1	FHLMC 1.5Yr	09/23/2021	.380	.380	25,000,000.00	25,000,000.00	100.212000	25,053,000.00	53,000.00	1.306	1.315
3134GVHN1	FHLMC 1.5Yr	09/23/2021	.380	.380	25,000,000.00	25,000,000.00	100.212000	25,053,000.00	53,000.00	1.306	1.315
3134GVHN1	FHLMC 1.5Yr	09/23/2021	.380	.380	25,000,000.00	25,000,000.00	100.212000	25,053,000.00	53,000.00	1.306	1.315
3134GVHN1	FHLMC 1.5Yr	09/23/2021	.380	.380	25,000,000.00	25,000,000.00	100.212000	25,053,000.00	53,000.00	1.306	1.315
3134GVH33	FHLMC 1.5Yr	09/30/2021	.380	.380	25,000,000.00	25,000,000.00	100.249000	25,062,250.00	62,250.00	1.329	1.334
			.380	.380	150,000,000.00	150,000,000.00	100.218167	150,327,250.00	327,250.00	1.310	1.318
1500: FNMA-DISC NOTE											
313589CM3	FNMA DISC NTE	03/01/2021	.200	.200	75,000,000.00	74,862,916.67	99.864000	74,898,000.00	35,083.33	.749	.751
			.200	.200	75,000,000.00	74,862,916.67	99.864000	74,898,000.00	35,083.33	.749	.751
1525: FNMA-Fxd-S 30/360											
3136G3WC5	FNMA 4YrNc6MoE	07/13/2020	1.350	1.350	10,000,000.00	10,000,000.00	100.139000	10,013,900.00	13,900.00	.117	.118
3135G0T60	FNMA 3Yr	07/30/2020	1.500	1.604	10,000,000.00	9,969,700.00	100.220000	10,022,000.00	52,300.00	.163	.164
3135G0T78	FNMA 4.83Yr	10/05/2022	2.000	2.322	15,000,000.00	14,782,200.00	104.161000	15,624,150.00	841,950.00	2.269	2.348
3135G0T94	FNMA 5Yr	01/19/2023	2.375	2.495	10,000,000.00	9,944,100.00	105.663000	10,566,300.00	622,200.00	2.515	2.638
3135G0U43	FNMA 4.41Yr	09/12/2023	2.875	2.333	30,000,000.00	30,670,500.00	108.514000	32,554,200.00	1,883,700.00	3.101	3.285
3136G4T99	FNMA 5YrNc1YrQ	10/28/2024	2.000	2.000	10,000,000.00	10,000,000.00	100.511000	10,051,100.00	51,100.00	4.192	4.414
3136G0Z87	FNMA 1.75YrNc2MoB	10/26/2021	1.800	1.800	50,000,000.00	50,000,000.00	100.112000	50,056,000.00	56,000.00	1.377	1.405
3136G4UG6	FNMA 5YrNc1YrB	02/19/2025	1.770	1.770	5,000,000.00	5,000,000.00	100.665000	5,033,250.00	33,250.00	4.484	4.726
3135G0Y49	FNMA 3YrNc6MoB	02/21/2023	1.700	1.700	15,000,000.00	15,000,000.00	100.336000	15,050,400.00	50,400.00	2.637	2.729
3135G0X24	FNMA 4.83Yr	01/07/2025	1.625	1.094	10,000,000.00	10,247,300.00	105.278000	10,527,800.00	280,500.00	4.404	4.608
			1.995	1.914	165,000,000.00	165,613,800.00	102.726727	169,499,100.00	3,885,300.00	2.274	2.374
1576: FNMA-Var-SOFR-Q A/360											
3135G0ZH5	FNMA 1.5Yr	09/16/2021	.220	.220	25,000,000.00	25,000,000.00	100.022000	25,005,500.00	5,500.00	1.279	1.296

Month End Portfolio Holdings

CUSIP	Description	Maturity Date	Coupon	Yield To Mat	Par Value	Book Value	Market Price	Market Value	Unrealized Gain/Loss	Modified Duration	Years To Maturity
313384C80	FHLB DISC NTE	08/21/2020	.120	.120	31,000,000.00	30,990,596.67	99.966000	30,989,460.00	-1,136.67	.224	.225
313384C80	FHLB DISC NTE	08/21/2020	.120	.120	39,000,000.00	38,988,170.00	99.966000	38,986,740.00	-1,430.00	.224	.225
313384D71	FHLB DISC NTE	08/28/2020	.148	.148	50,000,000.00	49,981,294.44	99.963000	49,981,500.00	205.56	.243	.244
			.303	.304	1,141,000,000.00	1,139,776,443.53	99.975674	1,140,722,440.00	945,996.47	.164	.165
1725: FHLB-Fxd-S 30/360											
3130A7PV1	FHLB 5Yr	04/05/2021	1.375	1.390	5,000,000.00	4,996,350.00	101.059000	5,052,950.00	56,600.00	.835	.847
3130AC2C7	FHLB 3YrNc1YrE	08/28/2020	2.000	1.790	10,000,000.00	10,061,000.00	100.431000	10,043,100.00	-17,900.00	.242	.244
3130ABZE9	FHLB 3YrNc1YrE	08/28/2020	1.650	1.650	5,000,000.00	5,000,000.00	100.346000	5,017,300.00	17,300.00	.242	.244
313379Q69	FHLB 4.5 Yr	06/10/2022	2.125	2.182	7,975,000.00	7,955,620.75	103.789000	8,277,172.75	321,552.00	1.952	2.027
3130ADF7	FHLB 3Yr	01/25/2021	2.200	2.212	15,000,000.00	14,994,900.00	101.358000	15,203,700.00	208,800.00	.638	.655
3130A0XD7	FHLB 3Yr	03/12/2021	2.375	2.484	10,000,000.00	9,968,000.00	101.683000	10,168,300.00	200,300.00	.765	.781
3130A0XD7	FHLB 3Yr	03/12/2021	2.375	2.489	10,000,000.00	9,966,500.00	101.683000	10,168,300.00	201,800.00	.765	.781
313378WG2	FHLB 4.08Yr	03/11/2022	2.500	2.619	10,000,000.00	9,954,700.00	103.994000	10,399,400.00	444,700.00	1.718	1.778
313382AX1	FHLB 4.9Yr	03/10/2023	2.125	2.716	11,750,000.00	11,432,397.50	105.178000	12,358,415.00	926,017.50	2.660	2.775
3130AE6U9	FHLB 3Yr	05/07/2021	2.700	2.725	7,650,000.00	7,644,492.00	102.396000	7,833,294.00	188,802.00	.914	.934
3130AE6U9	FHLB 3Yr	05/07/2021	2.700	2.703	10,000,000.00	9,999,100.00	102.396000	10,239,600.00	240,500.00	.914	.934
313378WG2	FHLB 2.91Yr	03/11/2022	2.500	2.308	30,000,000.00	30,158,100.00	103.994000	31,198,200.00	1,040,100.00	1.721	1.778
3130AHE33	FHLB 5YrNc1YrQ	10/21/2024	2.000	2.000	10,000,000.00	10,000,000.00	100.556000	10,055,600.00	55,600.00	4.173	4.395
3130AHE66	FHLB 5YrNc1YrQ	10/21/2024	2.000	2.000	10,000,000.00	10,000,000.00	100.559000	10,055,900.00	55,900.00	4.173	4.395
3130AHG64	FHLB 5YrNc1YrQ	10/28/2024	2.000	2.000	10,000,000.00	10,000,000.00	100.586000	10,058,600.00	58,600.00	4.192	4.414
3130AHG31	FHLB 5YrNc2YrQ	10/29/2024	1.800	1.800	25,000,000.00	25,000,000.00	101.931000	25,482,750.00	482,750.00	4.216	4.416
3130AHM59	FHLB 1.75YrNc9MoB	08/27/2024	1.875	1.886	11,200,000.00	11,194,400.00	100.313000	11,235,056.00	40,656.00	4.055	4.244
3130AHMM2	FHLB 4.5YrNc1YrA	06/11/2024	1.850	1.850	15,000,000.00	15,000,000.00	100.706000	15,105,900.00	105,900.00	3.831	4.033
3130AHN66	FHLB 5YrNc1YrA	12/16/2024	1.940	1.940	10,000,000.00	10,000,000.00	100.772000	10,077,200.00	77,200.00	4.289	4.548
3130AHQR7	FHLB 5YrNc1YrA	12/23/2024	1.970	1.970	5,000,000.00	5,000,000.00	100.626000	5,031,300.00	31,300.00	4.305	4.567
3130AHVZ3	FHLB 5YrNc6MoQ	01/13/2025	2.000	2.000	10,000,000.00	10,000,000.00	100.156000	10,015,600.00	15,600.00	4.356	4.625
3130AHWB5	FHLB 5YrNc6MoQ	01/21/2025	2.000	2.000	10,000,000.00	10,000,000.00	100.213000	10,021,300.00	21,300.00	4.378	4.647
3130AHWB5	FHLB 5YrNc6MoQ	01/21/2025	2.000	2.000	10,000,000.00	10,000,000.00	100.213000	10,021,300.00	21,300.00	4.378	4.647
3130AHXA6	FHLB 2.5YrNc6MoB	07/22/2022	1.750	1.750	50,000,000.00	50,000,000.00	100.176000	50,088,000.00	88,000.00	2.080	2.142
3130AJ5F2	FHLB 5YrNc1Yr	02/12/2025	1.750	1.750	7,250,000.00	7,250,000.00	100.073000	7,255,292.50	5,292.50	4.467	4.707
3130AJF95	FHLB 5YrNc1YrA	03/24/2025	1.300	1.300	10,000,000.00	10,000,000.00	100.039000	10,003,900.00	3,900.00	4.641	4.816
3130AJB65	FHLB 4YrNc6Mo	03/25/2024	1.620	1.620	6,200,000.00	6,200,000.00	100.191000	6,211,842.00	11,842.00	3.676	3.819
3130AJAX7	FHLB 4YrNc1Yr	03/25/2024	1.550	1.550	10,300,000.00	10,300,000.00	100.534000	10,355,002.00	55,002.00	3.682	3.819
3130AJC23	FHLB 5YrNc6MoA	03/25/2025	1.500	1.500	5,000,000.00	5,000,000.00	100.066000	5,003,300.00	3,300.00	4.618	4.819
3130AJMP1	FHLB 5Mo	10/15/2020	.145	.145	50,000,000.00	50,000,000.00	100.000000	50,000,000.00	0.00	.375	.375
			1.767	1.782	397,325,000.00	397,075,560.25	101.186075	402,037,574.25	4,962,014.00	2.461	2.571
1767: FHLB-Var-M A/360											
3130A9FU0	FHLB 4Yr	09/22/2020	.323	.323	10,000,000.00	10,000,000.00	100.055000	10,005,500.00	5,500.00	.308	.312
3130A9FM8	FHLB 4Yr	09/22/2020	.323	.323	15,000,000.00	15,000,000.00	100.055000	15,008,250.00	8,250.00	.308	.312
3130A9FR7	FHLB 4Yr	09/28/2020	.320	.320	10,000,000.00	10,000,000.00	100.132000	10,013,200.00	13,200.00	.325	.329
3130A9FR7	FHLB 4Yr	09/28/2020	.320	.320	15,000,000.00	15,000,000.00	100.132000	15,019,800.00	19,800.00	.325	.329
3130AJZ8	FHLB 1.16Yr	05/03/2021	.320	.405	25,000,000.00	24,978,764.50	100.031000	25,007,750.00	28,985.50	.915	.923
			.321	.349	75,000,000.00	74,978,764.50	100.072667	75,054,500.00	75,735.50	.516	.521
1770: FHLB-Var-Q A/360											
3130A8NF6	FHLB 3Yr	07/01/2020	1.558	1.558	25,000,000.00	25,000,000.00	100.012000	25,003,000.00	3,000.00	.085	.085
3130AJAS8	FHLB 1.25Yr	05/26/2021	.270	.270	75,000,000.00	75,000,000.00	99.980000	74,985,000.00	-15,000.00	.980	.986
3130AHVS9	FHLB 6Mo	09/11/2020	1.628	1.314	50,000,000.00	50,075,000.00	99.994000	49,997,000.00	-78,000.00	.275	.282
3130AHVS9	FHLB 6Mo	09/11/2020	1.628	1.313	50,000,000.00	50,075,000.00	99.994000	49,997,000.00	-78,000.00	.275	.282
			1.110	.953	200,000,000.00	200,150,000.00	99.991000	199,982,000.00	-168,000.00	.516	.521
1786: FHLB-Var-SOFR-Q A/360											
3130AJEC9	FHLB 6Mo	09/11/2020	.145	.145	25,000,000.00	25,000,000.00	99.998000	24,999,500.00	-500.00	.277	.282
			.145	.145	25,000,000.00	25,000,000.00	99.998000	24,999,500.00	-500.00	.277	.282
1900: FFCB-DISC NOTE											
313312YL8	FFCB DISC NTE	06/22/2020	1.530	1.545	25,000,000.00	24,755,625.00	99.994000	24,998,500.00	242,875.00	.059	.060
313312YF1	FFCB DISC NTE	06/17/2020	1.570	1.585	25,000,000.00	24,768,861.11	99.995000	24,998,750.00	229,888.89	.046	.047
			1.550	1.565	50,000,000.00	49,524,486.11	99.994500	49,997,250.00	472,763.89	.052	.053
1925: FFCB-Fxd-S 30/360											
3133EHUL5	FFCB 3Yr	08/10/2020	1.890	1.890	5,000,000.00	5,000,000.00	100.333000	5,016,650.00	16,650.00	.193	.195
3133EHJ95	FFCB 3Yr	10/26/2020	1.750	1.760	20,000,000.00	19,994,000.00	100.640000	20,128,000.00	134,000.00	.402	.405
3133EH6X6	FFCB 4Yr	01/12/2022	2.200	2.365	10,000,000.00	9,938,000.00	103.188000	10,318,800.00	380,800.00	1.563	1.619
3133EJEM7	FFCB 3Yr	03/01/2021	2.500	2.501	10,000,000.00	9,999,700.00	101.822000	10,182,200.00	182,500.00	.735	.751
3133EJCE7	FFCB 2.8Yr	02/12/2021	2.350	2.474	15,000,000.00	14,948,670.00	101.449000	15,217,350.00	268,680.00	.683	.704
3133EJKN8	FFCB 5Yr	04/11/2023	2.700	2.721	10,000,000.00	9,990,300.00	106.922000	10,692,200.00	701,900.00	2.726	2.863
3133EJNS4	FFCB 3Yr	05/10/2021	2.700	2.747	10,000,000.00	9,986,600.00	102.284000	10,228,400.00	241,800.00	.922	.942
3133EJD48	FFCB 5Yr	10/02/2023	3.050	3.095	10,000,000.00	9,979,300.00	109.022000	10,922,200.00	922,900.00	3.134	3.340
3133EJ74	FFCB 2.9Yr	11/15/2021	3.050	2.922	10,000,000.00	10,035,700.00	104.142000	10,414,200.00	378,500.00	1.413	1.460
3133EJ3L1	FFCB 1.5Yr	06/24/2020	2.750	2.757	10,000,000.00	9,999,000.00	100.219000	10,021,900.00	22,900.00	.065	.066
3133EKR3P	FFCB 5YrNc2YrA	06/21/2024	2.220	2.220	10,000,000.00	10,000,000.00	101.608000	10,160,800.00	160,800.00	3.821	4.060
3133EKM45	FFCB 3Yr	09/06/2022	1.500	1.529	14,435,000.00	14,422,874.60	102.778000	14,836,004.30	413,129.70	2.210	2.268
3133EKM94	FFCB 4YrNc1YrA	09/11/2023	1.900	1.900	10,000,000.00	10,000,000.00	100.233000	10,023,300.00	23,300.00	3.151	3.282
3133EK2A3	FFCB 5YrNc1YrA	10/15/2024	1.920	1.920	10,000,000.00	10,000,000.00	100.467000	10,046,700.00	46,700.00	4.165	4.378
3133EK4B9	FFCB 5YrNc2YrA	10/28/2024	1.820	1.820	10,000,000.00	10,000,000.00	101.376000	10,137,600.00	137,600.00	4.211	4.414
3133EKP75	FFCB 4.9Yr	09/17/2024	1.600	1.672	6,128,000.00	6,107,471.20	104.764000	6,419,937.92	312,466.72	4.120	4.301
3133EK4A1	FFCB 4YrNc1YrA	10/30/2023	1.930	1.930	5,000,0						

Month End Portfolio Holdings

CUSIP	Description	Maturity Date	Coupon	Yield To Mat	Par Value	Book Value	Market Price	Market Value	Unrealized Gain/Loss	Modified Duration	Years To Maturity
3133ELXC3	FFCB 4YrNc1YrA	04/22/2024	.800	.800	12,000,000.00	12,000,000.00	100.040000	12,004,800.00	4,800.00	3.821	3.896
3133ELYJ7	FFCB 4YrNc3MoA	05/06/2024	.740	.740	5,000,000.00	5,000,000.00	100.002000	5,000,100.00	100.00	3.865	3.934
1930: FFCB-Var-M A/360			1.519	1.536	521,437,000.00	521,288,301.24	100.968876	526,489,076.42	5,200,775.18	2.273	2.355
3133EGCE3	FFCB 5Yr	05/25/2021	.438	.438	10,000,000.00	10,000,000.00	100.232000	10,023,200.00	23,200.00	.980	.984
3133EGCE3	FFCB 5Yr	05/25/2021	.438	.438	10,000,000.00	10,000,000.00	100.232000	10,023,200.00	23,200.00	.980	.984
3133EGAC6	FFCB 3.9Yr	01/18/2022	.422	-.133	15,000,000.00	15,139,095.00	100.282000	15,042,300.00	-96,795.00	1.607	1.636
3133EJDG1	FFCB 5Yr	02/21/2023	.241	.241	15,000,000.00	15,000,000.00	99.598000	14,939,700.00	-60,300.00	2.662	2.729
3133EJJE0	FFCB 3.5Yr	10/04/2021	.355	.355	15,000,000.00	15,000,000.00	100.010000	15,001,500.00	1,500.00	1.323	1.345
			.370	.242	65,000,000.00	65,139,095.00	100.046000	65,029,900.00	-109,195.00	1.591	1.619
1936: FFCB-Var-SOFR-Q A/360											
3133EK63	FFCB 2Yr	09/24/2021	.200	.200	15,000,000.00	15,000,000.00	99.891000	14,983,650.00	-16,350.00	1.295	1.318
3133EK6V3	FFCB 3Yr	11/07/2022	.370	.370	25,000,000.00	25,000,000.00	99.914000	24,978,500.00	-21,500.00	2.379	2.438
3133EK6V3	FFCB 3Yr	11/07/2022	.370	.370	25,000,000.00	25,000,000.00	99.914000	24,978,500.00	-21,500.00	2.380	2.438
3133EK6V3	FFCB 3Yr	11/07/2022	.370	.370	25,000,000.00	25,000,000.00	99.914000	24,978,500.00	-21,500.00	2.380	2.438
3133EK6V3	FFCB 3Yr	11/07/2022	.370	.370	15,000,000.00	15,000,000.00	99.914000	14,987,100.00	-12,900.00	2.380	2.438
3133ELCX0	FFCB 3Yr	11/07/2022	.370	.370	25,000,000.00	25,000,000.00	99.914000	24,978,500.00	-21,500.00	2.380	2.438
3133ELCX0	FFCB 3Yr	12/09/2022	.380	.380	9,000,000.00	9,000,000.00	99.911000	8,991,990.00	-8,010.00	2.458	2.526
3133ELCX0	FFCB 3Yr	12/09/2022	.380	.380	24,000,000.00	24,000,000.00	99.911000	23,978,640.00	-21,360.00	2.458	2.526
3133ELCX0	FFCB 3Yr	12/09/2022	.380	.380	24,000,000.00	24,000,000.00	99.911000	23,978,640.00	-21,360.00	2.458	2.526
3133ELCX0	FFCB 3Yr	12/09/2022	.380	.380	24,000,000.00	24,000,000.00	99.911000	23,978,640.00	-21,360.00	2.458	2.526
3133ELCX0	FFCB 3Yr	12/09/2022	.380	.380	14,000,000.00	14,000,000.00	99.911000	13,987,540.00	-12,460.00	2.458	2.526
3133ELCX0	FFCB 3Yr	12/09/2022	.380	.380	24,000,000.00	24,000,000.00	99.911000	23,978,640.00	-21,360.00	2.458	2.526
			.365	.365	249,000,000.00	249,000,000.00	99.911181	248,778,840.00	-221,160.00	2.352	2.413
1950: FMAC-Fxd-S 30/360											
3132X03B5	FAMCA 4.9Yr	06/30/2023	2.850	2.964	10,000,000.00	9,947,900.00	107.669000	10,766,900.00	819,000.00	2.896	3.082
3132X04F5	FAMCA 2.91Yr	07/23/2021	2.840	2.864	10,000,000.00	9,993,300.00	102.741000	10,274,100.00	280,800.00	1.108	1.145
31422BWE6	FAMCA 1YrNc6MoB	03/18/2021	.720	.720	25,000,000.00	25,000,000.00	100.005000	25,001,250.00	1,250.00	.793	.797
			1.664	1.723	45,000,000.00	44,941,200.00	102.316111	46,042,250.00	1,101,050.00	1.355	1.409
1965: FMAC-Var-M A/360											
3132X0AT8	FAMCA 2.5 Yr	06/02/2020	.470	-2.474	25,000,000.00	25,063,500.00	100.001000	25,000,250.00	-63,250.00	.005	.005
3132X0S77	FAMCA 3Yr	04/23/2021	.218	.218	25,000,000.00	25,000,000.00	99.968000	24,992,000.00	-8,000.00	.887	.896
3132X0U90	FAMCA 3Yr	05/10/2021	.242	.242	10,000,000.00	10,000,000.00	99.937000	9,993,700.00	-6,300.00	.933	.942
31422BWC0	FAMCA 1.6Yr	05/28/2021	.240	.240	25,000,000.00	25,000,000.00	99.980000	24,995,000.00	-5,000.00	.996	.992
31422BYJ3	FAMCA 1.5Yr	10/18/2021	.242	.242	50,000,000.00	50,000,000.00	99.972000	49,986,000.00	-14,000.00	1.373	1.384
			.279	-2.66	135,000,000.00	135,063,500.00	99.975519	134,966,950.00	-96,550.00	.927	.933
1986: FMAC-Var-SOFR-Q A/360											
31422BWG1	FAMCA 1Yr	03/25/2021	.170	.170	25,000,000.00	25,000,000.00	99.984000	24,996,000.00	-4,000.00	.816	.816
			.170	.170	25,000,000.00	25,000,000.00	99.984000	24,996,000.00	-4,000.00	.816	.816
2350: MUNIS-S 30/360											
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	.084	.085
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	.335	.337
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	.819	.836
76222RWU2	RHODE ISLAND ST & PROV	04/01/2021	2.750	2.551	3,150,000.00	3,167,766.00	100.564000	3,167,766.00	0.00	.816	.836
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	.815	.836
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	.815	.836
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	1.772	1.836
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	1.203	1.255
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	1.771	1.836
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	1.769	1.836
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	.816	.836
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	.568	.589
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	1.522	1.589
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	.168	.170
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	.168	.170
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	.168	.170
			2.723	2.709	127,950,000.00	127,918,238.70	99.975177	127,918,238.70	0.00	1.092	1.129
3020: COMMERCIAL PAPER											
89233GFC5	TOYOTA MOTOR CORP	06/12/2020	1.860	1.877	20,000,000.00	19,816,066.67	99.996028	19,999,205.56	183,138.89	.032	.033
03785DJ98	APPLE	09/09/2020	1.630	1.647	50,000,000.00	49,481,569.44	99.938889	49,969,444.44	487,875.00	.272	.277
03785DF35	APPLE	06/03/2020	1.570	1.578	25,000,000.00	24,875,708.33	99.999278	24,999,819.44	124,111.11	.008	.008
30229AFQ7	EXXON MOBIL	06/24/2020	1.610	1.619	25,000,000.00	24,861,361.11	99.991694	24,997,923.61	136,562.50	.065	.066
30229AFQ7	EXXON MOBIL	06/24/2020	1.610	1.619	20,000,000.00	19,889,088.89	99.991694	19,998,338.89	109,250.00	.065	.066
63763PPF9	NATL SEC CLEARING CORP	06/23/2020	1.570	1.578	20,000,000.00	19,895,333.33	99.992056	19,998,411.11	103,077.78	.062	.063
93114EFN2	WAL-MART STORES INC	06/22/2020	.400	.400	30,000,000.00	29,976,666.67	99.992417	29,997,725.00	21,058.33	.060	.060
93114EFF9	WAL-MART STORES INC	06/15/2020	.400	.400	25,000,000.00	24,982,777.78	99.994944	24,998,736.11	15,958.33	.041	.041
63763PFV6	NATL SEC CLEARING CORP	06/29/2020	.130	.130	47,100,000.00	47,094,557.33	99.989889	47,095,237.67	680.34	.079	.079
			1.106	1.114	262,100,000.00	260,873,129.55	99.982771	262,054,841.83	1,181,712.28	.096	.097
3130: CORP-Fxd-S 30/360											
594918BG8	MICROSOFT CORP	11/03/2020	2.000	2.543	25,000,000.00	24,649,750.00	100.598000	25,149,500.00	499,750.00	.422	.427
478160BS2	JOHNSON & JOHNSON	03/01/2021	1.650	2.646	12,000,000.00	11,663,160.00	100.923000	12,110,760.00	447,600.00	.736	.751
478160BS2	JOHNSON & JOHNSON	03/01/2021	1.650	2.625	12,969,000.00	12,617,410.41	100.923000	13,088,703.87	471,293.46	.736	.751
478160BS2	JOHNSON & JOHNSON	03/01/2021	1.650	3.149	10,295,000.00	9,955,059.10	100.923000	10,390,022.85	434,963.75	.734	.751
594918BG8	MICROSOFT CORP	11/03/2020	2.000	2.912	10,100,000.00	9,929,411.00	100.598000	10,160,398.00	230,987.00	.421	.427
053015AD5	AUTOMATIC DATA										



COUNTY OF RIVERSIDE
TREASURER-TAX COLLECTOR
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