NEW ISSUE—FULL BOOK-ENTRY

INSURED RATING: Standard & Poor's: "AA"
UNDERLYING RATINGS: Fitch: "AA+"; Standard & Poor's: "A+"
See "MISCELLANEOUS – Rating" herein

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the 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.

$87,390,000
ALVORD 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 general 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 but not otherwise defined on this cover page shall have the meanings assigned to such terms herein.

The Alvord Unified School District (Riverside County, California) 2020 General Obligation Refunding Bonds (Federally Taxable) (the "Bonds") are being issued by the Alvord Unified School District (the "District") to (i) advance refund certain of the District's outstanding Prior Bonds (as defined herein), and (ii) pay the costs of issuance of 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 annually levy such ad valorem property taxes, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), upon all property within the District subject to taxation thereby, for the payment of the principal of and interest on the Bonds when due.

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds, but will instead receive credit balances on the books of their respective nominees. 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 February 1 and August 1 of each year, commencing February 1, 2021. The Bonds are issuable 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, the designated Paying Agent to DTC for subsequent disbursement to DTC Participants (defined herein) who will remit such payments to the Beneficial Owners of the Bonds.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP.

ASSURED GUARANTY MUNICIPAL

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

Maturity Schedule
(see inside cover page)

The Bonds will be offered when, as and if issued and received by the Underwriter subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel. Certain matters will be passed on for the District by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel, and for the Underwriter by Katten Munchin Rosenman LLP, New York, New York. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of The Depository Trust Company in New York, New York on or about September 17, 2020.

RBC Capital Markets

Dated: August 27, 2020

MATURITY SCHEDULE

$87,390,000
ALVORD UNIFIED SCHOOL DISTRICT
(Riverside County, California)
2020 General Obligation Refunding Bonds
(Federally Taxable)

Base CUSIP†: 022555

$43,830,000 Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP† Suffix
2021	$1,220,000	0.334%	0.334%	WP7
2022	1,135,000	0.534	0.534	WQ5
2023	1,235,000	0.671	0.671	WR3
2024	2,120,000	0.892	0.892	WS1
2025	2,285,000	1.062	1.062	WT9
2026	2,445,000	1.327	1.327	WU6
2027	2,630,000	1.557	1.557	WV4
2028	2,870,000	1.877	1.877	WW2
2029	3,220,000	1.977	1.977	WX0
2030	3,555,000	2.077	2.077	WY8
2031	3,700,000	2.177	2.177	WZ5
2032	3,980,000	2.227	2.227	XA9
2033	4,230,000	2.297	2.297	XB7
2034	4,485,000	2.377	2.377	XC5
2035	4,720,000	2.427	2.427	XD3

$43,560,000 – 2.955% Term Bonds due August 1, 2042 – Yield 2.955%; CUSIP Suffix†: XE1

† 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, uses or correctness of the CUSIP numbers set forth 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, for the issuance and sale of municipal securities. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

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

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

The Underwriter has provided the following sentence for inclusion in this Official Statement: "The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its 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 OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN SECURITIES DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

The District maintains a website and certain social media accounts. However, the information presented on the District's website 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.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "THE BONDS – Bond Insurance" and "APPENDIX F – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

ALVORD UNIFIED SCHOOL DISTRICT

BOARD OF EDUCATION

Carolyn M. Wilson, *President*
Lizeth Vega, *Vice President*
Dr. Joanna Dorado, *Clerk*
Julie A. Moreno, *Member*
Robert Schwandt, *Member*

DISTRICT ADMINISTRATION

Dr. Allan J. Mucerino, *Superintendent*
Dusteen Nevatt, *Chief Business Officer*
Dr. Robert Presby, *Assistant Superintendent*, *Human Resources*
Dr. Sherri Kemp, *Assistant Superintendent, Educational Services*
Kevin Emenaker, *Executive Director, Administrative Services*

PROFESSIONAL SERVICES

BOND COUNSEL AND DISCLOSURE COUNSEL

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

MUNICIPAL ADVISOR

Piper Sandler & Co.
El Segundo, California

PAYING AGENT AND ESCROW AGENT

U.S. Bank National Association,
Los Angeles, California

VERIFICATION AGENT

Causey Demgen & Moore, PC,
Denver, Colorado

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$87,390,000
ALVORD UNIFIED SCHOOL DISTRICT
(Riverside County, California)
2020 General Obligation Refunding Bonds

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of the Alvord Unified School District (Riverside County, California) 2020 General Obligation Refunding Bonds (the "Bonds").

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

Changes Since Date of Preliminary Official Statement

The District's assessed valuation for fiscal year 2020-21 has been updated to reflect the final equalized assessed valuation. Information presented under the heading "INTRODUCTION - General", "TAX BASE FOR PAYMENT OF THE BONDS – Assessed Valuations" and "ALVORD UNIFIED SCHOOL DISTRICT – Introduction" has been updated accordingly.

General

The Alvord Unified School District (the "District"), located in Riverside County (the "County"), provides elementary and secondary levels of education under a single Board of Education and centralized administration. The District currently encompasses an area of approximately 26 square miles in Riverside County, and includes territory located both within and around the cities of Riverside and Corona. The District currently operates 14 elementary schools, four middle schools, three high schools and a continuation high school and an alternative continuation high school. Enrollment in the District in fiscal year 2019-20 is 18,151 students. The District's total assessed value in fiscal year 2020-21 is $9,551,389,635.

The District is governed by a five-member Board of Education (the "District Board"), each member of which is elected to a four-year term within five trustee areas. Elections for positions to the District 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 District Board who is responsible for day-to-day District operations, as well as the supervision of the District's other personnel. Dr. Allan Mucerino is currently the District Superintendent.

For more information regarding the District generally, see "DISTRICT FINANCIAL INFORMATION" and "ALVORD UNIFIED SCHOOL DISTRICT," and for more information regarding the District's assessed valuation, see "TAX BASE FOR PAYMENT OF BONDS" herein. The District's audited financial statements for fiscal year ended June 30, 2019 are attached hereto as APPENDIX B and should be read in their entirety.

As a result of the outbreak of COVID-19, the District closed its schools for in-person learning for the remainder of the school year effective March 13, 2020 and began instruction through remote learning. Since Riverside County is currently on the State's COVID-19 monitoring list, the District opened the

2020-21 academic year in a distance learning environment. See "DISTRICT FINANCIAL INFORMATION– Outbreak of Disease; Coronavirus." See also "TAX BASE FOR REPAYMENT OF THE BONDS –Assessed Valuations" regarding risks related to outbreaks of disease and other factors that may affect the assessed value of property within the District.

Purpose of the Bonds

The Bonds are being issued to (i) advance refund certain of the District's outstanding Prior Bonds (as defined herein), and (ii) pay the costs of issuing the Bonds. See "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 on May 28, 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 annually levy such *ad valorem* property taxes, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), upon all property within the District subject to taxation thereby, for the payment of the principal of and interest on the Bonds when due. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR PAYMENT OF BONDS" herein.

Description of the Bonds

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

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the "Owners," "Bondowners" 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 multiple thereof.

Redemption. The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as further described herein. See "THE BONDS – Redemption" herein.

Payments. The Bonds will be dated as of the date of their initial delivery (the "Date of Delivery"). Interest on the Bonds accrues from the Date of Delivery, and is payable semiannually on each February 1 and August 1 (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, 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.

Bond Insurance. The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP.

In the event of a default in the payment of principal of or interest on the Bonds, when all or some becomes due, any Owner of such Bonds may have a claim under the Policy (as defined herein) secured in connection with the Bonds. The Policy may not insure against redemption premium, if any, with respect to the Bonds.

In the event that AGM (as defined herein) is unable to make payments of principal of or interest on the Bonds, as such payments become due under the Policy, such Bonds will be payable solely as otherwise described herein. In the event that AGM becomes obligated to make payments with respect to the Bonds, no assurance can be given that such event would not adversely affect the market price of such Bonds or the marketability or liquidity of such Bonds.

As a result of obtaining the Policy, the long-term ratings on the Bonds will be dependent in part on the financial strength of AGM, and its claim paying ability. AGM's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of AGM and of the ratings on the Bonds insured thereby will not be subject to downgrade, and such event could adversely affect the market price of the Bonds, or the marketability or liquidity for such Bonds.

Neither the District, Municipal Advisor, nor Underwriter have made independent investigations into the claims paying ability of AGM and no assurance or representation regarding the financial strength or projected financial strength of AGM is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the County to levy and collect sufficient *ad valorem* property taxes to pay principal and interest on the Bonds, and the claims paying ability of AGM, particularly over the life of the investment.

Tax Matters

In the opinion of Bond Counsel, 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. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State 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 September 17, 2020.

Bond Owner's Risks

The Bonds are general obligations of the District payable solely from the proceeds of *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 matters, see "TAX BASE FOR PAYMENT 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, in order to assist RBC Capital Markets, LLC (the "Underwriter") in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule"). See "LEGAL MATTERS – Continuing Disclosure" herein. The specific nature of the information to be made available and the notices of listed events required to be provided are described in "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS" attached hereto.

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. Bond Counsel/Disclosure Counsel and the Municipal Advisor will each receive compensation from the District contingent upon the sale and delivery of the Bonds. Certain matters will be passed on for the Underwriter by Katten Munchin Rosenman LLP, New York, New York. In addition to acting as Paying Agent, U.S. Bank National Association will act as Escrow Agent (defined herein) for the Prior Bonds. Causey Demgen & Moore, PC, Denver, Colorado, will act as Verification Agent 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," "expect," "estimate," "project," "intend," "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 ACHIEVEMENT 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 Alvord Unified School District, 9 KPC Parkway, Corona, California, 92879, telephone: (951) 509-5000. 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.

Certain of 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 annually levy such *ad valorem* property taxes, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), upon all property within the District subject to taxation thereby, for the payment of the principal of and interest on the Bonds when due.

Such *ad valorem* property taxes will be levied annually in addition to all other taxes during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest thereon 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, 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 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.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds, as the same becomes due and payable, 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 annual debt service on the Bonds and 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, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State of California (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, outbreak of disease, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" and "TAX BASE FOR PAYMENT 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 1, 2016 and payable, both as to principal and interest, from the proceeds of *ad valorem* property taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A of the California 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 such *ad valorem* property taxes are insufficient to pay all amounts then due and owing that are secured by the statutory lien.

Bond Insurance

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

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

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

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

Current Financial Strength Ratings

On July 16, 2020, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

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

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

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Capitalization of AGM

At June 30, 2020:

- The policyholders' surplus of AGM was approximately \$2,667 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately \$1,018 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,048 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty (Europe) plc ("AGE UK") and Assured Guaranty (Europe) SA ("AGE SA"), and (iii) 60.7% of the net unearned premium reserve of MAC.

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

Incorporation of Certain Documents by Reference

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

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (filed by AGL with the SEC on February 28, 2020);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 (filed by AGL with the SEC on May 8, 2020); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020 (filed by AGL with the SEC on August 7, 2020).

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

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

Miscellaneous Matters

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

General Provisions

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co., as nominee for DTC. Purchasers will not receive physical certificates representing their interests in the Bonds, but will instead receive credit balances on the books of their respective nominees. The Bonds will be dated as of the Date of Delivery.

Interest on the Bonds accrues from the Date of Delivery, and is 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 will 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 will bear interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 2021, in which event it will 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.

The principal of the Bonds will be payable in lawful money of the United States of America to the registered Owner thereof, upon the surrender thereof at the designated office of the Paying Agent. The interest on the Bonds will be payable in lawful money to the person whose name appears on the bond registration books of the Paying Agent as the registered Owner thereof as of the close of business on the 15th day of the month preceding any Bond Payment Date (a "Record Date"), whether or not such day is a business day. Such interest is to be paid by wire transfer on such Bond Payment Date to such registered Owner to the bank and account number on file with the Paying Agent as of the Record Date. 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.

Annual Debt Service

The following table shows the annual debt service requirements of the District for the Bonds (assuming no optional redemptions):

Year Ending August 1	Annual Principal Payment	Annual Interest Payment[1]	Total Annual Debt Service
2021	$1,220,000.00	$1,832,598.29	$3,052,598.29
2022	1,135,000.00	2,096,993.30	3,231,993.30
2023	1,235,000.00	2,090,932.40	3,325,932.40
2024	2,120,000.00	2,082,645.56	4,202,645.56
2025	2,285,000.00	2,063,735.16	4,348,735.16
2026	2,445,000.00	2,039,468.46	4,484,468.46
2027	2,630,000.00	2,007,023.30	4,637,023.30
2028	2,870,000.00	1,966,074.20	4,836,074.20
2029	3,220,000.00	1,912,204.30	5,132,204.30
2030	3,555,000.00	1,848,544.90	5,403,544.90
2031	3,700,000.00	1,774,707.56	5,474,707.56
2032	3,980,000.00	1,694,158.56	5,674,158.56
2033	4,230,000.00	1,605,523.96	5,835,523.96
2034	4,485,000.00	1,508,360.86	5,993,360.86
2035	4,720,000.00	1,401,752.40	6,121,752.40
2036	5,040,000.00	1,287,198.00	6,327,198.00
2037	5,435,000.00	1,138,266.00	6,573,266.00
2038	5,795,000.00	977,661.76	6,772,661.76
2039	6,200,000.00	806,419.50	7,006,419.50
2040	6,640,000.00	623,209.50	7,263,209.50
2041	7,100,000.00	426,997.50	7,526,997.50
2042	7,350,000.00	217,192.50	7,567,192.50
Total:	$87,390,000.00	$33,401,667.97	$120,791,667.97

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

See also "ALVORD UNIFIED SCHOOL DISTRICT – District Debt Structure – General Obligation Bonds" herein for a breakdown by issuance of the District's general obligation bonded debt.

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 2030 are not subject to redemption prior to their stated maturity dates. The Bonds maturing on and after August 1, 2031 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, 2030 or on any date thereafter, at a redemption price equal to the principal amount of such 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, 2042 (the "Term Bonds") are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 2036, at a redemption price equal to the principal amount thereof as of the date fixed for redemption, together with interest accrued to the date set for such redemption, without premium. The principal amount of the Term Bonds to be so redeemed and the redemption dates therefor, and the final payment date is as indicated in the following table:

Redemption Date (August 1)	Principal Amount
2036	$5,040,000
2037	5,435,000
2038	5,795,000
2039	6,200,000
2040	6,640,000
2041	7,100,000
2042[1]	7,350,000
Total	$43,560,000

[1] Maturity.

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

Selection of Bonds for Redemption. Whenever provision is made for the optional 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 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 optional redemption is authorized pursuant to the Resolution, the Paying Agent, upon written instruction from the District, will give notice (a "Redemption Notice") of the redemption of the Bonds. Each Redemption Notice will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the portion of the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

The Paying Agent will take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the registration books of the Paying Agent; (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) such Redemption

Notice will be given 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 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 of 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 of, 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, the Bonds will not 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 the rescission in the same manner as the Redemption 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 the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC or the Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) 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 or the 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 the Direct Participants or Indirect Participants are on file with DTC.

The DTC, New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 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"). DTC is rated "AA+" by Standard & Poor's. 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.

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

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

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

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

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

Redemption proceeds and distributions on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on

DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds or distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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 DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

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 corporate trust 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 on the registration books of the Paying Agent only upon presentation and surrender of the Bond at the designated corporate trust office of the Paying Agent together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new bond or bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 16th day next preceding either 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) to 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 at any time 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 all Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date; or

(b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations together with any amounts transferred from the Debt Service Fund, and any other cash, if required, in such amount as will, together with interest to accrue thereon, in the opinion of an independent certified public accountant, be fully 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 date;

then, notwithstanding that any of such Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of the 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.

"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 all such obligations are rated or assessed at least as high as direct and general obligations of the United States of America by either Moody's Investors Service ("Moody's") or S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P").

REFUNDING PLAN

The Bonds are being issued to (i) advance refund certain of the District's prior outstanding general obligation bonds, as further described below (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, as Escrow Agent, to the credit of an escrow fund (the "Escrow Fund") held pursuant to that certain Escrow Agreement, dated as of September 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 redemption price of the Prior Bonds on the first optional redemption date therefor, as further described below, as well as the interest due on the Refunded Bonds on and prior to such date.

The tables on the following page show information on the specific maturities of the Prior Bonds.

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PRIOR BONDS
Alvord Unified School District
General Obligation Bonds, 2012 Election, Series A
(Capital Appreciation Bonds)

Maturity Date (August 1)	CUSIP[†]	Denominational Amount	Outstanding Denominational Amount to be Refunded	Accreted Value at Redemption Date	Redemption Date	Redemption Price (Accreted Value)
2024	022555VB9	$819,369.00	$819,369.00	$1,288,089.00	08/01/2023	100%
2025	022555VC7	853,980.00	853,980.00	1,361,580.00	08/01/2023	100
2026	022555VD5	884,020.50	884,020.50	1,422,778.50	08/01/2023	100
2027	022555VE3	899,784.00	899,784.00	1,468,710.00	08/01/2023	100

PRIOR BONDS
Alvord Unified School District
General Obligation Bonds, 2012 Election, Series A
(Current Interest Bonds)

Maturity Date (August 1)	CUSIP	Principal Amount	Outstanding Principal to be Refunded	Redemption Date	Redemption Price (% of Principal Amount)
2028	022555VF0	$2,000,000.00	$2,000,000.00	08/01/2023	100%
2029	022555VG8	2,400,000.00	2,400,000.00	08/01/2023	100
2030	022555VH6	2,800,000.00	2,800,000.00	08/01/2023	100
2031	022555VJ2	3,015,000.00	3,015,000.00	08/01/2023	100
2032	022555VK9	3,360,000.00	3,360,000.00	08/01/2023	100
2033	022555VL7	3,700,000.00	3,700,000.00	08/01/2023	100
2034	022555VM5	4,050,000.00	4,050,000.00	08/01/2023	100
2035	022555VN3	4,390,000.00	4,390,000.00	08/01/2023	100
2036	022555VP8	4,825,000.00	4,825,000.00	08/01/2023	100
2037	022555VQ6	5,325,000.00	5,325,000.00	08/01/2023	100
2042	022555VV5	34,690,000.00	34,690,000.00	08/01/2023	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"). See "LEGAL MATTERS – Verification" herein. 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.

† 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. Neither the Underwriter nor the District is responsible for the selection, uses or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the District, or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds and Refunded Bonds. The CUSIP number for a specific maturity is subject to being changed 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 and Refunded Bonds.

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 Funds") 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 Debt Service Fund will be invested through the County's pooled investment fund. See "APPENDIX E - RIVERSIDE COUNTY INVESTMENT POOL" attached hereto.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount of the Bonds	$87,390,000.00
Total Sources	87,390,000.00
Uses of Funds	
Deposit to Escrow Fund	$86,533,947.45
Costs of Issuance[1]	856,052.55
Total Uses	$87,390,000.00

(1) Reflects all costs of issuance, including the underwriting discount, legal and municipal advisory fees, printing costs, rating agency fee, the premium for the Policy, and the costs and fees of the Paying Agent, Escrow Agent and Verification Agent.

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TAX BASE FOR PAYMENT 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 principal of and interest on the Bonds are payable solely from the proceeds of* ad valorem property tax*es levied and collected by the County on taxable property in the District. 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 tax rolls as County, city and special district taxes. Assessed valuations are the same for both District and County 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 payable in two installments, due November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus any additional amount determined by the Treasurer. After the second installment of taxes on the secured roll is delinquent, the tax collector shall collect a cost of $10 for preparing the delinquent tax records and giving notice of delinquency. Property on the secured roll with delinquent taxes is declared tax-defaulted on July 1 of the calendar year. Such property may thereafter be redeemed, until the right of redemption is terminated, by payment of the delinquent taxes and the delinquency penalty, plus a $15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Treasurer.

Property taxes on the unsecured roll as of July 31 become delinquent if they are not paid by August 31 and are thereafter subject to a delinquent penalty of 10%. Taxes added to the unsecure tax roll after July 31, if unpaid are delinquent and subject to a penalty of 10% on the last day of the month succeeding the month of enrollment. In the case of unsecured property taxes, an additional penalty of 1.5% per month begins to accrue when such taxes remain unpaid on the last day of the second month after the 10% penalty attaches. 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 "— Secured Tax Charges and Delinquencies" 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 XIIIA of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Assessed valuation growth allowed under Article XIIIA (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 and 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 following table represents a 11-year history of assessed valuations in the District.

ASSESSED VALUATIONS
Fiscal Years 2010-11 through 2020-21
Alvord Unified School District

	Local Secured	Utility	Unsecured	Total	% Change
2010-11	$5,886,207,083	$153,200	$191,475,927	$6,077,836,210	--
2011-12	5,941,724,588	153,200	225,243,168	6,167,120,956	1.47%
2012-13	5,953,990,549	29,200	206,384,486	6,160,404,235	(0.11)
2013-14	6,169,367,171	29,200	202,252,626	6,371,648,997	3.43
2014-15	6,697,214,705	29,200	222,397,606	6,919,641,511	8.60
2015-16	7,067,440,762	29,200	241,437,023	7,308,906,985	5.63
2016-17	7,555,206,645	29,200	243,745,612	7,798,981,457	6.71
2017-18	7,971,280,668	29,200	256,288,774	8,227,598,642	5.50
2018-19	8,461,380,157	46,498	278,687,431	8,740,114,086	6.23
2019-20	8,897,212,186	46,498	253,114,199	9,150,372,883	4.69
2020-21	9,297,190,108	46,498	254,153,029	9,551,389,635	4.38

Source: California Municipal Statistics, Inc. for fiscal years 2010-11 through 2019-20 and the Riverside County Auditor Controller for fiscal year 2020-21; Percent change figures provided by the Municipal Advisor.
(1) Utility data not available for fiscal year 2020-21.

Economic and other factors beyond the District's control, such as general market decline in property values, the outbreak of disease, 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, flood, outbreak of disease, wildfire 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 "DISTRICT FINANCIAL INFORMATION – Outbreak of Disease; Coronavirus" 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 State Board of Equalization ("SBE"), with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. 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. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein.

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, fire, drought or toxic contamination pursuant to relevant provisions of the State Constitution. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein. Such reductions 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 XIIIA.

No assurance can be given that property tax appeals or actions by the County Assessor 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 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.

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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.

ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2019-20
Alvord Unified School District

	No. of Parcels	2019-20 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	19,899	$5,648,145,086	$283,841	$264,162

2019-20 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	15	0.075%	0.075%	$311,779	0.006%	0.006%
25,000 - 49,999	264	1.327	1.402	10,909,408	0.193	0.199
50,000 - 74,999	582	2.925	4.327	36,439,515	0.645	0.844
75,000 - 99,999	427	2.146	6.473	37,403,620	0.662	1.506
100,000 - 124,999	748	3.759	10.232	85,231,637	1.509	3.015
125,000 - 149,999	1,127	5.664	15.895	155,662,283	2.756	5.771
150,000 - 174,999	1,525	7.664	23.559	248,437,379	4.399	10.170
175,000 - 199,999	1,663	8.357	31.916	311,544,619	5.516	15.686
200,000 - 224,999	1,549	7.784	39.700	328,480,226	5.816	21.501
225,000 - 249,999	1,348	6.774	46.475	319,431,692	5.656	27.157
250,000 - 274,999	1,251	6.287	52.761	328,345,769	5.813	32.970
275,000 - 299,999	1,171	5.885	58.646	336,886,934	5.965	38.935
300,000 - 324,999	1,216	6.111	64.757	380,333,432	6.734	45.668
325,000 - 349,999	1,093	5.493	70.250	368,568,169	6.525	52.194
350,000 - 374,999	1,127	5.664	75.913	408,152,548	7.226	59.420
375,000 - 399,999	995	5.000	80.914	385,172,085	6.819	66.240
400,000 - 424,999	822	4.131	85.044	338,986,562	6.002	72.241
425,000 - 449,999	616	3.096	88.140	269,038,745	4.763	77.005
450,000 - 474,999	471	2.367	90.507	217,504,794	3.851	80.856
475,000 - 499,999	393	1.975	92.482	191,372,843	3.388	84.244
500,000 and greater	1,496	7.518	100.000	889,931,047	15.756	100.000
	19,899	100.000%		$5,648,145,086	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
Alvord Unified School District

Non-Residential:	2019-20 Assessed Valuation (1)	% of Total	No. of Parcels	% of Total	No. of Taxable Parcels	% of Total
Agricultural/Rural/Undeveloped	$55,398,893	0.62%	731	2.93%	649	2.64%
Commercial/Industrial	1,635,133,359	18.38	924	3.71	866	3.52
Vacant Commercial/Industrial	87,509,805	0.98	222	0.89	172	0.70
Subtotal Non-Residential	$1,778,042,057	19.98%	1,877	7.53%	1,687	6.85%
Residential:						
Single Family Residence	$5,648,145,086	63.48%	19,942	80.00%	19,899	80.80%
Condominium/Townhouse	310,942,955	3.49	1,206	4.84	1,205	4.89
Mobile Home	3,401,851	0.04	19	0.08	19	0.08
2-4 Residential Units	115,040,408	1.29	446	1.79	444	1.80
5+ Residential Units/Apartments	993,973,988	11.17	384	1.54	377	1.53
Miscellaneous Residential	530,400	0.01	1	0.00	1	0.00
Vacant Residential	47,135,441	0.53	1,053	4.22	996	4.04
Subtotal Residential	$7,119,170,129	80.02%	23,051	92.47%	22,941	93.15%
Total	$8,897,212,186	100.00%	24,928	100.00%	24,628	100.00%

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

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

ASSESSED VALUATION AND PARCELS BY JURISDICTION
Fiscal Year 2019-20
Alvord Unified School District

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Corona	$1,183,774,031	12.94%	$21,855,968,794	5.42%
City of Norco	208,592	0.00	3,525,794,429	0.01
City of Riverside	6,574,706,084	71.85	31,743,429,322	20.71
Unincorporated Riverside County	1,391,684,176	15.21	45,632,869,416	3.05
Total District	$9,150,372,883	100.00%		
Riverside County	$9,150,372,883	100.00%	$295,937,605,964	3.09%

Source: California Municipal Statistics, Inc.

Secured Tax Charges and Delinquencies

Property taxes on the secured roll are due in two installments, November 1 and February 1 of the calendar year, and if unpaid, become delinquent after December 10 and April 10, respectively. A 10% penalty attaches to any delinquent installment plus a minimum $10 cost on the second installment, plus any additional amount determined by the Treasurer-Tax Collector of each county. See "— *Ad Valorem* Property Taxation" herein.

Pursuant to Revenue and Taxation Code Section 4985.2, the Treasurer-Tax Collector 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. See "— Alternative Method of Tax Apportionment – "Teeter Plan"" and "DISTRICT FINANCIAL INFORMATION – Outbreak of Disease; Coronavirus" herein.

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.

The following tables show secured tax charges and delinquency information for the District for fiscal years 2013-14 through 2018-19.

SECURED TAX CHARGES AND DELINQUENCIES
Fiscal Years 2013-14 through 2018-19
Alvord Unified School District

	Secured Tax Charge[1]	Amount Delinquent June 30	% Delinquent June 30
2013-14	$10,675,236.14	$94,771.09	0.89%
2014-15	11,365,654.86	119,244.62	1.05
2015-16	10,702,162.39	98,171.01	0.92
2016-17	11,446,397.56	130,006.56	1.14
2017-18	11,845,718.60	95,154.64	0.80
2018-19	12,661,156.00	147,429.09	1.16

(1) General obligation bond debt service levy.
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 Section 4701 *et seq.* of the State Revenue and Taxation Code, each participating local agency levying property taxes, including community college districts, receives from the county or counties in which it is located the amount of uncollected secured property taxes credited to its fund, in the same manner as if the amount credited had been collected. In return, the applicable county or counties receive(s) and retain(s) delinquent payments, penalties and interest as collected that would have been due to 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 applicable 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 is also 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 apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency. The secured *ad valorem* property tax to be levied by the County to pay the principal of and interest on the Bonds will be subject to the Teeter Plan, beginning in the first year of such levy. The District will receive 100% of the secured *ad valorem* property tax levied to pay the Bonds irrespective of actual delinquencies in the collection of the tax by the County. In the event the Board of Supervisors of the County is to order discontinuance of the Teeter Plan subsequent to its implementation, only those secured property taxes actually collected in the County would be allocated to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency.

Property tax delinquencies may be impacted by economic and other factors beyond the District's control or the control of the County, 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 – Outbreak of Disease; Coronavirus" herein.

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.

Notwithstanding any possible future change to or discontinuation of the Teeter Plan or increases in property tax delinquencies, State law requires the County to levy *ad valorem* property taxes sufficient to pay the Bonds when due.

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 five-year fiscal year period from fiscal years 2015-16 through 2019-20.

TYPICAL TAX RATES (TRA 9-176)[1]
Fiscal Years 2015-16 through 2019-20
Alvord Unified School District

	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20
General	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
City of Riverside	.00576	.00617	.00608	.00592	.00543
Alvord Unified School District	.15335	.15303	.15000	.15056	.14453
Riverside City Community College District	.01725	.01649	.01616	.01478	.01476
Metropolitan Water District	.00350	.00350	.00350	.00350	.00350
Total	1.17986%	1.17919%	1.17574%	1.17476%	1.16822%

(1) Fiscal year 2019-20 assessed valuation of TRA 9-176 is $2,501,887,984, representing 27.34% of the District's total fiscal year 2019-20 assessed valuation.
Source: California Municipal Statistics, Inc.

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 in such a taxpayer's financial situation and ability or willingness to pay property taxes. The table on the following page 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 representation 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.

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

	Property Owner	2019-20 Primary Land Use	Assessed Valuation	% of Total[1]
1.	SCG Atlas Ashton	Apartments	$166,600,000	1.87%
2.	La Sierra University	Apartments	133,130,434	1.50
3.	Advanced Group 13 107	Apartments	106,104,201	1.19
4.	IPT Corona IC	Commercial	49,457,827	0.56
5.	Rohr Inc.	Industrial	48,615,279	0.55
6.	Avalon Riverside 264	Apartments	45,250,077	0.51
7.	Metro Gateway	Apartments	42,816,235	0.48
8.	Corona Hills Marketplace	Commercial	37,679,926	0.42
9.	Wal Mart Real Estate Business Trust	Commercial	36,409,073	0.41
10.	SDCO Hills of Corona Inc.	Apartments	35,698,860	0.40
11.	58 Magnolia Partnership	Business Park	35,030,396	0.39
12.	CRP Cambria Riverwalk	Apartments	33,883,957	0.38
13.	Grae La Sierra	Commercial	30,413,624	0.34
14.	Villa Magnolia	Commercial	29,390,947	0.33
15.	HBC Corona Summit	Commercial	28,612,652	0.32
16.	Sunstone Place	Apartments	28,557,222	0.32
17.	Paseos at Magnolia	Apartments	28,075,551	0.32
18.	8655 Arlington Ave. Multi	Apartments	27,250,000	0.31
19.	Waterstone Magnolia Fee Owner	Apartments	26,871,216	0.30
20.	Mas Realty	Commercial	26,420,559	0.30
			$996,268,036	11.20%

[1] The fiscal year 2019-20 local secured assessed valuation of the District is $8,897,212,186.
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 April 6, 2020 for debt outstanding as of April 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.

STATEMENT OF DIRECT AND OVERLAPPING DEBT
Alvord Unified School District

2019-20 Assessed Valuation: $9,150,372,883

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 4/1/20**
Metropolitan Water District	0.296%	$110,408
Riverside City Community College District	8.129	23,099,855
Alvord Unified School District	**100.000**	**198,004,558**[(1)]
City of Riverside	20.712	1,614,500
City of Corona Community Facilities District No. 2004-1	100.000	2,595,000
City of Riverside Community Facilities Districts	100.000	12,685,000
Alvord Unified School District Community Facilities District No. 2001-1/2002-1	100.000	2,349,000
Alvord Unified School District Community Facilities District No. 2006-1	100.000	6,795,000
Riverside County Community Facilities District No. 04-2	100.000	15,380,000
City of Riverside Riverwalk Assessment District	100.000	4,200,000
City of Riverside Riverwalk Business Assessment District	100.000	2,130,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$268,963,321
OVERLAPPING GENERAL FUND DEBT:		
Riverside County General Fund Obligations	3.092%	$23,729,665
Riverside County Pension Obligation Bonds	3.092	6,766,224
City of Corona General Fund Obligations	5.416	1,846,030
City of Riverside General Fund Obligations	20.712	43,217,917
City of Riverside Pension Obligation Bonds	20.712	13,694,774
Western Municipal Water District General Fund Obligations	9.516	743,947
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$89,998,557
Less: Riverside County supported obligations		27,348
TOTAL NET OVERLAPPING GENERAL FUND DEBT		$89,971,209
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$60,018,194
GROSS COMBINED TOTAL DEBT		$418,980,072 [(2)]
NET COMBINED TOTAL DEBT		$418,952,724

Ratios to 2019-20 Assessed Valuation:

Direct Debt ($198,004,558) 2.16%
Total Direct and Overlapping Tax and Assessment Debt........................2.94%
Gross Combined Total Debt..4.58%
Net Combined Total Debt 4.58%

Ratio to Redevelopment Incremental Valuation ($3,110,652,458):

Total Overlapping Tax Increment Debt..1.93%

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(1) Excludes the Bonds described herein and includes the Refunded Bonds.
(2) 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 principal of and interest on the Bonds are payable solely from the proceeds of an ad valorem *property tax levied by the County for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein. Articles XIIIA, XIIIB, XIIIC and XIIID of the State 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 of 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 principal of and interest on the Bonds.*

Article XIIIA of the California Constitution

Article XIIIA ("Article XIIIA") 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 XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. 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 XIIIA has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the 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, adjusted for inflation. 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 PAYMENT OF BONDS – Assessed Valuations" herein.

Article XIIIA 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 XIIIA 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 or more 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 55% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. In addition, Article XIIIA requires the approval of two-thirds or more of all members of the State legislature to change any State taxes for the purpose of increasing tax revenues.

Property Tax Ballot Measures. On May 29, 2020, a proposed voter initiated ballot initiative became eligible and subsequently qualified 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 XIIIA 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.

On July 1, 2020, a legislatively referred constitutional amendment was filed with the Secretary of State and subsequently qualified for the November 2020 Statewide ballot ("Proposition 19"). If approved by a majority of voters casting a ballot at the November 2020 Statewide election, Proposition 19 would amend Article XIIIA to: (i) expand special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by wildfire or natural disaster, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) dedicate most of the potential new State revenue generated from Proposition 19 toward fire protection.

The District cannot predict whether either Proposition 15 or Proposition 19 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 either Proposition 15 or Proposition 19 will have on District revenues or the assessed valuation of real property in the District.

Legislation Implementing Article XIIIA

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

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

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 State Supreme Court have upheld the general validity of Article XIIIA.

Proposition 50 and Proposition 171

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIIIA 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% 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% 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% 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 XIIIA 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% of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110% of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115% of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction.

State-Assessed Utility 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. 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. Such State-assessed property is allocated to the counties by the 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 – State Funding of Education" herein.

Article XIIIB of the California Constitution

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

(a) "change in the cost of living" with respect to school districts to mean the percentage change in State 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 XIIIB, as amended.

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

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service 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 XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIIIB also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See "—Propositions 98 and 111" herein.

Article XIIIC and Article XIIID 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 State Constitution Articles XIIIC and XIIID (respectively, "Article XIIIC" and "Article XIIID"), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the State Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the State Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

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

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIC 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 XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

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 the 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, to be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which 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 XIIIB and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

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

a. <u>Annual Adjustments to Spending Limit</u>. The annual adjustments to the Article XIIIB spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in State 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. <u>Treatment of Excess Tax Revenues</u>. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

c. <u>Exclusions from Spending Limit</u>. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB 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. <u>Recalculation of Appropriations Limit</u>. The Article XIIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

e. <u>School Funding Guarantee</u>. 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 XIIIB 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 the State 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 to schools, and referred to as a "maintenance factor," which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Jarvis vs. Connell

On May 29, 2002, the State 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). 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 State 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 State 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.

Propositions 1A and Proposition 22

On November 2, 2004, State 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 expected 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. See also "DISTRICT FINANCIAL INFORMATION – Other Revenue Sources – Redevelopment Revenue" herein.

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 (defined herein) for school districts and community college districts. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Proposition 98," and "– Proposition 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 the 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 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 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 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 XIIIB 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 the 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 otherwise be 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.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the State Constitution and Propositions 22, 26, 30, 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 State funding of public education 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 are payable from the general fund of the District. The principal of and interest on the Bonds are payable solely from the proceeds of an ad valorem *property tax which is required to be levied by the County in 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. Beginning in fiscal year 2013-14, school districts have been funded based on uniform system of funding grants assigned to certain grade spans. See "—Local Control Funding Formula" herein.

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

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. During the implementation period of the LCFF, 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 period of the LCFF, Base Grants were required to be adjusted annually for COLAs by applying the implicit price deflator for government goods and services. The provision of COLAs is now 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" for information on the adjusted Base Grants provided by current budgetary legislation.

The Base Grants for grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and the provision of career technical education in high schools. 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. AB 97 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), students from low income families that are eligible for free or reduced priced meals ("LI" students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI (foster youth automatically meet the eligibility requirements for free or reduced priced meals). 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 by the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold.

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

ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2013-14 through 2020-21
Alvord Unified School District

Fiscal Year	Average Daily Attendance[(1)] K-3	4-6	7-8	9-12	Total ADA	Enrollment Total Enrollment[(2)]	% of EL/LI Enrollment[(3)]
2013-14	5,856	4,347	2,896	5,567	18,666	19,480	82.19%
2014-15	5,729	4,279	2,911	5,663	18,582	19,390	80.60
2015-16	5,529	4,341	2,872	5,802	18,544	19,416	80.58
2016-17	5,614	4,120	2,861	5,712	18,307	19,145	79.95
2017-18	5,496	4,084	2,799	5,641	18,021	18,940	80.92
2018-19	5,356	3,890	2,839	5,495	17,580	18,433	81.07
2019-20	5,228	3,978	2,676	5,468	17,351	18,151	81.02
2020-21[(4)]	5,139	3,911	2,632	5,375	17,055	17,842	80.42

Note: ADA numbers rounded to the nearest whole number.

(1) 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 each four week period of instruction beginning with the first day of school for any 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 "-Outbreak of Disease; Coronavirus" herein.

(2) Fiscal years 2013-14 thru 2019-20 reflect certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year and used to calculate each school district's unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the California Department of Education. CALPADS figures generally exclude preschool and adult transitional students.

(3) For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013-14 percentage of unduplicated Foster Youth, Homeless & EL/LI students is expressed solely as a percentage of its total fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated enrollment is 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 Foster Youth, Homeless & EL/LI students has been based on a rolling average of such district's unduplicated enrollment for the current fiscal year and the two immediately preceding fiscal years.

(4) Reflects projected ADA and Enrollment. For fiscal year 2020-21, the District will be funded based on its 2019-20 ADA. For more information see "-State Budget Measures" herein.

Source: Alvord 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 COLAs 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 implementation 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 Legislature to school districts.

Certain school districts, known as "basic aid" districts, have allocable local property tax collections that equal or exceed such districts' total LCFF allocation, and result in the receipt of no State apportionment aid. Basic aid school districts receive only special categorical funding, which is deemed to satisfy the "basic aid" requirement of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for basic aid districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District does not currently qualify as a basic aid district.

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 were required to be adopted beginning in fiscal year 2014-15, and updated annually thereafter. The State Board of Education has adopted a template LCAP for use by school districts.

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

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

The State Superintendent of Public Instruction (the "State Superintendent") is further authorized, with the approval of the State Board of Education, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic trustee to act on his or her behalf. In so doing, the State Superintendent is authorized to (i) 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 school district programs, including specialized programs such as the Every Student Succeeds Act, special education programs, and programs under the Educational Consolidation and Improvement Act. In addition, portions of a school district's budget can come from local sources other than unrestricted property taxes, including but not limited to interest income, leases and rentals, foundations, donations and sales of property.

Tax Increment Revenue. The District previously entered into agreements with a number of redevelopment agencies formed pursuant the California Community Redevelopment Law (Health and Safety Code Sections 33000 *et seq.*) (collectively, the "Redevelopment Agencies"), pursuant to which the District has historically received "pass-through" tax increment revenues. The District expects to continue receiving tax increment revenues from the Successor Agency (as defined herein) to each Redevelopment Agency. Tax-increment revenues received by the District are currently used to pay the District's lease payments relating to its District office and debt service due on equipment lease financings. See "ALVORD UNIFIED SCHOOL DISTRICT — District Debt Structure — Capital Lease" herein. The table below summarizes tax increment revenues received by the District over the last six fiscal years, and a budgeted amount for fiscal year 2019-20.

TAX INCREMENT REVENUES
Fiscal Years 2014-15 through 2020-21
Alvord Unified School District

Fiscal Year	Total Tax Increment Revenues Received	Tax Increment Revenues Allocated to District Office Lease and Equipment Lease	Unallocated Tax Increment Revenues
2014-15	$1,120,486	--	$1,120,486
2015-16	1,393,476	--	1,393,476
2016-17	1,775,410	$1,584,461	190,949
2017-18	1,979,149	1,591,549	(170,378)
2018-19	2,316,609	2,486,987	661,532
2019-20	2,583,325	1,983,953	599,372
2020-21[(1)]	2,500,000	2,195,596	304,404

(1) Budgeted.
Source: Alvord Unified School District.

On December 30, 2011, the State Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos* ("*Matosantos*"), finding ABX1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in the State ceased to exist as a matter of law on February 1, 2012. The Court in *Matosantos* also found that ABX1 27, a companion bill to ABX1 26, violated the State Constitution, as amended by Proposition 22. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 1A and Proposition 22" herein. ABX1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to school districts and county offices of education, totaling $1.7 billion statewide.

ABX1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) ("AB 1484"), which, together with ABx1 26, is referred to herein as the "Dissolution Act." The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency under the California Community Redevelopment Law that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a "Successor Agency"). All property tax revenues that would have been allocated to a redevelopment agency, less the corresponding county auditor-controller's cost to administer the allocation of property tax revenues, are now allocated to a corresponding Redevelopment Property Tax Trust Fund ("Trust Fund"), to be used for the payment of pass-through payments to local taxing entities, and thereafter to bonds of the former redevelopment agency and any "enforceable obligations" of the Successor Agency, as well as to pay certain administrative costs. The Dissolution Act defines "enforceable obligations" to include bonds, loans, legally required payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations.

Among the various types of enforceable obligations, the first priority for payment is tax allocation bonds issued by the former redevelopment agency; second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; third is administrative costs of the Successor Agency, not to exceed $250,000 in any year, to the extent such costs have been approved in an administrative budget; then, fourth tax revenues in the Trust Fund in excess of such amounts, if any, will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the State Controller and the State Department of Finance that application of the foregoing will leave the Successor Agency with amounts insufficient to make scheduled payments on enforceable obligations. If the county auditor-controller verifies that the Successor Agency will have insufficient amounts to make scheduled payments on enforceable obligations, it shall report its findings to the State Controller. If the State Controller agrees there are insufficient funds to pay scheduled payments on enforceable obligations, the amount of such deficiency shall be deducted from the amount remaining to be distributed to taxing agencies, as described as the fourth distribution above, then from amounts available to the Successor Agency to defray administrative costs. In addition, if a taxing agency entered into an agreement pursuant to Health and Safety Code Section 33401 for payments from a redevelopment agency under which the payments were to be subordinated to certain obligations of the redevelopment agency, such subordination provisions shall continue to be given effect.

As noted above, the Dissolution Act expressly provides for continuation of pass-through payments to local taxing entities, including the District. Per statute, 100% of contractual and statutory two percent pass-throughs, and 56.7% of statutory pass-throughs authorized under the Community Redevelopment Law Reform Act of 1993 (AB 1290, Chapter 942, Statutes of 1993) ("AB 1290"), are restricted to educational facilities without offset against apportionments by the State. Only 43.3% of AB 1290 pass-throughs are offset against State aid so long as the District uses the moneys received for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance as provided under Education Code Section 42238(h).

ABX1 26 states that in the future, pass-throughs shall be made in the amount "which would have been received had the redevelopment agency existed at that time," and that the County Auditor-Controller shall "determine the amount of property taxes that would have been allocated to each redevelopment agency had the redevelopment agency not been dissolved pursuant to the operation of ABX1 26 using current assessed values and pursuant to statutory [pass-through] formulas and contractual agreements with other taxing agencies."

Successor Agencies continue to operate until all enforceable obligations have been satisfied and all remaining assets of the Successor Agency have been disposed of. AB 1484 provides that once the debt of the Successor Agency is paid off and remaining assets have been disposed of, the Successor Agency shall terminate its existence and all pass-through payment obligations shall cease.

The District can make no representations as to the extent to which any apportionments from the State may be offset by the future receipt of residual distributions or from unencumbered cash and assets of former redevelopment agencies or any other surplus property tax revenues pursuant to the Dissolution Act.

Developer Fees. The District maintains a fund, separate and apart from the General Fund, to account for developer fees levied on residential and commercial development pursuant to Education Code Section 17620. Residential development is assessed a fee of $3.79 per square foot, while commercial development is assessed a fee of $0.61 per square foot. Developer fee revenues may only be used to finance the construction or reconstruction of school facilities necessitated by development within the District. The following table summarizes the revenues received by the District from developer fees since 2009-10, and a budgeted amount for fiscal year 2020-21.

DEVELOPER FEE COLLECTIONS
Fiscal Years 2009-10 through 2020-21
Alvord Unified School District

Fiscal Year	Total Collections
2009-10	$164,789
2010-11	34,608
2011-12	805,366
2012-13	2,148,968
2013-14	1,530,815
2014-15	1,784,764
2015-16	1,299,151
2016-17	416,772
2017-18	719,593
2018-19	198,059
2019-20	369,951
2020-21(1)	70,000

(1) Budgeted.
Source: Alvord Unified School District.

Outbreak of Disease; Coronavirus

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.

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").

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.

On May 4, 2020, the Governor enacted Executive Order N-60-20 ("Executive Order N-60-20"), which directs the State Public Health Officer to establish criteria to determine whether and how particular local jurisdictions may implement public health measures that are less restrictive than statewide directives, as the State transitions from Stage 1 to Stage 2, and then Stage 3 of reopening. The stages will be phased in gradually, and counties which have met readiness criteria and worked with the State Department of Public Health can open more public spaces and workplaces, as outlined by the State, with variances allowed by county. The State is currently in early Stage 2, where retail, related logistics and manufacturing, office workplaces, limited personal services, outdoor museums, child care, and essential businesses can open with modifications. The State will continue to issue guidance to assist workplaces to reopen safely. Pursuant to Executive Order N-60-20, local jurisdictions may issue their own public health measures to slow the spread of COVID-19.

On June 29, 2020, Senate Bill 98 ("SB 98"), the education omnibus bill to the 2020-21 State Budget, was signed by the Governor, which takes effect immediately. SB 98 provides that distance learning may be offered by a school district during the 2020-21 academic year on a local educational agency or schoolwide level as a result of an order or guidance from a State public health officer or a local public health officer or for pupils who are medically fragile or would be put at risk by in-person instruction, or who are self-quarantining because of exposure to COVID-19. SB 98 provides requirements for distance learning, including, but not limited to: (i) confirmation or provision of access for all pupils to connectivity and devices adequate to participate in the educational program and complete assigned work, (ii) content aligned to grade level standards that is provided at a level of quality and intellectual challenge substantially equivalent to in-person instruction, (iii) support for pupils who are not performing at grade level or need support in other areas, (iv) special education services, (v) designated and integrated instruction in English language development for English learners, and (vi) daily live interaction with certificated employees and peers. For additional information about the provisions of SB 98, see "- State Budget Measures – 2020-21 State Budget" herein.

On July 17, 2020, as amended on August 3, 2020, the Governor released guidelines for the reopening of schools and school based programs, which tracks the level of COVID-19 infections in a community as well as the preparedness of the community's healthcare system. In order to resume in-person class instruction, a county must have been off the State's COVID-19 monitoring list for 14 consecutive days. School districts in counties on the State's COVID-19 monitoring list are required to conduct distance learning. Once a county is off of the State's COVID-19 monitoring list, the guidelines provide that if schools meet the criteria outlined and have adequate preparedness measures in place, they may implement the guidelines as part of a phased reopening. However, a school site must revert to distance learning when 5% of students and staff test positive within a 14-day period. The entire school district must revert to distance learning when 25% or more of its schools have been physically closed due to COVID-19 within a 14-day period. After 14 days, school districts may resume in-person instruction with the approval of the local public health officer.

As a result of the outbreak of COVID-19, the District closed its schools for in-person learning for the remainder of the 2019-20 school year effective March 13, 2020 and began instruction through distance learning. Since Riverside County is currently on the State's COVID-19 monitoring list, the District opened the 2020-21 school year in an all distance learning environment and plans to continue such a learning environment through the remainder of the fall semester. The District may not reopen for in-person learning until Riverside County is off of the State's COVID-19 monitoring list for 14 consecutive days. In accordance with the State's school reopening guidelines and once the District determines it is safe to do so, the District plans to phase into a hybrid model (a blend of in-person instruction or distance learning, with no more than 50% of students present on campus at any time) and a full distance (no in-person instruction), based on parent choice, until the District is able to safely bring all students and staff back to the District's school sites. The District will continue to evaluate the State's school reopening guidelines and will consult with local health officials and the State's school reopening guidelines in implementing the District's plans for the 2020-21 academic year.

The District received $305,401 pursuant to SB 117 for personal protective equipment and currently expects to receive $17,712,657 pursuant to the CARES Act based on the District's LCFF Supplemental and Concentration Grant funding for learning loss mitigation; the receipt of which is contingent on a Board adopting a new Learning and Continuity Learning Plan by September 30, 2020, which the District is currently developing expects to approve prior to the deadline. The District also expects to receive $4,536,775 in CARES Act and Elementary and Secondary School Emergency Relief (ESSER) funding based on Title I status, $1,059,866 in federal Governor's Emergency Education Relief (GEER) funding related to students with disabilities and $1,683,646 in additional Proposition 98 funding based on the District's 2019-20 LCFF allocation. However, no assurances can be given that the District will ultimately receive the moneys it expects to receive from the CARES Act, ESSER, GEER or the State, or any additional future State or federal funds related to COVID-19, or the timing of receipt of such funds.

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 "ALVORD UNIFIED SCHOOL DISTRICT – State 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 surrounding the outbreak of COVID-19 and responses thereto can be found on State and local government websites, including but not limited to: the Riverside County Department of Health (https://www.rivcoph.org/), 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 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.

Budget Process

State Budgeting Requirements. The District is required by provisions of the State 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 LCAP, and whether the budget's ending fund balance exceeds the minimum recommended reserve for economic uncertainties.

On or before September 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 September 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 September 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than October 22, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget may be disapproved.

A school district whose budget has been disapproved must revise and readopt its budget by October 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 school district budgets and not later than November 8, must 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 November 8, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget has been disapproved. Until a school district's budget is approved, the school 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.

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

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

Within the past ten fiscal years, the District self-designated as "qualified" all interim financial reports for fiscal years 2010-11 and 2011-12, self-designated as "qualified" in its first interim report in fiscal year 2018-19 and "negative" in its second interim report for fiscal year 2018-19, and self-designated as "qualified" for both the first and second interim reports for fiscal year 2019-20.

2018-19 Budget. On August 29, 2018, the County Office of Education conditionally approved the District's 2018-19 Adopted Budget and required the District to close the prior fiscal year, certify the Unaudited Actuals for fiscal year 2017-18 and submit a revised budget to the County Office of Education by September 24, 2018. The revised budget was required to contain revised multi-year financial projections, an updated LCFF calculator to account for changes resulting from the District's 2017-18 Unaudited Actuals, the enacted State budget, updates to ADA and enrollment estimates, and updated 2018-19 cash flow projections. The District approved its revised 2018-19 Adopted Budget on September 19, 2018. In a letter dated October 8, 2018, the County Office of Education approved the District's revised Adopted Budget for fiscal year 2018-19, but noted the following concerns remained: (i) based on the District's revenue projections at the time of the adoption of the District's revised Adopted Budget for fiscal year 2018-19, the District will be unable to meet its financial commitments in fiscal year 2020-21 if it cannot implement a substantial portion of the planned reductions, (ii) multi-year financial projections indicate a substantial general fund operating deficit for the then-current fiscal year and two subsequent fiscal years, (iii) the District's projections indicate declining enrollment for the then-current and two subsequent fiscal years, (iv) absent temporary borrowing, the District's general fund cash balance is not sufficient to cover cash flow needs throughout the 2018-19 fiscal year.

2019-20 Budget. On August 16, 2019, the County Office of Education conditionally approved the District's 2019-20 Adopted Budget and required the District to close, finalize and certify the Unaudited Actuals for fiscal year 2018-19 and submit a revised budget to the County Office of Education by September 16, 2019. The District adopted a revised budget for fiscal year 2019-20 on September 19, 2020. In a letter dated October 9, 2019, the County Office of Education indicated that it was unable to approve the District's revised adopted budget for the following reasons: (i) the District projected general fund reserves below the State required 3% minimum for the fiscal year 2019-20 through and including fiscal year 2021-22, (ii) the District's projections of continued declining enrollment for the current and two subsequent fiscal years, and (iii) multi-year financial projections continue to indicate substantial general fund operating deficits for the current and two subsequent fiscal years. Pursuant to Education Code Section 42127.6, the County Office of Education assigned a fiscal advisor, and directed the District to submit a proposal for addressing the fiscal conditions which resulted in the determination the district may not be able to meet its financial obligations. As a result the District was required to provide the County Office of Education with a revised adopted budget and multi-year financial plan by November 7, 2019, which at a minimum, includes up-to-date enrollment assumptions, reconciled position control, and budget revisions to maintain the State required 3.0% minimum reserve in the current and first subsequent fiscal year.

Based on the revised budget submitted by the District on November 7, 2019, the County Office of Education, on November 8, 2019, concluded the District is able to meet the state required 3.0% reserve in the current and first subsequent year and approved the District's revised budget, but noted that the solutions that were included in the revised 2019-20 Budget are primarily one-time solutions that will not address the structural deficit problems in the subsequent fiscal years. The County also identified the following concerns remain: Reserve for Economic Uncertainties remains below the required 3% in fiscal year 2021-22, structural deficit remains in subsequent fiscal years, which is unsustainable and includes assumptions that may not materialize. Direction was given to thoroughly review all expenditures to ensure projections are reasonable and errors are minimized. At that time the County Office of Education continues the District's identification as a "lack of going concern". On January 14, 2020, after the District's submission of its 2019-20 First Interim Financial Report, the County Office of Education concurred with the District's qualified certification and required submission of a budget stabilization plan with the District's Second Interim Financial Report on or before March 15, 2020.

Due to COVID-19 and school closures, the District's 2019-20 Second Interim Financial Report was not presented until April 9, 2020. On April 15, 2020, the County Office of Education, concurred with the District's qualified certification, noting the County had several areas of ongoing concern, including: (i) assuming no mitigating measures, the District will be unable to meet the minimum State reserve requirement by $5.0 million in fiscal year 2022-22, (ii) the District's projections incorporated LCFF COLAs, despite the likelihood of a reduced COLA or other revenue decreases (iii) the District is projecting unrestricted deficit of $4.0 million in 2020-21 and $5.4 million in 2021-22, (iv) the District's projections indicate declining enrollment in the current and subsequent two fiscal years, and that (v) the District's projected cash balances do not appear sufficient to cover the cash needs in the 2020-21 fiscal year without temporary borrowing. The County Office of Education required the District to submit an updated budget and detailed multi-year projections by June 1, 2020.

Budget Stabilization Plan. On June 11, 2020, the Board approved a Budget Stabilization Plan (the "Budget Stabilization Plan") effective July 1, 2020, in accordance with the requirement of the County Board of Education, discussed above. The Budget Stabilization Plan identified $2,075,530 in general fund budget reductions, including, but not limited to the elimination of certain positions and high cost health care plans, as well as reductions to department and site budgets. In addition, the Budget Stabilization Plan also established certain budgeting and staffing procedures including, but not limited to, review of all vacant positions by school sites, departments and the business services and human resources offices, establishment of staffing ratios for school sites and departments and the revisiting budget allocations throughout the year.

Budgeting Trends. The table on the following page summarizes the District's adopted general fund budgets for fiscal years 2016-17 through 2020-21, audited ending results for fiscal years 2016-17 through 2018-19, and estimated actuals for fiscal year 2019-20.

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GENERAL FUND BUDGETING
Fiscal Years 2016-17 through 2020-21
Alvord Unified School District

	Fiscal Year 2016-17[1]		Fiscal Year 2017-18[1]		Fiscal Year 2018-19[1]		Fiscal Year 2019-20		Fiscal Year 2020-21
REVENUES	Adopted Budget	Audited	Adopted Budget	Audited	Adopted Budget	Audited	Adopted Budget[2]	Estimated Actuals[3]	Adopted Budget[3]
LCFF Sources	$182,544,704	$182,230,158	$185,915,012	$185,245,652	$197,191,089	$198,120,149	$199,840,489	$199,359,178	$194,244,321
Federal Sources	10,308,021	10,850,968	10,560,316	11,252,528	11,007,535	11,204,119	11,064,201	11,628,123	12,401,292
Other State Sources	22,071,707	23,972,834	22,310,987	22,785,389	21,170,786	33,832,685	18,322,385	20,367,137	17,959,796
Other Local Sources	3,785,539	6,305,972	4,099,694	5,639,644	3,322,075	6,534,951	3,253,656	3,475,516	4,014,389
TOTAL REVENUES[4]	218,709,971	223,359,932	222,886,009	224,923,213	232,691,485	249,691,904	232,480,731	234,829,954	228,619,798
EXPENDITURES									
Certificated Salaries	106,901,925	106,253,290	106,509,122	107,138,089	108,262,466	109,469,611	106,153,620	102,708,916	106,806,797
Classified Salaries	27,063,353	26,866,544	28,300,453	28,299,168	28,902,156	29,209,244	27,695,889	26,081,665	28,480,848
Employee Benefits	53,976,944	54,916,043	57,788,845	56,735,541	62,360,520	73,633,171	64,598,176	63,978,702	66,164,296
Books & Supplies	8,468,077	6,213,597	9,109,456	8,958,864	8,725,366	8,146,362	6,989,603	7,963,179	7,205,549
Services & Other Operating Expenses	20,178,190	22,200,640	20,149,096	22,465,405	23,687,426	24,467,245	25,594,146	24,722,744	25,334,179
Capital Outlay	--	472,685	--	867,900	--	456,506	--	106,732	--
Other Outgo	388,073	(258,500)	211,676	739,693	617,954	1,990,355	593,798	162,696	(184,793)
Debt Service – principal	1,551,142	1,189,016	--	--	--	--	--	--	--
Debt Service – interest	--	259,920	--	--	--	--	--	--	--
TOTAL EXPENDITURES[4]	218,527,704	218,113,235	222,068,648	225,204,660	232,555,888	247,372,494	231,625,232	225,724,634	233,806,876
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	182,267	5,246,697	817,361	(281,447)	135,597	2,319,410	855,499	9,105,320	(5,187,078)
OTHER FINANCING SOURCES/(USES)									
Transfers In	--	--	--	--	--	--	--	--	--
Transfers Out	(1,000,000)	(803,698)	(120,000)	(3,311,992)	(2,979,149)	(4,295,758)	(2,145,153)	(1,000,000)	(1,000,000)
TOTAL OTHER FINANCING SOURCES/(USES)	(1,000,000)	(803,698)	(120,000)	(3,311,992)	(2,979,149)	(4,295,758)	(2,145,153)	(1,000,000)	(1,000,000)
NET INCREASE (DECREASE) IN FUND BALANCE	(817,733)	4,442,999	697,361	(3,593,439)	(2,843,552)	(1,976,348)	(1,289,654)	8,105,320	(6,187,078)
Fund Balance, July 1	14,424,306	14,424,306	18,867,305	18,867,305	15,273,866	15,273,866	10,944,115	12,556,520	20,661,840
Fund Balance, June 30	$13,606,573	$18,867,305	$19,564,666	$15,273,866	$12,430,314	$13,297,518	$9,654,461	$20,661,840	$14,474,762

(1) From the District's audited financial statements in each fiscal year. Audited beginning and ending fund balances include the District's Fund 17 (Special Reserve for Other than Capital Outlay) for consistency of presentation.
(2) From the District's second interim financial report, approved by the Board on March 19, 2020.
(3) From the District's Adopted Budget for fiscal year 2020-21 approved by the Board on June 25, 2020. The Budget was approved prior to the approval of the 2020-21 State Budget. On August 20, 2020, the District provided the Board with a budget update which reflects increases in revenues and expenditures due to COVID-19, which has a net effect of reducing the budgeted general fund ending balance by $196,454.
(4) On behalf payments for fiscal years 2015-16 through 2018-19 are included in the actual revenues and expenditures, but have not been included in the budgeted amounts. In addition, due to the consolidation of Fund 14, Deferred Maintenance Fund, for reporting purposes into the General Fund, additional revenues and expenditures pertaining to this fund are included in the Actual (GAAP Basis) revenues and expenditures, however are not included in the budgets.

Source: Alvord Unified School District.

Comparative Financial Statements

The District's audited financial statements for fiscal year 2018-19 are attached hereto as APPENDIX B. 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 Alvord Unified School District, 9 KPC Parkway, Corona, California, 92879, telephone: (951) 509-5000. The following table reflects the District's audited general fund revenues, expenditures and fund balances for fiscal years 2014-15 through 2018-19.

AUDITED GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES
Fiscal Years 2014-15 through 2018-19
Alvord Unified School District

REVENUES	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19
LCFF Sources	$146,093,167	$170,532,447	$182,230,158	$185,245,652	$198,120,149
Federal Revenues	11,183,469	11,613,389	10,850,968	11,252,528	11,204,119
Other State Revenues	15,440,197	27,135,172	23,972,834	22,785,389	33,832,685
Other Local Revenues	6,465,129	6,201,202	6,305,972	5,639,644	6,534,951
Total Revenues	179,181,962	215,482,210	223,359,932	224,923,213	249,691,904
EXPENDITURES					
Current					
Instruction	117,991,559	133,755,259	139,587,429	144,213,812	159,273,888
Instruction-related activities:					
Supervision of Instruction	9,453,192	11,147,092	10,458,300	10,876,326	10,237,754
Instructional Library, media, and technology	1,958,728	2,183,454	2,234,963	2,235,096	2,625,417
School site administration	10,018,977	11,506,576	12,787,293	13,174,321	14,652,046
Pupil services:					
Home-to-school transportation	2,788,843	2,854,473	3,110,469	3,164,681	3,618,087
Food services	24,890	15,149	37,366	123,027	158,824
All other pupil services	10,358,029	12,381,253	13,446,984	13,930,098	15,938,300
General administration:					
Data processing	2,606,593	3,555,053	3,104,474	3,518,945	3,807,281
All other general administration	6,712,037	7,431,449	7,884,077	8,117,229	8,164,442
Plant services	17,463,922	20,225,525	20,900,300	21,060,618	21,739,218
Facility acquisition and construction	7,629,555	56,023	387,880	794,380	216,829
Ancillary services	1,096,598	1,569,993	2,205,421	2,345,656	2,575,646
Community services	--	--	--	--	--
Other outgo	1,613,183	1,512,119	519,343	131,053	2,464,666
Enterprise services	--	--	--	205,189	1,547,027
Debt Service					
Principal	640,335	1,257,041	1,189,016	1,172,523	--
Interest and Other	325,584	220,932	259,920	141,706	353,069
Total Expenditures	190,682,025	209,671,391	218,113,235	225,204,660	247,372,494
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(11,500,063)	5,810,819	5,246,697	(281,447)	2,319,410
OTHER FINANCING SOURCES/(USES)					
Operating Transfers In	342,725	--	--	--	--
Other Sources	7,621,555	--	--	--	--
Operating Transfers Out	(1,928,627)	(1,857,926)	(803,698)	(3,311,992)	(4,295,758)
Total Other Financing Sources (Uses)	6,035,653	(1,857,926)	(803,698)	(3,311,992)	(4,295,758)
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Uses	(5,464,410)	3,952,893	4,442,999	(3,593,439)	(1,976,348)
Fund Balance, August 1	15,936,608	10,472,198	14,424,306	18,867,305	15,273,866
Prior Period Adjustment	--	(785)[1]	--	--	--
Fund Balance, June 30	$10,472,198	$14,424,306	$18,867,305	$15,273,866	$13,297,518

(1) The District's general fund was restated as of June 30, 2015 to conform to GASB Statement No. 54's definition of governmental funds. Accordingly, the beginning fund balance for Fund 11, the Adult Education Fund, as presented in the general fund due to consolidation, is reported as a restatement to the beginning fund balance of the Non-Major Governmental Funds.

Source: Alvord Unified School District.

Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the State Education Code, is to be followed by all State school districts. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

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. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of or interest on the Bonds is payable from the general fund of the District. The principal of and interest on the Bonds are payable solely from the proceeds of an ad valorem *property tax required to be levied by the County in an amount sufficient for the payment thereof.*

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 "ALVORD UNIFIED SCHOOL DISTRICT – State Retirement Programs" 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 pandemic, expenditures related to addressing the impacts of the 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 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 "-Outbreak of Disease; Coronavirus" 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.

ALVORD UNIFIED SCHOOL DISTRICT

The information in this section concerning the operations of the District and the District's 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 are payable solely from the proceeds of an ad valorem *property tax required to be levied by the County in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

Introduction

The Alvord Unified School District (the "District"), located in Riverside County (the "County"), provides elementary and secondary levels of education under a single Board of Education and centralized administration. The District currently encompasses an area of approximately 26 square miles in Riverside County, and includes territory located both within and around the cities of Riverside and Corona. The District currently operates 14 elementary schools, four middle schools, three high schools and a continuation high school and an alternative continuation high school. Enrollment in the District in fiscal year 2019-20 is 18,151 students. The District's total assessed value in fiscal year 2020-21 is $9,551,389,635.

Administration

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

BOARD OF EDUCATION
Alvord Unified School District

Board Member	Office	Term Expires
Carolyn M. Wilson	President	December 2020
Lizeth Vega	Vice President	December 2020
Dr. Joanna Dorado	Clerk	December 2022
Julie A. Moreno	Member	December 2022
Robert Schwandt	Member	December 2022

The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board.

Dr. Allan J. Mucerino, Superintendent Dr. Allan Mucerino began his tenure as Superintendent of the District on June 15, 2018. Dr. Mucerino began his career as a mathematics teacher in the Long Beach Unified School District. From 1994 until 2012, he served as Principal at intermediate schools in the Newport-Mesa Unified School District and Saddleback Valley Unified School District. Immediately preceding his current position, he served as Superintendent of Duarte Unified School District. He also has served as the Assistant Superintendent and as Chief Instructional Officer at the Centinela Valley Union High School District. Dr. Mucerino has also held the position of Part Time Faculty member, since 2009, in the Educational Leadership Doctorate Program at California State University, Fullerton. Dr. Mucerino earned his Bachelor of Arts degree in Psychology from California State University, Long Beach, a Master of Education degree in Educational Administration from California State University Dominguez Hills, and a Doctor of Education in Educational Leadership from Nova Southeastern University.

Dusteen Nevatt, Chief Business Officer. Ms. Nevatt began her tenure as the Chief Business Officer on January 31, 2020. Ms. Nevatt started her career in School Business at the Riverside County Office of Education (RCOE) in April 1979, holding various positions from Secretary II to Accounting Technician when she left to join the Rialto Unified School District in April 1986 as their Accountant. After three years with Rialto Unified School District, Ms. Nevatt returned to RCOE in December 1989 to serve in their External Business Division. From 1989 to July 1999 Ms. Nevatt worked in both the Business Services Division and Information Technology Division where she was the Business Services Consultant and Data Center Administrator. In July 1999, Dusteen left RCOE to join the CPA firm of Vavrinek, Trine, Day & Company, as a School District Consultant, advancing to Partner in 2010. For over 20 years Dusteen served the school districts, county offices and charter schools throughout the State of California as an expert in School Business Finance & Accounting. Dusteen retired from her Partner role in December 2019, after 20 and half years. Ms. Nevatt earned her Bachelor of Arts in Business from California State University, San Bernardino and a Master of Business Administration from University of Redlands. Ms. Nevatt also holds the designation of Certified Chief Business Official from the California Association of School Business Officials (CASBO).

FCMAT Audits

Fiscal Health Risk Analysis. On May 1, 2019, FCMAT delivered to the District a report (the "FCMAT Fiscal Health Risk Analysis") summarizing the results of audit (the "FCMAT Audit"), the purpose of which was to analyze and identify the District's specific risk rating for fiscal solvency using the 20 factors in FCMAT's Fiscal Health Risk Analysis. The Fiscal Health Risk Analysis was requested of the District pursuant to an agreement that was entered into by the District and FCMAT on March 1, 2019.

As part of the audit process, FCMAT visited the District on March 19-21, 2019 to conduct interviews, collect data, and review documents. FCMAT's 20 factor analysis produces a risk factor score: 24% or lower is considered "low risk", 25-39% is considered moderate risk, and 40% or more is considered "high risk". The Fiscal Health Risk Analysis identified a total risk score of 40.1% for the District in all areas reviewed.

FCMAT identified several areas of concern, including declining enrollment, deficit spending, substantial reduction in fund balance, inadequate reserve levels, approval of bargaining agreements that exceed the District's ability to support them, large increases in contributions to restricted programs (especially special education), and inadequate cash balances. FCMAT notes that these factors must be addressed and remedied to avoid further erosion of the District's reserves and that failure to act quickly and decisively may result in fiscal insolvency and loss of local control.

Organization and Staffing Review. In addition, on May 1, 2019, FCMAT delivered to the District a report focusing on the organization and staffing of the District's Business Services and Human Resources division (the "FCMAT Organizational Report"). The FCMAT Organizational report was requested by the District pursuant to an agreement that was entered into by the District and FCMAT on September 21, 2018. Pursuant to the agreement, FCMAT was asked to (i) conduct an organizational and staffing review of the District's business services and human resources divisions and make recommendations for staffing improvements and reductions, if any, (ii) evaluate workflow and distribution of functions within and between the above divisions, and make recommendations for improved efficiency, if any, (iii) review operational processes and procedures for the business services division and make recommendations for improved efficiency, and (iv) review operational processes and procedures for the human resources division and make recommendations for improved efficiency. The Organization and Staffing Review included over 117 separate recommendations on topics including but not limited to (i) organizational structure, (ii) staffing comparisons, (iii) positional control, purchasing, accounts payable, accounts receivable, and (iii) payroll in the business services division; and divisional organization, recruitment, benefits, employee evaluations, discipline, fingerprinting, complaints, substitute employees, workers' compensation HR job description and tasks. The Organization and Staffing Review included over 117 separate recommendations.

The full FCMAT Fiscal Health Risk Analysis and FCMAT Organizational Report are available www. https://www.fcmat.org/fcmat-reports. However, the information presented on such website is not incorporated herein by any reference.

The recommendations provided by FCMAT have been reviewed and discussed by the Board, the District cabinet, and division and department staff, and the District has implemented over 60% of the recommendations. A monthly update on activities and status of action items was provided to the Board prior the COVID-19 outbreak and the Board continues to receive updates on a periodic basis. In addition, the Board subsequently approved a budget stabilization plan on June 11, 2020. See "DISTRICT FINANCIAL INFORMATION – Budget Process – Budget Stabilization Plan" herein.

Labor Relations

The District currently employs 952 full-time certificated employees, 306 full-time classified employees, 60 certificated management employees, and 24 classified management employees. In addition, the District employs 5 part-time faculty (50% or less contract) and 484 part-time staff (less than 8 hours). District employees, except management, confidential and some part-time employees, are represented by two bargaining units as noted in the following table:

LABOR RELATIONS
Alvord Unified School District

Labor Organization	Number of Employees in Organization	Contract Expiration Date
Alvord Education Association (DSTA)	961	June 2019[1]
California School Employees Association (CSEA)	786	November 2020

[1] Employees continue to work under the terms of the expired contract while a new contract is negotiated.
Source: Alvord Unified School District.

State Retirement Programs

The information set forth below regarding STRS (as defined herein) and PERS (as defined herein), 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, the Municipal Advisor 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)

Effective Date	STRS Members Hired Prior to January 1, 2013	STRS Members Hired After January 1, 2013
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)

Effective Date	K-14 school districts
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[1]
July 1, 2020	19.10[1]

Source: AB 1469.

(1) The effective employer contribution rates for fiscal years 2019-20 and 2020-21 were lowered to 17.1% and 16.02%, respectively, as a result of SB 90 and the 2020-21 State Budget.

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 2020-21 State 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" herein.

The District's contributions to STRS were $10,985,738 for fiscal year 2015-16, $13,104,492 for fiscal year 2016-17, $15,166,309 for fiscal year 2017-18, and $17,653,849 in fiscal year 2018-19. The District has estimated a contribution of $17,313,248 to STRS for fiscal year 2019-20 and has budgeted a contribution of $17,054,168 in fiscal year 2020-21. The STRS contribution rates exclude the State's on-behalf payments.

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, 2019 included 1,612 public agencies and 1,319 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" 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%. 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 is 19.721%. "DISTRICT FINANCIAL INFORMATION – State Budget" herein.

The District's contributions to PERS were $4,418,850 for fiscal year 2015-16, $3,983,824 for fiscal year 2016-17, $4,671,398 for fiscal year 2017-18, and $5,737,256 in fiscal year 2018-19. The District has estimated a contribution of $5,587,452 to PERS for fiscal year 2019-20 and has budgeted a contribution of $6,505,843 in 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.

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

STRS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)[2]	Unfunded Liability (MVA)[2]	Value of Trust Assets (AVA)[3]	Unfunded Liability (AVA)[3]
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

PERS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)	Unfunded Liability (MVA)	Value of Trust Assets (AVA)[3]	Unfunded Liability (AVA)[3]
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 "DISTRICT FINANCIAL INFORMATION– Outbreak of Disease; Coronavirus" 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 employers, including the District, took effect for the fiscal year beginning July 1, 2014.

As of June 30, 2019, the District reported its share of the net pension liabilities for the STRS and PERS systems to be $177,152,960 and $59,487,602, respectively. See also "APPENDIX B – 2018-19 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 14" attached hereto.

Other Post-Employment Benefits

Program Benefits. The District 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 (the "Benefits") for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria of GASB Statement No. 75 (discussed below). The Benefits are provided through a third-party insurer, and the full cost of the Benefits is covered by the Plan. The District Board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Membership of the Program, as of June 30, 2019, consisted of 102 retirees and beneficiaries currently receiving benefits and 1,645 active Program members.

Funding Policy. The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Alvord Education Association (AEA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, AEA, CSEA, and unrepresented groups.

For fiscal years 2016-17, the District contributed $2,322,968 to the Program, all of which was used for premiums. For fiscal year 2017-18, the District contributed $2,623,748 to the Program, all of which was used for premiums. For fiscal year 2018-19, the District contributed $1,001,296 to the Program, all of which was used for premiums. The District currently estimates its contribution for fiscal year 2019-20 to be $2,225,043 and has budgeted a contribution of $2,284,969 for fiscal year 2020-21.

The District has not established an irrevocable trust to prefund its OPEB liability, and no prefunding of benefits has been made by the District.

Accrued Liability. The District has implemented *Governmental Accounting Standards Board Statement #74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions* ("GASB Statement No. 74") and *Governmental Accounting Standards Board Statement #75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB Statement No. 75"), pursuant to which the District has commissioned and received an actuarial study of its liability with respect to the Program benefits. GASB Statements No. 74 and No. 75 (discussed below) require biennial actuarial valuations for all plans. The most recent actuarial study was dated July 29, 2019 (the "Study"), and had a valuation date of June 30, 2017. The Study concluded that, using a "roll-forward" technique for the TOL based on an actuarial valuation dated June 30, 2017, as of a June 30, 2018 measurement date, the Total OPEB Liability (the "TOL") with respect to such Program benefits, was $45,864,750,127. Because the District does not maintain a qualifying irrevocable trust, the District's Net OPEB Liability (the "NOL") is equal to the TOL.

GASB Statement Nos. 74 and 75. On June 2, 2015, GASB Statement No. 74 and GASB Statement No. 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 GASB 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 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 (the "FNP") is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB.

GASB Statement No. 74 has an effective date for plan fiscal years beginning after June 15, 2016 and GASB Statement No. 75 is effective for employer fiscal years beginning after June 15, 2017. The District has recognized GASB Statement No. 74 and GASB Statement No. 75 in their financial statements for fiscal year 2017-18. See "APPENDIX B – 2018-19 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 10 – Net Other Postemployment Benefit (OPEB) Liability" attached hereto.

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

The MPP Program is funded on a pay-as-you-go basis from a portion of the monthly District benefit payments. Benefit payments that would otherwise be credited to the STRS Defined Benefit

Program each month are instead credited to the MPP Program to fund monthly program and administrative costs.

The District's proportionate share of the net MPP Program liability as of June 30, 2019 was $1,324,268. See also "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2019 – Note 10 Net Other Postemployment Benefit (OPEB) Liability" attached hereto.

Risk Management

Property and Liability. The District is exposed to risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees and natural disasters. During the fiscal year ending June 30, 2019, the District contracted with Southern California Regional Liability Excess Fund (SoCal Relief) risk management pool for property and liability insurance coverage. The District's member retention limit was $50,000 and $5,000, respectively for liability and property claims.

Employee Medical Benefits. The District participates in Self Insured Schools of California (SISC) and Riverside County Employer/Employee Partnership for Benefits (REEP) to provide employee health benefits.

REEP is a Joint Powers of Authority (JPA). The REEP JPA medical carriers are Anthem Blue Cross of CA (self-funded at the JPA level) and Kaiser Permanente (fully insured). Dental carriers are Anthem Blue Cross of California and Delta Dental of California. Vision Carriers are MES (Medical Eye Service) and VSP (Vision Plan Service), Life Insurance Carrier is MetLife. REEP provides coverage for the District's management, board, and confidential employees.

Insurance coverage for certificated employees is provided through a self-insured medical plan through Anthem Blue Cross of California and a fully insured medical plan through Kaiser Permanente. Dental insurance is self-insured through Delta Dental. Vision insurance is self-insured through Medical Eye Service ("MES"), and life insurance is provided through REEP with Met Life.

Classified employees participate in the SISC JPA for medical benefits. The medical carriers are Blue Shield of California, Kaiser Permanente, Delta Dental, MES Vision, and life Insurance through Lincoln Financial.

Workers' Compensation. For fiscal year ending June 30, 2020, the District obtained Workers' Compensation coverage from the self-insured program known as the Protected Insurance Program for Schools and Community Colleges (PIPS), of which the District is a member through the Riverside Schools Risk Management Authority (RSRMA) JPA . The workers' compensation experience of the District was calculated and applied to a premium rate, which was utilized to charge funds for the administration of the program. The program follows the State of California Labor Code and it pays for employee work-related injuries, starting from dollar one.

Claims Liabilities. The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future adjustment expenses) and estimate for claims incurred but not reported based on historical experience. For liability claims, the District is responsible for claims that fall within the District's member retained limit of $50,000. Any liability claims above the $50,000 member retained limit the District transfers to SCR up to the $50,000,000 per occurrence limit. For workers' compensation claims, the District transfers claims starting from dollar one to PIPS up to the $155,000,000 per occurrence limit (through their participation in RSRMA). Any claims above the District's coverage limits go back to the District and the claims are then actuarially determined and funded.

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. The following represents the changes in approximate aggregate liabilities for the District from July 1, 2018 to June 30, 2019.

	Workers' Compensation	**Health and Welfare**	**Total**
Liability Balance, July 1, 2017	$5,979,000	--	$5,979,000
Claims and changes in estimates	(841,250)	$6,671,273	5,830,023
Claims payments	(735,361)	(5,718,234)	(6,453,595)
Liability Balance, June 30, 2018	4,402,389	953,039	5,355,428
Claims and changes in estimates	317,332	4,510,942	4,828,274
Claims Payments	(518,272)	(4,684,761)	(5,203,033)
Liability Balance, June 30, 2019	4,201,449	779,220	4,980,669
Assets available to pay claims at June 30, 2019	$6,453,580	$3,760,268	$10,213,848

Source: Alvord Unified School District.

There are a number of claims pending against the District. In the opinion of the District, the related liability, if any, stemming from these claims will not materially affect the financial condition of the District. Settled claims have not exceeded available insurance coverages in the past three fiscal years. Based upon prior claims experience, the District believes that it has adequate insurance coverage. See also "APPENDIX B – 2018-19 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 13" herein.

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District Debt Structure

Short-Term Debt. The District is currently evaluating the potential need to issue a cross fiscal year tax and revenue anticipation note later in the fiscal year, in part due to anticipated LCFF apportionment deferrals included in the 2020-21 State Budget. See "DISTRICT FINANCIAL INFORMATION – State Budget Measures – 2020-21 State Budget" herein.

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

OUTSTANDING LONG TERM DEBT
As of June 30, 2019
Alvord Unified School District

	Balance July 1, 2018	Additions and Adjustments	Deductions	Balance June 30, 2019
2002 General Obligation Refunding Bonds, Series A	$28,805,000	--	$2,185,000	$26,620,000
Premium on issuance of debt	34,911	--	10,472	24,439
2007 General Obligation Bonds, Series A	1,545,000	$8,366,582	1,545,000	--
2007 General Obligation Bonds, Series B	97,707,126	--	475,000	105,598,708
Premium on issuance debt	5,495,922	301,304	196,869	5,299,053
2012 General Obligation Refunding Bonds, Series A	79,253,207	--	350,000	79,204,511
Premium on issuance of debt	1,487,192	--	61,117	1,426,075
2018 General Obligation Refunding Bonds	43,300,000	--	815,000	42,485,000
Premium on issuance of debt	6,835,372	--	525,798	6,309,574
Compensated absences	885,611	--	216,825	668,786
Supplemental Early Retirement Program (SERP)	--	12,178,245	2,223,757	9,954,488
Claims Liability	5,355,428	4,809,720	5,202,086	4,963,062
Capital lease	3,955,492	--	687,797	3,267,695
Net OPEB Liability	44,935,515	5,201,225	2,947,713	47,189,027
TOTAL	$319,595,776	$30,857,076	$17,442,434	$333,010,418

Source: Alvord Unified School District.

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

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

The District's CFDs have bonded debt outstanding, effective as of August 13, 2020, for debt issued as of August 13, 2020, as below:

SPECIAL TAX BOND DEBT
Alvord Unified School District Community Facilities Districts

Name of CFD	Date of Issuance	Initial Principal Amount	Principal Outstanding (as of 08/30/20)
No. 2001-1	August 9, 2013	$1,534,000	$1,200,000
No. 2002-1	August 1, 2013	1,456,000	1,149,000
No. 2006-1	June 28, 2018	7,430,000	6,795,000

Source: Alvord Unified School District.

The table on the following page shows the combined debt service on Special Tax:

SPECIAL TAX BONDS - ANNUAL DEBT SERVICE REQUIREMENTS
Alvord Unified School District Community Facility Districts

Year Ending (September 1)	CFD No. 2001-1 2013 Special Tax Refunding Bonds	CFD No. 2002-1 2013 Special Tax Refunding Bonds	CFD No. 2006-1 2018 Refunding Bonds, Series A & Series B	Total Annual Debt Service
2020	$118,000.00	$104,960.00	$581,893.76	$804,853.76
2021	119,120.00	101,600.00	580,893.76	801,613.76
2022	120,060.00	103,280.00	579,493.76	802,833.76
2023	116,820.00	105,800.00	582,693.76	805,313.76
2024	117,580.00	102,120.00	585,293.76	804,993.76
2025	118,160.00	103,480.00	577,293.76	798,933.76
2026	117,560.00	104,680.00	580,793.76	803,033.76
2027	117,825.00	105,720.00	583,293.76	806,838.76
2028	116,910.00	105,600.00	584,793.76	807,303.76
2029	116,860.00	101,360.00	580,293.76	798,513.76
2030	115,630.00	101,160.00	580,043.76	796,833.76
2031	114,265.00	100,840.00	578,793.76	793,898.76
2032	116,765.00	100,400.00	581,543.76	798,708.76
2033	114,950.00	104,840.00	583,043.76	802,833.76
2034	--	101,970.00	583,293.76	685,263.76
2035	--	--	582,293.76	582,293.76
2036	--	--	578,900.02	578,900.02
TOTALS	$1,640,505.00	$1,547,810.00	$9,884,650.18	$13,072,965.18

Source: Alvord Unified School District.

Capital Leases. The District has entered into an agreement to lease various equipment. Such agreements are, in substance, purchases (capital leases) and are presorted as capital lease obligations. The District's liability on this lease agreement with options to purchase is summarized blow.

	Energy Efficiency Project
Balance, July 1, 2018	$4,624,636
Payments	(792,565)
Balance, June 30, 2019	$3,832,071

The leases have minimum lease payments as follows:

Year Ending June 30	Lease Payment
2020	$346,391
2021	334,341
2022	329,843
2023	331,592
2024	338,554
2025-2029	1,931,007
2030	220,341
Total:	3,832,071
Less: Amount Representing Interest	(564,376)
Present Value of Minimum Lease Payments	$3,267,695

Source: Alvord Unified School District.

Supplemental Employee Retirement Plan. The District has adopted a supplemental early retirement plan ("SERP") whereby certain eligible employees are provided an annuity to supplement the retirement benefits they were entitled to through STRS and PERS. The annuities offered to the employees are to be paid over a five-year period. The annuities, which were purchased for 191 employees who retired during the 2018-19 school year were purchased from United of Omaha Life Insurance Company. As of June 30, 2019, the total balance of all outstanding obligations for the SERP was $9,954,488.

Future Payments are as follows:

Year Ending June 30,	Payment
2020	$2,451,792
2021	2,430,140
2022	2,430,140
2023	2,430,140
2024	212,276
Total	$9,954,488

Source: Alvord Unified School District.

General Obligation Bonds. General Obligation Bonds. The District has issued general obligation bonds pursuant to two voter-approved authorizations to finance the construction, modernization and equipping of District sites and facilities. The District has also previously issued general obligation refunding bonds to refinance prior bonded indebtedness. The following table presents summary information on the District's currently outstanding general obligations bonds (not including the Bonds).

Issuance	Initial Principal Amount	Principal Outstanding(1)	Date of Delivery
2002 General Obligation Refunding Bonds, Series A	$52,810,000	$24,065,000	November 5, 2002
2007 General Obligation Bonds, Series A	60.000,000	--	May 1, 2008
2007 General Obligation Bonds, Series B	56,941,560.20	54,434,707	June 15, 2011
2012 General Obligation Bonds, Series A	78,998,672.50	76,408,673	December 12, 2013
2018 General Obligation Refunding Bonds	43,300,000	39,330,000	May 24, 2018

_As of August 13, 2020

The table on the following page shows the annual debt service requirements for all the District's outstanding bonded indebtedness, including the Bonds.

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The following table displays the annual debt service requirements of the District for all of its outstanding general obligation bonds (and assuming no further optional redemptions).

GENERAL OBLIGATION BOND ANNUAL DEBT SERVICE
Alvord Unified School District

Period Ending Aug. 1	2002 Refunding Bonds, Series A	2007 Series B	2012 Bonds Series A[(1)]	2018 Refunding Bonds	The Bonds	Total Annual Debt Service
2021	$3,824,050.00	$2,438,850.00	$892,500.00	$3,790,000.00	$3,052,598.29	$13,997,998.29
2022	3,814,485.00	2,975,000.00	1,100,000.00	3,902,250.00	3,231,993.30	15,023,728.30
2023	3,812,103.00	3,425,000.00	1,200,000.00	4,019,250.00	3,325,932.40	15,782,285.40
2024	3,818,215.00	3,760,000.00	--	4,140,250.00	4,202,645.56	15,921,110.56
2025	3,810,625.00	3,955,000.00	--	4,264,500.00	4,348,735.16	16,378,860.16
2026	3,807,268.00	4,325,000.00	--	4,391,250.00	4,484,468.46	17,007,986.46
2027	3,802,700.00	4,910,975.00	--	4,524,750.00	4,637,023.30	17,875,448.30
2028	1,523,430.00	5,745,975.00	--	4,664,000.00	4,836,074.20	16,769,479.20
2029	1,530,830.00	6,890,975.00	--	4,803,000.00	5,132,204.30	18,357,009.30
2030	594,913.00	7,615,975.00	--	4,946,000.00	5,403,544.90	18,560,432.90
2031	--	8,975,975.00	--	5,092,000.00	5,474,707.56	19,542,682.56
2032	--	10,210,975.00	--	5,250,000.00	5,674,158.56	21,135,133.56
2033	--	16,552,848.90	--	--	5,835,523.96	22,388,372.86
2034	--	17,546,836.40	--	--	5,993,360.86	23,540,197.26
2035	--	18,254,829.60	--	--	6,121,752.40	24,376,582.00
2036	--	19,340,975.00	--	--	6,327,198.00	25,668,173.00
2037	--	20,895,616.00	--	--	6,573,266.00	27,468,882.00
2038	--	22,988,710.65	--	--	6,772,661.76	29,761,372.41
2039	--	25,749,858.05	--	--	7,006,419.50	32,756,277.55
2040	--	28,326,166.20	--	--	7,263,209.50	35,589,375.70
2041	--	20,365,975.00	--	--	7,526,997.50	27,892,972.50
2042	--	21,582,673.65	--	--	7,567,192.50	29,149,866.15
2043	--	22,450,975.00	--	--	--	22,450,975.00
2044	--	23,125,975.00	--	--	--	23,125,975.00
2045	--	23,815,345.00	--	--	--	23,815,345.00
2046	--	24,298,672.50	--	--	--	24,298,672.50
Total:	$30,338,619.00	$370,525,156.95	$3,192,500.00	$53,787,250.00	$120,791,667.97	$578,635,193.92

(1) Does not include debt service on the Prior Bonds expected to be refunded with proceeds of the Bonds.
Source: The Underwriter.

TAX MATTERS

In the opinion of Bond Counsel, under existing statutes, regulation, 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 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 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* 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 Bond proceeds can only be used to finance or refinance 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 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 annual *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 INVESTMENT POOL" 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.

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

The proposed form of the approving opinion of Bond Counsel attached hereto as APPENDIX A is 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 the State 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.

Escrow Verification

Upon delivery of the Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to them by the Underwriter relating to the adequacy of the maturing principal of and interest on the Federal Securities in the Escrow Fund, together with any moneys held therein as cash, to pay the redemption price of the Refunded Bonds on August 1, 2023, and interest on the Refunded Bonds due on and prior to such date.

Continuing Disclosure

Current Undertaking. In connection with the issuance of the Bonds, the District has covenanted for the benefit of bondholders (including the Beneficial Owners of the Bonds) to provide certain financial information and operating data relating to the District (the "Annual Reports") 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 Annual Reports and notices of listed events will be filed by the District in accordance with the requirements of the Rule. The specific nature of the information to be contained in the Annual Reports or the notices of listed events is included in "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. These covenants have been made in order to assist the Underwriter in complying with the Rule.

Prior Undertakings. Within the past five years, the District failed to file a portion of the annual report for the fiscal year 2018-19, as required by certain of its existing continuing disclosure obligations. In addition, the District failed to associate the annual reports for fiscal years 2014-15 and 2015-16 with the CUSIPS for the District's then-outstanding general obligation bonds 2012 Election, Series A. Within the past five years, the District also failed to file in a timely manner notice of a rating change, as required by one its existing continuing disclosure obligations.

Absence of Material Litigation

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

Financial Statements

The financial statements with required supplemental information for the year ended June 30, 2019 (the "2018-19 Audit"), 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 of Eide Bailly LLP (the "Auditor") dated December 16, 2019, are included in this Official Statement as APPENDIX B. In the notes to the District's 2018-19 Audit, the Auditor noted that the District spending trends in conjunction with the lack of reasonable financial cushion to absorb budgetary short-falls has placed the District in a financial condition that currently impacts the District's fiscal stability and that strict budgetary controls are necessary to ensure the continued improvement of the District's financial health. The Auditor noted that the factors contributing to the District's condition included: heavy deficit spending that took place in the then-current and previous fiscal year within the general fund, declining enrollment and unsustainable expenditures due to the lack of an effective and aggressive expenditure mitigation plan. In the notes to the District's audited financial statements for fiscal year ending June 30, 2018, the Auditor had previously noted that the District's deficit spending, lack of new revenue sources and the inability to generate sufficient cash flow raised substantial doubt about the District's ability to continue as a going concern. For more information about the findings for 2018-19 Audit and the District's status regarding previous audit findings as of the 2018-19 Audit, see "Schedule of Findings and Questioned Costs" in APPENDIX B attached hereto. In connection with the inclusion herein, 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 of the Bonds without cost. A copy of the proposed form of such legal opinion is attached to this Official Statement as APPENDIX A.

MISCELLANEOUS

Ratings

The Bonds are expected to be assigned a rating of "AA" by S&P, based upon the issuance of the Policy by AGM. The Bonds have also been assigned underlying ratings of "AA+" and "A+" by Fitch Ratings ("Fitch") and S&P, respectively. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same.

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 was "provided legal opinions by [D]istrict [Bond] [C]ounsel that provide a reasonable basis for concluding that the tax revenues levied to repay the [B]onds would be considered 'pledged special revenues' in the event of a district bankruptcy." See also "LIMITATION 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 Underwriters 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. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the respective rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price for the Bonds.

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 rating changes on the Bonds. See "APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS" attached hereto. Notwithstanding such covenant, information relating to rating 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 rating changes with respect to the Bonds after the initial issuance of the Bonds.

Underwriting

The Bonds are being purchased by RBC Capital Markets, LLC (the "Underwriter") for a purchase price of $86,849,127.00 (which is equal to the principal amount of the Bonds of $87,390,000.00, less an underwriting discount of $345,190.50 and less $195,682.50, to be applied by the Underwriter towards the payment of the premium on the Policy (as defined herein).

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

The Underwriter has 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 not be construed as a representation of the District.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the District. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District.

Additional Information

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

Some 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.

ALVORD UNIFIED SCHOOL DISTRICT

By: /s/ Dr. Allan J. Mucerino
Superintendent

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APPENDIX A

FORM OF OPINION OF BOND COUNSEL FOR THE BONDS

Upon the 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:

September 17, 2020

Board of Education
Alvord Unified School District

Members of the Board of Education:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $87,390,000 Alvord Unified School District 2020 General Obligation Refunding Bonds (Federally Taxable) (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to 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 28, 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.

6. The amount by which a Bond owner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount

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

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

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

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

Respectfully submitted,

APPENDIX B

THE 2018-19 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

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Annual Financial Report
June 30, 2019

Alvord Unified School District

EideBailly

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ALVORD UNIFIED SCHOOL DISTRICT

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FINANCIAL SECTION

CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

Governing Board
Alvord Unified School District
Corona, 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 Alvord Unified School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Alvord 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.

Emphasis of Matter – Correction of Error

As discussed in Note 18 to the financial statements, investments related to the Capital Project Fund for Blended Component Units were understated in the prior year resulting in a restatement of fund balance and net position as of June 30, 2018, to more accurately reflect the substance of the underlying transactions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13, budgetary comparison schedule on page 77, schedule of changes in the District's total OPEB liability and related ratios on page 78, schedule of the District's proportionate share of the net OPEB liability - MPP program on page 79, schedule of the District's proportionate share of the net pension liability on page 80, and the schedule of District contributions on page 81, 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 Alvord 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 16, 2019, on our consideration of the Alvord 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 Alvord 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 Alvord Unified School District's internal control over financial reporting and compliance.

Rancho Cucamonga, California
December 16, 2019

BOARD OF EDUCATION
Art Kaspereen Jr.
Julie A. Moreno
Robert Schwandt
Lizeth Vega
Carolyn Wilson

ALVORD UNIFIED SCHOOL DISTRICT
All students will realize their unlimited potential

SUPERINTENDENT
Allan J. Mucerino, Ed.D.
9 KPC Parkway
Corona, CA 92879
P: (951) 509-5070
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This section of Alvord Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019, with comparative information for the year ended 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 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. 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.

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 Alvord Unified School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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 funds are reported with governmental activities in the government-wide financial statements.

THE DISTRICT AS A TRUSTEE

Reporting the Districts Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for funds held on behalf of others, like our funds for associated student body activities, scholarships, employee retiree benefits, and pensions. The District's fiduciary activities are reported in the *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.

FINANCIAL HIGHLIGHTS

Total Net Position decrease 46.7 percent over the course of the year. Overall revenues were $273,402,663, $38,349,462 less than expenses. The total cost of basic programs was $311,752,125. Because a portion of these costs was paid for with charges, fees, and intergovernmental aid, the net cost that required taxpayer funding was just $263,107,212. Average daily attendance (ADA) in grades K-12 decrease by 440, or 2.4 percent.

THE DISTRICT AS A WHOLE

Net Position

The District's Net Position was $(120,417,492) for the fiscal year ended June 30, 2019. Of this amount, $(259,406,918) was unrestricted. Restricted Net Position is reported separately to show legal constraints from debt covenants 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 as Restated
Assets		
Current and other assets	$ 58,224,835	$ 57,818,660
Capital assets	351,855,772	363,902,616
Total Assets	**410,080,607**	**421,721,276**
Deferred Outflows of Resources	**72,584,462**	**82,088,356**
Liabilities		
Current liabilities	16,192,951	16,976,012
Long-term obligations	333,010,418	319,595,776
Aggregate net pension liability	236,640,562	235,483,456
Total Liabilities	**585,843,931**	**572,055,244**
Deferred Inflows of Resources	**17,238,630**	**13,822,418**
Net Position		
Net investment of capital assets	121,024,205	142,173,292
Restricted	17,965,221	19,549,423
Unrestricted	(259,406,918)	(243,790,745)
Total Net Position	**$ (120,417,492)**	**$ (82,068,030)**

Unrestricted Net Position decreased to $(259,406,918) compared to $(243,790,745), in the previous period.

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 15. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2019	2018
Revenues		
Program revenues:		
Charges for services	$ 795,288	$ 677,162
Operating grants and contributions	47,849,625	46,764,189
Capital grants and contributions	-	38,411
General revenues:		
Federal and State aid not restricted	171,935,527	161,435,160
Property taxes	49,547,117	45,269,314
Other general revenues	3,275,106	7,431,152
Total Revenues	**273,402,663**	**261,615,388**
Expenses		
Instruction-related	217,956,644	202,270,221
Pupil services	32,520,447	30,138,248
Administration	13,350,795	12,975,081
Plant services	24,715,554	23,330,680
Other	23,208,685	18,235,770
Total Expenses	**311,752,125**	**286,950,000**
Change in Net Position	**$ (38,349,462)**	**$ (25,334,612)**

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was $311,752,125. The amount that our taxpayers ultimately financed for these activities through local taxes was only $49,547,117. The District also collected $795,288 in charges for services from these that benefited from the programs. Other governmental agencies and organizations subsidized certain programs with grants and contributions of $47,849,625. We paid for the remaining "public benefit" portion of our governmental activities with $175,210,633 in unrestricted State and Federal funds, and with other revenues and other 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-related	$ 217,956,644	$ 202,270,221	$ 186,315,069	$ 168,503,699
Pupil services	32,520,447	30,138,248	19,447,622	18,094,093
Administration	13,350,795	12,975,081	11,878,000	11,670,192
Plant services	24,715,554	23,330,680	24,185,292	23,132,067
All other services	23,208,685	18,235,770	21,281,229	18,070,187
Total	**$ 311,752,125**	**$ 286,950,000**	**$ 263,107,212**	**$ 239,470,238**

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $35,035,467, which is a decrease of $469,247 from last year (Table 4).

Table 4

	Balances and Activity			
	July 1, 2018 as Restated	Revenues	Expenditures	June 30, 2019
General Fund	$ 15,273,866	$ 249,691,904	$ 251,668,252	$ 13,297,518
Bond Interest and Redemption Fund	10,430,321	13,712,715	12,593,952	11,549,084
Adult Education Fund	280,030	348,734	477,806	150,958
Cafeteria Fund	3,135,495	10,826,309	11,041,032	2,920,772
Building Fund	1,274,914	39,223	1,203,638	110,499
Capital Facilities Fund	1,101,656	721,391	703,739	1,119,308
County School Facilities Fund	9,898	-	9,898	-
Special Reserve Fund for Capital Outlay Projects	1,691,635	4,324,739	1,976,189	4,040,185
Capital Project Fund for Blended Component Units	2,306,899	1,317,766	1,777,522	1,847,143
Total	**$ 35,504,714**	**$ 280,982,781**	**$ 281,452,028**	**$ 35,035,467**

The primary reasons for these increases/decreases are:

- $1,976,348 decrease to the General Fund balance – Revenues in 2018-2019 were lower than planned expenditures due to declining enrollment.
- $,1,118,763 increase in the Bond Interest and Redemption Fund balance. This fund is relatively stable as it serves as a holding fund.
- $129,072 decrease to Adult Education Fund – the District has been expanding services for this program as of the prior fiscal year.
- $214,723 decrease to the Cafeteria Fund balance – the District is required to reduce this Fund balance and made materials and capital expenditures to accomplish this.
- $1,164,415 decrease in the Building Fund balance – the District is engaged in multiple site repair and modernization projects in accordance with the specifications of the Measures H and W bonds.
- $17,652 increase in the Capital Facilities Fund balance – the District is using these funds for site improvement projects.
- $9,898 decrease to the County School Facilities Fund balance – the District is engaged in multiple site repair and modernization projects.
- $2,348,550 increase in the Special Reserve Fund for Capital Outlay Project Fund balance –- RDA revenues deposited in this fund are used to fund site repairs and District Office lease payments.
- $459,756 decrease in the Capital Project Fund for Blended Component Units Fund balance. This fund is relatively stable as it serves as a holding fund.

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 September 5, 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.)

- Total General Fund Revenues decreased by $8,151,581 million in 2018-2019 from Budget Adoption to Unaudited Actuals.
- LCFF Revenues – increased $929,060 as a result of final annual ADA figures and fluctuating Gap Funding through LCFF.
- Federal Revenues - increased $196,584 as prior-year Deferred Revenues were budgeted.
- Other State Revenues - total increase of $3,835,596.
- Local Revenues increased $3,190,342 million.
- Budgeted expenditures increased by $5,298,172 million as the District experienced unplanned expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the District had $351,855,772 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of approximately $12,046,844, or 3.3 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2019	2018
Land and construction in progress	$ 28,670,414	$ 57,499,596
Buildings and improvements	318,283,188	301,675,858
Equipment	4,902,170	4,727,162
Total	**$ 351,855,772**	**$ 363,902,616**

Additional information on the District's capital assets can be found in Note 5 of the financial statements.

Long-Term Obligations

At the end of this year, the District had $333,010,418 in long-term obligations outstanding versus $319,595,776 last year, an increase of 4.2 percent. Those obligations consisted of:

Table 6

	Governmental Activities	
	2019	2018
General obligation bonds (net of premium)	$ 266,967,360	$ 264,463,730
Capital lease	3,267,695	3,955,492
Supplemental early retirement plan (SERP)	9,954,488	-
Compensated absences	668,786	885,611
Net other postemployment benefits (OPEB) liabilities	47,189,027	44,935,515
Claims liability	4,963,062	5,355,428
Total	**$ 333,010,418**	**$ 319,595,776**

Additional information on the District's long-term obligations can be found in Note 10 of the financial statements.

Net Pension Liability (NPL)

At year-end, the District has a net pension liability of $236,640,562 versus $235,483,456 last year, an increase of $1,157,106, or 0.49 percent. Detailed information regarding the plans is disclosed in Note 14 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

The key assumptions in our revenue forecast are:

1. Local Control Funding Formula income increased by one percent ($94, per ADA or a total of $1.6 million) in the Adopted Budget based on 2018-2019 P-2 ADA and 81.3 percent UPP (three-year average).

2. Developer fee collections are based on approximate new housing units to be constructed.

3. Federal income will decline due to declining enrollment.

4. State Income will decline due to lack of one-time discretionary funds.

5. Local income will be budgeted only on predictable sources such as leases, interest, and SELPA funding.

Expenditures are based on the following forecasts:

	Enrollment
Grades kindergarten through third	5268
Grades four through eight	6823
Grades nine through twelve	5801

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 Interim Assistant Superintendent, Business Services at Alvord Unified School District, Corona, California, or email at Fernando.cubias@alvordschools.org.

ALVORD UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
ASSETS	
Deposits and investments	$ 49,144,052
Receivables	8,906,476
Prepaid expenses	3,342
Stores inventories	170,965
Capital assets	
Land and construction in process	28,670,414
Other capital assets	508,994,736
Less: Accumulated depreciation	(185,809,378)
Total Capital Assets	351,855,772
Total Assets	410,080,607
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to net other postemployment benefits (OPEB) liability	1,001,296
Deferred outflows of resources related to pensions	71,583,166
Total Deferred Outflows of Resources	72,584,462
LIABILITIES	
Accounts payable	12,526,181
Accrued interest payable	3,199,824
Unearned revenue	466,946
Long-term obligations:	
Current portion of long-term obligations other than pensions	8,016,918
Noncurrent portion of long-term obligations other than pensions	324,993,500
Total Long-Term Liabilities	333,010,418
Aggregate net pension liability	236,640,562
Total Liabilities	585,843,931
DEFERRED INFLOWS OF RESOURCES	
Deferred charge on refunding	474,193
Deferred inflows of resources related to net other postemployment benefits (OPEB) liability	1,016,683
Deferred inflows of resources related to pensions	15,747,754
Total Deferred Inflows of Resources	17,238,630
NET POSITION	
Net investment of capital assets	121,024,205
Restricted for:	
Debt service	8,349,260
Capital projects	1,119,308
Educational programs	2,137,359
Other activities	6,359,294
Unrestricted	(259,406,918)
Total Net Position	$ (120,417,492)

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

ALVORD UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities:				
Instruction	$ 188,397,512	$ 354	$ 26,774,629	$ (161,622,529)
Instruction-related activities:				
Supervision of instruction	10,928,883	-	3,887,895	(7,040,988)
Instructional library, media, and technology	2,765,736	2	154,377	(2,611,357)
School site administration	15,864,513	-	824,318	(15,040,195)
Pupil services:				
Home-to-school transportation	4,468,936	-	342,811	(4,126,125)
Food services	11,164,231	640,821	9,653,969	(869,441)
All other pupil services	16,887,280	-	2,435,224	(14,452,056)
Administration:				
Data processing	4,030,712	10	82,820	(3,947,882)
All other administration	9,320,083	30,923	1,359,042	(7,930,118)
Plant services	24,715,554	9,872	520,390	(24,185,292)
Ancillary services	2,678,764	4	126,514	(2,552,246)
Enterprise services	1,551,675	-	161	(1,551,514)
Interest on long-term obligations	16,513,580	-	-	(16,513,580)
Other outgo	2,464,666	113,302	1,687,475	(663,889)
Total Governmental Activities	$ 311,752,125	$ 795,288	$ 47,849,625	(263,107,212)

General revenues and subventions:	
Property taxes, levied for general purposes	33,642,856
Property taxes, levied for debt service	13,587,652
Taxes levied for other specific purposes	2,316,609
Federal and State aid not restricted to specific purposes	171,935,527
Interest and investment earnings	755,008
Miscellaneous	2,520,098
Subtotal, General Revenues	224,757,750
Change in Net Position	(38,349,462)
Net Position - Beginning, as Restated	(82,068,030)
Net Position - Ending	$ (120,417,492)

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

ALVORD UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Deposits and investments	$ 19,996,640	$ 11,549,084	$ 7,423,071	$ 38,968,795
Receivables	7,141,698	-	1,725,498	8,867,196
Due from other funds	480,028	-	2,316,799	2,796,827
Prepaid expenditures	3,342	-	-	3,342
Stores inventories	-	-	170,965	170,965
Total Assets	$ 27,621,708	$ 11,549,084	$ 11,636,333	$ 50,807,125
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 11,623,201	$ -	$ 885,373	$ 12,508,574
Due to other funds	2,316,799	-	479,339	2,796,138
Unearned revenue	384,190	-	82,756	466,946
Total Liabilities	14,324,190	-	1,447,468	15,771,658
Fund Balances:				
Nonspendable	18,342	-	174,611	192,953
Restricted	2,137,359	11,549,084	5,974,069	19,660,512
Assigned	3,847,322	-	4,040,185	7,887,507
Unassigned	7,294,495	-	-	7,294,495
Total Fund Balances	13,297,518	11,549,084	10,188,865	35,035,467
Total Liabilities and Fund Balances	$ 27,621,708	$ 11,549,084	$ 11,636,333	$ 50,807,125

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

ALVORD UNIFIED SCHOOL DISTRICT

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

Total Fund Balance - Governmental Funds		**$ 35,035,467**
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	$ 537,665,150	
Accumulated depreciation is	(185,809,378)	
Net Capital Assets		351,855,772
Deferred charges on refunding (the difference between the reacquisition price and net carrying amount of refunded debt) are capitalized and amoritized over the remaining life of the new or old debt (whichever is shorter) and are included with governmental activities.		(474,193)
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.		(3,199,824)
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.		5,233,179
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	23,332,405	
Changes in proportionate share of net pension liability	9,852,932	
Differences between projected and actual earnings on pension plan investments	487,931	
Differences between expected and actual experience in the measurement of the total pension liability	4,449,133	
Changes of assumptions	33,460,765	
Total Deferred Outflows of Resources Related to Pensions		71,583,166
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:		
Changes in proportionate share of net pension liability	(6,353,001)	
Differences between projected and actual earnings on pension plan investments	(6,821,508)	
Differences between expected and actual experience in the measurement of the total pension liability	(2,573,245)	
Total Deferred Inflows of Resources Related to Pensions		(15,747,754)

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

ALVORD UNIFIED SCHOOL DISTRICT

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

Aggregate Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		$ (236,640,562)
Deferred outflows of resources related to OPEB represents 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 consisted of OPEB contributions subsequent to measurement date.		1,001,296
Deferred inflows of resources related to OPEB represent an acquisition of net position in a future period and is not reported in the District's funds. Deferred inflows of resources related to OPEB at year-end consist of changes of assumptions.		(1,016,683)
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	$ 202,790,233	
Unamortized premium on issuance	13,059,141	
Capital lease	3,267,695	
Supplemental early retirement plan (SERP)	9,954,488	
Compensated absences (vacation)	668,786	
Net other postemployment benefits (OPEB) liability	47,189,027	
In addition, in 2011 and 2013 the District issued "capital appreciation" general obligation bonds. The accretion of interest on the general obligation bonds to date is:	51,117,986	
Total Long-Term Obligations		(328,047,356)
Total Net Position - Governmental Activities		**$ (120,417,492)**

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

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

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Local Control Funding Formula	$ 198,120,149	$ -	$ -	$ 198,120,149
Federal sources	11,204,119	-	9,512,753	20,716,872
Other State sources	33,832,685	112,151	951,752	34,896,588
Other local sources	6,534,951	13,600,564	2,808,001	22,943,516
Total Revenues	249,691,904	13,712,715	13,272,506	276,677,125
EXPENDITURES				
Current				
Instruction	159,273,888	-	317,503	159,591,391
Instruction-related activities:				
Supervision of instruction	10,237,754	-	37,840	10,275,594
Instructional library, media, and technology	2,625,417	-	-	2,625,417
School site administration	14,652,046	-	68,173	14,720,219
Pupil services:				
Home-to-school transportation	3,618,087	-	-	3,618,087
Food services	158,824	-	10,485,558	10,644,382
All other pupil services	15,938,300	-	-	15,938,300
Administration:				
Data processing	3,807,281	-	-	3,807,281
All other administration	8,164,442	-	494,250	8,658,692
Plant services	21,739,218	-	1,922,822	23,662,040
Ancillary services	2,575,646	-	-	2,575,646
Other outgo	2,464,666	-	-	2,464,666
Enterprise services	1,547,027	-	-	1,547,027
Facility acquisition and construction	216,829	-	1,783,693	2,000,522
Debt service				
Principal	-	5,370,000	687,797	6,057,797
Interest and other	353,069	7,223,952	1,382,290	8,959,311
Total Expenditures	247,372,494	12,593,952	17,179,926	277,146,372
Excess (Deficiency) of Revenues Over Expenditures	2,319,410	1,118,763	(3,907,420)	(469,247)
Other Financing Sources (Uses)				
Transfers in	-	-	4,305,656	4,305,656
Transfers out	(4,295,758)	-	(9,898)	(4,305,656)
Net Financing Sources (Uses)	(4,295,758)	-	4,295,758	-
NET CHANGE IN FUND BALANCES	(1,976,348)	1,118,763	388,338	(469,247)
Fund Balance - Beginning, as Restated	15,273,866	10,430,321	9,800,527	35,504,714
Fund Balance - Ending	$ 13,297,518	$ 11,549,084	$ 10,188,865	$ 35,035,467

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

ALVORD 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		**$ (469,247)**
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
This is the amount by which depreciation expense exceeds capital outlays in the period.		
Depreciation expense	$ (14,180,813)	
Capital outlays	2,133,969	
Net Expense Adjustment		(12,046,844)
In the Statement of Activities, certain operating expenses - special termination benefits (supplement early retirement plans) - 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 amount actually paid). The amount paid by the District was less than amounts committed to annuities by $9,954,488.		(9,954,488)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		(12,537,862)
In the Statement of Activities, certain operating expenses - compensated absences (vacations) - 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). Vacation used was more than amounts earned by $216,825.		216,825
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 expenses is the net effect of all changes in the deferred outflows, deferred inflows and net OPEB liability during the year.		(3,832,378)
Repayment of debt 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		5,370,000
Capital lease obligations		687,797

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

ALVORD 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

Under the modified basis of accounting used in the governmental funds, expenditure are not recognized for transactions that are 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 change for the following balance:		
Amortization of debt premium	$	794,256
Amortization of deferred amount on refunding		39,516
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 expenditures 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 interest on the general obligation bonds decreased by $279,845. Additionally, $8,667,886 of accumulated interest was accreted on the District's "capital appreciation" general obligation bonds.		(8,388,041)
An internal service fund is used by the District's management to charge the costs of the workers' compensation insurance program to the individual funds. The net change in the internal service fund is reported with governmental activities.		1,771,004
Change in Net Position of Governmental Activities	**$**	**(38,349,462)**

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

ALVORD UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities - Internal Service Fund
ASSETS	
Current Assets	
Deposits and investments	$ 10,175,257
Receivables	39,280
Total Current Assets	10,214,537
LIABILITIES	
Current Liabilities	
Accounts payable	17,607
Due to other funds	689
Current portion of claims liability and assessment	1,296,545
Total Current Liabilities	1,314,841
Noncurrent Liabilities	
Noncurrent portion of claims liability and assessment	3,666,517
Total Liabilities	4,981,358
NET POSITION	
Restricted	$ 5,233,179

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

ALVORD 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	$ 6,969,338
Other operating revenues	781,811
Total Operating Revenues	7,751,149
OPERATING EXPENSES	
Payroll costs	72,118
Professional and contract services	6,106,821
Total Operating Expenses	6,178,939
Operating Income	1,572,210
NONOPERATING REVENUES	
Interest income	198,794
Change in Net Position	1,771,004
Total Net Position - Beginning	3,462,175
Total Net Position - Ending	$ 5,233,179

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

ALVORD 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 receipts from interfund services provided	$ 6,830,282
Other operating cash receipts	878,862
Cash payments to other suppliers of goods or services	13,667
Cash payments to employees for services	(72,118)
Cash payments for insurance premiums	(6,499,187)
Net Cash Provided by Operating Activities	1,151,506
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	198,794
Net Increase in Cash and Cash Equivalents	1,350,300
Cash and Cash Equivalents - Beginning	8,824,957
Cash and Cash Equivalents - Ending	$ 10,175,257
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	$ 1,572,210
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Decrease in accounts receivable	97,051
Decrease in due from other fund	207,268
Increase in accounts payable	13,667
Decrease in due to other fund	(346,324)
Decrease in claims liability	(392,366)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,151,506

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

ALVORD UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Scholarship Trust	Agency Funds
ASSETS		
Deposits and investments	$ 97,568	$ 2,089,721
Receivables	4,494	-
Stores inventories	-	85,801
Total Assets	$ 102,062	$ 2,175,522
LIABILITIES		
Accounts payable	$ -	$ 1,389
Due to student groups	-	922,582
Due to bondholders	-	1,251,551
Total Liabilities	$ -	$ 2,175,522
NET POSITION		
Restricted	$ 102,062	

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

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	Scholarship Trust
ADDITIONS	
Private donations	$ 94,959
Interest	1,724
Total Additions	96,683
DEDUCTIONS	
Other expenditures	73,021
Change in Net Position	23,662
Net Position - Beginning	78,400
Net Position - Ending	$ 102,062

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Alvord Unified School District was unified on July 1, 1960 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 twelve elementary schools, four middle schools, three comprehensive high schools, and one continuation 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 Alvord Unified School District, this includes general operations, food service, and student related activities of the District.

Component Units

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

The Community Facilities Districts (the CFDs) of the Alvord Unified School District's financial activity is presented in the financial statements as the Capital Project Fund for Blended Component Units and as an Agency Fund. Long-term obligations of the CFDs do not represent obligations of the District and thus are not included in the government-wide financial statements. Individually-prepared financial statements are not available for the CFDs.

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

Under the flexibility provisions of current statute that allow certain formerly restricted revenues to be used for any educational purpose, Fund 14, Deferred Maintenance Fund does not currently meet the definition of special revenue funds as this fund is no longer primarily composed of restricted or committed revenue sources.

As the District has not taken formal action to commit the flexed revenues formerly restricted to these programs to the continued operation of the original programs, the revenues within these funds would be considered to be available for general educational purposes, resulting in Fund 14, Deferred Maintenance Fund, being combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of $740,998.

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.

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

Capital 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).

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

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of 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 lA), 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.).

Special Reserve Fund for Capital Outlay Projects The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

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).

Proprietary Funds Proprietary Funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary fund:

Internal Service Fund Internal Service Funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates a workers' compensation program and a health & welfare program that are 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.

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's trust fund accounts for scholarship activity. 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 student body activities (ASB) and receipt of special taxes for payments on non-obligatory debt related to the CFDs.

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 statement of activities presents a comparison between expenses, both direct and indirect, of the District and for each governmental function, and exclude 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 special revenue funds, and 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 the 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 reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Proprietary Funds Proprietary Funds are accounted for using the 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 45 or 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. 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 restrictions. 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 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.

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 the County investment pool are determined by the program sponsor.

Prepaid Expenditures (Expenses)

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

Stores Inventories

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

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. 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.

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 capital assets is 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 is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, five to 50 years; equipment, two to 15 years.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities columns of the Statement of Net Position.

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide 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 governmental 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 governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term obligations 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, business-type 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.

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 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 deferred charges on refunding of debt, for pension related items, and 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 – amount 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 of the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. The District currently does not have any committed funds.

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 three percent of General Fund expenditures and other financing uses.

Net Position

Net Position represents the difference between assets and liabilities. Net Position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District 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 $17,965,221 of restricted Net Position 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 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.

Interfund Activity

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

Estimates

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

Property Tax

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

Change in Accounting Principles

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

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

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

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

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

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

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

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

New Accounting Pronouncements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

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

Governmental activities	$	49,144,052
Fiduciary funds		2,187,289
Total Deposits and Investments	$	51,331,341

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

Cash on hand and in banks	$	2,124,159
Cash in revolving		135,832
Investments		49,071,350
Total Deposits and Investments	$	51,331,341

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

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 and having the Pool purchase a combination of shorter term and longer term investments and by 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 and liquidity needed for operations.

Specific Identification

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

Investment Type	Reported Amount	Average Maturity in Days
Riverside County Treasury Investment Pool	$ 43,339,506	387
First American Treasury Obligation Money Market Funds, Class D	3,098,694	25
Local Agency Investment Fund	2,633,150	173
Total	$ 49,071,350	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Riverside County Treasury Investment Pool is rated Aaa by Moody's Investor Service. In addition, the First American Treasury Obligation Money Market Funds is also rated Aaa by Moody's Investor Service. The investment with the Local Agency Investment Fund is not required to be rated, nor have been rated as of June 30, 2019.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2019, the District's bank balance of $2,024,671 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 3 - FAIR VALUE MEASUREMENTS

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

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

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

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

Uncategorized - Investments in the Riverside County Treasury Investment Pool and Local Agency Investment Fund 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 Measurement Using Level 2 Inputs	Uncategorized
Riverside County Treasury Investment Pool	$ 43,339,506	$ -	$ 43,339,506
First American Treasury Obligation Money Market Funds, Class D	3,098,694	3,098,694	-
Local Agency Investment Fund	2,633,150	-	2,633,150
Total	$ 49,071,350	$ 3,098,694	$ 45,972,656

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

NOTE 4 - RECEIVABLES

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

	General Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities	Fiduciary Funds
Federal Government					
Categorical aid	$ 4,232,747	$ 1,439,182	$ -	$ 5,671,929	$ -
State Government					
Categorical aid	755,302	80,521	-	835,823	-
Lottery	797,118	-	-	797,118	-
Special education	1,001,472	-	-	1,001,472	-
Local Government					
Interest	161,619	30,327	39,280	231,226	4,494
Other Local Sources	193,440	175,468	-	368,908	-
Total	$ 7,141,698	$ 1,725,498	$ 39,280	$ 8,906,476	$ 4,494

NOTE 5 - CAPITAL ASSETS

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

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	$ 28,545,954	$ -	$ -	$ 28,545,954
Construction in progress	28,953,642	1,907,572	30,736,754	124,460
Total Capital Assets Not Being Depreciated	57,499,596	1,907,572	30,736,754	28,670,414
Capital Assets Being Depreciated:				
Land improvements	44,009,592	-	-	44,009,592
Buildings and improvements	414,455,658	29,994,744	-	444,450,402
Furniture and equipment	17,821,559	919,695	-	18,741,254
Vehicles	1,744,776	48,712	-	1,793,488
Total Capital Assets Being Depreciated	478,031,585	30,963,151	-	508,994,736
Total Capital Assets	535,531,181	32,870,723	30,736,754	537,665,150
Less Accumulated Depreciation:				
Land improvements	27,998,442	1,918,114	-	29,916,556
Buildings and improvements	128,790,950	11,469,300	-	140,260,250
Furniture and equipment	13,487,007	774,760	-	14,261,767
Vehicles	1,352,166	18,639	-	1,370,805
Total Accumulated Depreciation	171,628,565	14,180,813	-	185,809,378
Governmental Activities Capital Assets, Net	$ 363,902,616	$ 18,689,910	$ 30,736,754	$ 351,855,772

Depreciation expense was charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	$ 12,762,732
School site administration	56,723
Home-to-school transportation	850,849
Food services	127,627
Data processing	70,904
All other administration	127,627
Plant services	184,351
Total Depreciation Expenses Governmental Activities	$ 14,180,813

NOTE 6 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

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

	Due From			
Due To	General Fund	Non-Major Governmental Funds	Internal Service Fund	Total
General Fund	$ -	$ 479,339	$ 689	$ 480,028
Non-Major Governmental Funds	2,316,799	-	-	2,316,799
Total	$ 2,316,799	$ 479,339	$ 689	$ 2,796,827

A Balance of $454,691 due to the General Fund from the Cafeteria Non-Major Governmental Fund resulted from the transfer of indirect costs.

A balance of $2,316,609 due to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects from the General Fund resulted from the transfer of Redevelopment Property Tax Trust Fund (RPTTF) revenues.

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

Operating Transfers

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

	Transfer From		
Transfer To	General Fund	Non-Major Governmental Funds	Total
Non-Major Governmental Funds	$ 4,295,758	$ 9,898	$ 4,305,656

The County School Facilities Non-Major Governmental Fund transferred to the Building Non-Major Governmental Fund for reimbursement of qualifying capital outlay costs.	$ 9,898
The General Fund transferred redevelopment funds to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for future capital outlay projects.	4,295,758
Total	$ 4,305,656

NOTE 7 - ACCOUNTS PAYABLE

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

	General Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Salaries and benefits	$ 645,794	$ 39,163	$ -	$ 684,957
LCFF apportionment	6,487,717	-	-	6,487,717
Supplies	462,253	139,316	-	601,569
Services	2,565,178	131,811	17,607	2,714,596
Construction	3,715	575,083	-	578,798
Due to Riverside County Office of Education	1,443,852	-	-	1,443,852
Other payables	14,692	-	-	14,692
Total	$ 11,623,201	$ 885,373	$ 17,607	$ 12,526,181

NOTE 8 - UNEARNED REVENUE

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

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal financial assistance	$ 247,866	$ 32,883	$ 280,749
State categorical aid	136,324	8,881	145,205
Other local	-	40,992	40,992
Total	$ 384,190	$ 82,756	$ 466,946

NOTE 9 – TAX AND REVENUE ANTICIPATION NOTES (TRANS)

On July 12, 2018, the District issued $10,890,000 of Tax and Revenue Anticipation Notes bearing interest rate at 3.00 percent. The notes were issued to supplement cash flows. Interest and principal are due and payable on January 31, 2018 and April 30, 2018. Repayment requirements are that a percentage of principal and interest be deposited with the Fiscal Agent until 100 percent of principal and interest due is on account in April 2019. The District has fully met the repayment obligations as of 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
2002 Refunding General Obligation Bonds, Series A	$ 28,805,000	$ -	$ 2,185,000	$ 26,620,000	$ 2,325,000
Premium on issuance of debt	34,911	-	10,472	24,439	-
2007 General Obligation Bonds, Series A	1,545,000	-	1,545,000	-	-
2007 General Obligation Bonds, Series B	97,707,126	8,366,582	475,000	105,598,708	940,000
Premium on issuance of debt	5,495,922	-	196,869	5,299,053	-
2012 General Obligation Bonds, Series A	79,253,207	301,304	350,000	79,204,511	550,000
Premium on issuance of debt	1,487,192	-	61,117	1,426,075	-
2018 Refunding General Obligation Bonds	43,300,000	-	815,000	42,485,000	1,495,000
Premium on issuance of debt	6,835,372	-	525,798	6,309,574	-
Compensated absences	885,611	-	216,825	668,786	-
Supplemental Early Retirement Plan (SERP)	-	12,178,245	2,223,757	9,954,488	2,451,792
Claims liability	5,355,428	4,809,720	5,202,086	4,963,062	1,296,545
Capital lease	3,955,492	-	687,797	3,267,695	255,126
Net other postemployment benefits (OPEB) liability	44,935,515	5,201,225	2,947,713	47,189,027	-
	$319,595,776	$30,857,076	$17,442,434	$333,010,418	$ 9,313,463

Payments on the General Obligation Bonds are made by the Bond Interest and Redemption Fund. General Fund makes payments for the capital leases. General Fund also makes payments supplemental early retirement plan (SERP). The compensated absences are paid by the fund for which the employee worked. Net other postemployment benefits (OPEB) liabilities are generally paid by the General Fund. The claims liability will be paid by the Internal Service Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2018	Accreted	Redeemed	Bonds Outstanding June 30, 2019
11/5/2002	8/1/2030	2.30-5.90%	$52,810,000	$ 28,805,000	$ -	$ 2,185,000	$ 26,620,000
5/1/2008	8/1/2018	3.50-5.00%	60,000,000	1,545,000	-	1,545,000	-
6/15/2011	8/1/2046	3.00-5.10%	56,941,560	97,707,126	8,366,582	475,000	105,598,708
11/21/2013	8/1/2042	5.00-5.25%	78,998,673	79,253,207	301,304	350,000	79,204,511
5/24/2018	8/1/2032	3.00-5.00%	43,300,000	43,300,000	-	815,000	42,485,000
				$250,610,333	$8,667,886	$ 5,370,000	$253,908,219

2002 Refunding General Obligation Bonds, Series A

On November 5, 2002, the District issued the 2002 Refunding General Obligation Bonds, Series A in the amount of $52,810,000. The bonds have a final maturity to occur August 1, 2030 with interest rates ranging from 2.30-5.90 percent. Proceeds from the sale of bonds were used to provide advance refunding of the District's $12,000,000 1997 General Obligation Bonds, Series A, $22,000,000 1997 General Obligation Bonds, Series B, $14,000,000 General Obligation Bonds, Series C, and $9,000,000 1997 General Obligation Bonds, Series D. As of June 30, 2019, the principal balance of $26,620,000 remained outstanding and unamortized premium on issuance amounted to $24,439.

2007 General Obligation Bonds, Series A

On May 1, 2008, the District issued the 2007 General Obligation Bonds, Series A in the amount of $60,000,000. The Series A represents the first of the authorized bonds not to exceed $196,000,000 to be issued under the measure as approved by voters. The bonds have a final maturity to occur August 1, 2018 with interest rates ranging from 3.50-5.00 percent. Proceeds from the sale of bonds were used to finance the acquisition, construction, renovation, and repair of certain school facilities. As of June 30, 2019, the principal balance has been paid in full.

2007 General Obligation Bonds, Series B

On June 15, 2011, the District issued the 2007 General Obligation Bonds, Series B in the amount of $56,941,560. The Series B represents the second series of the authorized bonds not to exceed $196,000,000 to be issued under the measure as approved by the voters. The Series B bonds were issued as capital appreciation bonds and convertible capital appreciation bonds, with the value of the capital appreciation bonds accreting to $210,049,593 and convertible capital appreciation bonds accreting to $42,623,847. The Series B bonds will have an aggregate principal debt service balance of $309,615,000.

The bonds have a final maturity to occur on August 1, 2046 with interest rates ranging from 3.00 to 5.10 percent. Proceeds from the sale of bonds were used for defeasance of the outstanding principal balance on the $60,000,000 2009 General Obligation Bond Anticipation Notes. At June 30, 2019, the principal outstanding (including accretion) was $105,598,708. Unamortized premium received on issuance amounted to $5,299,053.

2012 General Obligation Bonds, Series A

On November 21, 2013, the District issued the 2012 General Obligation Bonds, Series A, in the amount of $78,998,673. The Series A represents the first series of the reauthorized bonds not to exceed $79,000,000 to be issued under the measure as approved by the voters. The Series A bonds were issued as current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting $3,596,327 and an aggregate principal debt service balance of $82,595,000. The bonds have a final maturity to occur on August 1, 2042 with interest rates ranging from 5.00 to 5.25 percent. Proceeds from the sale of the bonds were used for defeasance of the outstanding principal balance on the $51,999,394 2010 General Obligation Bond Anticipation Notes and to finance the renovation, acquisition, and construction of District buildings and facilities. At June 30, 2019, the principal outstanding (including accretion) was $79,204,511. Unamortized premium received on issuance was $1,426,075.

2018 Refunding General Obligation Bonds

On May 24, 2018, the District issued the 2018 Refunding General Obligation Bonds in the amount of $43,300,000. The bonds were issued as current interest bonds. The bonds have a final maturity to occur on August 1, 2032 with interest rates ranging from 3.00 to 5.00 percent. Proceeds from the sale of the bonds were used for defeasance of certain outstanding maturities on the 2007 General Obligation Bonds, Series A and to pay the costs of issuance associated with the refunding bonds. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of the payment are recorded as deferred charges on refunding on the statement of net position and are amortized to interest expense over the life of the liability The refunding resulted in a cumulative cash flow saving of $10,032,028 over the life of the new debt and the economic gain of $8,242,934 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.51 percent. At June 30, 2019, the principal outstanding was $42,485,000. Unamortized premium received on issuance and deferred amount on refunding were $6,309,574 and $474,193, respectively.

Debt Service Requirements to Maturity

The bonds mature through August 1, 2047 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Interest to Maturity	Total
2020	$ 5,310,000	$ -	$ 7,605,378	$ 12,915,378
2021	6,445,000	-	7,282,045	13,727,045
2022	7,595,000	-	6,882,897	14,477,897
2023	7,859,578	1,000,422	6,535,653	15,395,653
2024	8,403,745	1,461,255	6,265,197	16,130,197
2025-2029	41,227,685	8,757,315	37,906,610	87,891,610
2030-2034	38,882,568	10,507,432	40,263,499	89,653,499
2035-2039	41,825,105	42,029,895	33,321,025	117,176,025
2040-2044	59,042,959	116,862,041	25,769,250	201,674,250
2045-2047	37,316,579	24,533,421	7,117,005	68,967,005
Total	$ 253,908,219	$ 205,151,781	$ 178,948,559	$ 638,008,559

Compensated Absences

Compensated absences (unpaid employee vacation), for the District at June 30, 2019, amounted to $668,786.

Supplemental Early Retirement Plans (SERP)

During 2019, the District adopted supplemental early retirement plans whereby certain eligible employees were provided an annuity to supplement the retirement benefits they were entitled to through the California State Teachers' Retirement System and the California Public Employees' Retirement System. The annuities offered to the employees are to be paid over a five-year period. The annuities, which were purchased for 191 employees who retired during the 2018-2019 school year, were purchased from United of Omaha Life Insurance Company. As of June 30, 2019, the total balance of all outstanding obligations for the supplemental early retirement plans was $9,954,488. Future payments are as follows:

Year Ending June 30,	Lease Payment
2020	$ 2,451,792
2021	2,430,140
2022	2,430,140
2023	2,430,140
2024	212,276
	$ 9,954,488

Claims Liability

Liabilities associated with medical and 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 amounts of payouts and other economic and social factors. The liabilities for worker's compensation and medical claims are reported in the Internal Service Fund. The outstanding claims liabilities at June 30, 2019, amounted to $4,183,842 (discounted at 2.0 percent) and $779,220 (undiscounted) for workers' compensation and medical programs, respectively.

Capital Leases

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

	Energy Efficiency Project
Balance, July 1, 2018	$ 4,624,636
Payments	(792,565)
Balance, June, 30, 2019	$ 3,832,071

The capital lease has minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2020	$ 346,393
2021	334,341
2022	329,843
2023	331,592
2024	338,554
2025-2029	1,931,007
2030	220,341
Total	3,832,071
Less: Amount Representing Interest	(564,376)
Present Value of Minimum Lease Payments	$ 3,267,695

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	$ 45,864,759	$ 1,001,296	$ 1,016,683	$ 4,008,498
Medicare Premium Payment (MPP) Program	1,324,268	-	-	(176,120)
Total	$ 47,189,027	$ 1,001,296	$ 1,016,683	$ 3,832,378

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 4 of GASB Statement No. 75.

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	102
Active employees	1,645
	1,747

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 the Plan members and the District are established and may be amended by the District, the Alvord Education Association (AEA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, AEA, CSEA, and the unrepresented groups. For fiscal year 2018-2019, the District paid $1,001,296 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $45,864,759 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 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.75 percent, average, including inflation
Discount rate	3.80 percent
Healthcare cost trend rates	4.00 percent for 2018

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.

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

	Total OPEB Liability
Balance at June 30, 2017	$ 43,435,127
Service cost	3,515,759
Interest	1,685,466
Changes of assumptions or other inputs	(1,094,293)
Benefit payments	(1,677,300)
Net change in total OPEB liability	2,429,632
Balance at June 30, 2018	$ 45,864,759

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:

Discount Rate	Total OPEB Liability
1% decrease (2.8%)	$ 49,246,426
Current discount rate (3.8%)	45,864,759
1% increase (4.8%)	42,662,404

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:

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (3.0%)	$ 42,821,527
Current healthcare cost trend rate (4.0%)	45,864,759
1% increase (5.0%)	49,045,627

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 $4,008,498. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 1,001,296	$ -
Changes of assumptions	-	1,016,683
Total	$ 1,001,296	$ 1,016,683

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

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

Year Ended June 30,	Deferred Inflows of Resources
2020	$ (77,610)
2021	(77,610)
2022	(77,610)
2023	(77,610)
2024	(77,610)
Thereafter	(628,633)
	$ (1,016,683)

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 $1,324,268 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 0.3460 percent, and 0.3566 percent, resulting in a net decrease in the proportionate share of 0.0106 percent.

For the year ended June 30, 2019, the District recognized OPEB expense of $(176,120).

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.

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%)	$ 1,464,707
Current discount rate (3.87%)	1,324,268
1% increase (4.87%)	1,197,462

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)	$ 1,207,599
Current Medicare costs trend rate (3.7% Part A and 4.1% Part B)	1,324,268
1% increase (4.7% Part A and 5.1% Part B)	1,449,744

NOTE 11 - NON-OBLIGATORY DEBT

Non-obligatory debt relates to debt issuances by the Community Facilities Districts as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Mark-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders and may initiate foreclosure proceedings. Special assessment debt of $9,537,000 as of June 30, 2019, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

NOTE 12 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 15,000	$ -	$ 3,646	$ 18,646
Stores inventories	-	-	170,965	170,965
Prepaid expenditures	3,342	-	-	3,342
Total Nonspendable	18,342	-	174,611	192,953
Restricted				
Legally Restricted Programs	2,137,359	-	2,897,119	5,034,478
Capital projects	-	-	3,076,950	3,076,950
Debt services	-	11,549,084	-	11,549,084
Total Restricted	2,137,359	11,549,084	5,974,069	19,660,512
Assigned				
County classroom carryover	137,067	-	-	137,067
Deferred maintenance program	740,998	-	-	740,998
Textbook adoption	2,773,743	-	-	2,773,743
Donations carryover	195,514	-	-	195,514
Capital projects	-	-	4,040,185	4,040,185
Total Assigned	3,847,322	-	4,040,185	7,887,507
Unassigned				
Reserve for economic uncertainties	7,294,495	-	-	7,294,495
Total	$ 13,297,518	$ 11,549,084	$ 10,188,865	$ 35,035,467

NOTE 13 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the fiscal year ending June 30, 2019, the District contracted with Southern California Regional Liability Excess Fund (SoCal ReLiEF) risk management pool for property and liability insurance coverage. The District's member retention limit was $50,000 and $5,000, respective for liability and property claims.

Workers' Compensation

For the fiscal year of 2018-2019, the District was self-funded for its workers' compensation coverage. The workers' compensation experience of the District was calculated and applied to a premium rate, which was utilized to charge funds for the administration of the program. The District's self-insured retention limit for the 2018-2019 fiscal years was $750,000. Excess liability coverage for workers' compensation claims is provided through Star Insurance Company, a commercial insurance carrier.

Employee Medical Benefits

The District has contracted with Self Insured Schools of California (SISC) and Riverside County Employer/Employee Partnership for Benefits (REEP) to provide employee health benefits. Medical benefits are provided by United Health Care, Anthem Blue Cross, Blue Shield of California, and Kaiser. Dental benefits are provided by Delta Dental and MetLife Dental. Vision benefits are provided by Medical Eye Service and term life insurance is provided by Prudential Life and Mutual of Omaha Life.

Claims Liabilities

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience.

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. The following represents the changes in approximate aggregate liabilities for the District from July 1, 2018 to June 30, 2019:

	Workers' Compensation	Health and Welfare	Total
Liability Balance, July 1, 2017	$ 5,979,000	$ -	$ 5,979,000
Claims and changes in estimates	(841,250)	6,671,273	5,830,023
Claims payments	(735,361)	(5,718,234)	(6,453,595)
Liability Balance, June 30, 2018	4,402,389	953,039	5,355,428
Claims and changes in estimates	298,778	4,510,942	4,809,720
Claims payments	(517,325)	(4,684,761)	(5,202,086)
Liability Balance, June 30, 2019	$ 4,183,842	$ 779,220	$ 4,963,062
Assets available to pay claims at June 30, 2019	$ 6,454,269	$ 3,760,268	$ 10,214,537

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	$ 177,152,960	$ 55,058,789	$ 15,659,847	$ 21,341,818
CalPERS	59,487,602	16,524,377	87,907	14,528,449
Total	$ 236,640,562	$ 71,583,166	$ 15,747,754	$ 35,870,267

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.

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

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

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.28%	16.28%
Required State contribution rate	9.828%	9.828%

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the District's total contributions were $17,604,733.

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	$ 177,152,960
State's proportionate share of the net pension liability associated with the District	101,428,355
Total	$ 278,581,315

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 0.1928 percent and 0.1970 percent, resulting in a net decrease in the proportionate share of 0.0042 percent.

For the year ended June 30, 2019, the District recognized pension expense of $21,341,818. In addition, the District recognized pension expense and revenue of $11,915,545 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 17,604,733	$ -
Net change in proportionate share of net pension liability	9,383,522	6,265,094
Differences between projected and actual earnings on pension plan investments	-	6,821,508
Differences between expected and actual experience in the measurement of the total pension liability	549,344	2,573,245
Changes of assumptions	27,521,190	-
Total	$ 55,058,789	$ 15,659,847

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 1,481,142
2021	(1,074,756)
2022	(5,722,981)
2023	(1,504,913)
Total	$ (6,821,508)

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 measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 5,185,218
2021	5,185,218
2022	5,185,218
2023	6,678,727
2024	6,885,970
Thereafter	(504,634)
Total	$ 28,615,717

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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2018, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.30%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's Fiduciary Net Position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount rate	Net Pension Liability
1% decrease (6.10%)	$ 259,508,356
Current discount rate (7.10%)	177,152,960
1% increase (8.10%)	108,872,346

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the total District contributions were $5,727,672.

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 $59,487,602. 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 0.2231 percent and 0.2233 percent, resulting in a net decrease in the proportionate share of 0.0002 percent.

For the year ended June 30, 2019, the District recognized pension expense of $14,528,449. 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	$ 5,727,672	$ -
Net change in proportionate share of net pension liability	469,410	87,907
Differences between projected and actual earnings on pension plan investments	487,931	-
Differences between expected and actual experience in the measurement of the total pension liability	3,899,789	-
Changes of assumptions	5,939,575	-
Total	$ 16,524,377	$ 87,907

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 1,774,715
2021	424,407
2022	(1,360,071)
2023	(351,120)
Total	$ 487,931

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	$ 4,545,635
2021	4,399,916
2022	1,275,316
Total	$ 10,220,867

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.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount rate	Net Pension Liability
1% decrease (6.15%)	$ 86,611,104
Current discount rate (7.15%)	59,487,602
1% increase (8.15%)	36,984,774

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 $9,361,206 (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. On behalf payments have been included in the calculation of available reserves, but have not been included in the budgeted amounts reported in the *General Fund - Budgetary Comparison Schedule*.

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

Operating Leases

The District has entered into an operating lease for its District Office building with lease terms in excess of one year. The agreement contains a purchase option, but it does not meet the definition of a capital lease. The agreement contains a termination clause providing for cancellation after a specified number of days written notice to lessor, but it is unlikely that the District will cancel the agreement prior to the expiration date. Future minimum lease payments under this agreement are as follows:

Year Ending June 30,	Lease Payment
2020	$ 1,729,287
2021	1,729,287
2022	1,729,287
2023	1,729,287
2024	1,729,287
2025-2029	8,646,433
2030-2034	8,646,433
2035-2039	8,646,433
Total	$ 34,585,734

Construction Commitments

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

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Wells Woodshop	$ 90,544	December 1, 2019

NOTE 16 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS, JOINT POWERS AUTHORITIES AND OTHER RELATED PARTY TRANSACTIONS

The District is a member of the Southern California Regional Liability Excess Fund (SoCal ReLiEF), Self-Insured Schools of California (SISC), Riverside County Employer/Employee Partnership for Benefits (REEP) public entity risk pools. The District pays an annual premium to SoCal ReLiEF for property and liability coverage. Payments for health benefits are paid to SISC and REEP. The relationship between the District and the pools is such that it is not a component unit of the District for financial reporting purposes.

During the year ended June 30, 2019, the District made payments of $967,409, $6,407,036, and $171,393 to SoCal ReLiEF, SISC, and REEP for the services and coverage noted.

NOTE 17 - SUBSEQUENT EVENTS

The District issued $11,000,000 of Tax and Revenue Anticipation Notes dated July 24, 2019. The notes mature on June 30, 2020, with an interest rate of 2.00 percent. The notes were sold to supplement cash flow. Repayment requirements are that a percentage of principal and interest be deposited with the Fiscal Agent each month beginning January 31, 2020, until 100 percent of principal and interest due is on account on June 30, 2020.

NOTE 18 – CORRECTION OF AN ERROR OF PRIOR YEAR NET POSITION

Certain items that occurred in the prior year net position and fund balance have been restated as of June 30, 2018 to more accurately reflect the substance of the underlying transactions. The following table lists the reason for the restatement.

Statement of Net Position	
Net Position - Beginning	$ (83,102,953)
Inclusion of Community Facilities District (CFD) 2006-1, Series 2018 Capital Project Improvement Fund	1,034,923
Net Position - Beginning, as Restated	$ (82,068,030)
Non-Major Governmental Funds - Capital Project Fund for Blended Component Units	
Fund Balance - Beginning	$ 1,271,976
Inclusion of Community Facilities District (CFD) 2006-1, Series 2018 Capital Project Improvement Fund	1,034,923
Fund Balance - Beginning, as Restated	$ 2,306,899

REQUIRED SUPPLEMENTARY INFORMATION

ALVORD UNIFIED SCHOOL DISTRICT

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

	Budgeted Amounts		Actual	Variances - Positive (Negative) Final
	Original	Final	(GAAP Basis)	to Actual
REVENUES				
Local Control Funding Formula	$ 197,191,089	$ 198,008,263	$ 198,120,149	$ 111,886
Federal sources	11,007,535	13,432,520	11,204,119	(2,228,401)
Other State sources	21,170,786	24,071,555	33,832,685	9,761,130
Other local sources	3,322,075	4,413,127	6,534,951	2,121,824
Total Revenues [1]	232,691,485	239,925,465	249,691,904	9,766,439
EXPENDITURES				
Current				
Certificated salaries	108,262,466	109,809,063	109,469,611	339,452
Classified salaries	28,902,156	28,899,856	29,209,244	(309,388)
Employee benefits	62,360,520	64,670,269	73,633,171	(8,962,902)
Books and supplies	8,725,366	10,559,931	8,146,362	2,413,569
Services and operating expenditures	23,687,426	24,781,570	24,467,245	314,325
Capital outlay	-	497,288	456,506	40,782
Other outgo	617,954	1,647,496	1,990,355	(342,859)
Total Expenditures [1]	232,555,888	240,865,473	247,372,494	(6,507,021)
Excess of Revenues Over Expenditures	135,597	(940,008)	2,319,410	3,259,418
Other Financing Uses				
Transfers out	(2,979,149)	(2,979,149)	(4,295,758)	(1,316,609)
NET CHANGE IN FUND BALANCES	(2,843,552)	(3,919,157)	(1,976,348)	1,942,809
Fund Balance - Beginning	15,273,866	15,273,866	15,273,866	-
Fund Balance - Ending	$ 12,430,314	$ 11,354,709	$ 13,297,518	$ 1,942,809

[1] On behalf payments of $8,826,303 relating to Senate Bill 90 are included in the actual revenues and expenditures but have not been included in the budgeted amounts. In addition, due to the consolidation of Fund 14, Deferred Maintenance Fund, for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however are not included in the original and final General Fund budgets.

See accompanying note to required supplementary information.

ALVORD UNIFIED SCHOOL DISTRICT

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

	2019	2018
Total OPEB Liability		
Service cost	$ 3,515,759	$ 3,421,663
Interest	1,685,466	1,436,645
Changes of assumptions	(1,094,293)	-
Benefit payments	(1,677,300)	(1,612,788)
Net change in total OPEB liability	2,429,632	3,245,520
Total OPEB liability - beginning	43,435,127	40,189,607
Total OPEB liability - ending	$ 45,864,759	$ 43,435,127
Covered payroll	N/A[1]	N/A[1]
District's total OPEB liability as a percentage of covered payroll	N/A[1]	N/A[1]

[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

ALVORD 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,	2019	2018
District's proportion of the net OPEB liability	0.3460%	0.3566%
District's proportionate share of the net OPEB liability	$ 1,324,268	$ 1,500,388
District's covered payroll	N/A[1]	N/A[1]
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.40%	0.01%

[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

ALVORD UNIFIED SCHOOL DISTRICT

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

	2019	2018
CalSTRS		
District's proportion of the net pension liability	0.1928%	0.1970%
District's proportionate share of the net pension liability	$ 177,152,960	$ 182,175,385
State's proportionate share of the net pension liability associated with the District	101,428,355	107,773,419
Total	$ 278,581,315	$ 289,948,804
District's covered payroll	$ 103,964,860	$ 104,212,774
District's proportionate share of the net pension liability as a percentage of its covered payroll	170.40%	174.81%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%
CalPERS		
District's proportion of the net pension liability	0.2231%	0.2233%
District's proportionate share of the net pension liability	$ 59,487,602	$ 53,308,071
District's covered payroll	$ 29,641,420	$ 31,321,047
District's proportionate share of the net pension liability as a percentage of its covered payroll	200.69%	170.20%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%

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

See accompanying note to required supplementary information

2017	2016	2015
0.2039%	0.2027%	0.1771%
$ 164,913,328	$ 136,472,756	$ 103,490,342
93,882,216	72,179,043	62,491,937
$ 258,795,544	$ 208,651,799	$ 165,982,279
$ 105,567,586	$ 94,087,387	$ 81,588,014
156.22%	145.05%	126.85%
70%	74%	77%
0.1990%	0.2007%	0.1807%
$ 39,309,748	$ 29,589,636	$ 20,518,289
$ 23,988,203	$ 22,225,990	$ 19,063,577
163.87%	133.13%	107.63%
74%	79%	83%

ALVORD UNIFIED SCHOOL DISTRICT

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

	2019	2018
CalSTRS		
Contractually required contribution	$ 17,604,733	$ 15,003,169
Contributions in relation to the contractually required contribution	(17,604,733)	(15,003,169)
Contribution deficiency (excess)	$ -	$ -
District's covered payroll	$ 108,137,181	$ 103,964,860
Contributions as a percentage of covered payroll	16.28%	14.43%
CalPERS		
Contractually required contribution	$ 5,727,672	$ 4,603,609
Contributions in relation to the contractually required contribution	(5,727,672)	(4,603,609)
Contribution deficiency (excess)	$ -	$ -
District's covered payroll	$ 31,711,173	$ 29,641,420
Contributions as a percentage of covered payroll	18.06%	15.53%

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

See accompanying note to required supplementary information

2017	2016	2015
$ 13,109,967	$ 11,327,402	$ 8,354,960
(13,109,967)	(11,327,402)	(8,354,960)
$ -	$ -	$ -
$ 104,212,774	$ 105,567,586	$ 94,087,387
12.58%	10.73%	8.88%
$ 4,349,867	$ 2,842,602	$ 2,615,999
(4,349,867)	(2,842,602)	(2,615,999)
$ -	$ -	$ -
$ 31,321,047	$ 23,988,203	$ 22,225,990
13.89%	11.85%	11.77%

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

At June 30, 2019, the District's General Fund exceeded the budgeted amount in total as follows:

	Expenditures and Other Uses		
	Budget	Actual*	Excess
General Fund	$ 243,844,622	$ 251,668,252	$ 7,823,630

* Includes on behalf payments of $8,826,303 relating to Senate Bill 90.

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. 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 the June 30, 2018 valuation to 3.80 percent in the June 30, 2019 valuation.

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.

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

ALVORD UNIFIED SCHOOL DISTRICT

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE)			
Carl D. Perkins Vocational and Technical Education: Secondary, Section 131	84.048	14894	$ 172,686
Title I, Part A - Basic Grants, Low Income and Neglected	84.010	14329	5,442,382
Title II, Part A - Supporting Effective Instruction	84.367	14341	446,302
Title III, Part A - English Learner Student Program	84.365	14346	618,946
Title III - Immigrant Student Program	84.365	15146	33,568
Titile IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	406
Passed through Riverside County SELPA			
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	3,196,891
Preschool Grants, Part B, Sec 619	84.173	13430	60,169
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	257,831
Preschool Staff Development, Part B, Sec 611	84.173A	13431	602
Subtotal Special Education (IDEA) Cluster			3,515,493
Total U.S. Department of Education			10,229,783
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Department of Health Services			
Medicaid Cluster			
Medi-Cal Billing Option	93.778	10013	332,081
Passed through County of Riverside			
Medi-Cal Administrative Activities	93.778	10060	393,092
Subtotal Medicaid Cluster			725,173
Total U.S. Department of Health and Human Services			725,173
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
Child Nutrition Cluster			
National School Lunch Program	10.555	13396	6,055,859
Meal Supplements - Snacks	10.555	13755	199,200
Especially Needy Breakfast Program	10.553	13526	1,656,155
Commodities	10.555	13396	502,394
Summer Food Service Program Operations	10.559	13004	156,292
Summer Food Service Program Administration	10.559	13006	16,148
Subtotal Child Nutrition Cluster			8,586,048
NSLP Equipment Assistance Grants	10.579	14906	142,717
Child and Adult Care Food Program	10.558	13666	678,836
Fresh Fruit and Vegetable Program	10.582	14968	105,152
Total U.S. Department of Agriculture			9,512,753
Total Federal Programs			$ 20,467,709

See accompanying note to supplementary information.

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2019

ORGANIZATION

The Alvord Unified School District was unified on July 1, 1960 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 twelve elementary schools, four middle schools, three comprehensive high schools, and one continuation school. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Robert Schwandt	President	2022
Carolyn Wilson	Vice President	2020
Lizeth Vega	Clerk	2020
Dr. Joanna Dorado	Member	2022
Julie Moreno	Member	2022

ADMINISTRATION

NAME	TITLE
Allan Mucerino	Superintendent
Robert Presby	Assistant Superintendent, Human Resources
Julie Koehler-Mount	Assistant Superintendent, Educational Services
Susana Lopez	Assistant Superintendent, Business Services
Kevin Ememaker	Executive Director of Administrative Services

See accompanying note to supplementary information.

ALVORD UNIFIED SCHOOL DISTRICT

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

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	5,352.03	5,373.09
Fourth through sixth	3,885.37	3,885.59
Seventh and eighth	2,834.66	2,829.22
Ninth through twelfth	5,476.06	5,417.63
Total Regular ADA	17,548.12	17,505.53
Extended Year Special Education		
Transitional kindergarten through third	3.64	3.64
Fourth through sixth	1.22	1.22
Seventh and eighth	0.98	0.98
Ninth through twelfth	2.19	2.19
Total Extended Year Special Education	8.03	8.03
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.73	0.42
Fourth through sixth	2.34	2.69
Seventh and eighth	3.24	3.03
Ninth through twelfth	13.55	13.63
Total Special Education, Nonpublic, Nonsectarian Schools	19.86	19.77
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	0.26	0.26
Seventh and eighth	0.46	0.66
Ninth through twelfth	2.54	2.88
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	3.26	3.80
Total ADA	17,579.27	17,537.13

See accompanying note to supplementary information.

ALVORD UNIFIED SCHOOL DISTRICT

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

	1986-87	2018-19	Number of Days		
Grade Level	Minutes Requirement	Actual Minutes	Traditional Calendar	Multitrack Calendar	Status
Kindergarten	36,000	37,800	180	-	Complied
Grades 1 - 3	50,400				
Grade 1		53,220	180	-	Complied
Grade 2		53,220	180	-	Complied
Grade 3		53,220	180	-	Complied
Grades 4 - 6	54,000				
Grade 4		55,275	180	-	Complied
Grade 5		55,275	180	-	Complied
Grade 6		61,785	180	-	Complied
Grades 7 - 8	54,000				
Grade 7		61,785	180	-	Complied
Grade 8		61,785	180	-	Complied
Grades 9 - 12	64,800				
Grade 9		65,126	180	-	Complied
Grade 10		65,126	180	-	Complied
Grade 11		65,126	180	-	Complied
Grade 12		65,126	180	-	Complied

See accompanying note to supplementary information.

ALVORD UNIFIED SCHOOL DISTRICT

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

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements:

	Internal Service Fund
NET POSITION	
Balance, June 30, 2019, Unaudited Actuals	$ 6,012,399
Increase in:	
Claims liability	(779,220)
Balance, June 30, 2019, Audited Financial Statements	$ 5,233,179

See accompanying note to supplementary information.

ALVORD UNIFIED SCHOOL DISTRICT

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

	(Budget) 2020 [1]	2019	2018	2017
GENERAL FUND[3]				
Revenues	$ 232,480,731	$ 240,843,066	$ 224,915,417	$ 223,354,385
Expenditures	231,625,232	237,854,059	225,023,890	217,288,405
Other uses and transfers out	2,145,153	5,295,758	3,750,410	1,689,248
Total Expenditures and Other Uses	233,770,385	243,149,817	228,774,300	218,977,653
INCREASE (DECREASE) IN FUND BALANCE	$ (1,289,654)	$ (2,306,751)	$ (3,858,883)	$ 4,376,732
ENDING FUND BALANCE	$ 11,266,866	$ 12,556,520	$ 14,863,271	$ 18,722,154
AVAILABLE RESERVES[2]	$ 7,028,112	$ 7,294,495	$ 10,841,649	$ 6,569,330
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	3.01%	3.00%	4.74%	3.00%
LONG-TERM OBLIGATIONS[4]	NA	$328,047,356	$ 319,595,776	$ 316,051,476
K-12 AVERAGE DAILY ATTENDANCE AT P-2	17,579	17,579	18,019	18,305

The General Fund balance has decreased by $6,165,634 over the past two years, and the fiscal year 2019-2020 budget projects a further decrease of $1,289,654 (10.3 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating 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 $11,995,880 over the past two years.

Average daily attendance has decreased by 726 over the past two years. No change in 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 General Fund amounts do not include activity related to the consolidation of the Fund 14, Deferred Maintenance Fund, as required by GASB Statement No. 54.

4 On behalf payments of $8,826,303 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.

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ALVORD UNIFIED SCHOOL DISTRICT

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

	Adult Education Fund	Cafeteria Fund	Building Fund
ASSETS			
Deposits and investments	$ 155,580	$ 1,801,594	$ 299,438
Receivables	28,077	1,668,412	8,451
Due from other funds	-	190	-
Stores inventories	-	170,965	-
Total Assets	$ 183,657	$ 3,641,161	$ 307,889
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 8,051	$ 182,942	$ 197,390
Due to other funds	24,648	454,691	-
Unearned revenue	-	82,756	-
Total Liabilities	32,699	720,389	197,390
Fund Balances:			
Nonspendable	-	174,611	-
Restricted	150,958	2,746,161	110,499
Assigned	-	-	-
Total Fund Balances	150,958	2,920,772	110,499
Total Liabilities and Fund Balances	$ 183,657	$ 3,641,161	$ 307,889

See accompanying note to supplementary information.

	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Project Fund for Blended Component Units	Non Major Governmental Funds
	$ 1,331,581	$ 1,987,735	$ 1,847,143	$ 7,423,071
	7,518	13,040	-	1,725,498
	-	2,316,609	-	2,316,799
	-	-	-	170,965
	$ 1,339,099	$ 4,317,384	$ 1,847,143	$ 11,636,333
	$ 219,791	$ 277,199	$ -	$ 885,373
	-	-	-	479,339
	-	-	-	82,756
	219,791	277,199	-	1,447,468
	-	-	-	174,611
	1,119,308	-	1,847,143	5,974,069
	-	4,040,185	-	4,040,185
	1,119,308	4,040,185	1,847,143	10,188,865
	$ 1,339,099	$ 4,317,384	$ 1,847,143	$ 11,636,333

ALVORD 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	Cafeteria Fund	Building Fund
REVENUES			
Federal sources	$ -	$ 9,512,753	$ -
Other State sources	348,734	603,018	-
Other local sources	-	710,538	29,325
Total Revenues	348,734	10,826,309	29,325
EXPENDITURES			
Current			
Instruction	317,503	-	-
Instruction-related activities:			
Supervision of instruction	37,840	-	-
School site administration	68,173	-	-
Pupil services:			
Food services	-	10,485,558	-
Administration:			
All other administration	19,970	454,341	-
Plant services	34,320	101,133	15,000
Facility acquisition and construction	-	-	1,188,638
Debt service			
Principal	-	-	-
Interest and other	-	-	-
Total Expenditures	477,806	11,041,032	1,203,638
Excess (Deficiency) of Revenues Over Expenditures	(129,072)	(214,723)	(1,174,313)
Other Financing Sources			
Transfers in	-	-	9,898
Transfers out	-	-	-
Net Financing Sources	-	-	9,898
NET CHANGE IN FUND BALANCES	(129,072)	(214,723)	(1,164,415)
Fund Balance - Beginning, as Restated	280,030	3,135,495	1,274,914
Fund Balance - Ending	$ 150,958	$ 2,920,772	$ 110,499

See accompanying note to supplementary information.

Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Project Fund for Blended Component Units	Non Major Governmental Funds
$ -	$ -	$ -	$ -	$ 9,512,753
-	-	-	-	951,752
721,391	-	28,981	1,317,766	2,808,001
721,391	-	28,981	1,317,766	13,272,506
-	-	-	-	317,503
-	-	-	-	37,840
-	-	-	-	68,173
-	-	-	-	10,485,558
19,939	-	-	-	494,250
88,745	-	1,183,624	500,000	1,922,822
595,055	-	-	-	1,783,693
-	-	687,797	-	687,797
-	-	104,768	1,277,522	1,382,290
703,739	-	1,976,189	1,777,522	17,179,926
17,652	-	(1,947,208)	(459,756)	(3,907,420)
-	-	4,295,758	-	4,305,656
-	(9,898)	-	-	(9,898)
-	(9,898)	4,295,758	-	4,295,758
17,652	(9,898)	2,348,550	(459,756)	388,338
1,101,656	9,898	1,691,635	2,306,899	9,800,527
$ 1,119,308	$ -	$ 4,040,185	$ 1,847,143	$ 10,188,865

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. No federal assistance was provided to subrecipients.

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 amount consists of Medi-Cal Billing Option funds that 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.

Description	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues,		
Expenditures and Changes in Fund Balances:		$ 20,716,872
Medi-Cal Billing Option	93.778	(249,163)
Total Schedule of Expenditures of Federal Awards		$ 20,467,709

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

Districts must maintain their instructional minutes at 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
Alvord Unified School District
Corona, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alvord 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 Alvord Unified School District's basic financial statements, and have issued our report thereon dated December 16, 2019.

Emphasis of Matter – Correction of Error

As discussed in Note 18 to the financial statements, investments related to the Capital Project Fund for Blended Component Units were understated in the prior year resulting in a restatement of fund balance and net position as of June 30, 2018, to more accurately reflect the substance of the underlying transactions. Our opinion is not modified with respect to this matter.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

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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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-003 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alvord 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 Alvord Unified School District in a separate letter dated December 16, 2019.

Alvord Unified School District's Response to Findings

Alvord Unified School District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Alvord Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rancho Cucamonga, California
December 16, 2019

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

Governing Board
Alvord Unified School District
Corona, California

Report on Compliance for Each Major Federal Program

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

Opinion on Each Major Federal Program

In our opinion, Alvord 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.

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Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-004. Our opinion on each major Federal program is not modified with respect to this matter.

Alvord Unified School District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Alvord Unified School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Alvord 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 Alvord 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 Alvord 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. We identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-004, which we consider to be a significant deficiency.

Alvord Unified School District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Alvord Unified School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Rancho Cucamonga, California
December 16, 2019

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Alvord Unified School District
Corona, California

Report on State Compliance

We have audited Alvord 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 Alvord 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 Alvord 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 Alvord 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 Alvord Unified School District's compliance with those requirements.

Unmodified Opinion

In our opinion, Alvord 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, except as described in the Schedule of State Awards Findings and Questioned Costs section of the accompanying Schedule of Findings and Questioned Costs.

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In connection with the audit referred to above, we selected and tested transactions and records to determine the Alvord 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	No, see below
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	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	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	No, see below
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

We did not perform testing for Independent Study because attendance for the program was below the materiality required for testing.

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 operate Middle or Early College High Schools; therefore, we did not perform procedures related to the Middle or Early College High School.

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 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 offer Independent Study – Course Based program; therefore, we did not perform procedures related to the Independent Study – Course Based program.

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

Rancho Cucamonga, California
December 16, 2019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	Yes
Significant deficiency identified?	Yes
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weakness identified?	No
Significant deficiency identified?	Yes
Type of auditor's report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	Yes

Identification of major Federal programs:

CFDA Numbers	Name of Federal Programs or Clusters
84.027, 84.173, 84.027A, and 84.173A	Special Education (IDEA) Cluster
84.010	Title I, Part A, Basic Grants Low-Income and Neglected

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	No

STATE AWARDS

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

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

The following findings represent material weaknesses and a significant deficiency related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control
60000	Miscellaneous

2019-001 60000

Criteria or Specific Requirements

According to Title 5 California Code of Regulations Section 15450(a), available reserves for any budget year or two subsequent years are not less than three percent for District with 1,001 to 30,000 Average Daily Attendance (ADA). The available reserves are unrestricted amounts in the Reserve for Economic Uncertainties and the Unassigned/Unappropriated accounts in the General Fund and the Special Reserve Fund for Other than Capital Outlay Projects.

Condition

The District ended the 2018-2019 fiscal year with a reserve balance of $7,294,495 which represents three percent of the District's total outgo. The District also projects to meet its three percent reserve in the in the upcoming 2019-2020 fiscal year with a projected operating surplus in its General Fund. However, budgetary projections do not predict actual results and the District's projections can potentially not materialize which can severely impair the District's ability to meet its reserve requirement.

Questioned costs

There are no questioned costs associated with this finding.

Context

The condition was identified during the final year-end audit procedures of the unaudited actuals along with the assessment of known conditions impacting the District's immediate future operation given the District's ending reserve balance reported in its General Fund.

Effect

Deficit spending trends in conjunction with the lack of reasonable financial "cushion" to absorb any budgetary short-falls has placed the District in a financial condition that currently impacts the District's fiscal stability. Additionally, the District is in a financial condition where strict budgetary controls are necessary to ensure the continued improvement of its financial health

Cause

The significant factors contributing to the District's condition include the following:

1) Heavy deficit spending that took place in the current and previous fiscal years within the General Fund.
2) Declining enrollment/ADA which impairs the revenue growth needed to sustain increased level of spending.
3) Unsustainable expenditures due to the lack of an effective and aggressive expenditure mitigation plan that's implemented by the District and the governing board.

Recommendation

The District should progressively monitor its budget to actual results to ensure that the District can maintain its fiscal solvency. More importantly, the District should continue to develop and revise its aggressive fiscal/budget stabilization plan that identifies a viable correction plan to ensure that fiscal solvency can be sustained. The stabilization plan must incorporate adequate expenditure mitigation objectives that can create a layer of financial "cushion" beyond the minimum reserve requirement stipulated by the State. This would allow the District to accommodate future uncertainties in operational variance without impairing the District's fiscal solvency. Furthermore, the District should continue to analyze its cash flows to ensure that adequate cash is available to meet obligations that become due as part of its regular operations until the District's budget stabilization plan takes effect.

Corrective Action Plan

The District is currently working on a budget stabilization plan. The District continues to work with the Budget Advisory Committee to assist with identifying revenue opportunities as well as reviewing and evaluation of expenditures. Fiscal staff will continue to closely monitor and analyze budgets, cash flow, enrollment and attendance to make sure the most accurate information is provided when making decisions.

2019-002 30000

Criteria or Specific Requirements

The District should maintain a system for identifying and reviewing entries made during the preparation of the financial statement. This review process will aid in detecting and preventing misstatements made during the preparation of the financial statements.

Condition

During the course of our engagement, we identified the incorrect exclusion of the Community Facilities District (CFD) 2006-1, Series 2018 Capital Project Improvement Fund's ending fund balance from the Capital Project Fund for Blended Component Units on the District's 2017-2018 audited financial statements. The result of this exclusion was a $1,034,923 understatement of the District's 2017-2018 Capital Project Fund for Blended Component Units.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The condition was identified during our testing of activities within the District's Community Facilities District (CFD) 2006-1, Series 2018.

Effect

The Capital Project Fund for Blended Component Units was understated on the prior year audited financial statements due to the incorrect exclusion of the Community Facilities District (CFD) 2006 1, Series 2018 Capital Project Improvement Fund. This resulted in a misstatement that was not detected or prevented by the District's internal accounting control and review process.

Cause

The District's internal control and review system was not able to detect the misstatement to the financial statement.

Recommendation

A thorough review of the District's financial statements, including all adjusting entries, reclassifying entries, and conversion entries should take place before the financial statements are finalized by the District's accounting department.

Corrective Action Plan

Management will review year-end financial account balances to ensure that they have been correctly reported. Balances will be raced to supporting records to verify the accuracy and completeness of reported information.

2019-003 30000

Criteria or Specific Requirements

According to California State Accounting Manual (CSAM) Procedure 105, an Internal Service Fund is used to account for goods or services provided on a cost reimbursement basis to other funds or departments within the Local Educational Agency (LEA) and, occasionally, to other agencies. The goal of an internal service fund is to measure and recover the full cost of providing goods or services through user fees or charges, normally on a break-even basis. Moreover, the completeness assertion within the financial statement framework requires an entity to record all transactions and events that should have been recorded.

Condition

The District did not present its self-insured medical plan estimated claim liability associated with the Alvord Educators Association within its financial statements, specifically, within the internal service fund (Fund 67).

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The condition was identified through inquiry with District personnel and also through review of available District records related to the District's agreement with the Alvord Educators Association.

Effect

Due to the exclusion of the claim liability associated with the District's self-insured medical program activities, the District's internal service fund was overstated by $779,220.

Cause

The cause of the condition identified appears to have been associated with the District's personnel failing to recognize the claim liability in the financial statements.

Recommendation

Going forward, monthly claims reports obtained by the District's Risk Management Department should be directed to the District's Fiscal Services Department to estimate and record the claim liability associated with the District's self-insured medical program.

Corrective Action Plan

At this time, the district is working with the Riverside County Office of Education to develop best practices and procedures to incorporate its self-insured medical through the use of its internal service fund. In addition, the district's Risk Manager and Fiscal Services Director will develop procedures to ensure that all claims related activities are properly and timely reported within the District's financial system.

The following finding represents a significant deficiency that is required to be reported by the Uniform Guidance. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
50000	Federal Compliance

2019-004 Code 50000

Federal Program Affected

Program Name: Title I, Part A - Low-Income and Neglected
CFDA Number: 84.010
Pass-Through Entity: California Department of Education
Federal Agency: U.S. Department of Education

Criteria or Specific Requirements

Per Title 34, *Code of Federal Regulations*, Part 200, Subpart A, Section 200.63(a), local education agencies (LEAs) must provide timely and meaningful consultations with appropriate officials of private schools. LEAs must be able to demonstrate that eligible private schools were contacted and notified of the opportunity to participate in the Title I, Part A program.

Condition

Through inquiry with District personnel, it appears that records were not maintained to demonstrate that private schools had been contacted and notified of the opportunity to participate in the Title I, Part A program for the 2018-2019 school year.

Questioned Costs

There were no questioned costs identified.

Context

The condition was identified as a result of the auditor's inquiry with District personnel.

Effect

The District was not in compliance with Title 34, *Code of Federal Regulations*, Part 200, Subpart A, Section 200.63(a),

Cause

The condition identified appears to have materialized due to private school correspondence records not being maintained by the District for the 2018-2019 school year.

Repeat Finding (Yes or No)

No

Recommendation

It is recommended that the District maintain private school correspondence records, minutes from meetings with private school representatives, and written affirmations from private school officials to demonstrate compliance with provisions under Title 34, *Code of Federal Regulations*, Part 200, Subpart A, Section 200.63(a).

Corrective Action Plan

District staff responsible for oversight and administration of federal programs have reviewed program guidelines regarding the need to provide timely and meaningful consultation with appropriate officials of private schools. In order to demonstrate compliance with these requirements, records of correspondence with private schools, including minutes from meetings, and letters of notice will be retained for review.

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

None reported.

ALVORD UNIFIED SCHOOL DISTRICT

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

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

2018-001 60000

Criteria or Specific Requirements

Financial statement preparers have a responsibility to evaluate whether there is substantial doubt about a government's ability to continue as a going concern for 12 months beyond the financial statement date.

Condition

As discussed in Note 18 to the financial statements, the General Fund's trend of deficit spending in conjunction with unsustainable salary increases, declining enrollment, and inadequate cash flow have adversely affected the District's financial condition and its ability to meet future financial obligations.

Questioned costs

There are no questioned costs associated with this finding.

Context

The condition was identified during the final year-end audit procedures of the unaudited actuals along with the assessment of known conditions impacting the District's immediate future operation given the District's ending reserve balance reported in its General Fund.

Effect

The District's deficit spending, lack of new revenue sources, and the inability to generate sufficient cash flow raises substantial doubt about the District's ability to continue as a going concern.

Cause

The significant factors contributing to the District's financial condition (as noted in Note 18) include:

1) Unsustainable salary increases that create significant and structural deficit spending.
2) Declining local enrollment of students at a rate of approximately 1.2 to 1.5 percent annually.
3) Inadequate cash flow to meet obligations throughout the upcoming year without temporary external borrowing.

Recommendation

The District must progressively monitor its budget to actual results to ensure that the District can maintain its fiscal solvency. More importantly, the District must develop an aggressive fiscal/budget stabilization plan that identifies a viable correction plan to ensure that fiscal solvency can be sustained. The stabilization plan must incorporate adequate expenditure mitigation objectives that can create a layer of financial "cushion" beyond the minimum reserve requirement stipulated by the State. This would allow the District to accommodate future uncertainties in operational variance without impairing the District's fiscal solvency. Furthermore, the District must continue to analyze its cash flows to ensure that adequate cash is available to meet obligations that become due as part of its regular operations until the District's budget stabilization plan takes effect.

Current Status

Partially implemented. See current year finding 2019-001.

2018-002 **30000**

Criteria or Specific Requirements

Financial Statements prepared in accordance with GASB Statements 34, must include activities related to the District's capital assets. Reporting of capital assets on financial statements require the District to track and monitor capital assets activities annually, including acquisitions, dispositions, and construction activities that are generally considered as "construction in progress."

Condition

Although the current year's capital asset additions have been captured for financial reporting purposes, the District did not properly classify capital assets additions in the correct categories. Additionally, the following conditions were noted:

1) The District does not have a designated employee and an alternate employee responsible for tracking, monitoring, and updating the District capital assets activities.
2) Instead of electing to use the capital assets module within the County's Galaxy system, the District has been electing to use a manual tracking method.
3) Capital assets appear to be inadequately tracked within the manual tracking method prepared by the District. Specifically, assets tags assigned to various capital assets were incomplete.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The condition was identified through inquiry with District personnel and also through review of available District records related to the capital assets activities.

Effect

Due to the condition identified, the District's capital assets reported on the government-wide statements are potentially subject to misclassification.

Cause

The cause of the condition identified appears to have been triggered by the recent departure of the employee responsible for the District's capital assets. The situation was further exacerbated by the District's lack of alternate employee that can manage the District's capital assets responsibilities.

Recommendation

The District should consider the following actions:

1) Delegate a primary and an alternate employee to handle the District's capital assets activities.
2) Consider drafting a formal procedure/policy to ensure that the District's capital assets responsibilities are written. Written procedure/policy would allow the District's capital assets activities to continue in case of employee terminations/departures.
3) The District should consider engaging a third-party vendor that can assist the District with identifying all capital assets on hand through a physical inventory.
4) Once physical inventory has been taken, the District should consider importing the information into the Galaxy system's capital assets module. Subsequently, all capital assets activities should be tracked and updated through the Galaxy system's capital assets module.
5) The District should provide appropriate and necessary training to designated employee(s) to ensure that the capital assets module in the Galaxy system can be effectively utilized.

Current Status

Implemented.

2018-003 **30000**

Criteria or Specific Requirements

According to California State Accounting Manual (CSAM) Procedure 105, an Internal Service Fund is used to account for goods or services provided on a cost reimbursement basis to other funds or departments within the Local Educational Agency (LEA) and, occasionally, to other agencies. The goal of an internal service fund is to measure and recover the full cost of providing goods or services through user fees or charges, normally on a break-even basis. Moreover, the completeness assertion within the financial statement framework requires an entity to record all transactions and events that should have been recorded.

Condition

The District did not present its self-insured medical plan activities associated with the Alvord Educators Association within its financial statements, specifically, within the internal service fund (Fund 67).

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The condition was identified through inquiry with District personnel and also through review of available District records related to the District's agreement with the Alvord Educators Association.

Effect

Due to the exclusion of its self-insured medical program activities, the District's internal service fund was understated by $1,808,278 (understatement of assets by $2,761,317 and projected claims liabilities by $953,039).

Cause

The cause of the condition identified appears to have been triggered by the reserve balances held in trust outside of the District's financial statements. Contributory factor appears to be associated with the District's personnel failing to recognize these activities in the financial statements and the confusion about the ownership of these funds that are held in trust outside of the District's financial statements.

Recommendation

Going forward, the District should incorporate its self-insured medical plan through the use of its internal service fund. Instead of making direct contributions from the General Fund to finance the on-going claims incurred, the District should utilize an in-district premium (object 8674) to move the cash into its internal service fund prior to making its contributions. This will force the District to recognize the activities outside of the District. Furthermore, monthly claims reports obtained by the District's Risk Management Department should be directed to the District's Fiscal Services Department to ensure that all claims related activities are properly and timely reported within the District's financial system.

Current Status

Not implemented. See current year finding 2019-002.

Instructional Time

2018-004 40000

Criteria or Specific Requirements

According to *Education Code* Section 46200, a District must offer 180 school days per year for traditional calendar schools, and 163 days per year for year-round calendar schools to be eligible to receive long-year incentive funding. In addition, *Education Code* Section 46141 states that the minimum school days in grades nine through twelve is 240 minutes and *Education Code* Section 46142 allows the minimum school day minutes to be computed using an average of 2 consecutive school days to arrive at the minimum school day, as long as the number of minutes in any one school day is never less than 180 minutes. In order to count a school day as a day of instruction for incentive funding under *Education Code* Section 42600, the District must meet the minimum daily minute requirements of *Education Code* Section 46141 and 46142.

Condition

The District did not meet the minimum daily requirement for grades nine, ten, and twelve at one of its high schools for one day, and as a result, only offered 179 school days during the fiscal year of 2017-2018. The following schedule summarizes the non-compliance:

Norte Vista High School			
Grade Level	**Days Required**	**Days Offered**	**Day Short**
9th Grade	180	179	1
10th Grade	180	179	1
12th Grade	180	179	1

Questioned Costs

Using the California Department of Education's latest published "*Estimating the Cost of an Instructional Time Audit Penalty*" worksheet, the penalty calculation is as follows:

ADA for grade levels affected (all 9^{th}, 10^{th}, and 12^{th} grade ADA as reported on Second Period Report of Attendance) – 3,922.67 ADA
Derived Value of ADA - $9,996.19
Days Non-Compliant – 1 day

Calculation – 0.0056 x 3,922.67 ADA x $9,996.19 x 1 = $219,586

Context

The condition was found during our review of the instructional minute calculation performed for a sample of sites. We selected 5 out of 21 school sites to perform a recalculation of the instructional minutes. We obtained the calculations from the District and using bell schedules and school calendars received from the sites, the auditor re-performed the calculations. During this process, the auditor identified that one school (Norte Vista High School) was operating a college testing day that only offered 97 minutes for 9th, 10th, and 12th grade students. Upon further review of the high school bell schedules, this was the only day noted as not meeting the 180 minimum daily minute requirement.

Effect

As a result of the condition identified, the District did not comply with *Education Code* Section 46200 and will be penalized by the State for a total of $219,586.

Cause

The cause may be a result of the lack of review over site instructional minute calculation and/or lack of knowledge of absolute minimum daily minute requirements (180 minutes).

Recommendation

On a go-forward basis, the District should revamp its instructional minute review procedures to include a more stringent review of the calculations submitted by the sites. Additionally, we also recommend the District to provide a general overview of instructional minute requirement to all site administrators to ensure that similar short-falls are not repeated in the future.

Current Status

Implemented.

After School Education and Safety Program

2018-005 40000

Criteria or Specific Requirements

According to the California *Education Code* Section 8483a(2), it is the intent of the Legislature that elementary and middle school or junior high school pupils participate in the full day of the program every day during which pupils participate, except as allowed by the early release policy.

Condition

While verifying the total students served for the month of November 2017, the auditor noted instances where students were counted as present with no sign in/out and signed out early without documenting the reason for early release or late arrival. Since the reason for early release is not documented, it cannot be determined if the early release is consistent with the early release policy.

Questioned Costs

Under the provisions of the program, there are no questioned costs associated with this condition.

Context

The condition identified resulted from our review of Foothill Elementary and Villegas Middle Schools' attendance records and monthly attendance summary totals for the month of November 2017. Auditor selected two out of sixteen schools for the first semi-annual reporting period dated July to December 2017. The auditor reviewed sign in/sign out records for the month of November 2017, and noted instances where students were counted as present while their sign out sheets indicated they were not present or signed out early without documenting the reason for early release at both Foothill Elementary School and Villegas Middle School.

Effect

As a result of our testing, the District was not compliant with *Education Code* Section 8483a(2) for the 2017-2018 fiscal year since the students were either not present or signing out early without a reason. As such, it could not be determined if the students arriving late or leaving early were in compliance with the early release/late arrival policy.

Cause

The cause of the condition appears to be a result of the program administration counting the number of students present incorrectly and parents failing to record an early release code on the sign-out sheet when checking their child out of the program.

Recommendation

We recommend the District continue to enforce its early release policy by communicating with parents the importance of documenting the reason for early release.

Current Status

Implemented.

Management
Alvord Unified School District
Corona, California

In planning and performing our audit of the financial statements of Alvord 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 16, 2019, on the government-wide financial statements of the District.

INTERNAL CONTROLS

Cafeteria Inventory Valuation Report

Observation

Based on our review of the District's final inventory valuation report for goods held by the District's Child Nutrition Services Department, we noted that the report used to record the ending inventory balance in the Cafeteria Fund was mathematically inaccurate. Specifically, we noted a variance of $9,943 from what was reported on the District's Unaudited Actuals due to the mathematically inaccurate report.

Recommendation

The District can elect to use an internally generated summary to support the value of ending inventory balances held. However, the District must ensure that such reports are mathematically accurate by reviewing any underlying formulas that calculate subtotals and totals reported.

Self-Insured Workers Compensation Revolving Account

Observation

The District uses a revolving account in connection with its self-insured workers' compensation activities. The revolving account was created to facilitate the administration of claims handling process by a third-party administrator. Based on our review of this revolving account, it appears that the District has not accurately reported the revolving account balance. Based on our observation, the District reported the ending bank statement balance instead of the reconciled balance as of June 30, 2019. Consequently, the District has understated its assets related to its self-insured workers' compensation activities by $155.

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Recommendation

Although the District would never directly use the revolving account to pay its own workers' compensation claims, the account is still considered an asset to the District. The District should accurately report this balance on its financial statement in order to ensure the completeness and accuracy of its assets shown in the Self Insurance Fund. Furthermore, any other revolving accounts with a similar usage mechanism should be reported on the District's financial statements.

Inclusion of Outside Activities

Observation

The District currently reports cash collected from voluntary deductions from employee payroll that are used for various charitable causes. We noted that the District currently records these activities within its unrestricted funds. Specifically, these activities are recorded in Fund 03, resources 0630 and 0631. At year end, activity recorded in these resources resulted in the inflation of the District's ending fund balance by approximately $17,000.

Recommendation

The District's accounting records should only reflect financial activities and transactions that directly result from the District's operation. While the intent was a charitable cause, the District should be focused on education related activities and should not supplant the role of various charitable organizations. We recommend the District to identify an alternative method of tracking these funds outside of the District's unrestricted General Fund.

Credit Card Purchases

Observations

1. Through review of 40 credit card purchases, one purchase was identified as containing a tip amount that significantly exceeding the District's established 18 percent maximum reimbursable tip amount. The tip amount of $200 represented 31 percent of the associated catering expenses.
2. Through review of 40 credit card purchases, multiple hotel expenses were identified that were not preapproved with the use of a travel request form.

Recommendations

1. The District should ensure that all credit card users are aware of the District's policy related to the maximum reimbursable tip amount. If employees tip in excess of the maximum reimbursable tip amount, they should be requested to reimburse the amount that is in excess.
2. All travel and conference expenditures should be approved prior to the transaction taking place. The District should ensure that all disbursements follow established procedures to allow for proper vetting of the nature of the disbursement and the availability of funds.

System Access Controls

Observation

Through review of system access controls, it was noted that the District is not maintaining adequate segregation of duties. Multiple employees were noted to have access to purchasing and accounts payable functions in the District's financial system.

Recommendation

The District should ensure that all employees are only given access to system functions that are appropriate for their position. System access roles should be reviewed and revised to resolve segregation of duties issues.

Direct Payments

Observation

Through review of the District's direct payments, multiple payments were identified that should have been subjected to the approval process associated with contracts and/or purchase orders in the District's financial software.

Recommendation

The District should ensure that all expenditures are processed through appropriate approval channels and direct payments should be limited to emergency purchases that cannot be subjected to such approvals due to time restraints.

ASSOCIATED STUDENT BODY (ASB)

Villegas Middle School

Observations

1. Based on the review of the cash receipting procedures, it was noted that two of 14 deposits tested contained cash collections that were not deposited in a timely manner. The delay in deposits was 13 days from the dates 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 cash receipting procedures, it was noted that one of 14 deposits tested was not supported by an associated closeout report. Therefore, the completeness of this deposit could not be verified.
3. Based on the review of the disbursement procedures, it was noted that out of 10 disbursements tested, all 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.

4. Based on the review of the disbursement procedures, it was noted that out of 10 disbursements tested, three were not supported by adequate supporting documentation, such as a purchase requisition form, invoice, or check request form. Therefore, the appropriateness and preapproval of these expenditures could not be determined.
5. Based on the review of the fundraiser procedures, it was noted that revenue potential forms used by the site do not contain actual revenues and expenditures. Additionally, out of four fundraisers tested, none were supported by traceable receipts.

<u>Recommendations</u>

1. The ASB should, at a minimum, make 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. To ensure that deposits are made intact and inclusive of all associated receipts, each deposit should be accompanied by a corresponding closeout report. If a deposit is composed of multiple closeout reports, this should be indicated through a reconciliation of applicable closeouts to associated deposits.
3. 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.
4. To ensure proper internal controls over the ASB disbursements, all supporting purchase documentation should be maintained to allow for a review of the appropriateness of expenditures. All invoices should be accompanied by a purchase requisition and signed receiving documentation. This reduces the risk of unauthorized spending.
5. As the revenue potential form is a vital internal control tool, it should be used to document revenues, expenditures, potential revenue, and actual revenue. This allows an analysis of the fundraiser to be conducted, indicating to the staff the success or failure of the completed project. The revenue potential form also indicates weak control areas in the fundraising procedures at the site, including lost or stolen merchandise, problems with collecting all moneys due, and so forth.

La Sierra High School

<u>Observations</u>

1. Based on the review of the ASB change fund, it was noted that the fund was short by $50 and no explanation was provided for the shortage.
2. Based on the review of ticketed event procedures, it was noted that a master ticket log is not being used to document the beginning and ending ticket numbers for each ticket roll.
3. Based on the review of the disbursement procedures, it was noted that out of 25 disbursements tested, all did not indicate three required approval signatures. 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 by all required parties.

Recommendations

1. It is recommended that the ASB maintain proper records of cash disbursed from the change fund. If cash from the change fund is provided to student clubs, this should be accounted for and reconciled to the change fund's imprest balance. If cash is missing from the change fund for unexplained reasons, the ASB should investigate the cause of the cash shortage.
2. Ticket sales forms should be used for each ticketed event to reconcile the number of tickets sold to the amount of cash received. A master ticket log should be maintained which notes the type of ticket, color, and current beginning ticket number in the role. When ticket rolls are issued, they should be logged out noting the beginning ticket number in the roll, the dollar amount of the tickets, and to whom the roll was issued. When the ticket sales recap form is returned, the form should be reconciled to the log.
3. To ensure proper internal controls over the ASB disbursements, the site should ensure that all disbursement transactions are pre-approved by a site administrator, ASB advisor, and student representative. This would allow the reviewing parties to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.

All Sites – General

Observation

During our review of the year-end financial statements, we noted multiple negative balances reported for various trust accounts. Additionally, we also noted that ASB accounts that are meant to be treated as a holding account to account for credit card and web store transactions are not properly being reconciled based on the lack of activities posted by the ASB for these accounts.

Recommendation

The ASB has a fiduciary responsibility to all student body organizations to act in each group's best interest. By allowing certain clubs to spend in excess of their available reserves, the ASB is not meeting this responsibility to the other clubs and organizations. Clubs should not be allowed to spend in excess of their available cash. By allowing clubs to do so, they are in effect spending the resources of other clubs. The ASB should ensure that all clubs have sufficient funds available in their account prior to expenditures or transfers being made. Additionally, all temporary holding accounts that are used to record credit card transactions or online transactions should be reconciled on a monthly basis.

We will review the status of the current year comments during our next audit engagement.

Rancho Cucamonga, California
December 16, 2019

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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Alvord Unified School District (the "District") in connection with the issuance of $87,390,000 of the District's 2020 General Obligation Refunding Bonds (the "Bonds"). The Bonds are being issued pursuant to a resolution of the District dated May 28, 2020. The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean initially the District, 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" means: (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) 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 Repository consistent with the Rule.

"Holders" shall mean the registered owners of the Bonds.

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

"Official Statement" means that certain official statement, dated August 27, 2020, relating to the offering and sale of the Bonds.

"Participating Underwriter" shall mean RBC Capital Markets, LLC, as 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.

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

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 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(c).

(b) Not later than thirty (30) days (nor more than sixty (60) days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the 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 notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to 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 then-current fiscal year;

(e) Assessed valuation of taxable property within the District for the current fiscal year; and

(f) Secured tax levy collections and delinquencies within the District for the last completed fiscal year, except to the extent the Teeter Plan, as adopted by Riverside County, applies to both the 1% general purpose *ad valorem* property tax levy and to the tax levy for 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, and 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, adverse tax opinions 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. 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.

10. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District. For the purposes of the event identified in this Section 5(a)(9), 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.

(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. optional, contingent or unscheduled Bond calls

4. unless described under Section 5(a)(5) 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.

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) or Section 5(b), as applicable.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon fifteen (15) days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 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(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolutions, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's 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: September 17, 2020

ALVORD UNIFIED SCHOOL DISTRICT

By: ______________________________

Superintendent

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: ALVORD UNIFIED SCHOOL DISTRICT

Name of Bond Issue: 2020 General Obligation Refunding Bonds

Date of Issuance: September 17, 2020

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:_______________________

ALVORD UNIFIED SCHOOL DISTRICT

By ____[form only; no signature required]______

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APPENDIX D

ECONOMIC AND DEMOGRAPHIC PROFILE OF THE CITY OF CORONA AND RIVERSIDE COUNTY

The following information regarding the City of Corona ("Corona") 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 City or the County. This material has been prepared by or excerpted from the sources as noted herein and has not been independently verified by the District, Bond Counsel, 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.

Riverside County. The County of rivers, mountains, deserts and fertile valleys is the fourth largest county in the State of California (the "State"), encompassing approximately 7,243 square miles. It is located in the southern portion of the State and is bordered by San Bernardino County on the north, Los Angeles and Orange Counties on the west, the State of Arizona and the Colorado River on the east, and San Diego and Imperial Counties on the south. The County has experienced a long period of growth and development including events as diverse as the Bob Hope Golf Classic to the mega-concerts of Coachella and Stagecoach. It is currently the eleventh most populous county in the United States. The County, incorporated in 1893, is a general law county governed by five elected members of the Board of Supervisors and the County seat located in the City of Riverside

Population

The following table shows historical population figures for the City, the County and the State for the past 10 years of data currently available.

POPULATION ESTIMATES
2011 through 2020
City of Corona, Riverside County and State of California

Year[(1)]	City of Corona	Riverside County	State of California
2011	153,764	2,216,250	37,561,624
2012	155,644	2,244,472	37,924,661
2013	157,482	2,268,660	38,269,864
2014	159,540	2,290,907	38,556,731
2015	160,420	2,315,706	38,870,150
2016	161,294	2,343,785	39,131,307
2017	164,745	2,376,580	39,398,702
2018	166,154	2,400,762	39,586,646
2019	166,723	2,422,146	39,695,376
2020	168,248	2,442,304	39,782,870

(1) As of January 1.
Source: 2011-20 (2010 Census Benchmark): California Department of Finance for January 1.

Income

The following table shows per capita personal income for the County, the State and the United States for the past 10 years.

PER CAPITA PERSONAL INCOME
2010 through 2019
Riverside County, State of California and United States

Year	Riverside County	State of California	United States
2010	$30,698	$43,636	$40,547
2011	32,196	46,175	42,739
2012	32,737	48,813	44,605
2013	33,440	49,303	44,860
2014	34,753	52,363	47,071
2015	36,642	55,808	48,994
2016	37,936	57,801	49,890
2017	38,975	60,219	51,910
2018	40,637	63,711	54,526
2019	(1)	66,661	56,663

(1) 2019 figure not yet available for the County.
Note: Per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2010-2018 reflect county population estimates available as of March 2019.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Employment

The following table summarizes the labor force, employment and unemployment figures for the City, County, State and United States for the past five years.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
2015 through 2019[1]
City of Corona, Riverside County, State of California and the United States

Year	Area	Labor Force	Employment[1]	Unemployment[2]	Unemployment Rate[3]
2015	City of Corona	79,700	75,500	4,200	5.2%
	Riverside County	1,033,300	964,100	69,200	6.7
	State of California	18,828,800	17,660,700	1,168,100	6.2
	United States	157,130,000	148,834,000	8,296,000	5.3
2016	City of Corona	81,500	77,700	3,800	4.7
	Riverside County	1,051,400	987,200	64,200	6.1
	State of California	19,021,200	17,980,100	1,041,100	5.5
	United States	159,187,000	151,436,000	7,751,000	4.9
2017	City of Corona	82,600	79,200	3,300	4.0
	Riverside County	1,072,200	1,015,800	56,300	5.3
	State of California	19,176,400	18,257,100	919,300	4.8
	United States	160,320,000	153,337,000	6,982,000	4.4
2018	City of Corona	83,700	80,900	2,800	3.4
	Riverside County	1,091,400	1,042,700	48,700	4.5
	State of California	19,280,800	18,460,700	820,100	4.3
	United States	162,075,000	155,761,000	6,314,000	3.9
2019	City of Corona	84,700	82,100	2,600	3.1
	Riverside County	1,104,000	1,057,900	46,100	4.2
	State of California	19,411,600	18,627,400	784,200	4.0
	United States	163,539,000	157,538,000	6,001,000	3.7

Note: Data is not seasonally adjusted.
(1) Annual averages, unless otherwise specified.
(2) Includes persons involved in labor-management trade disputes.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2019 Benchmark.

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 for the past five years of data currently available.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
Riverside-San Bernardino-Ontario MSA
2015 through 2019

	2015	2016	2017	2018	2019
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	233,300	242,300	251,000	257,200	260,500
Total All Industries	1,369,100	1,417,900	1,469,400	1,521,200	1,556,900

Note: 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 City and the County by number of employees.

PRINCIPAL EMPLOYERS
City of Corona
as of June 30, 2019

Company	Description	Employees
Corona-Norco Unified School District	Educational Services	5,478
Corona Regional Medical Center	Health Services	1,200
Kaiser Permanente	Health Services	995
All American Asphalt	Concrete Work	840
City of Corona	Government Services	785
TWR Framing Enterprises	Carpentry Work	750
Fender USA Corona	Musical Instrument Stores	675
Monster Energy	Durable Goods	607
Thermal Structures	Manufacturing: Aircraft Engines	500
Veg Fresh Farms	Fresh Fruits and Vegetables	425

Source: City of Corona 'Comprehensive Annual Financial Report' for Fiscal Year Ended June 30, 2019.

PRINCIPAL EMPLOYERS
Riverside County
as of June 30, 2019

Company	Description	Employees
County of Riverside	Government Services	21,215
March Air Reserve Base	National Security	9,000
University of California at Riverside	Educational Services	8,735
Kaiser Permanente Riverside Med. Center	Health Services	5,592
Corona-Norco Unified School District	Educational Services	4,989
Pechanga Resort & Casino	Casino Hotels	4,683
Riverside Unified School District	Educational Services	4,335
Hemet Unified School District	Educational Services	4,302
Eisenhower Medical Center	Health Services	3,743
Moreno Valley Unified School District	Educational Services	3,684

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 City and the County for the past five years of data currently available are shown in the following tables.

ANNUAL TAXABLE SALES
2015 through 2019
City of Corona
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
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	2,602	2,172,191	4,714	3,864,524
2019	2,676	2,135,737	4,874	3,865,113

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.
Source: "Taxable Sales in California," California Department of Tax and Fee Administration.

ANNUAL TAXABLE SALES
2015 through 2019
Riverside County
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
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	28,042,692	61,433	38,919,498
2019	40,491	29,020,401	64,063	40,557,845

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.
Source: "Taxable Sales in California," California Department of Tax and Fee Administration.

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued for the past five years of data currently available for the City and the County are shown in the following tables.

BUILDING PERMIT VALUATIONS
2015 through 2019
City of Corona
(Dollars in Thousands)

Valuation	2015	2016	2017	2018	2019
Residential	$52,535	$23,341	$43,818	$95,141	$127,097
Non-residential	89,581	81,914	36,514	115,688	66,061
Total	$142,116	$105,255	$80,332	$210,829	$193,158
Residential Units:					
Single family	28	66	113	206	195
Multiple family	533	0	108	240	400
Total	561	66	221	446	595

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
County of Riverside
2015 through 2019
(Dollars in Thousands)

Valuation	2015	2016	2017	2018	2019
Residential	$1,536,742	$1,759,535	$1,903,417	$2,558,081	$2,275,405
Non-residential	911,465	1,346,020	1,433,691	1,959,680	1,285,856
Total	$2,448,207	$3,105,555	$3,337,108	$4,517,761	$3,561,261
Residential Units:					
Single family	5,007	5,662	6,265	7,540	6,563
Multiple family	1,189	1,039	1,070	1,628	1,798
Total	6,196	6,701	7,335	9,168	8,361

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

APPENDIX E

RIVERSIDE COUNTY INVESTMENT POOL

The following information concerning the Riverside County Investment Pool (the "Investment Pool") has been provided by 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 nor 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

July 2020

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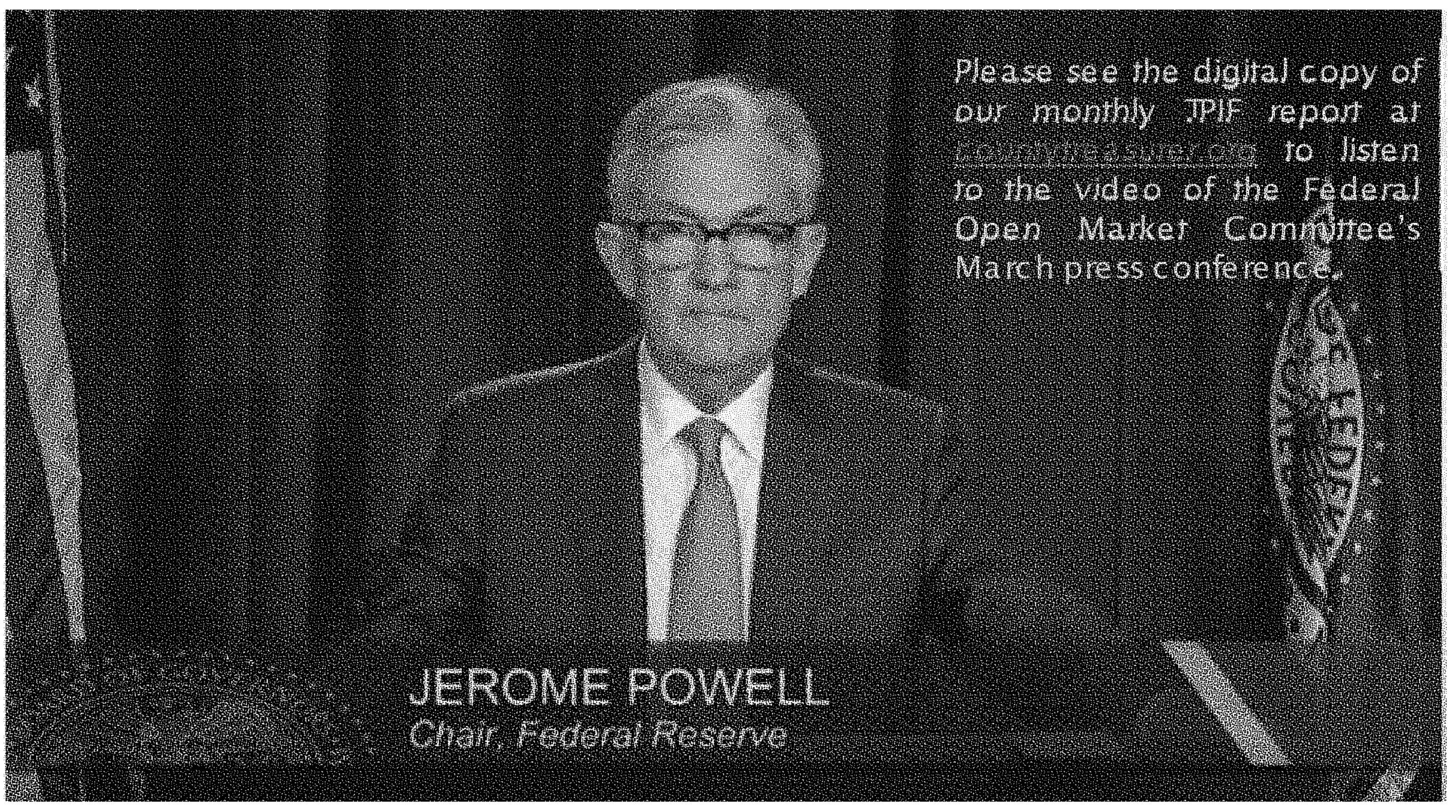
9| Month End Holdings



Federal Reserve Chair Jerome Powell during the July 29th FOMC press conference. Digital Image. Federal Reserve Board. https://www.youtube.com/user/FedReserveBoard

Treasurer's Pooled Investment Fund

Monthly Commentary

Despite Second Wave, Progress Being Made

The resurgence of Covid-19 and its economic impact dominated the front-page news in July and pushed trade tension and geopolitics to the back pages. The United States economy suffered its worst quarter since World War II, with the GDP shrinking by an annualized rate of 32.9% in the April-June period. Treasury rates moved lower and continued to push the Treasurer's Pooled Investment Fund's (TPIF) yield lower.

Concerns over the economic fallout increased as the United States surpassed three million COVID-19 cases and set a daily record of 62,021 new cases. Progress in the development of a vaccine sporadically punctuated the negative trend in the resurgence of the spread of Covid-19. In this context, Non-Farm Payroll came in strong at 4.8 million new jobs and the Unemployment Rate of 11.1% was an improvement from prior 13.3%. On the other hand, a 32.9% QoQ drop in GDP confirmed the market view that we are in a steep recession.

Weekly initial jobless claims flat lined at 1.3 million, and while a vast improvement over the 6 million+ number printed at the depth of this crisis, it is still daunting compared to the 225,000-level averaged during the good times of 2019.

The National Association of Home Builders Index posted at 72 vs 58 the prior month and housing starts posted a 17.3% MoM increase. Continuing a trend seen in previous months, most of the home sales and building activity is occurring in nonurban areas. Riverside County seems to be participating in this trend, with single family home prices for June rising to an average of $430,000, a 7.8% increase over the last 12 months.

Fiscal support was provided by the President signing into law an extension of the Paycheck Protection Program, extending the filing deadline to August 8th. The Federal Open Market Committee (FOMC) once again voted to keep the Federal funds rate unchanged at the target range of 0.0% to 0.25%. Fed Chair Jerome Powell re-affirmed its commitment to provide monetary support as he stated that the FOMC "is not even thinking about thinking about raising rates".

Equity markets shrugged off the negative news to finish the month higher. The S&P 500 moved up by 5% in July. The dovish statement from the FED moved rates lower. The US Treasury yield curve shifted slightly lower with bills and notes across the maturity spectrum decreasing by 2 to 23 basis points at each maturity point. The three-month Treasury Bill rate fell from 0.129% to 0.084%; and the 5-year treasury note rate fell from 0.312% to 0.204

July ended with Fitch placing the US credit rating on Negative Outlook while affirming the 'AAA' rating. While a below AAA rating of the US would potentially drag down many credits, including the TPIF, the TPIF remains well positioned to weather the storm.

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

Matt Jennings
Assistant 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)
Jul-20	7,518,644,766.16	7,493,729,391.77	24,915,374.39	0.33%	0.70	1.12
Jun-20	7,804,218,376.34	7,775,589,310.59	28,629,065.75	0.37%	0.77	1.12
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

*Market values do not include accrued interest.

Economy

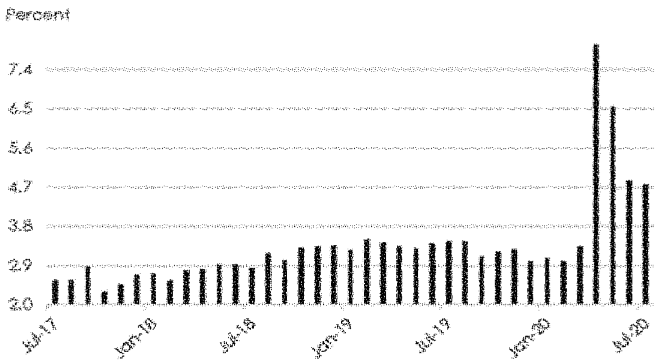
National Economy

After significantly falling in March and April as coronavirus fears struck worldwide, consumer spending followed up the 8.5% gain in May with another increase of 5.6% in June. Oddly, these numbers contrast the data showing personal income was up 12.1% in April, mostly attributable to a wave of government aid, and down 4.4% and 1.1% in May and June respectively. As the $600/week unemployment benefits are set to expire July 31st, lawmakers are contemplating next steps as some fear without this money or some reduced form of it, consumer spending will greatly decline and our economy will dive with it. Millions of Americans are relying on these checks, and the current outlook suggests that dependence is not going away in the short term. (AP 07/31/20)

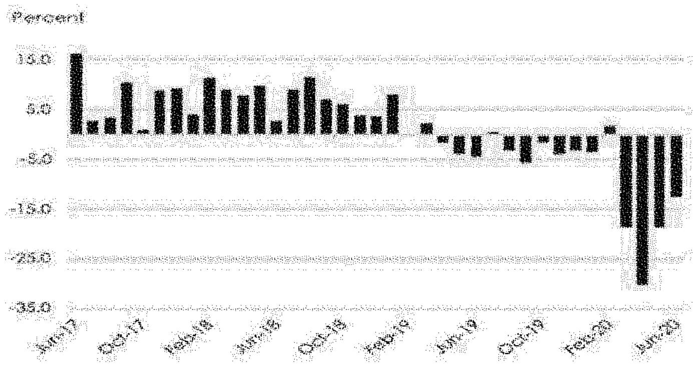
State Economy

Offering a bright spot, the California housing market continues to trend upward. After sitting below 300,000 for two consecutive months and hitting a record low in May, home sales surged 42.4% in June to 339,910 units, the largest monthly increase on record. Still, this is below the June 2019 mark of 389,730 homes. Along with a surge in sales came a surge in prices. California home prices climbed 6.5% from May lows, even besting June 2019 prices by 2.5%, posting a median price of $626,170.00 in June 2020. (PRNewswire 07/16/20)
Riverside County is certainly contributing to the positive housing market. The median sale price is up 7.8% YoY to $430,000, just below the $432,000 high seen during the housing bubble. Analysts expect a new record high to come soon. (PE 07/27/20)

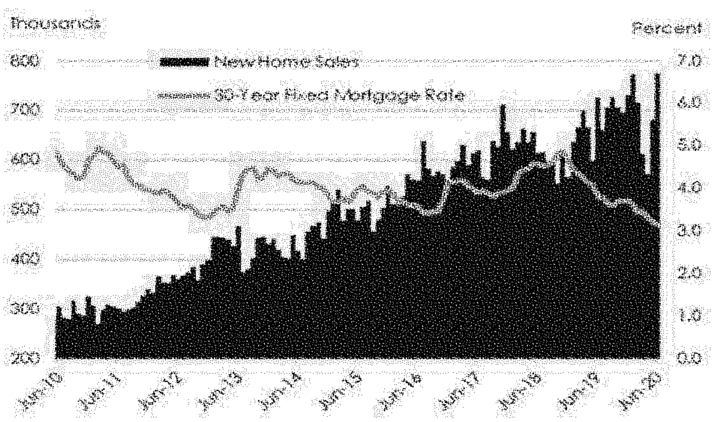
Private Sector Average Hourly Earnings Y/Y



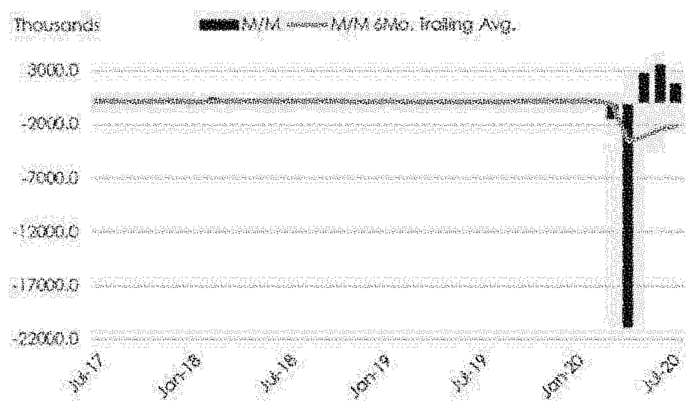
Durable Goods Percent Chg. Y/Y



New Home Sales SAAR



Nonfarm Payrolls Total M/M Change SA



Key Economic Indicators

Release Date	Indicator	Actual	Consensus	Prior Year
07/30/2020	Real GDP - Q/Q Change	-32.9%	-34.5%	2.1%
07/02/2020	Unemployment Rate - Seasonally Adjusted	11.1%	12.5%	3.7%
07/02/2020	Non-Farm Payrolls - M/M Change - Thousands	4,800	3,230	224
07/14/2020	CPI - Y/Y Change	0.6%	0.6%	1.6%
07/14/2020	CPI Ex Food and Energy - Y/Y Change	1.2%	1.1%	2.1%
07/06/2020	ISM Non-Manufacturing Index (> 50 indicates growth)	57.1	50.2	55.1
07/24/2020	New Home Sales - SAAR - Thousands	776	700	646
07/02/2020	Factory Orders - M/M Change	8.0%	8.6%	-0.7%
07/02/2020	Durable Goods Orders - New Orders - M/M Change	15.7%	18.8%	-1.3%

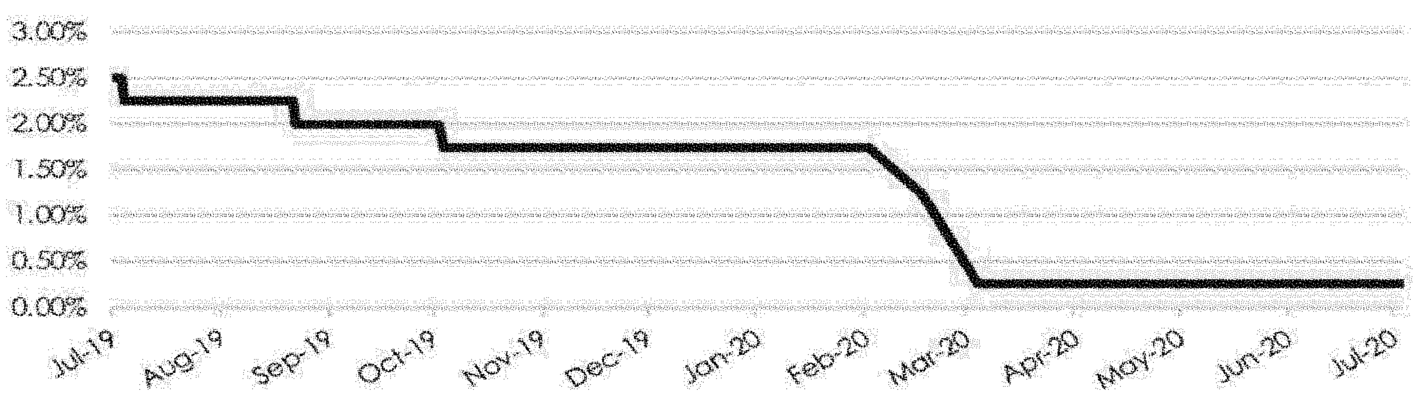
*Note: 'Prior Year' displays final estimates of indicator values from the equivalent period of the prior year.

Market Data

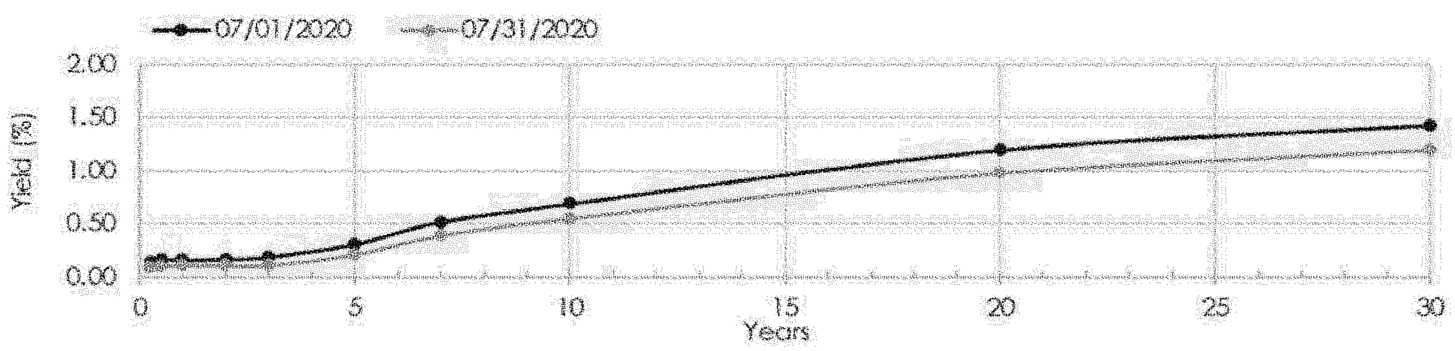
Federal Open Market Committee Meeting 07/29/2020

- 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 July statement that "it is committed to using its full range of tools to support the U.S. economy and to help assure that the recovery from this difficult period will be as robust as possible."

Fed Funds Target Rate (Upper Limit)



U.S. Treasury Curve

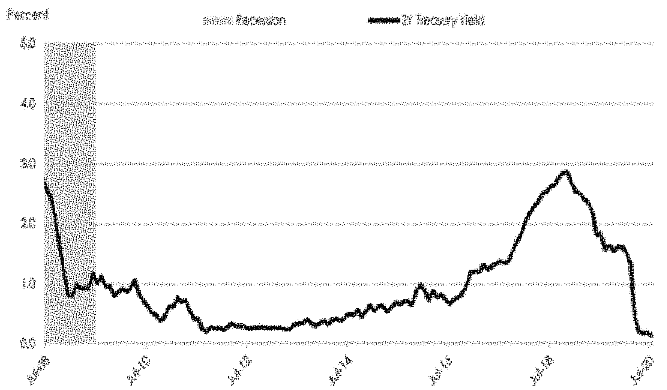


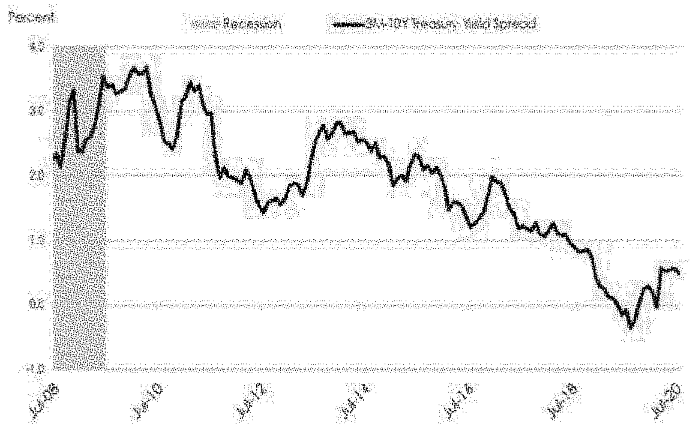
Treasury Curve Differentials	3 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr	30 Yr
07/31/2020 - 07/01/2020	-0.05	-0.07	-0.05	-0.06	-0.08	-0.10	-0.14	-0.23
07/31/2020	0.09	0.10	0.11	0.11	0.11	0.21	0.55	1.20
07/01/2020	0.14	0.17	0.16	0.17	0.19	0.31	0.69	1.43

The US Treasury Curve and its values are subject to frequent change and will be updated monthly with each issued TPIF report.

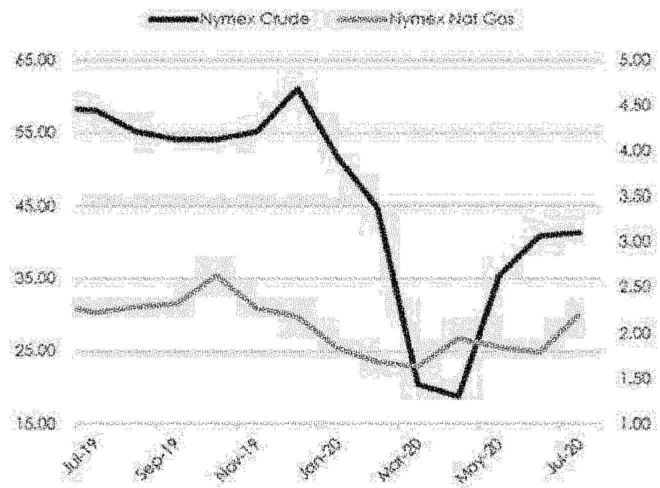
Market Data cont'd

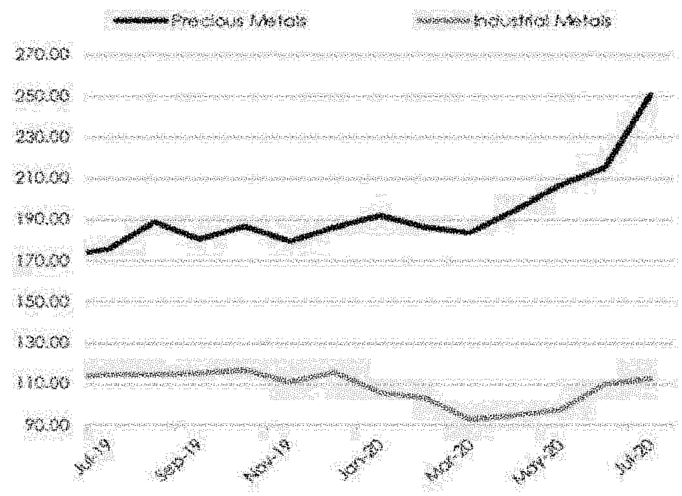
U.S. Treasuries



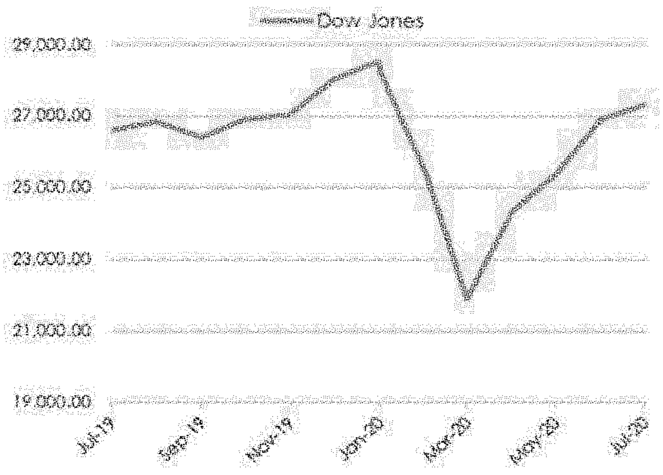


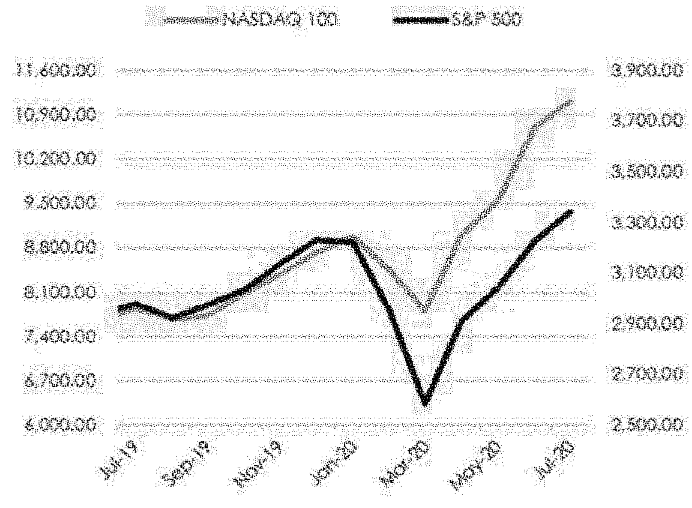
Commodities





Stocks





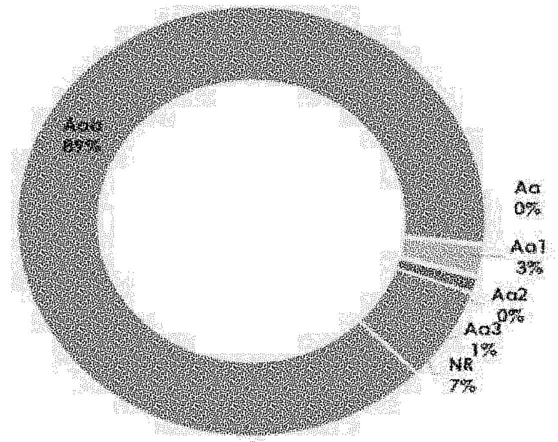
* Values listed for commodities and stocks are in US dollars and are as of the final business day of each month.

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.

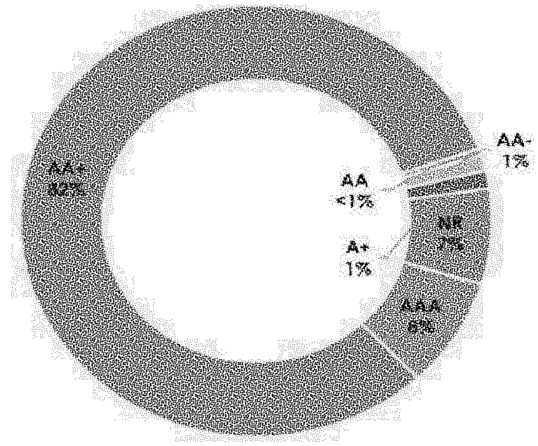
Moody's Asset Rating (000's)

	Book	MKT/Book	% Book	Yield
Aaa	6,684,853.94	100.35%	89.17%	0.66%
Aa	10,000.00	101.45%	0.13%	2.22%
Aa1	168,495.00	100.30%	2.25%	1.74%
Aa2	15,415.00	100.00%	0.21%	2.68%
Aa3	87,215.00	100.00%	1.16%	2.86%
NR	531,000.00	100.21%	7.08%	0.48%
Totals:	7,496,978.94	100.33%	100.00%	0.70%



S&P Asset Rating (000's)

	Book	MKT/Book	% Book	Yield
AAA	619,364.00	100.30%	8.26%	0.42%
AA+	6,120,008.94	100.36%	81.63%	0.70%
AA	38,391.00	99.92%	0.51%	1.81%
AA-	88,215.00	100.00%	1.18%	2.84%
A+	100,000.00	100.00%	1.33%	1.63%
NR	531,000.00	100.21%	7.08%	0.48%
Totals:	7,496,978.94	100.33%	100.00%	0.70%



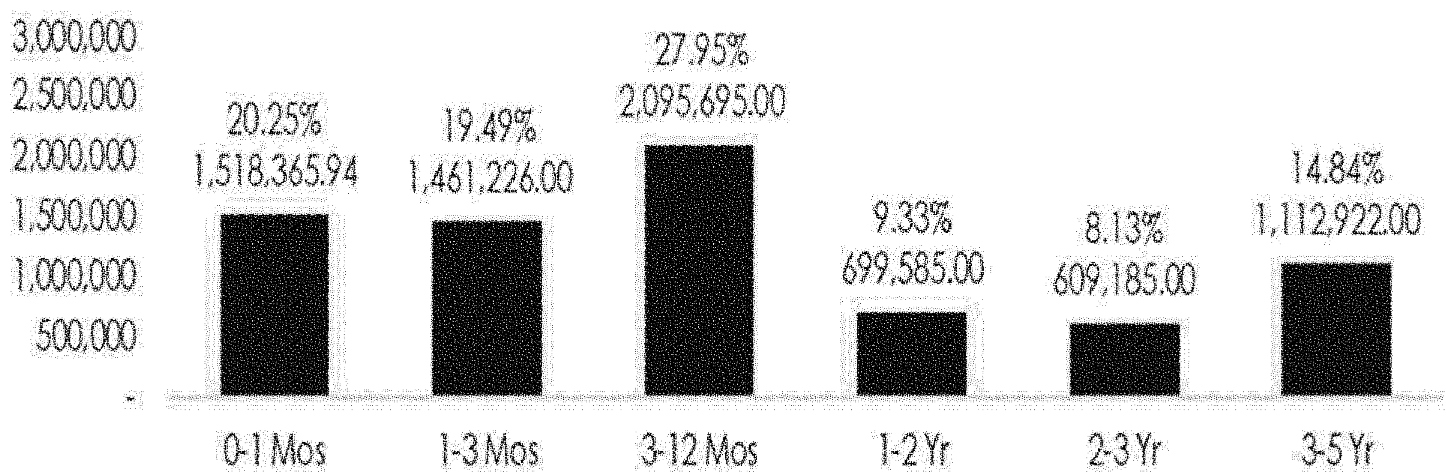
12-Month Projected Cash Flow

Month	Monthly Receipts	Monthly Disbursements	Difference	Required Matured Investments	Balance	Actual Investments Maturing	Available to Invest > 1 Year
08/2020					36.35		
08/2020	986.77	1,164.92	-178.15	141.80	-	1,668.37	
09/2020	1,085.65	1,145.14	-59.49	59.49	-	788.98	
10/2020	1,249.55	1,343.18	-93.63	93.63	-	722.25	
11/2020	1,205.40	1,074.70	130.70		130.70	470.10	
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	551.51	
02/2021	1,005.21	1,217.34	-212.13		361.89	265.00	
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	76.17	
05/2021	2,100.00	1,086.87	1013.13		2,594.23	282.65	
06/2021	1,044.31	1,802.91	-758.60		1,835.63	25.00	
07/2021	1,034.19	1,472.64	-438.45		1,397.18	10.00	
TOTALS	16,739.91	15,674.00	1,065.91	294.92	10,684.29	5,075.29	7,198.80
				3.94%		67.73%	96.06%

Based on historic and current financial conditions within the County, the Pool is expected to maintain sufficient liquidity of

Portfolio Data cont'd

Asset Maturity Distribution (Par Value, 000's)

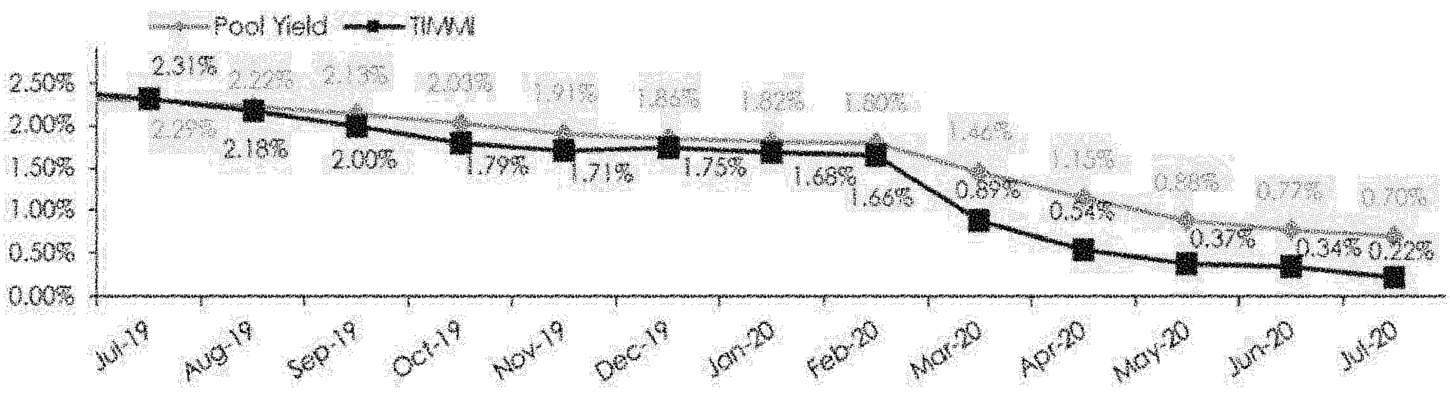


Asset Allocation (000's)

Assets	Scheduled Book	Scheduled Market	Mkt/Book	Yield	WAL (Yr.)	Mat (Yr.)
TREAS	2,199,547.55	2,206,293.34	100.31%	0.64%	0.39	0.39
AGENCIES	3,962,203.41	3,978,045.40	100.40%	0.71%	0.76	1.84
MMKT	524,000.00	524,000.00	100.00%	0.12%	0.00	0.00
CASH	351,000.00	351,000.00	100.00%	0.40%	0.00	0.00
CALTRUST FND	4,023.98	4,023.98	100.00%	0.89%	0.00	0.00
COMM PAPER	149,454.36	149,970.38	100.35%	0.64%	0.15	0.15
CDS	100,000.00	100,000.00	100.00%	1.63%	0.48	0.72
MEDIUM TERM NOTES	82,836.63	84,648.21	102.19%	2.56%	0.32	0.37
MUNI	120,663.47	120,663.47	100.00%	2.79%	1.03	1.03
Totals:	7,493,729.40	7,518,644.77	100.33%	0.70%	0.542	1.12

* For details on the Pool's composition see Month End Portfolio Holdings, pages 9 to 13.

TIMMI



The Treasurer's Institutional Money Market Index (TIMMI) is a composite index of four AAA rated prime institutional money market funds. Their average yield is compared to the yield of the Treasurer's Pooled Investment Fund in the above graph.

Compliance Report

Compliance Status: Full Compliance

The Treasurer's Pooled Investment Fund was in full compliance with the County of Riverside's Treasurer's Statement of Investment Policy. The County's Statement of Investment Policy is more restrictive than California Government Code 53646. The County's Investment Policy is reviewed annually by the County of Riverside's Oversight Committee and approved by the Board of Supervisors.

	GOVERNMENT CODE			COUNTY INVESTMENT POLICY			
Investment Category	Maximum Remaining Maturity	Authorized % Limit	S&P/ Moody's	Maximum Remaining Maturity	Authorized % Limit	S&P/Moody's/ Fitch	Actual %
MUNICIPAL BONDS (MUNI)	5 YEARS	NO LIMIT	NA	4 YEARS	15%	AA-/Aa3/AA-	1.61%
U.S. TREASURIES	5 YEARS	NO LIMIT	NA	5 YEARS	100%	NA	29.35%
LOCAL AGENCY OBLIGATIONS (LAO)	5 YEARS	NO LIMIT	NA	3 YEARS	2.50%	INVESTMENT GRADE	<0.00%
FEDERAL AGENCIES	5 YEARS	NO LIMIT	AAA	5 YEARS	100%	NA	52.87%
COMMERCIAL PAPER (CP)	270 DAYS	40%	A1/P1	270 DAYS	40%	A1/P1/F1	1.99%
CERTIFICATE & TIME DEPOSITS (NCD & TCD)	5 YEARS	30%	NA	1 YEAR	25% Combined	A1/P1/F1	1.33%
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	1.11%
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 AGC.	6.99%
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	4.68%

[1] Money Market Mutual Funds maturity may be interpreted as a weighted average maturity not exceeding 60 days.

[2] Or must have an investment advisor with no fewer than 5 years experience and with assets under management of $500,000,000 USD.

THIS COMPLETES THE REPORT REQUIREMENTS OF CALIFORNIA GOVERNMENT CODE 53646.

CUSIP	Description	Maturity Date	Coupon	Yield To Mat	Par Value	Book Value	Market Price	Market Value	Unrealized Gain/Loss	Modified Duration	Years To Maturity
Fund: 1 POOL FUND											
1060: MMKTACCTS-A/365-6											
FRGXX	FIDELITY GOV	08/01/2020	.097	.097	21,000,000.00	21,000,000.00	100.000000	21,000,000.00	0.00	.003	.003
GOFXX	FEDERATED GOV	08/01/2020	.107	.107	59,000,000.00	59,000,000.00	100.000000	59,000,000.00	0.00	.003	.003
WFFXX	WELLS FARGO GOV	08/01/2020	.106	.106	141,000,000.00	141,000,000.00	100.000000	141,000,000.00	0.00	.003	.003
FGTXX	GOLDMAN SACHS GOV	08/01/2020	.143	.143	231,000,000.00	231,000,000.00	100.000000	231,000,000.00	0.00	.003	.003
OGVXX	JP MORGAN GOV	08/01/2020	.088	.088	21,000,000.00	21,000,000.00	100.000000	21,000,000.00	0.00	.003	.003
TFDXX	BLACKROCK GOV	08/01/2020	.088	.088	51,000,000.00	51,000,000.00	100.000000	51,000,000.00	0.00	.003	.003
			.120	.120	524,000,000.00	524,000,000.00	100.000000	524,000,000.00	0.00	.003	.003
1065: CLTR-A/365-6											
CLTR	CALTRUST SHT TERM FUND	08/01/2020	.913	.891	4,015,944.14	4,023,976.03	100.200000	4,023,976.03	0.00	.003	.003
			.913	.891	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	08/01/2020	.400	.400	350,000,000.00	350,000,000.00	100.000000	350,000,000.00	0.00	.003	.003
			.400	.400	350,000,000.00	350,000,000.00	100.000000	350,000,000.00	0.00	.003	.003
1170: MGD RATE-A/360											
CASH	PACIFIC PREMIER BANK	08/01/2020	1.530	1.530	0.00	0.00	.000000	0.00	0.00	.000	.003
CASH	FIRST REPUBLIC BANK	08/01/2020	1.515	1.515	0.00	0.00	.000000	0.00	0.00	.000	.003
CASH	UB MANAGED RATE	08/01/2020	.100	.100	1,000,000.00	1,000,000.00	100.000000	1,000,000.00	0.00	.003	.003
			.100	.100	1,000,000.00	1,000,000.00	100.000000	1,000,000.00	0.00	.003	.003
1300: U.S. TREASURY BILL											
9127963X5	U.S. TREASURY BILL	09/08/2020	.146	.146	75,000,000.00	74,953,158.33	99.990000	74,992,500.00	39,341.67	.107	.107
912796TN9	U.S. TREASURY BILL	10/08/2020	.172	.172	75,000,000.00	74,934,783.00	99.982000	74,986,500.00	51,717.00	.189	.189
9127964A4	U.S. TREASURY BILL	09/29/2020	.136	.136	50,000,000.00	49,970,911.11	99.984000	49,992,000.00	21,088.89	.164	.164
9127962T5	U.S. TREASURY BILL	10/29/2020	.162	.162	50,000,000.00	49,959,176.50	99.976000	49,988,000.00	28,823.50	.246	.247
9127964G1	U.S. TREASURY BILL	10/06/2020	.136	.136	50,000,000.00	49,970,911.11	99.985000	49,992,500.00	21,588.89	.183	.184
912796TP4	U.S. TREASURY BILL	11/05/2020	.130	.130	50,000,000.00	49,967,139.00	99.975000	49,987,500.00	20,361.00	.265	.266
9127962Z1	U.S. TREASURY BILL	11/12/2020	.154	.154	50,000,000.00	49,961,198.50	99.971000	49,985,500.00	24,301.50	.284	.285
9127963P2	U.S. TREASURY BILL	08/18/2020	.110	.110	50,000,000.00	49,985,486.11	99.996000	49,998,000.00	12,513.89	.049	.049
9127963Y3	U.S. TREASURY BILL	09/15/2020	.115	.115	50,000,000.00	49,980,833.33	99.988000	49,994,000.00	13,166.67	.126	.126
9127963Z0	U.S. TREASURY BILL	09/22/2020	.128	.128	50,000,000.00	49,977,510.42	99.986000	49,993,000.00	15,489.58	.145	.145
9127964H9	U.S. TREASURY BILL	10/13/2020	.133	.133	50,000,000.00	49,972,805.00	99.981000	49,990,500.00	17,695.00	.202	.203
9127964G1	U.S. TREASURY BILL	10/06/2020	.129	.129	50,000,000.00	49,975,370.83	99.985000	49,992,500.00	17,129.17	.183	.184
912796XE4	U.S. TREASURY BILL	02/25/2021	.172	.172	50,000,000.00	49,935,211.11	99.937000	49,968,500.00	33,288.89	.571	.573
9127963B3	U.S. TREASURY BILL	11/27/2020	.161	.161	50,000,000.00	49,959,302.78	99.947228	49,973,613.89	14,311.11	.325	.326
912796XE4	U.S. TREASURY BILL	02/25/2021	.167	.167	50,000,000.00	49,938,070.83	99.937000	49,968,500.00	30,429.17	.571	.573
9127963Z0	U.S. TREASURY BILL	09/22/2020	.160	.160	50,000,000.00	49,976,444.44	99.986000	49,993,000.00	16,555.56	.145	.145
9127963Z0	U.S. TREASURY BILL	09/22/2020	.175	.175	50,000,000.00	49,974,722.22	99.986000	49,993,000.00	18,277.78	.145	.145
912796XE4	U.S. TREASURY BILL	02/25/2021	.180	.180	50,000,000.00	49,935,000.00	99.937000	49,968,500.00	33,500.00	.571	.573
9127964A4	U.S. TREASURY BILL	09/29/2020	.170	.170	50,000,000.00	49,974,972.22	99.984000	49,992,000.00	17,027.78	.164	.164
912796XE4	U.S. TREASURY BILL	02/25/2021	.178	.178	50,000,000.00	49,937,381.94	99.937000	49,968,500.00	31,118.06	.571	.573
9127962R9	U.S. TREASURY BILL	10/15/2020	.170	.170	25,000,000.00	24,985,951.39	99.979000	24,994,750.00	8,798.61	.208	.208
912796WZ8	U.S. TREASURY BILL	08/06/2020	.120	.120	50,000,000.00	49,992,833.33	99.999000	49,999,500.00	6,666.67	.016	.016
9127963X5	U.S. TREASURY BILL	09/08/2020	.127	.127	50,000,000.00	49,986,583.89	99.990000	49,995,000.00	8,416.11	.107	.107
912796UC1	U.S. TREASURY BILL	01/28/2021	.165	.165	50,000,000.00	49,950,041.67	99.948000	49,974,000.00	23,958.33	.495	.496
9127962T5	U.S. TREASURY BILL	10/29/2020	.144	.144	50,000,000.00	49,977,279.17	99.976000	49,988,000.00	10,720.83	.246	.247
9127962Y4	U.S. TREASURY BILL	05/20/2021	.140	.140	50,000,000.00	49,939,722.22	99.886444	49,943,222.22	3,500.00	.801	.803
9127963N7	U.S. TREASURY BILL	08/11/2020	.111	.111	50,000,000.00	49,996,006.11	99.998000	49,999,000.00	2,993.89	.030	.030
9127963Z0	U.S. TREASURY BILL	09/22/2020	.099	.099	25,000,000.00	24,996,165.56	99.986000	24,996,500.00	334.44	.145	.145
9127963Q0	U.S. TREASURY BILL	08/25/2020	.093	.093	25,000,000.00	24,998,191.67	99.995000	24,998,750.00	558.33	.068	.068
9127963T4	U.S. TREASURY BILL	01/07/2021	.122	.122	50,000,000.00	49,972,662.50	99.951000	49,975,500.00	2,837.50	.438	.438
			.145	.145	1,475,000,000.00	1,474,035,826.29	99.971684	1,474,582,336.11	546,509.82	.261	.262
1310: U.S. TREASURY BOND											
912828L32	U.S. TREASURY BOND	08/31/2020	1.375	1.627	50,000,000.00	49,898,437.50	100.096000	50,048,000.00	149,562.50	.084	.085
912828YC8	U.S. TREASURY BOND	08/31/2021	1.500	1.711	25,000,000.00	24,906,250.00	101.477000	25,369,250.00	463,000.00	1.063	1.085
912828S27	U.S. TREASURY BOND	06/30/2021	1.125	1.735	25,000,000.00	24,753,906.25	100.902000	25,225,500.00	471,593.75	.906	.915
912828YE4	U.S. TREASURY BOND	08/31/2024	1.250	1.702	25,000,000.00	24,479,492.19	104.375000	26,093,750.00	1,614,257.81	3.938	4.088
912828L99	U.S. TREASURY BOND	10/31/2020	1.375	1.634	50,000,000.00	49,876,953.13	100.303000	50,151,500.00	274,546.87	.250	.252
9128283Q1	U.S. TREASURY BOND	01/15/2021	2.000	1.647	50,000,000.00	50,193,359.38	100.848000	50,424,000.00	230,640.62	.456	.460
912828PC8	U.S. TREASURY BOND	11/15/2020	2.625	1.638	50,000,000.00	50,455,078.13	100.708000	50,354,000.00	-101,078.13	.291	.293
912828A42	U.S. TREASURY BOND	11/30/2020	2.000	1.639	50,000,000.00	50,173,828.13	100.611000	50,305,500.00	131,671.87	.331	.334
9128283Q1	U.S. TREASURY BOND	01/15/2021	2.000	1.643	50,000,000.00	50,193,359.38	100.848000	50,424,000.00	230,640.62	.456	.460
9128283Q1	U.S. TREASURY BOND	01/15/2021	2.000	1.637	25,000,000.00	25,097,656.25	100.848000	25,212,000.00	114,343.75	.456	.460
912828YV6	U.S. TREASURY BOND	11/30/2024	1.500	1.751	25,000,000.00	24,705,078.13	105.680000	26,420,000.00	1,714,921.87	4.164	4.337
9128283Q1	U.S. TREASURY BOND	01/15/2021	2.000	1.626	25,000,000.00	25,097,656.25	100.848000	25,212,000.00	114,343.75	.456	.460
9128283Q1	U.S. TREASURY BOND	01/15/2021	2.000	1.645	50,000,000.00	50,185,546.88	100.848000	50,424,000.00	238,453.12	.456	.460
9128282Z2	U.S. TREASURY BOND	10/15/2020	1.625	1.649	25,000,000.00	24,995,117.19	100.300000	25,075,000.00	79,882.81	.206	.208
9128283Q1	U.S. TREASURY BOND	01/15/2021	2.000	1.606	50,000,000.00	50,201,171.88	100.848000	50,424,000.00	222,828.12	.456	.460
912828VV9	U.S. TREASURY BOND	08/31/2020	2.125	1.615	50,000,000.00	50,166,015.63	100.153000	50,076,500.00	-89,515.63	.084	.085
9128283Q1	U.S. TREASURY BOND	01/15/2021	2.000	1.605	50,000,000.00	50,195,312.50	100.848000	50,424,000.00	228,687.50	.456	.460
912828L32	U.S. TREASURY BOND	08/31/2020	1.375	1.591	50,000,000.00	49,937,500.00	100.096000	50,048,000.00	110,500.00	.084	.085
			1.819	1.641	725,000,000.00	725,511,718.80	100.925655	731,711,000.00	6,199,281.20	.632	.647
1400: FHLMC-DISC NOTE											
313396E41	FHLMC DISC NTE	09/02/2020	.120	.120	50,000,000.00	49,978,666.67	99.993000	49,996,500.00	17,833.33	.090	.090
			.120	.120	50,000,000.00	49,978,666.67	99.993000	49,996,500.00	17,833.33	.090	.090
1425: FHLMC-Fxd-S 30/360											
3134GAXZ2	FHLMC 4YrNc6MoE	11/25/2020	1.370	1.370	25,000,000.00	25,000,000.00	100.382000	25,095,500.00	95,500.00	.318	.321
3134GAYK4	FHLMC 4YrNc1YrE	11/30/2020	1.440	1.440	10,000,000.00	10,000,000.00	100.423000	10,042,300.00	42,300.00	.332	.334
3134GSMF9	FHLMC 5YrNc3YrE	05/26/2023	3.000	3.000	15,000,000.00	15,000,000.00	102.061000	15,309,150.00	309,150.00	2.671	2.819
3134GTKG7	FHLMC 5YrNc2YrB	05/03/2024	2.600	2.600	10,000,000.00	10,000,000.00	101.608000	10,160,800.00	160,800.00	3.534	3.759
3134GTW82	FHLMC 5YrNc1YrQ	08/07/2024	2.150	2.150	5,000,000.00	5,000,000.00	100.022000	5,001,100.00	1,100.00	3.789	4.022
3134GUHK9	FHLMC 5YrNc1Q	10/15/2024	1.875	1.875	10,000,000.00	10,000,000.00	100.274000	10,027,400.00	27,400.00	4.004	4.211
3134GUWP1	FHLMC 4YrNc1YrB	11/27/2023	1.800	1.800	15,000,000.00	15,000,000.00	100.456000	15,068,400.00	68,400.00	3.201	3.326
3134GUTX8	FHLMC 3.75YrNc9MoB	08/28/2023	1.800	1.814	695,000.00	694,652.50	100.105000	695,729.75	1,077.25	2.969	3.077
3134GUG38	FHLMC 3.5YrNc1YrB	06/23/2023	1.800	1.800	15,000,000.00	15,000,000.00	100.622000	15,093,300.00	93,300.00	2.803	2.896
3134GUG38	FHLMC 3.5YrNc1YrB	06/23/2023	1.800	1.822	9,000,000.00	8,993,250.00	100.622000	9,055,980.00	62,730.00	2.803	2.896
3134GUH45	FHLMC 4YrNc1YrB	12/28/2023	1.900	1.900	20,000,000.00	20,000,000.00	100.635000	20,127,000.00	127,000.00	3.280	3.411
3134GUM72	FHLMC 4YrNc1YrB	12/28/2023	1.900	1.900	10,000,000.00	10,000,000.00	100.623000	10,062,300.00	62,300.00	3.280	3.411
3134GU4E7	FHLMC 4.5YrNc1YrQ	07/22/2024	1.850	1.850	25,000,000.00	25,000,000.00	100.676000	25,169,000.00	169,000.00	3.814	3.978
3134GU7L8	FHLMC 3.5YrNc6MoQ	08/10/2023	1.700	1.700	15,000,000.00	15,000,000.00	100.027000	15,004,050.00	4,050.00	2.913	3.027
3134GVBK3	FHLMC 3.5YrNc6MoB	08/10/2023	1.750	1.750	5,000,000.00	5,000,000.00	100.027000	5,001,350.00	1,350.00	2.910	3.027
3134GVAU2	FHLMC 4YrNc6MoB	02/12/2024	1.800	1.800	5,000,000.00	5,000,000.00	100.044000	5,002,200.00	2,200.00	3.377	3.537
3134GVCD8	FHLMC 4YrNc6MoB	02/24/2024	1.750	1.750	5,000,000.00	5,000,000.00	100.026000	5,001,300.00	1,300.00	3.415	3.570
3134GVCZ9	FHLMC 5YrNc1YrB	02/18/2025	1.700	1.700	10,000,000.00	10,000,000.00	100.606000	10,060,600.00	60,600.00	4.325	4.556
3134GVCR7	FHLMC 5YrNc1YrB	02/19/2025	1.800	1.800	5,785,000.00	5,785,000.00	100.653000	5,822,776.05	37,776.05	4.315	4.559
3136G4UG6	FHLMC 5YrNc1YrB	02/19/2025	1.770	1.770	5,000,000.00	5,000,000.00	100.566000	5,028,300.00	28,300.00	4.319	4.559
3134GVDC9	FHLMC 3YrNc9MoB	11/20/2023	1.700	1.700	10,000,000.00	10,000,000.00	100.322000	10,032,200.00	32,200.00	3.201	3.307

CUSIP	Description	Maturity Date	Coupon	Yield To Mat	Par Value	Book Value	Market Price	Market Value	Unrealized Gain/Loss	Modified Duration	Years To Maturity
3134GVCP1	FHLMC 4YrNc1YrE	02/26/2024	1.600	1.605	10,000,000.00	9,998,000.00	100.680000	10,068,000.00	70,000.00	3.433	3.575
3134GVDP0	FHLMC 5YrNc6MoB	02/27/2025	1.700	1.700	26,400,000.00	26,400,000.00	100.066000	26,417,424.00	17,424.00	4.350	4.581
3134GVEM6	FHLMC 3YrNc6MoB	02/28/2023	1.500	1.500	10,000,000.00	10,000,000.00	100.070000	10,007,000.00	7,000.00	2.509	2.581
3134GVPD4	FHLMC 2.5YrNc6MoB	10/27/2022	.500	.500	10,000,000.00	10,000,000.00	100.017000	10,001,700.00	1,700.00	2.221	2.241
3134GVPD4	FHLMC 2.5YrNc6MoB	10/27/2022	.500	.500	10,000,000.00	10,000,000.00	100.017000	10,001,700.00	1,700.00	2.221	2.241
3134GVPD4	FHLMC 2.5YrNc6MoB	10/27/2022	.500	.500	10,000,000.00	10,000,000.00	100.017000	10,001,700.00	1,700.00	2.221	2.241
3134GVPD4	FHLMC 2.5YrNc6MoB	10/27/2022	.500	.500	10,000,000.00	10,000,000.00	100.017000	10,001,700.00	1,700.00	2.221	2.241
3134GVRF7	FHLMC 4YrNc6MoB	05/06/2024	.625	.625	10,000,000.00	10,000,000.00	100.025000	10,002,500.00	2,500.00	3.709	3.767
3134GVSE9	FHLMC 3YrNc6MoB	05/12/2023	.550	.550	50,000,000.00	50,000,000.00	100.085000	50,042,500.00	42,500.00	2.752	2.781
3134GVSJ8	FHLMC 5YrNc1YrB	05/12/2025	.800	.800	10,000,000.00	10,000,000.00	100.044000	10,004,400.00	4,400.00	4.673	4.784
3134GVTA6	FHLMC 4YrNc6MoB	05/13/2024	.625	.625	15,000,000.00	15,000,000.00	100.000000	15,000,000.00	0.00	3.728	3.786
3134GVUH9	FHLMC 4YrNc6MoQ	05/13/2024	.650	.656	10,475,000.00	10,472,381.25	100.020000	10,477,095.00	4,713.75	3.726	3.786
3134GVVG0	FLMC 3.25YrNc1YrB	08/18/2023	.450	.450	10,000,000.00	10,000,000.00	100.071000	10,007,100.00	7,100.00	3.017	3.049
3134GVWU8	FHLMC 2YrNc6MoB	05/19/2022	.350	.350	50,000,000.00	50,000,000.00	100.000000	50,000,000.00	0.00	1.792	1.800
3134GVVU9	FHLMC 3YrNc6MoB	11/20/2023	.570	.570	10,000,000.00	10,000,000.00	100.028000	10,002,800.00	2,800.00	3.264	3.307
3134GVVU9	FHLMC 3YrNc6MoB	11/20/2023	.570	.570	10,000,000.00	10,000,000.00	100.028000	10,002,800.00	2,800.00	3.264	3.307
3134GVXN3	FHLMC 4YrNc6MoB	05/20/2024	.650	.650	15,000,000.00	15,000,000.00	100.038000	15,005,700.00	5,700.00	3.746	3.805
3134GVXL7	FHLMC 4YrNc1YrB	05/20/2024	.600	.600	25,000,000.00	25,000,000.00	100.102000	25,025,500.00	25,500.00	3.750	3.805
3134GVRV2	FHLMC 5YrNc1YrQ	05/27/2025	.750	.750	10,000,000.00	10,000,000.00	100.061000	10,006,100.00	6,100.00	4.721	4.825
3134GVZF8	FHLMC 4YrNc1Q	05/28/2024	.600	.600	15,000,000.00	15,000,000.00	100.000000	15,000,000.00	0.00	3.772	3.827
3134GVWM	FHLMC 5YrNc1YrQ	05/28/2025	.730	.730	10,000,000.00	10,000,000.00	100.000000	10,000,000.00	0.00	4.727	4.827
3134GVWM	FHLMC 5YrNc1YrQ	05/28/2025	.730	.730	5,000,000.00	5,000,000.00	100.000000	5,000,000.00	0.00	4.727	4.827
3134GVYX0	FHLMC 4YrNc2YrO	06/03/2024	.500	.500	10,000,000.00	10,000,000.00	100.000000	10,000,000.00	0.00	3.795	3.844
3134GVB31	FHLMC 4.9YrNc11MoB	05/28/2025	.750	.760	15,000,000.00	14,992,500.00	100.084000	15,012,600.00	20,100.00	4.724	4.827
3134GVG36	FHLMC 2YrNc6MoQ	06/02/2022	.375	.375	50,000,000.00	50,000,000.00	100.000000	50,000,000.00	0.00	1.827	1.838
3134GVE95	FHLMC 5YrNc2YrB	06/09/2025	.650	.650	15,000,000.00	15,000,000.00	100.000000	15,000,000.00	0.00	4.768	4.860
3134GVK23	FHLMC 5YrNc3MoQ	06/10/2025	.950	.950	10,000,000.00	10,000,000.00	100.000000	10,000,000.00	0.00	4.731	4.863
3134GV2X5	FHLMC 2.5YrNc1YrO	12/29/2022	.350	.350	5,000,000.00	5,000,000.00	100.000000	5,000,000.00	0.00	2.398	2.414
3136G4XZ1	FHLMC 5YrNc1YrQ	06/30/2025	.740	.740	5,000,000.00	5,000,000.00	100.000000	5,000,000.00	0.00	4.817	4.918
3134GVX60	FHLMC 5YrNc6MoQ	06/30/2025	.800	.800	10,000,000.00	10,000,000.00	100.000000	10,000,000.00	0.00	4.809	4.918
3134GV3A4	FHLMC 4YrNc2YrO	07/01/2024	.500	.500	5,000,000.00	5,000,000.00	100.000000	5,000,000.00	0.00	3.872	3.921
3134GV2S6	FHLMC 4YrNc6MoB	07/08/2024	.625	.625	20,000,000.00	20,000,000.00	100.000000	20,000,000.00	0.00	3.881	3.940
3134GV5J3	FHLMC 2YrNc6MoB	07/08/2022	.320	.320	15,000,000.00	15,000,000.00	100.029000	15,004,350.00	4,350.00	1.928	1.937
3134GV3N6	FHLMC 5YrNc3MoQ	07/09/2025	.850	.850	5,000,000.00	5,000,000.00	100.000000	5,000,000.00	0.00	4.824	4.942
3134GV6B9	FHLMC 2.5YrNc1YrB	01/13/2023	.320	.320	15,000,000.00	15,000,000.00	100.031000	15,004,650.00	4,650.00	2.438	2.455
3134GV5R5	FHLMC 4YrNc1YrQ	07/15/2024	.570	.570	5,000,000.00	5,000,000.00	100.000000	5,000,000.00	0.00	3.905	3.959
3134GWBX3	FHLMC 2YrNc1YrB	07/20/2022	.250	.250	5,000,000.00	5,000,000.00	100.000000	5,000,000.00	0.00	1.963	1.970
3134GV6H6	FHLMC 2.5YrNc1YrB	10/20/2022	.320	.320	15,000,000.00	15,000,000.00	100.034000	15,005,100.00	5,100.00	2.208	2.222
3134GWCM	FHLMC 3.5YrNc1.5YrB	01/24/2024	.420	.420	15,000,000.00	15,000,000.00	100.058000	15,008,700.00	8,700.00	3.451	3.485
3134GWEH5	FHLMC 2YrNc1YrB	07/27/2022	.280	.280	15,000,000.00	15,000,000.00	100.000000	15,000,000.00	0.00	1.982	1.989
3134GWAP1	FHLMC 2YrNc1YrB	07/28/2022	.250	.250	5,000,000.00	5,000,000.00	100.000000	5,000,000.00	0.00	1.985	1.992
3134GWEF9	FHLMC 4YrNc6Mo	07/29/2024	.600	.600	15,000,000.00	15,000,000.00	100.000000	15,000,000.00	0.00	3.941	3.997
3134GWEF9	FHLMC 4YrNc6MoB	07/29/2024	.600	.600	15,000,000.00	15,000,000.00	100.000000	15,000,000.00	0.00	3.941	3.997
3134GWAL0	FHLMC 3.75YrNC9MB	04/29/2024	.500	.500	15,000,000.00	15,000,000.00	100.000000	15,000,000.00	0.00	3.705	3.748
3134GWEF9	FHLMC 4YrNc6MoB	07/29/2024	.600	.600	10,000,000.00	10,000,000.00	100.000000	10,000,000.00	0.00	3.941	3.997
3134GWDY9	FHLMC 3.5YrNc6MoB	01/29/2024	.500	.500	15,000,000.00	15,000,000.00	100.000000	15,000,000.00	0.00	3.460	3.499
3134GWEF9	FHLMC 4YrNc6MoB	07/29/2024	.600	.600	10,000,000.00	10,000,000.00	100.000000	10,000,000.00	0.00	3.941	3.997
3134GWET9	FHLMC 4.5YrNc2YrB	01/29/2025	.510	.510	15,000,000.00	15,000,000.00	100.078000	15,011,700.00	11,700.00	4.438	4.501
3134GV6C7	FHLMC 5YrNc3MoB	07/30/2025	.800	.800	15,000,000.00	15,000,000.00	100.012000	15,001,800.00	1,800.00	4.889	5.000
			.922	.924	922,355,000.00	922,335,783.75	100.176760	923,985,354.80	1,649,571.05	3.196	3.270
1476: FHLMC-Var-SOFR-Q A/360											
3134GVHN1	FHLMC 1.5Yr	09/23/2021	.420	.420	25,000,000.00	25,000,000.00	100.186000	25,046,500.00	46,500.00	1.141	1.148
3134GVHN1	FHLMC 1.5Yr	09/23/2021	.420	.420	25,000,000.00	25,000,000.00	100.186000	25,046,500.00	46,500.00	1.141	1.148
3134GVHN1	FHLMC 1.5Yr	09/23/2021	.420	.420	25,000,000.00	25,000,000.00	100.186000	25,046,500.00	46,500.00	1.141	1.148
3134GVHN1	FHLMC 1.5Yr	09/23/2021	.420	.420	25,000,000.00	25,000,000.00	100.186000	25,046,500.00	46,500.00	1.141	1.148
3134GVHN1	FHLMC 1.5Yr	09/23/2021	.420	.420	25,000,000.00	25,000,000.00	100.186000	25,046,500.00	46,500.00	1.141	1.148
3134GVHV3	FHLMC 1.5Yr	09/30/2021	.420	.420	25,000,000.00	25,000,000.00	100.188000	25,047,000.00	47,000.00	1.163	1.167
			.420	.420	150,000,000.00	150,000,000.00	100.186333	150,279,500.00	279,500.00	1.145	1.151
1500: FNMA-DISC NOTE											
313589CM3	FNMA DISC NTE	03/01/2021	.200	.200	75,000,000.00	74,862,916.67	99.942000	74,956,500.00	93,583.33	.582	.584
			.200	.200	75,000,000.00	74,862,916.67	99.942000	74,956,500.00	93,583.33	.582	.584
1525: FNMA-Fxd-S 30/360											
3135G0T78	FNMA 4.83Yr	10/05/2022	2.000	2.322	15,000,000.00	14,782,200.00	104.010000	15,601,500.00	819,300.00	2.104	2.181
3135G0T94	FNMA 5Yr	01/19/2023	2.375	2.495	10,000,000.00	9,944,100.00	105.403000	10,540,300.00	596,200.00	2.379	2.471
3135G0U43	FNMA 4.41Yr	09/12/2023	2.875	2.333	30,000,000.00	30,670,500.00	108.197000	32,459,100.00	1,788,600.00	2.936	3.118
3136G4TY9	FNMA 5YrNc1YrQ	10/28/2024	2.000	2.000	10,000,000.00	10,000,000.00	100.325000	10,032,500.00	32,500.00	4.027	4.247
3136G4UG6	FNMA 5YrNc1YrB	02/19/2025	1.770	1.770	5,000,000.00	5,000,000.00	100.566000	5,028,300.00	28,300.00	4.319	4.559
3135G0Y49	FNMA 3YrNc6MoB	02/21/2023	1.700	1.700	15,000,000.00	15,000,000.00	100.082000	15,012,300.00	12,300.00	2.472	2.562
3135G0X24	FNMA 4.83Yr	01/07/2025	1.625	1.094	10,000,000.00	10,247,300.00	105.484000	10,548,400.00	301,100.00	4.270	4.441
3136G4WN9	FNMA 5YrNC1YrB	06/24/2025	.820	.820	10,000,000.00	10,000,000.00	100.000000	10,000,000.00	0.00	4.787	4.901
3136G4WB5	FNMA 5YrNc6MoQ	06/09/2025	.800	.794	5,000,000.00	5,001,562.50	100.031250	5,001,562.50	0.00	4.748	4.860
3136G4XK4	FNMA 5YrNc2YrQ	06/30/2025	.650	.650	5,000,000.00	5,000,000.00	100.000000	5,000,000.00	0.00	4.829	4.918
3136G4XU2	FNMA 5YrNc1Yr	06/30/2025	.700	.700	10,000,000.00	10,000,000.00	100.050000	10,005,000.00	5,000.00	4.822	4.918
3136G4WH2	FNMA 5YrNc1YrQ	06/30/2025	.800	.800	10,000,000.00	10,000,000.00	100.000000	10,000,000.00	0.00	4.809	4.918
3136G4XR9	FNMA 5YrNc1YrQ	07/07/2025	.740	.740	14,900,000.00	14,900,000.00	100.060000	14,908,940.00	8,940.00	4.833	4.937
3136G4YJ6	FNMA 3YrNC1YrB	07/07/2023	.420	.420	15,000,000.00	15,000,000.00	100.000000	15,000,000.00	0.00	2.912	2.934
3135G05H2	FNMA 3YrNC1YrB	01/13/2023	.420	.432	20,000,000.00	19,994,000.00	100.034000	20,006,800.00	12,800.00	2.434	2.455
3136G4YU1	FNMA 5YrNc1YrQ	07/15/2025	.730	.730	15,000,000.00	15,000,000.00	100.000000	15,000,000.00	0.00	4.857	4.959
3136G4ZC0	FNMA 3.75YrNc1YrB	04/22/2024	.500	.500	15,000,000.00	15,000,000.00	100.000000	15,000,000.00	0.00	3.685	3.729
3136G4B51	FNMA 3YrNc1YrB	07/27/2023	.420	.420	15,000,000.00	15,000,000.00	100.000000	15,000,000.00	0.00	2.967	2.989
3136G4B51	FNMA 3YrNc1YrB	07/27/2023	.420	.420	15,000,000.00	15,000,000.00	100.000000	15,000,000.00	0.00	2.967	2.989
3136G4C27	FNMA 5YrNc1YrB	07/29/2025	.700	.700	15,000,000.00	15,000,000.00	100.030000	15,004,500.00	4,500.00	4.900	4.997
3136G4ZC0	FNMA 3.75YrNc1YrB	04/22/2024	.500	.500	10,000,000.00	10,000,000.00	100.000000	10,000,000.00	0.00	3.700	3.729
3136G4F32	FNMA 5YrNc2YrB	07/29/2025	.600	.600	10,000,000.00	10,000,000.00	100.044000	10,004,400.00	4,400.00	4.913	4.997
3136G4D75	FNMA 5YrNc2YrB	07/29/2025	.600	.600	10,000,000.00	10,000,000.00	100.000000	10,000,000.00	0.00	4.913	4.997
3136G4B28	FNMA 4YrNc1YrB	07/30/2024	.520	.520	9,400,000.00	9,400,000.00	100.000000	9,400,000.00	0.00	3.951	4.000
3136G4B28	FNMA 4YrNc1YrB	07/30/2024	.520	.520	10,000,000.00	10,000,000.00	100.000000	10,000,000.00	0.00	3.951	4.000
3136G4B28	FNMA 4YrNc1YrB	07/30/2024	.520	.520	10,100,000.00	10,100,000.00	100.000000	10,100,000.00	0.00	3.951	4.000
			1.067	1.034	319,400,000.00	320,039,662.50	101.331748	323,653,602.50	3,613,940.00	3.697	3.786
1576: FNMA-Var-SOFR-Q A/360											
3135G02H5	FNMA 1.5Yr	09/16/2021	.260	.260	25,000,000.00	25,000,000.00	100.022000	25,005,500.00	5,500.00	1.116	1.129
3135G02F9	FNMA 1Yr	03/16/2021	.220	.220	25,000,000.00	25,000,000.00	99.988000	24,997,000.00	-3,000.00	.622	.625
3135G02K8	FNMA 2Yr	03/16/2022	.320	.320	25,000,000.00	25,000,000.00	100.164000	25,041,000.00	41,000.00	1.607	1.625
3135G03B7	FNMA 2Yr	04/07/2022	.450	.450	25,000,000.00	25,000,000.00	100.254000	25,063,500.00	63,500.00	1.677	1.685
3135G03J0	FNMA 2Yr	04/15/2022	.490	.490	25,000,000.00	25,000,000.00	100.369000	25,092,250.00	92,250.00	1.698	1.707
			.348	.348	125,000,000.00	125,000,000.00	100.159400	125,199,250.00	199,250.00	1.345	1.355
1700: FHLB-DISC NOTE											

CUSIP	Description	Maturity Date	Coupon	Yield To Mat	Par Value	Book Value	Market Price	Market Value	Unrealized Gain/Loss	Modified Duration	Years To Maturity
313384A66	FHLB DISC NTE	08/03/2020	.520	.521	50,000,000.00	49,899,611.11	100.000000	50,000,000.00	100,388.89	.008	.008
313384L64	FHLB DISC NTE	10/22/2020	.300	.301	75,000,000.00	74,867,500.00	99.980000	74,985,000.00	117,500.00	.227	.227
313384D71	FHLB DISC NTE	08/28/2020	.050	.050	50,000,000.00	49,989,513.89	99.995000	49,997,500.00	7,986.11	.077	.077
313384M63	FHLB DISC NTE	10/30/2020	.140	.140	50,000,000.00	49,964,222.22	99.978000	49,989,000.00	24,777.78	.249	.249
313384B81	FHLB DISC NTE	08/13/2020	.100	.100	50,000,000.00	49,985,416.67	99.998000	49,999,000.00	13,583.33	.036	.036
313384A66	FHLB DISC NTE	08/03/2020	.110	.110	40,000,000.00	39,989,000.00	100.000000	40,000,000.00	11,000.00	.008	.008
313384A82	FHLB DISC NTE	08/05/2020	.119	.119	22,000,000.00	21,993,382.28	100.000000	22,000,000.00	6,617.72	.014	.014
313384A82	FHLB DISC NTE	08/05/2020	.119	.119	30,000,000.00	29,990,975.83	100.000000	30,000,000.00	9,024.17	.014	.014
313384C64	FHLB DISC NTE	08/19/2020	.120	.120	29,000,000.00	28,991,300.00	99.997000	28,999,130.00	7,830.00	.052	.052
313384C80	FHLB DISC NTE	08/21/2020	.120	.120	31,000,000.00	30,990,596.67	99.997000	30,999,070.00	8,473.33	.057	.058
313384C80	FHLB DISC NTE	08/21/2020	.120	.120	39,000,000.00	38,988,170.00	99.997000	38,998,830.00	10,660.00	.057	.058
313384D71	FHLB DISC NTE	08/28/2020	.148	.148	50,000,000.00	49,981,294.44	99.995000	49,997,500.00	16,205.56	.077	.077
313384K65	FHLB DISC NTE	10/14/2020	.165	.165	25,000,000.00	24,985,447.92	99.982000	24,995,500.00	10,052.08	.205	.205
313384N39	FHLB DISC NTE	11/04/2020	.155	.155	50,000,000.00	49,971,368.06	99.977000	49,988,500.00	17,131.94	.262	.263
313385BY1	FHLB DISC NTE	02/16/2021	.165	.165	50,000,000.00	49,945,687.50	99.945000	49,972,500.00	26,812.50	.547	.548
313384A82	FHLB DISC NTE	08/05/2020	.115	.115	50,000,000.00	49,995,527.78	100.000000	50,000,000.00	4,472.22	.014	.014
313384K65	FHLB DISC NTE	10/14/2020	.140	.140	25,000,000.00	24,991,152.78	99.982000	24,995,500.00	4,347.22	.205	.205
313385AN6	FHLB DISC NTE	01/13/2021	.140	.140	23,766,000.00	23,749,363.80	99.955000	23,755,305.30	5,941.50	.454	.455
			.170	.170	739,766,000.00	739,269,530.95	99.987339	739,672,335.30	402,804.35	.146	.146
1725: FHLB-Fxd-S 30/360											
3130A7PV1	FHLB 5Yr	04/05/2021	1.375	1.390	5,000,000.00	4,996,350.00	100.882000	5,044,100.00	47,750.00	.670	.679
3130AC2C7	FHLB 3YrNc1YrE	08/28/2020	2.000	1.790	10,000,000.00	10,061,000.00	100.126000	10,012,600.00	-48,400.00	.076	.077
3130ABZE9	FHLB 3YrNc1YrE	08/28/2020	1.650	1.650	5,000,000.00	5,000,000.00	100.102000	5,005,100.00	5,100.00	.076	.077
313379Q69	FHLB 4.5 Yr	06/10/2022	2.125	2.182	7,975,000.00	7,955,620.75	103.540000	8,257,315.00	301,694.25	1.807	1.860
3130ADFW7	FHLB 3Yr	01/25/2021	2.200	2.212	15,000,000.00	14,994,900.00	101.009000	15,151,350.00	156,450.00	.482	.488
3130A0XD7	FHLB 3Yr	03/12/2021	2.375	2.484	10,000,000.00	9,968,000.00	101.350000	10,135,000.00	167,000.00	.601	.614
3130A0XD7	FHLB 3Yr	03/12/2021	2.375	2.489	10,000,000.00	9,966,500.00	101.350000	10,135,000.00	168,500.00	.601	.614
313378WG2	FHLB 4.08Yr	03/11/2022	2.500	2.619	10,000,000.00	9,954,700.00	103.712000	10,371,200.00	416,500.00	1.554	1.611
313382AX1	FHLB 4.9Yr	03/10/2023	2.125	2.716	11,750,000.00	11,432,397.50	104.880000	12,323,400.00	891,002.50	2.496	2.608
3130AE6U9	FHLB 3Yr	05/07/2021	2.700	2.725	7,650,000.00	7,644,492.00	102.001000	7,803,076.50	158,584.50	.750	.767
3130AE6U9	FHLB 3Yr	05/07/2021	2.700	2.703	10,000,000.00	9,999,100.00	102.001000	10,200,100.00	201,000.00	.750	.767
313378WG2	FHLB 2.91Yr	03/11/2022	2.500	2.308	30,000,000.00	30,158,100.00	103.712000	31,113,600.00	955,500.00	1.556	1.611
3130AHE33	FHLB 5YrNc1YrQ	10/21/2024	2.000	2.000	10,000,000.00	10,000,000.00	100.339000	10,033,900.00	33,900.00	4.008	4.227
3130AHE66	FHLB 5YrNc1YrQ	10/21/2024	2.000	2.000	10,000,000.00	10,000,000.00	100.340000	10,034,000.00	34,000.00	4.008	4.227
3130AHG64	FHLB 5YrNc1YrQ	10/28/2024	2.000	2.000	10,000,000.00	10,000,000.00	100.369000	10,036,900.00	36,900.00	4.027	4.247
3130AHG31	FHLB 5YrNc2YrQ	10/29/2024	1.800	1.800	25,000,000.00	25,000,000.00	101.830000	25,457,500.00	457,500.00	4.051	4.249
3130AHM59	FHLB 1.75YrNc9MoB	08/27/2024	1.875	1.886	11,200,000.00	11,194,400.00	100.099000	11,211,088.00	16,688.00	3.890	4.077
3130AHMM2	FHLB 4.5YrNc1YrA	06/11/2024	1.850	1.850	15,000,000.00	15,000,000.00	100.518000	15,077,700.00	77,700.00	3.701	3.866
3130AHN66	FHLB 5YrNc1YrA	12/16/2024	1.940	1.940	10,000,000.00	10,000,000.00	100.571000	10,057,100.00	57,100.00	4.165	4.381
3130AHQR7	FHLB 5YrNc1YrA	12/23/2024	1.970	1.970	5,000,000.00	5,000,000.00	100.479000	5,023,950.00	23,950.00	4.182	4.400
3130AJ5F2	FHLB 5YrNc1Yr	02/12/2025	1.750	1.750	7,250,000.00	7,250,000.00	100.109000	7,257,902.50	7,902.50	4.302	4.540
3130AJF95	FHLB 5YrNc1YrA	03/24/2025	1.300	1.300	10,000,000.00	10,000,000.00	100.096000	10,009,600.00	9,600.00	4.475	4.649
3130AJB65	FHLB 4YrNc6Mo	03/25/2024	1.620	1.620	6,200,000.00	6,200,000.00	100.104000	6,206,448.00	6,448.00	3.511	3.652
3130AJAX7	FHLB 4YrNc1Yr	03/25/2024	1.550	1.550	10,300,000.00	10,300,000.00	100.491000	10,350,573.00	50,573.00	3.517	3.652
3130AJC23	FHLB 5YrNc6MoA	03/25/2025	1.500	1.500	5,000,000.00	5,000,000.00	100.045000	5,002,250.00	2,250.00	4.452	4.652
3130AJMP1	FHLB 5Mo	10/15/2020	.145	.145	50,000,000.00	50,000,000.00	100.000000	50,000,000.00	0.00	.208	.208
3130AJSN0	FHLB 7Mo	01/29/2021	.160	.173	50,000,000.00	49,996,250.00	99.992500	49,996,250.00	0.00	.498	.499
			1.532	1.552	367,325,000.00	367,071,810.25	101.084054	371,307,003.00	4,235,192.75	1.955	2.039
1767: FHLB-Var-MA/360											
3130A9FU0	FHLB 4Yr	09/22/2020	.326	.326	10,000,000.00	10,000,000.00	100.025000	10,002,500.00	2,500.00	.142	.145
3130A9FM8	FHLB 4Yr	09/22/2020	.326	.326	15,000,000.00	15,000,000.00	100.025000	15,003,750.00	3,750.00	.142	.145
3130A9FR7	FHLB 4Yr	09/28/2020	.323	.323	10,000,000.00	10,000,000.00	100.021000	10,002,100.00	2,100.00	.158	.162
3130A9FR7	FHLB 4Yr	09/28/2020	.323	.323	15,000,000.00	15,000,000.00	100.021000	15,003,150.00	3,150.00	.158	.162
3130AJ2N8	FHLB 1.16Yr	05/03/2021	.156	.258	25,000,000.00	24,978,764.50	99.969000	24,992,250.00	13,485.50	.751	.756
			.268	.302	75,000,000.00	74,978,764.50	100.005000	75,003,750.00	24,985.50	.350	.354
1770: FHLB-Var-QA/360											
3130AJAS8	FHLB 1.25Yr	05/26/2021	.270	.270	75,000,000.00	75,000,000.00	99.984000	74,988,000.00	-12,000.00	.813	.819
3130AHVS9	FHLB 6Mo	09/11/2020	.095	-.491	50,000,000.00	50,075,000.00	99.998000	49,999,000.00	-76,000.00	.115	.115
3130AHVS9	FHLB 6Mo	09/11/2020	.095	-.491	50,000,000.00	50,075,000.00	99.998000	49,999,000.00	-76,000.00	.115	.115
			.170	-.165	175,000,000.00	175,150,000.00	99.992000	174,986,000.00	-164,000.00	.414	.417
1786: FHLB-Var-SOFR-QA/360											
3130AJEC9	FHLB 6Mo	09/11/2020	.185	.185	25,000,000.00	25,000,000.00	99.997000	24,999,250.00	-750.00	.115	.115
			.185	.185	25,000,000.00	25,000,000.00	99.997000	24,999,250.00	-750.00	.115	.115
1900: FFCB-DISC NOTE											
313313FP8	FFCB 10Mo	05/14/2021	.150	.150	50,000,000.00	49,937,291.67	99.913000	49,956,500.00	19,208.33	.785	.786
313313AF5	FFCB DISC NOTE	01/06/2021	.130	.130	50,000,000.00	49,969,486.11	99.957000	49,978,500.00	9,013.89	.435	.436
			.140	.140	100,000,000.00	99,906,777.78	99.935000	99,935,000.00	28,222.22	.610	.611
1925: FFCB-Fxd-S 30/360											
3133EHUL5	FFCB 3Yr	08/10/2020	1.890	1.890	5,000,000.00	5,000,000.00	100.028000	5,001,400.00	1,400.00	.027	.027
3133EHJ95	FFCB 3Yr	10/26/2020	1.750	1.760	20,000,000.00	19,994,000.00	100.382000	20,076,400.00	82,400.00	.236	.238
3133EH6X6	FFCB 4Yr	01/12/2022	2.200	2.365	10,000,000.00	9,938,000.00	102.920000	10,292,000.00	354,000.00	1.414	1.452
3133EJEM7	FFCB 3Yr	03/01/2021	2.500	2.501	10,000,000.00	9,999,700.00	101.362000	10,136,200.00	136,500.00	.570	.584
3133EJCE7	FFCB 2.8Yr	02/12/2021	2.350	2.474	15,000,000.00	14,948,670.00	101.179000	15,176,850.00	228,180.00	.518	.537
3133EJKN8	FFCB 5Yr	04/11/2023	2.700	2.721	10,000,000.00	9,990,300.00	106.595000	10,659,500.00	669,200.00	2.561	2.696
3133EJNS4	FFCB 3Yr	05/10/2021	2.700	2.747	10,000,000.00	9,986,600.00	101.967000	10,196,700.00	210,100.00	.758	.775
3133EJD48	FFCB 5Yr	10/02/2023	3.050	3.095	10,000,000.00	9,979,300.00	108.748000	10,874,800.00	895,500.00	2.970	3.173
3133EJT74	FFCB 2.9Yr	11/15/2021	3.050	2.922	10,000,000.00	10,035,700.00	103.705000	10,370,500.00	334,800.00	1.248	1.293
3133EKRP3	FFCB 5YrNc2YrA	06/21/2024	2.220	2.220	10,000,000.00	10,000,000.00	101.445000	10,144,500.00	144,500.00	3.697	3.893
3133EKM45	FFCB 3Yr	09/06/2022	1.500	1.529	14,435,000.00	14,422,874.60	102.711000	14,826,332.85	403,458.25	2.045	2.101
3133EKM94	FFCB 4YrNc1YrA	09/11/2023	1.900	1.900	10,000,000.00	10,000,000.00	100.099000	10,009,900.00	9,900.00	2.985	3.115
3133EK2A3	FFCB 5YrNc1YrA	10/15/2024	1.920	1.920	10,000,000.00	10,000,000.00	100.277000	10,027,700.00	27,700.00	4.000	4.211
3133EK4B9	FFCB 5YrNc2YrA	10/28/2024	1.820	1.820	10,000,000.00	10,000,000.00	101.339000	10,133,900.00	133,900.00	4.046	4.247
3133EKP75	FFCB 4.9Yr	09/17/2024	1.600	1.672	6,128,000.00	6,107,471.20	105.278000	6,451,435.84	343,964.64	3.954	4.134
3133EK4A1	FFCB 4YrNc1YrA	10/30/2023	1.930	1.930	5,000,000.00	5,000,000.00	100.348000	5,017,400.00	17,400.00	3.118	3.249
3133EKQA7	FFCB 4.9Yr	09/10/2024	2.080	1.688	2,064,000.00	2,101,585.44	107.216000	2,212,938.24	111,352.80	3.896	4.115
3133ELMD3	FFCB 3YrNc1YrA	02/10/2023	1.600	1.600	10,000,000.00	10,000,000.00	100.735000	10,073,500.00	73,500.00	2.447	2.532
3133ELMD3	FFCB 3YrNc1YrA	02/10/2023	1.600	1.600	10,000,000.00	10,000,000.00	100.735000	10,073,500.00	73,500.00	2.447	2.532
3133ELMJ0	FFCB 4YrNc1YrC	02/12/2024	1.690	1.690	5,000,000.00	5,000,000.00	100.610000	5,030,500.00	30,500.00	3.387	3.537
3133ELMD3	FFCB 3YrNc1YrA	02/10/2023	1.600	1.600	15,000,000.00	15,000,000.00	100.735000	15,110,250.00	110,250.00	2.447	2.532
3133ELNF7	FFCB 3.5YrNc1YrA	08/18/2023	1.640	1.640	10,000,000.00	10,000,000.00	100.614000	10,061,400.00	61,400.00	2.939	3.049
3133ELNJ9	FFCB 4YrNc2YrA	02/28/2024	1.550	1.550	5,000,000.00	5,000,000.00	101.993000	5,099,650.00	99,650.00	3.451	3.581
3133ELQE7	FFCB 5YrNc1YrA	03/03/2025	1.640	1.640	10,000,000.00	10,000,000.00	100.848000	10,084,800.00	84,800.00	4.374	4.592
3133ELQP2	FFCB 4YrNc6MoA	03/04/2024	1.600	1.600	15,000,000.00	15,000,000.00	100.092000	15,013,800.00	13,800.00	3.455	3.595
3133ELTC8	FFCB 5YrNc1YrA	03/17/2025	1.125	1.125	10,000,000.00	10,000,000.00	100.253000	10,025,300.00	25,300.00	4.479	4.630
3133ELUX0	FFCB 2YrNc1YrA	03/30/2022	1.000	1.000	25,000,000.00	25,000,000.00	100.091000	25,022,750.00	22,750.00	1.644	1.663
3133ELUX0	FFCB 2YrNc1YrA	03/30/2022	1.000	1.000	25,000,000.00	25,000,000.00	100.091000	25,022,750.00	22,750.00	1.644	1.663
3133ELWK6	FFCB 1.5YrNc6MoA	10/20/2021	.550	.550	15,000,000.00	15,000,000.00	100.010000	15,001,500.00	1,500.00	1.212	1.222

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	100.106000	12,012,720.00	12,720.00	3.655	3.729
3133ELYJ7	FFCB 4YrNc3MoA	05/06/2024	.740	.740	5,000,000.00	5,000,000.00	100.001000	5,000,050.00	50.00	3.699	3.767
3133ELH80	FFCB 5YrNc2YrA	06/10/2025	.680	.680	5,025,000.00	5,025,000.00	100.000000	5,025,000.00	0.00	4.767	4.863
			1.686	1.704	344,652,000.00	344,529,201.24	101.338720	349,265,926.93	4,736,725.69	2.348	2.434
1930: FFCB-Var-M A/360											
3133EGCE3	FFCB 5Yr	05/25/2021	.442	.442	10,000,000.00	10,000,000.00	100.192000	10,019,200.00	19,200.00	.814	.816
3133EGCE3	FFCB 5Yr	05/25/2021	.442	.442	10,000,000.00	10,000,000.00	100.192000	10,019,200.00	19,200.00	.814	.816
3133EG4C6	FFCB 3.9Yr	01/18/2022	.427	-.189	15,000,000.00	15,139,095.00	100.252000	15,037,800.00	-101,295.00	1.445	1.468
3133EJDG1	FFCB 5Yr	02/21/2023	.250	.250	15,000,000.00	15,000,000.00	99.624000	14,943,600.00	-56,400.00	2.502	2.562
3133EJJE0	FFCB 3.5Yr	10/04/2021	.189	.189	15,000,000.00	15,000,000.00	100.008000	15,001,200.00	1,200.00	1.161	1.178
			.336	.193	65,000,000.00	65,139,095.00	100.032308	65,021,000.00	-118,095.00	1.428	1.452
1936: FFCB-Var-SOFR-Q A/360											
3133EKT63	FFCB 2Yr	09/24/2021	.240	.240	15,000,000.00	15,000,000.00	99.974000	14,996,100.00	-3,900.00	1.134	1.151
3133EK6V3	FFCB 3Yr	11/07/2022	.410	.410	25,000,000.00	25,000,000.00	99.920000	24,980,000.00	-20,000.00	2.213	2.271
3133EK6V3	FFCB 3Yr	11/07/2022	.410	.410	25,000,000.00	25,000,000.00	99.920000	24,980,000.00	-20,000.00	2.213	2.271
3133EK6V3	FFCB 3Yr	11/07/2022	.410	.410	25,000,000.00	25,000,000.00	99.920000	24,980,000.00	-20,000.00	2.213	2.271
3133EK6V3	FFCB 3Yr	11/07/2022	.410	.410	15,000,000.00	15,000,000.00	99.920000	14,988,000.00	-12,000.00	2.213	2.271
3133EK6V3	FFCB 3Yr	11/07/2022	.410	.410	25,000,000.00	25,000,000.00	99.920000	24,980,000.00	-20,000.00	2.213	2.271
3133ELCX0	FFCB 3Yr	12/09/2022	.420	.420	9,000,000.00	9,000,000.00	99.917000	8,992,530.00	-7,470.00	2.302	2.359
3133ELCX0	FFCB 3Yr	12/09/2022	.420	.420	24,000,000.00	24,000,000.00	99.917000	23,980,080.00	-19,920.00	2.302	2.359
3133ELCX0	FFCB 3Yr	12/09/2022	.420	.420	24,000,000.00	24,000,000.00	99.917000	23,980,080.00	-19,920.00	2.302	2.359
3133ELCX0	FFCB 3Yr	12/09/2022	.420	.420	24,000,000.00	24,000,000.00	99.917000	23,980,080.00	-19,920.00	2.302	2.359
3133ELCX0	FFCB 3Yr	12/09/2022	.420	.420	14,000,000.00	14,000,000.00	99.917000	13,988,380.00	-11,620.00	2.302	2.359
3133ELCX0	FFCB 3Yr	12/09/2022	.420	.420	24,000,000.00	24,000,000.00	99.917000	23,980,080.00	-19,920.00	2.302	2.359
			.405	.405	249,000,000.00	249,000,000.00	99.921819	248,805,330.00	-194,670.00	2.190	2.246
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	107.442000	10,744,200.00	796,300.00	2.772	2.915
3132X04F5	FAMCA 2.91Yr	07/23/2021	2.840	2.864	10,000,000.00	9,993,300.00	102.626000	10,262,600.00	269,300.00	.957	.978
31422BWE6	FAMCA 1YrNc6MoB	03/18/2021	.720	.720	25,000,000.00	25,000,000.00	100.013000	25,003,250.00	3,250.00	.627	.630
			1.664	1.722	45,000,000.00	44,941,200.00	102.244556	46,010,050.00	1,068,850.00	1.202	1.241
1965: FMAC-Var-M A/360											
3132X0S77	FAMCA 3Yr	04/23/2021	.222	.222	25,000,000.00	25,000,000.00	99.974000	24,993,500.00	-6,500.00	.723	.729
3132X0U90	FAMCA 3Yr	05/10/2021	.208	.208	10,000,000.00	10,000,000.00	99.948000	9,994,800.00	-5,200.00	.769	.775
31422BWC0	FAMCA 1.6Yr	05/28/2021	.243	.243	25,000,000.00	25,000,000.00	99.984000	24,996,000.00	-4,000.00	.830	.825
31422BYJ3	FAMCA 1.5Yr	10/18/2021	.247	.247	50,000,000.00	50,000,000.00	99.976000	49,988,000.00	-12,000.00	1.208	1.216
			.237	.237	110,000,000.00	110,000,000.00	99.974818	109,972,300.00	-27,700.00	.972	.976
1986: FMAC-Var-SOFR-Q A/360											
31422BWG1	FAMCA 1Yr	03/25/2021	.210	.210	25,000,000.00	25,000,000.00	99.987000	24,996,750.00	-3,250.00	.649	.649
			.210	.210	25,000,000.00	25,000,000.00	99.987000	24,996,750.00	-3,250.00	.649	.649
2350: MUNIS-S 30/360											
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	.169	.170
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	.654	.668
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	.652	.668
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	.651	.668
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	.651	.668
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	1.608	1.668
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	1.039	1.088
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	1.606	1.668
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	1.605	1.668
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	.651	.668
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	.416	.422
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	1.377	1.422
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	.003	.003
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	.003	.003
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	.003	.003
			2.708	2.789	121,125,000.00	120,663,468.45	99.618963	120,663,468.45	0.00	.990	1.024
3020: COMMERCIAL PAPER											
03785DJ98	APPLE	09/09/2020	1.630	1.647	50,000,000.00	49,481,569.44	99.987000	49,993,500.00	511,930.56	.108	.110
74271TKM4	Procter & Gamble	10/21/2020	.140	.140	50,000,000.00	49,982,111.11	99.966250	49,983,125.00	1,013.89	.224	.225
63763PJE0	NATL SEC CLEARING CORP	09/14/2020	.140	.140	25,000,000.00	24,994,847.22	99.985333	24,996,333.33	1,486.11	.123	.123
63763PJ18	NATL SEC CLEARING CORP	09/01/2020	.150	.150	25,000,000.00	24,995,833.33	99.989667	24,997,416.67	1,583.34	.087	.088
			.638	.644	150,000,000.00	149,454,361.10	99.980250	149,970,375.00	516,013.90	.146	.147
3130: CORP-Fxd-S 30/360											
594918BG8	MICROSOFT CORP	11/03/2020	2.000	2.543	25,000,000.00	24,649,750.00	100.297000	25,074,250.00	424,500.00	.257	.260
478160BS2	JOHNSON & JOHNSON	03/01/2021	1.650	2.646	12,000,000.00	11,663,160.00	100.555000	12,066,600.00	403,440.00	.572	.584
478160BS2	JOHNSON & JOHNSON	03/01/2021	1.650	2.625	12,969,000.00	12,617,410.41	100.555000	13,040,977.95	423,567.54	.572	.584
478160BS2	JOHNSON & JOHNSON	03/01/2021	1.650	3.149	10,295,000.00	9,955,059.10	100.555000	10,352,137.25	397,078.15	.570	.584
594918BG8	MICROSOFT CORP	11/03/2020	2.000	2.912	10,100,000.00	9,929,411.00	100.297000	10,129,997.00	200,586.00	.256	.260
053015AD5	AUTOMATIC DATA	09/15/2020	2.250	1.812	13,976,000.00	14,021,841.28	100.059000	13,984,245.84	-37,595.44	.125	.126
			1.895	2.568	84,340,000.00	82,836,631.79	100.365435	84,648,208.04	1,811,576.25	.367	.374
4070: CD/TD-Q A/365											
48128LU72	JP MORGAN	11/16/2020	1.648	1.648	25,000,000.00	25,000,000.00	100.000000	25,000,000.00	0.00	.289	.296
48128LV22	JP MORGAN	11/20/2020	1.623	1.623	75,000,000.00	75,000,000.00	100.000000	75,000,000.00	0.00	.301	.307
			1.629	1.629	100,000,000.00	100,000,000.00	100.000000	100,000,000.00	0.00	.298	.304
	Total Fund		.716	.703	7,496,978,944.14	7,493,729,391.77	100.288994	7,518,644,766.16	24,915,374.39	1.094	1.120
Grand Total			.716	.703	7,496,978,944.14	7,493,729,391.77	100.288994	7,518,644,766.16	24,915,374.39	1.094	1.120

COUNTY OF RIVERSIDE
TREASURER-TAX COLLECTOR
CAPITAL MARKETS

COUNTY ADMINISTRATIVE CENTER
4080 LEMON STREET,
4TH FLOOR,
RIVERSIDE, CA 92502-2205

WWW.COUNTYTREASURER.ORG

APPENDIX F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100