SUPPLEMENT DATED APRIL 27, 2020
to the
OFFICIAL STATEMENT DATED APRIL 6, 2020
relating to
PERRIS ELEMENTARY SCHOOL DISTRICT
(Riverside County, California)

$2,230,000 **General Obligation Bonds** **2006 Election, Series 2020**	**$6,000,000** **General Obligation Bonds** **2014 Election, Series 2020**

THIS SUPPLEMENT DATED APRIL 27, 2020 (THIS "SUPPLEMENT") AMENDS AND SUPPLEMENTS THE OFFICIAL STATEMENT DATED APRIL 6, 2020 (THE "ORIGINAL OFFICIAL STATEMENT") FOR THE ABOVE-REFERENCED BONDS AND CONSTITUTES AN INTEGRAL PART OF THE ORIGINAL OFFICIAL STATEMENT. TOGETHER, THIS SUPPLEMENT AND ORIGINAL OFFICIAL STATEMENT CONSTITUTE THE "OFFICIAL STATEMENT" AND SHOULD BE READ TOGETHER WITH THE ORIGINAL OFFICIAL STATEMENT, WHICH ORIGINAL OFFICIAL STATEMENT IS ATTACHED HERETO AND MADE A PART HEREOF. EXCEPT AS EXPRESSLY SET FORTH HEREIN, THIS SUPPLEMENT DOES NOT UPDATE, MODIFY OR REPLACE THE INFORMATION CONTAINED IN THE OFFICIAL STATEMENT, WHICH CONTAINS INFORMATION ONLY AS OF ITS DATE. TO THE EXTENT THE INFORMATION IN THIS SUPPLEMENT CONFLICTS WITH THE INFORMATION IN THE OFFICIAL STATEMENT, THIS SUPPLEMENT SHALL GOVERN. UNLESS OTHERWISE DEFINED IN THIS SUPPLEMENT, ALL TERMS USED HEREIN SHALL HAVE THE SAME MEANINGS AS THOSE TERMS HAVE IN THE OFFICIAL STATEMENT.

The Original Official Statement is hereby amended as follows:

A. Any reference made to the "Measure S Bonds" shall mean the $2,230,000 Perris Elementary School District (Riverside County, California) General Obligation Bonds, 2006 Election, Series 2020 (Bank Qualified).

B. Any reference made to the "Measure C Bonds" shall mean the $6,000,000 Perris Elementary School District (Riverside County, California) General Obligation Bonds, 2014 Election, Series 2020 (Bank Qualified).

C. Any reference made to the "Bonds" shall mean the $2,230,000 Perris Elementary School District (Riverside County, California) General Obligation Bonds, 2006 Election, Series 2020 (Bank Qualified) and the $6,000,000 Perris Elementary School District (Riverside County, California) General Obligation Bonds, 2014 Election, Series 2020 (Bank Qualified).

D. The Table of Contents in the Original Official Statement is hereby amended by adding "BANK QUALIFIED" after the heading "UNDERWRITING" and before the heading "MUNICIPAL ADVISOR" in the Table of Contents.

E. The following heading and paragraph below are incorporated into the Original Official Statement by reference herein and shall be stated as follows:

BANK QUALIFIED

The District has not issued, and does not expect to issue, any tax-exempt obligations in the calendar year commencing January 1, 2020, that exceed the aggregate of $10,000,000. On the basis of this expectation, the District had designated the Bonds as qualified tax-exempt obligations under and for the purposes of Section 265(b)(3) of the Code.

PERRIS ELEMENTARY SCHOOL DISTRICT

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NEW ISSUE – BOOK-ENTRY-ONLY **INSURED RATING: S&P: "AA"**
UNDERLYING RATING: S&P: "A+"
(See "RATINGS" herein.)

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the District described herein, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Bond Counsel is further of the opinion that interest on the Bonds is exempt from personal income taxes of the State of California (the "State") under present State law. See "TAX MATTERS" herein regarding certain other tax considerations.

PERRIS ELEMENTARY SCHOOL DISTRICT
(Riverside County, California)

$2,230,000 General Obligation Bonds 2006 Election, Series 2020	$6,000,000 General Obligation Bonds 2014 Election, Series 2020

Dated: Date of Delivery **Due: August 1, as shown on inside cover**.

The General Obligation Bonds, 2006 Election, Series 2020 (the "Measure S Bonds") and the General Obligation Bonds, 2014 Election, Series 2020 (the "Measure C Bonds" and, together with the Measure S Bonds, the "Bonds") offered hereunder by the Perris Elementary School District (the "District") are issued for the purposes of (i) financing the construction, acquisition, furnishing and equipping of District facilities, (ii) funding a debt service fund to pay interest on the Measure S Bonds partially through August 1, 2022 and to pay interest on the Measure C Bonds partially through February 1, 2023 and (iii) paying the costs of issuance associated with the sale of the Bonds, as more fully described herein under the caption "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES."

The Measure S Bonds were authorized at a bond election conducted in the District on November 7, 2006 (the "2006 Election") at which more than 55% of the voters within the District voting on the measure voted to approve the issuance by the District of $25,000,000 aggregate principal amount of its general obligation bonds (the "2006 Authorization"). The Measure S Bonds are the fourth series of bonds issued pursuant to the 2006 Authorization and, following the issuance thereof, $7,933,757.75 of authorization under the 2006 Election will remain. The Measure C Bonds were authorized at a bond election conducted in the District on June 3, 2014 (the "2014 Election"), at which more than 55% of the voters within the District voting on the measure voted to approve the issuance by the District of $40,000,000 aggregate principal amount of its general obligation bonds (the "2014 Authorization"). The Measure C Bonds are the third series of bonds issued pursuant to the 2014 Authorization and, following the issuance thereof, $17,160,000 of authorization under the 2014 Election will remain. The Bonds are issued on a parity with all other general obligation bonds of the District, including general obligation bonds issued pursuant to previous authorizations.

The Bonds will mature on the dates and in the amounts and bear interest at the rates shown on the inside cover hereof. Interest on the Bonds is payable commencing August 1, 2020, and semiannually thereafter on February 1 and August 1 of each year. The Bonds will be issued in denominations of $5,000 principal amount, or integral multiples thereof, and are payable as to principal amount or redemption price at the office of U.S. Bank National Association, Paying Agent for the Bonds (the "Paying Agent"). See "THE BONDS" herein.

The Bonds are issued in fully registered form and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds as described herein under the caption "THE BONDS – Book-Entry-Only System" herein and in APPENDIX E – "THE BOOK-ENTRY-ONLY SYSTEM" hereto.

The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS – Optional Redemption" and "– Mandatory Sinking Fund Redemption" herein.

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 of Riverside has the power and is obligated to levy and collect *ad valorem* property taxes for each fiscal year upon the taxable property of the District in an amount at least sufficient, together with other moneys available for such purpose, to pay the principal of and interest on each Bond as the same becomes due and payable.

The Bonds are not payable from the General Fund of the District. The Bonds are not obligations of the County of Riverside, the State of California or any of its other political subdivisions. The Bonds are dated their date of delivery. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

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

MATURITY SCHEDULE
On Inside Cover

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds will be offered when, as and if issued and received by RBC Capital Markets, LLC (the "Underwriter"), subject to the approval of legality by Nixon Peabody LLP, San Francisco, California, Bond Counsel, and certain other conditions. Nixon Peabody LLP is also acting as Disclosure Counsel for this issue. Certain legal matters will be passed upon for the Underwriter by their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California. It is anticipated that the Bonds will be available through the facilities of DTC in New York, New York, on or about April 21, 2020.

Dated: April 6, 2020

MATURITY SCHEDULE

$2,230,000
General Obligation Bonds
2006 Election, Series 2020

$225,000 Serial Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP No.† (714369)
2021	$100,000	3.00%	1.57%	101.800	EG6
2022	100,000	3.00	1.58	103.163	EH4
2023	25,000	3.00	1.59	104.484	EJ0

$2,005,000, 5.00% Term Bonds Maturing August 1, 2046, Yield: 3.00%[(1)]; Price: 112.984; CUSIP No.† 714369EK7

$6,000,000
General Obligation Bonds
2014 Election, Series 2020

$395,000 Serial Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP No.† (714369)
2021	$195,000	3.00%	1.57%	101.800	EL5
2022	200,000	3.00	1.58	103.163	EM3

$5,605,000, 5.00% Term Bonds Maturing August 1, 2049, Yield: 3.080%[(1)]; Price: 112.428; CUSIP No.† 714369EP6

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

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This information is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. 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. None of the District, the Municipal Advisor nor the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance 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 offer to sell, 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. No dealer, broker, salesperson or other person has been authorized by the District to provide any information or to make any representations other than as contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the District.

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 described herein, are intended solely as such and are not to be construed as a representation of facts.

The information set forth herein, other than that provided by the District, has been obtained from sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District.

The information and expressions of opinion 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. Although certain information set forth in this Official Statement has been provided by the County of Riverside (the "County"), the County has not approved this Official Statement and is not responsible for the accuracy or completeness of the statements contained in this Official Statement.

The Underwriter has provided the following sentence for inclusion in the 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."

The Bonds have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), in reliance upon exemptions contained in Section 3(a)2 of the Securities Act and Section 3(a)12 of the Exchange Act, and have not been registered or qualified under the securities laws of any state.

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

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

Statements included or incorporated by reference in the following information 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 (the "Exchange Act"), and Section 27A of the United States Securities Act of 1933, as amended (the "Securities Act"). Such statements are generally identifiable by the terminology used such as "plan," "project," "expect," "estimate," "budget" or other similar words. The achievement of results or other expectations contained in forward looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Actual results may differ from the District's forecasts. The District is not obligated and does not plan to issue any updates or revisions to the forward looking statements in any event.

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 “Bond Insurance” and “APPENDIX G - Specimen Municipal Bond Insurance Policy”.

The District maintains a website and a social media presence. However, the information presented thereon is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds. The references to internet websites in this Official Statement are shown for reference and convenience only; unless explicitly stated to the contrary, the information contained within the websites is not incorporated herein by reference and does not constitute part of this Official Statement.

PERRIS ELEMENTARY SCHOOL DISTRICT
Riverside County, State of California

<u>District Administrators</u>

Jean Marie Fréy, Superintendent
Francine M. Story, Chief Business Official

SPECIAL SERVICES

<u>Bond Counsel and Disclosure Counsel</u>
Nixon Peabody LLP
San Francisco, CA

<u>Municipal Advisor</u>
Fieldman, Rolapp & Associates, Inc.
Irvine, CA

<u>Paying Agent</u>
U.S. Bank National Association
Los Angeles, CA

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PERRIS ELEMENTARY SCHOOL DISTRICT
(Riverside County, California)

$2,230,000	**$6,000,000**
General Obligation Bonds	**General Obligation Bonds**
2006 Election, Series 2020	**2014 Election, Series 2020**

INTRODUCTION

General

The Perris Elementary School District (the "District"), an elementary school district of the State of California (the "State"), proposes to issue $2,230,000 aggregate principal amount of its General Obligation Bonds, 2006 Election, Series 2020 (the "Measure S Bonds"), under and pursuant to a bond authorization for the issuance and sale of not more than $25,000,000 of general obligation bonds (the "2006 Authorization") approved by more than 55% of the voters of the District voting at an election held on November 7, 2006 (the "2006 Election"), and $6,000,000 aggregate principal amount of its General Obligation Bonds, 2014 Election, Series 2020 (the "Measure C Bonds" and, together with the Measure S Bonds, the "Bonds") under and pursuant to a bond authorization for the issuance and sale of not more than $40,000,000 of general obligation bonds (the "2014 Authorization" and, together with the 2006 Authorization, the "Authorizations") approved by more than 55% of the voters of the District voting at an election held on June 3, 2014 (the "2014 Election"). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Resolution (defined herein).

The Measure S Bonds are the fourth issue under the 2006 Authorization, after which $7,933,757.75 will remain for issuance of subsequent series of the District's general obligation bonds under the 2006 Authorization. The Measure C Bonds are the third issue under the 2014 Authorization, after which $17,160,000 will remain for issuance of subsequent series of the District's general obligation bonds under the 2014 Authorization. All general obligation bonds issued by or on behalf of the District are or will be issued on a parity with the Bonds. See the caption "– Proposition 39" under the heading "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" herein.

THE BONDS ARE GENERAL OBLIGATIONS OF THE DISTRICT, SECURED BY AND PAYABLE SOLELY FROM *AD VALOREM* PROPERTY TAXES ASSESSED ON TAXABLE PROPERTY WITHIN THE DISTRICT, WITHOUT LIMITATION AS TO RATE OR AMOUNT (EXCEPT FOR CERTAIN PROPERTY TAXABLE AT LIMITED VALUES). THE BONDS ARE NOT PAYABLE FROM THE GENERAL FUND OF THE DISTRICT. THE BONDS ARE NOT OBLIGATIONS OF THE COUNTY, THE STATE OF CALIFORNIA OR ANY OF ITS OTHER POLITICAL SUBDIVISIONS.

Proceeds from the sale of the Measure S Bonds will be used for construction, acquisition, furnishing and equipping of District facilities of the type included on the project list approved by the voters at the 2006 Election (the "Measure S Projects"), the funding of a debt service fund to pay interest partially through August 1, 2022, and the payment of costs of issuance of the Measure S Bonds. Proceeds from the sale of the Measure C Bonds will be used for construction, acquisition, furnishing and equipping of District facilities of the type included on the project list approved by the voters at the 2014 Election (the "Measure C Projects" and, collectively with the Measure S Projects, the "Projects"), the funding of a debt service fund to pay interest partially through February 1, 2023, and the payment of costs of issuance of the Measure C Bonds. See "PLAN OF FINANCE" herein for more information.

All general obligation bonds issued by or on behalf of the District are payable solely from *ad valorem* property taxes, which may be levied upon all taxable property in the District.

The District

The District was established in 1893 and is comprised of an area of approximately 55 square miles located in the County. The District serves students from transitional kindergarten through grade eight. The children of the nine schools are housed in functional facilities with support services and staffs. The District operates seven elementary schools, one charter school, and one preschool. See APPENDIX A – "THE DISTRICT."

The District has certain existing lease financing obligations as set forth in APPENDIX A and direct and overlapping bonded indebtedness as set forth under "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Direct and Overlapping Debt." The District's audited financial statements for fiscal year 2018-19 are attached hereto as APPENDIX C. For further information concerning the District, see APPENDIX A – "THE DISTRICT."

The outbreak of a new strain of coronavirus ("COVID-19"), an upper respiratory tract illness first identified in Wuhan, China, has spread to numerous countries across the globe, including the U.S. The District cannot predict the extent or duration of the outbreak or what overall impact it may have on the District's financial condition or operations of the District, or if there will be any impact on the assessed values of property within the District. For further information concerning the COVID-19 outbreak, see APPENDIX A – "THE DISTRICT – Risks Related to Coronavirus."

Changes to Disclosure Since the Date of the Preliminary Official Statement

Due to the ongoing COVID-19 pandemic, the District has announced it will extend its school closure through the end of the 2019-20 school year. In addition, the Governor of the State of California announced plans for a gradual reopening of schools that may include significantly expanded sanitation and cleaning procedures, the introduction of staggered school start times, reductions of large gatherings of students at assemblies, lunches and recesses, and other requirements related to increased social distancing. The District is unable to predict at this time whether these new proposals will be enacted or in what form they may take, or whether any new requirements related to reducing the spread of COVID-19 will materially impact its finances or operations. For more information, see APPENDIX A – "THE DISTRICT – Risks Related to Coronavirus."

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered form only, and will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), who will act as securities depository for the Bonds. See "THE BONDS – Book-Entry-Only System" herein and APPENDIX E – "BOOK-ENTRY-ONLY SYSTEM" hereto. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds purchased. In the event that the book-entry-only system described herein is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution.

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" 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 redemption prior to their stated maturity as further described herein. See "THE BONDS – Optional Redemption" and "– Mandatory Sinking Fund Redemption".

Payments. The Bonds will be dated as of their initial date of delivery (the "Date of Delivery"), and interest on the Bonds will accrue from the Date of Delivery, and is payable semiannually on each February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing August 1, 2020. Principal of the Bonds is payable on August 1 of each year, as shown 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, Paying Agent for the Bonds (in such capacity, the "Paying Agent") to DTC for subsequent distribution through DTC Participants (as defined herein) to the Beneficial Owners of the Bonds.

Bond Owner's Risks

The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes which may be levied upon 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 taxation of property within the District, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

Continuing Disclosure

Pursuant to that certain Continuing Disclosure Agreement 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 compliance with Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission. The specific nature of the information to be made available and of the notices of listed events is summarized under "LEGAL MATTERS – Continuing Disclosure" herein and in APPENDIX D – "FORM OF CONTINUING DISCLOSURE AGREEMENT" attached hereto.

Professionals Involved in the Offering

Nixon Peabody LLP is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Nixon Peabody LLP will receive compensation from the District contingent upon the sale and delivery of the Bonds. Fieldman, Rolapp & Associates, Inc., Irvine, California, is acting as Municipal Advisor to the District with respect to the Bonds and will receive compensation from the District contingent upon the sale and delivery of the Bonds. Certain matters will be passed along for the Underwriter by their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California. From time to time, Bond Counsel represents the Underwriter in matters unrelated to the District or the Bonds.

Forward-Looking Statements

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

THE 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 FROM 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.

THE BONDS

Authority for Issuance and Security for the Bonds

The Bonds are general obligations of the District. The Bonds are being issued by the District under the provisions of (i) Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State, as amended, (ii) applicable provisions of the Education Code of the State, as amended, (iii) Article XIIA of the California Constitution (collectively, the "Act"), and (iv) pursuant to a resolution of the Board of Trustees of the District adopted on February 13, 2020 (the "Resolution").

Purpose of Issue and Application of Proceeds

The District submitted project lists to the voters at the 2006 Election (the "2006 Election Project List") and at the 2014 Election (the "2014 Election Project List" and, together with the 2006 Election Project List, the "Project Lists"), specifying the Measure S Projects and the Measure C Projects, respectively, from which a number of components will be financed with the proceeds of the respective series of Bonds. Details regarding the Project Lists and the proposed components to be financed are set forth under the caption "THE PLAN OF FINANCE" herein. A portion of the net proceeds of sale of the Bonds, after payment of costs of issuance, shall be deposited into the applicable Project Fund (as defined herein) established pursuant to the Resolution, shall be kept separate and distinct from all other District and County funds and applied to pay the costs of certain of the Projects pursuant to the Resolution. Interest earned on the investment of monies held in each Project Fund shall be retained in the applicable Project Fund, subject to the provisions of the Tax Certificate (as defined herein).

Any net original issue premium received by the District from the sale of the Bonds and the *ad valorem* property taxes securing the payment of the Bonds, when received, shall be deposited into the applicable Debt Service Fund (as defined herein) of the District established pursuant to the Resolution, and used only for payments of principal and interest on the respective series of Bonds. Interest earned on the investment of monies held in each Debt Service Fund shall be retained in the applicable Debt Service Fund and used to pay principal and interest on the applicable series of the Bonds when due, subject to the provisions of the Tax Certificate.

Description of the Bonds

The Bonds will be issued as current interest bonds as described herein. The Bonds will be dated their date of delivery and issued in denominations of $5,000 or any integral multiple thereof. The Bonds will mature on the dates and in the amounts and bear interest at the rates per annum all as set forth on the inside cover page of this Official Statement. The Bonds are not subject to acceleration.

The Bonds will be issued in fully registered form, without coupons, and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Owners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds.

So long as Cede & Co. is the registered owner of the Bonds, principal of and interest or premium, if any, on the Bonds are payable by wire transfer of New York Clearing House or equivalent next-day funds or by wire transfer of same day funds by the Paying Agent, to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the DTC Participants ("DTC Participants") for subsequent disbursement to the Beneficial Owners. Payments of principal, and premium, if any, for any Bonds shall be made only upon the surrender of such Bonds to the Paying Agent. See APPENDIX E – "BOOK-ENTRY-ONLY SYSTEM" herein.

Payment of the Bonds

Interest on each Bond shall accrue from its dated date. Interest on the Bonds shall be computed using a year of 360 days comprised of twelve 30-day months and shall be payable on each Interest Payment Date, commencing August 1, 2020, to the registered owner (each, an "Owner") thereof as of the close of business on the fifteenth calendar day of the month preceding any Interest Payment Date (a "Record Date"). Interest on each Bond will be payable from the Interest Payment Date next preceding the date of registration thereof, unless (i) it is registered after the close of business on any Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest thereon shall be payable from such following Interest Payment Date; or (ii) it is registered prior to the close of business on the first Record Date, in which event interest shall be payable from its dated date; provided, however, that if at the time of registration of any Bond, interest thereon is in default, interest thereon shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payments of interest on the Bonds will be made on each Interest Payment Date by check or draft of the Paying Agent sent by first-class mail, postage prepaid, to the Owner thereof on the Record Date, or by wire transfer to any Owner of $1,000,000 aggregate principal amount or more of such Bonds, to the account specified by such Owner in a written request delivered to the Paying Agent on or prior to the Record Date for such Interest Payment Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Paying Agent, which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest.

Optional Redemption

The Measure S Bonds maturing before August 1, 2046 are not subject to redemption prior to their respective maturity dates. The Measure S Bonds maturing on August 1, 2046 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 2027, at a redemption price equal to the principal amount of the Measure S Bonds called for redemption, together with interest accrued thereon to the date set for redemption, without premium.

The Measure C Bonds maturing before August 1, 2049 are not subject to redemption prior to their respective maturity dates. The Measure C Bonds maturing on August 1, 2049 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 2027, at a redemption price equal to the principal amount of the Measure C Bonds called for redemption, together with interest accrued thereon to the date set for redemption, without premium.

Mandatory Sinking Fund Redemption

The Measure S Bonds maturing on August 1, 2046 (the "2046 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, 2038, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amounts represented by such 2046 Term Bonds to be so redeemed and the dates therefor and the final principal payment date are as indicated in the following table:

Mandatory Sinking Fund Payment Date (August 1)	Mandatory Sinking Fund Payment
2038	$5,000
2039	10,000
2040	20,000
2041	250,000
2042	280,000
2043	310,000
2044	340,000
2045	375,000
2046[(1)]	415,000

(1) Maturity.

In the event that a portion of the 2046 Term Bonds is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000 principal amount, in respect of the portion of such 2046 Term Bonds optionally redeemed.

The Measure C Bonds maturing on August 1, 2049 (the "2049 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, together with accrued interest to the date fixed for redemption, without premium. The principal amounts represented by such 2049 Term Bonds to be so redeemed and the dates therefor and the final principal payment date are as indicated in the following table:

Mandatory Sinking Fund Payment Date (August 1)	**Mandatory Sinking Fund Payment**
2036	$5,000
2037	15,000
2038	25,000
2039	40,000
2040	50,000
2041	70,000
2042	85,000
2043	110,000
2044	130,000
2045	570,000
2046	635,000
2047	1,170,000
2048	1,285,000
2049[1]	1,415,000

[1] Maturity.

In the event that a portion of the 2049 Term Bonds is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000 principal amount, in respect of the portion of such 2049 Term Bonds optionally redeemed.

Selection of Bonds for Redemption

Whenever provision is made for the redemption of Bonds and less than all outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District shall select Bonds for redemption in such order as the District may direct, or, in the absence of such direction, by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; *provided, however*, that the portion of any Bond to be redeemed in part shall be in the principal amount of $5,000 or any integral multiple thereof.

Notice of Redemption

When redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District shall give notice (each, a "Redemption Notice") of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of any Bond to be redeemed in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP® numbers (if any) assigned to the Bonds to be redeemed, (f) the bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price thereof, together with the interest accrued to the redemption date, and that from and after such date, interest on such Bonds shall cease to accrue and be payable.

The Paying Agent shall take the following actions with respect to each such Redemption Notice: (i) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Bonds designated for redemption by first class mail, postage prepaid, at their addresses appearing on the Bond Register and to the Municipal Securities Rulemaking Board (the "MSRB"); and (ii) in the event the Bonds are no longer held in book-entry-only form, at least 35 but not more than 45 days before the redemption date, such Redemption Notice shall be given by (1) first class mail, postage prepaid, (2) telephonically confirmed facsimile transmission, or (3) overnight delivery service, to DTC and any other securities depositories designated by the District in accordance with the Resolution and the MSRB.

Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given shall 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 shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

A Redemption Notice relating to an optional redemption of the Bonds may be conditioned upon the satisfaction of certain conditions and/or the receipt of sufficient moneys to pay the redemption price of the designated Bonds and may be rescinded by the District at any time prior to the scheduled date of redemption by so notifying the Owners of affected Bonds and the Electronic Municipal Market Access website ("EMMA") of the MSRB and any other information services designated by the District in accordance with then-current SEC guidelines, in the event such conditions are not met and are not expected to be met and/or such funds are not received or are not expected to be received.

Partial Redemption of Bonds

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

Any Redemption Notice may be made conditional upon the satisfaction of certain conditions and may be rescinded by the District at any time prior to the scheduled date of redemption by so notifying the Owners of affected Bonds and the Municipal Securities Rulemaking Board.

Effect of Notice of Redemption

Notice having been given as required in the Resolution, and the moneys for redemption (including the interest to the applicable date of redemption) having been set aside in the District's Debt Service Fund or deposited with a duly appointed escrow agent, in trust, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed, together with interest to such redemption date, shall be held by the Paying Agent, or deposited with a duly appointed escrow agent, in trust, so as to be available therefor on such redemption date, and any conditions to such redemptions described in the Redemption Notice shall be met, and if notice of redemption thereof shall have been given, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable.

Transfer and Exchange

Any Bond may be exchanged for Bonds of like tenor, maturity and principal amount upon presentation and surrender at the principal office of the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of such Bond at the principal office of the Paying Agent together with an assignment executed by the Owner or 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, series and maturity and of any authorized denomination or denominations equal to the principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Discharge and Defeasance

If all or any portion of the outstanding Bonds shall be paid and discharged in any one of the following ways:

(a) by paying or causing to be paid the principal amount, premium, if any, and interest on such Bonds, and when the same become due and payable;

(b) by depositing with the Paying Agent, or deposited with a duly appointed escrow agent, in trust, at or before maturity, cash which together with the amounts then on deposit in the applicable Debt Service Fund (and the accounts therein other than amounts that are not available to pay Debt Service), if any, together with the interest to accrue thereon without the need for further investment, is fully sufficient to pay such Bonds at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment; or

(c) by depositing with an institution that meets the requirements of serving as successor Paying Agent pursuant to the Resolution selected by the District, in trust, lawful money or noncallable direct obligations issued by the United States Treasury (including State and Local Government Series) or obligations which are unconditionally guaranteed by the United States of America and, for deposits with respect to the Bonds, permitted under Section 149(b) of the Code and Regulations which, for deposits with respect to the Bonds, in the opinion of nationally recognized bond counsel, will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance at maturity or earlier redemption thereof, for which notice has been given or provided for, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment;

then all obligations of the District and the Paying Agent under the Resolution with respect to the affected Bonds shall cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid to the Owners of such Bonds all sums due thereon, and the obligation of the District to pay the Paying Agent amounts owing to the Paying Agent under the Resolution.

Book-Entry-Only System

The Bonds will be issued under a book-entry system, evidencing ownership of the Bonds in principal amounts of $5,000 or integral multiples thereof, with no physical distribution of Bonds made to the public. DTC will act as depository for the Bonds, which will be immobilized in their custody. The Bonds will be registered in the name of Cede & Co., as nominee for DTC. For further information regarding DTC and the book-entry system, see APPENDIX E hereto.

PLAN OF FINANCE

The District intends to apply the net proceeds of sale of the Measure S Bonds into the District's 2006 Election Project Fund (the "2006 Election Project Fund") to finance various capital improvements falling within the types of projects included on the 2006 Election Project List approved by the voters at the 2006 Election, to fund a debt service fund to pay interest partially through August 1, 2022, and to pay the costs of issuance of the Measure S Bonds. The District intends to apply the net proceeds of sale of the Measure C Bonds into the District's 2014 Election Project Fund (the "2014 Election Project Fund" and, each a "Project Fund") to finance various capital improvements falling within the types of projects included on the 2014 Election Project List approved by the voters at the 2014 Election, to fund a debt service fund to pay interest partially through February 1, 2023, and to pay the cost of issuance of the Measure C Bonds. The net proceeds of the Bonds will be invested in the Treasury Pool of the County of Riverside (see "RIVERSIDE COUNTY TREASURY POOL" at APPENDIX F herein) until expended for qualified costs of the District's Projects included in the Project Lists. The Board of Trustees retains the ability to set priorities among listed Projects, in order to meet the needs of the District and its students. The District makes no representation as to the specific application of proceeds of the Bonds, the completion of any of the types of projects listed above, or whether the Bonds will provide sufficient funds to complete any of the above described projects.

The 2006 Election Project List includes, but is not limited to, the following types of projects, such as:

- Renovate, improve, reconfigure and/or expand existing libraries, and furnish and equip such libraries with modern technology;

- Repair, replace, upgrade and/or rehabilitate existing classroom building exteriors as needed, including roofs, weather protection systems and fixtures, gutters, downspouts, doors, windows and window glazing and exterior paint;

- Repair, replace, upgrade and/or rehabilitate existing classrooms interiors as needed, including walls, wall coverings, window coverings, ceilings, floors, floor coverings and fire safety and communication systems, and acquire and install new classroom furniture and equipment as needed, including computers and media recording and presentation equipment;

- Upgrade and improve major building systems as needed, including lighting and electrical systems, heating, cooling and ventilation systems, insulation, sewer and plumbing systems, communication, alarm and other safety and security systems and educational technology and network systems, and acquire and install equipment needed to upgrade such systems, including alarms, fire safety doors and sprinkler systems;

- Upgrade wiring and utility systems to support modern technology;

- Remove hazardous materials from school facilities as needed;

- Repair, improve and/or rehabilitate restroom facilities including fixtures, wall coverings, floor coverings, plumbing and electrical;

- Improve and rehabilitate student recreational areas and school grounds to improve health, safety and security, including repairing, replacing, renovating, resurfacing and/or upgrading fencing, hardscapes, fields, play structures, equipment and surfaces, sport diamonds and backstops, lunch shelters and related facilities, and acquiring and installing new play structures and equipment;

- Improve, reconfigure, expand and/or walkways, shade structures and parking and student drop-off areas, and improve campus ingress and egress;
- Construct and install access improvements for disabled persons, as required by state and federal law;
- Purchase land and any rights-of-way and/or easements made necessary by such projects;
- Associated onsite and offsite development, demolition and other improvements made necessary by such projects;
- Planning, designing and temporary housing necessary for such projects; and
- Acquisition of all or a portion of the school sites and facilities, or an interest therein, previously encumbered in order to finance the school site and/or facilities.

The 2014 Election Project List includes, but is not limited to, the following types of projects:

- Improve technology;
- Relieve overcrowding by constructing new schools and facilities;
- Renovate existing school facilities;
- Improve health and safety conditions in existing educational facilities;
- Replace temporary with permanent classrooms;
- Improve, repair and replace, as necessary, aging roofs, old plumbing, heating, cooling and ventilation systems to improve energy efficiencies;
- Improve access for students and parents with disabilities;
- Upgrade school sites for greater efficiency, constructing new core facilities as necessary;
- Upgrade fire safety and security systems, including campus fencing where needed;
- Upgrade technology infrastructure to keep pace with modern technology and improve student learning;
- Construct, renovate and remodel facilities, including school buildings, classrooms, libraries, administration buildings, playgrounds, cafeterias and kitchens, school grounds and other student service areas;
- Replace portable classrooms with permanent construction;
- Upgrade and repair school building interiors, exteriors and grounds;

- Construct, renovate and improve walkways, curbs, gutters, turn-arounds, crosswalks, playgrounds, parking and lighting; and

- Furnish and equip facilities constructed or improved with bond proceeds; and

- Construct, furnish and equip a new elementary school to relieve overcrowding at existing schools.

ESTIMATED SOURCES AND USES

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

Sources of Funds

Principal Amount	$2,230,000.00
Original Issue Premium	266,413.20
Total Sources	$2,496,413.20

Uses of Funds

Deposit to 2006 Election Project Fund	$2,190,690.87
Deposit to 2006 Election Debt Service Fund	234,655.55
Costs of Issuance(1)	71,066.78
Total Uses	$2,496,413.20

(1) Includes Underwriter's discount, payment of Bond and Disclosure Counsel fees, Municipal Advisor fees, Paying Agent fees, rating agency fees, bond insurance premium, Preliminary Official Statement and Official Statement printing and other costs of issuance.

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

Sources of Funds

Principal Amount	$6,000,000.00
Original Issue Premium	706,425.40
Total Sources	$6,706,425.40

Uses of Funds

Deposit to 2014 Election Project Fund	$5,803,352.88
Deposit to 2014 Election Debt Service Fund	706,197.22
Costs of Issuance(1)	196,875.30
Total Uses	$6,706,425.40

(1) Includes Underwriter's discount, payment of Bond and Disclosure Counsel fees, Municipal Advisor fees, Paying Agent fees, rating agency fees, bond insurance premium, Preliminary Official Statement and Official Statement printing and other costs of issuance.

DEBT SERVICE SCHEDULE

The following table summarizes the debt service requirements for the Bonds, and other Outstanding Bonds of the District, assuming no optional redemption.

Year Ending (August 1)	Outstanding Bonds Debt Service	Bonds		Aggregate Debt Service
		Principal	Interest	
2020	$ 1,649,137.52	$ 0.00	$ 110,861.11	$ 1,759,998.63
2021	1,515,437.52	295,000.00	399,100.00	2,209,537.52
2022	1,567,850.02	300,000.00	390,250.00	2,258,100.02
2023	1,626,575.02	25,000.00	381,250.00	2,032,825.02
2024	1,605,950.02	–	380,500.00	1,986,450.02
2025	1,664,750.02	–	380,500.00	2,045,250.02
2026	1,738,850.02	–	380,500.00	2,119,350.02
2027	1,820,750.02	–	380,500.00	2,201,250.02
2028	1,885,500.02	–	380,500.00	2,266,000.02
2029	1,958,700.02	–	380,500.00	2,339,200.02
2030	1,975,100.02	–	380,500.00	2,355,600.02
2031	2,109,418.76	–	380,500.00	2,489,918.76
2032	2,211,256.26	–	380,500.00	2,591,756.26
2033	2,140,768.76	–	380,500.00	2,521,268.76
2034	2,233,200.00	–	380,500.00	2,613,700.00
2035	2,347,975.00	–	380,500.00	2,728,475.00
2036	2,415,087.50	5,000.00	380,500.00	2,800,587.50
2037	2,533,262.50	15,000.00	380,250.00	2,928,512.50
2038	2,658,318.76	30,000.00	379,500.00	3,067,818.76
2039	2,779,856.26	50,000.00	378,000.00	3,207,856.26
2040	2,892,475.00	70,000.00	375,500.00	3,337,975.00
2041	1,874,912.50	320,000.00	372,000.00	2,566,912.50
2042	1,967,137.50	365,000.00	356,000.00	2,688,137.50
2043	2,038,612.50	420,000.00	337,750.00	2,796,362.50
2044	2,134,875.00	470,000.00	316,750.00	2,921,625.00
2045	1,359,800.00	945,000.00	293,250.00	2,598,050.00
2046	1,419,600.00	1,050,000.00	246,000.00	2,715,600.00
2047	1,429,164.53	1,170,000.00	193,500.00	2,792,664.53
2048	1,493,476.94	1,285,000.00	135,000.00	2,913,476.94
2049	1,560,683.40	1,415,000.00	70,750.00	3,046,433.40
Total	$58,608,481.39	$8,230,000.00	$10,062,211.11	$76,900,692.50

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are general obligations of the District, and the Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* taxes upon all property within the District subject to taxation by the County, without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for payment of both principal of and interest on the Bonds.

The Bonds are not payable from the General Fund of the District. The Bonds are not obligations of the County, the State, or any of its other political subdivisions. All general obligation bonds of the District are issued on a parity with one another.

Deposit of *Ad Valorem* Property Taxes

The *ad valorem* property taxes levied by the County for the payment of the Measure S Bonds, when collected, will be deposited and kept separate and apart in a fund held by the County and designated as the "Perris Elementary School District, 2006 Election, Series 2020 Debt Service Fund" (the "2006 Election Debt Service Fund"). The *ad valorem* property taxes levied by the County for the payment of the Measure C Bonds, when collected, will be kept separate and apart in a fund held by the County and designated as the "Perris Elementary School District, 2014 Election, Series 2020 Debt Service Fund" (the "2014 Election Debt Service Fund" and, together with the 2006 Election Debt Service Fund, the "Debt Service Funds.")

Amounts in each Debt Service Fund may be used only for the payment of principal of and interest on the related series of Bonds. Pursuant to each Resolution, the District has pledged monies on deposit in the applicable Debt Service Fund to the payment of the respective series of Bonds. Moneys in the applicable Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds as the same become due and payable, will be transferred to the Paying Agent.

The proceeds of the *ad valorem* property taxes levied to repay the Bonds and moneys held in the Debt Service Funds may be invested in any investment permitted by law. It is anticipated that the *ad valorem* property tax proceeds and moneys in the Debt Service Funds will be invested in the County Investment Pool. See APPENDIX F — "RIVERSIDE COUNTY TREASURY POOL" for a discussion of the composition of the pool and see "LEGAL MATTERS — Limitation on Remedies; Amounts Held in the County Investment Pool" and "— Special Revenues" for discussion of the possible effects of a bankruptcy filing on the deposited property taxes.

Statutory Lien on *Ad Valorem* Property Tax Revenues

Senate Bill 222 ("SB 222"), effective January 1, 2016, provides for a statutory lien on the *ad valorem* property taxes pledged to the payment of principal of and interest on general obligation bonds, including the Bonds, when collected by the County, to secure repayment of such general obligation bonds. See "LEGAL MATTERS — Limitation on Remedies; Amounts Held in the County Investment Pool," "— California Senate Bill 222," and "— Special Revenues" herein.

Assessed Valuations

The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIIIA of the California

Constitution. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" herein.

The State-reimbursed exemption currently provides a credit of $7,000 of the full value of an owner-occupied dwelling for which application has been made to the County Assessor. The revenue estimated to be lost to local taxing agencies due to the exemption is reimbursed from State sources. Reimbursement is based upon total taxes due upon such exempt value and is not reduced by any amount for estimated or actual delinquencies.

In addition, certain classes of property such as churches, colleges, not-for-profit hospitals and charitable institutions are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions.

Economic and other factors beyond the District's control, such as a decline in general economic conditions or a general market decline in land values, changes in supply and demand for real property in the area, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or other government regulations such as zoning, or the complete or partial destruction, or the complete or partial destruction of taxable property caused by natural or manmade disaster such as earthquake, fire or wildfire, flood, outbreak of disease, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the District's outstanding general obligation bonds, including the Bonds. See "– Effect of Natural Disasters on Assessed Valuations" herein.

The District's fiscal year 2019-20 total assessed valuation of property within its boundaries is $2,903,027,358. Shown in the following tables are the assessed valuations of property in the District during the past seven fiscal years and the current fiscal year (as of the date the equalized assessment tax roll is established in August of each year), fiscal year 2019-20 assessed valuation and parcels by land use, the fiscal year 2019-20 assessed valuation of single family homes, and the twenty largest secured taxpayers in the District for fiscal year 2019-20.

PERRIS ELEMENTARY SCHOOL DISTRICT
SUMMARY OF ASSESSED VALUATIONS
FISCAL YEARS 2011-12 THROUGH 2019-20

Fiscal Year	Local Secured	Utility	Unsecured	Total
2011-12	$1,940,315,212	$41,725	$57,295,905	$1,997,652,842
2012-13	1,815,631,164	14,500	67,026,032	1,882,671,696
2013-14	1,878,468,051	14,500	77,413,548	1,955,896,099
2014-15	2,027,677,034	14,500	89,481,413	2,117,172,947
2015-16	2,140,946,438	14,500	69,047,305	2,210,018,243
2016-17	2,314,456,061	14,500	101,033,776	2,415,504,337
2018-19	2,568,314,439	0	174,490,434	2,742,804,873
2019-20	2,747,855,193	0	155,172,165	2,903,027,358

Sources: California Municipal Statistics, Inc.

PERRIS ELEMENTARY SCHOOL DISTRICT
PER PARCEL 2019-20 ASSESSED VALUATION OF SINGLE FAMILY HOMES

	No. of Parcels	2019-20 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	7,296	$1,574,203,902	$215,763	$193,132

2019-20 Assessed Valuation	No. of Parcels(1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	33	0.452%	0.452%	$ 616,042	0.039%	0.039%
$25,000 - $49,999	150	2.056	2.508	5,865,711	0.373	0.412
$50,000 - $74,999	224	3.070	5.578	14,271,825	0.907	1.318
$75,000 - $99,999	454	6.223	11.801	40,396,867	2.566	3.885
$100,000 - $124,999	648	8.882	20.683	73,095,973	4.643	8.528
$125,000 - $149,999	839	11.499	32.182	115,065,537	7.309	15.837
$150,000 - $174,999	822	11.266	43.448	133,351,395	8.471	24.308
$175,000 - $199,999	658	9.019	52.467	123,372238	7.837	32.145
$200,000 - $224,999	599	8.210	60.677	127,354,166	8.090	40.236
$225,000 - $249,999	642	8.799	69.476	152,794,533	9.706	49.942
$250,000 - $274,999	557	7.634	77.111	146,431,548	9.302	59.244
$275,000 - $299,999	440	6.031	83.141	125,843,298	7.994	67.238
$300,000 - $324,999	272	3.728	86.870	84,927,377	5.395	72.633
$325,000 - $349,999	210	2.878	89.748	70,720,598	4.492	77.125
$350,000 - $374,999	153	2.097	91.845	55,218,811	3.508	80.633
$375,000 - $399,999	109	1.494	93.339	41,957,572	2.665	83.298
$400,000 - $424,999	72	0.987	94.326	29,652,080	1.884	85.182
$425,000 - $449,999	56	0.768	95.093	24,546,883	1.559	86.741
$450,000 - $474,999	52	0.713	95.806	24,017,470	1.526	88.267
$475,000 - $499,999	56	0.768	96.573	27,205,923	1.728	89.995
$500,000 and greater	250	3.427	100.000	157,498,055	10.005	100.000
Total	7,296	100.000%		$1,574,203,902	100.000%	

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

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PERRIS ELEMENTARY SCHOOL DISTRICT
Assessed Valuation and Parcels by Land Use

	2019-20 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural/Rural	$ 48,354,011	1.76%	110	0.74%
Commercial/Industrial	427,314,007	15.55	379	2.56
Vacant Commercial/Industrial	102,577,818	3.73	229	1.55
Government/Social/Institutional	1,422,536	0.05	420	2.84
Vacant Other/Unclassified Vacant	43,596,869	1.59	1,062	7.17
Subtotal Non-Residential	$ 623,265,241	22.68%	2,200	14.86%
Residential:				
Single Family Residence	$1,574,203,902	57.29%	7,296	49.29%
Condominium/Townhouse	1,206,249	0.04	8	0.05
Mobile Homes, Lots and Parks	286,701,194	10.43	2,736	18.48
2+ Residential Units/Apartments	130,604,600	4.75	255	1.72
Vacant Residential	131,874,007	4.80	2,308	15.59
Subtotal Residential	$2,124,589,952	77.32%	12,603	85.14%
Total	$2,747,855,193	100.00%	14,803	100.00%

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

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PERRIS ELEMENTARY SCHOOL DISTRICT
2019-20 Largest Local Secured Taxpayers

	Property Owner	Primary Land Use	2019-20 Assessed Valuation	% of Total[1]
1.	Nuevo Perris	Commercial	$ 32,027,996	1.17%
2.	CR&R Inc.	Commercial	30,733,837	1.12
3.	FR Cal Harvill Road	Commercial	28,869,782	1.05
4.	Industrial Developers Realty	Commercial	28,661,978	1.04
5.	Rubio Holdings	Commercial	22,269,970	0.81
6.	Wal Mart Stores Inc.	Commercial	19,638,182	0.71
7.	Country Hills Apartments	Apartments	18,604,800	0.68
8.	Gardenlife LM	Undeveloped	16,071,421	0.58
9.	Park Towne Apartments Inc.	Apartments	15,526,033	0.57
10.	Redlands Towne Square	Apartments	13,666,976	0.50
11.	Isaac Alchalel	Apartments	13,036,434	0.47
12.	WLPX Perris Venue	Undeveloped	12,997,291	0.47
13.	Perris Garden Inv	Apartments	12,928,687	0.47
14.	Lake Perris Village MHC	Commercial	11,047,048	0.40
15.	Village Grove Plaza Partnership	Commercial	8,717,071	0.32
16.	Windtree	Commercial	8,670,000	0.32
17.	Darlene Harada	Commercial	8,596,135	0.31
18.	TSV Reco	Undeveloped	8,364,000	0.30
19.	Sang C. Lee	Commercial	7,828,500	0.28
20.	145 Malbert	Commercial	6,893,301	0.25
			$325,149,442	11.83%

(1) 2019-20 Local Secured Assessed Valuation: $2,747,855,193
Source: California Municipal Statistics, Inc.

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. Each taxpayer listed above 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 above.

Effect of Natural Disaster on Assessed Valuations

As referenced under "– Assessed Valuations" herein, assessed valuations are subject to change in each year and such changes may result from a variety of factors, including natural disasters. In recent years, there have been several notable natural disasters in the State. These include drought conditions throughout the State, which led to a "State-wide Drought" State of Emergency issued in January 2014, and certain executive orders issued by the Governor in 2015 and 2016, aiming to reduce the water usage in local communities. The State-wide Drought was declared as ended in 2017 in most of the State due to record-level precipitation in late 2016 and early 2017. In addition, major wildfires have occurred in recent years in different regions of the State. The District did not sustain any serious property loss as a result of these recent fires. However, serious and significant property damage has resulted in areas of the State due to wildfires. On September 21, 2018, the Governor signed a number of measures into law, addressing issues related to increased wildfire risk in the State, including forest management, mutual aid for fire departments, emergency alerts and safety mandates.

On August 27, 2018, the California Natural Resources Agency released its Fourth Climate Change Assessment, which included as key findings that the frequency of drought and the amount of acreage consumed by wildfire in the State would both increase in the future. This report details significant economic impacts to the State as a result of these and other natural disasters. The report is publicly available at http://www.climateassessment.ca.gov. The reference to this website is included for convenience only; the information contained within the website may not be current, has not been reviewed by the District and is not incorporated herein by this reference.

The District cannot predict or make any representation regarding the effects that natural disasters, such as fire, wildfire, drought or extended drought conditions, earthquakes or other natural or man-made conditions have or may have on the value of taxable property within the District, or to what extent the effects of such natural disasters might have on economic activity within the District or throughout the State. See below under the heading "– Appeals and Potential Reduction of Assessed Valuations."

Appeals of Assessed Value; Proposition 8 Reductions

A property owner may appeal a county assessor's determination of assessed value based on Proposition 8, passed by the voters in November 1978 ("Proposition 8"), or based on a challenge to the base year value.

Proposition 8 requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Property owners may apply for a Proposition 8 reduction of their property tax assessment with the County board of equalization or assessment appeals board. In most cases, an appeal is based on the property owner's belief that market conditions cause the property to be worth less than its current assessed value. Proposition 8 reductions may also be unilaterally applied by the county assessor.

Any reduction in the assessed value granted as a result of a Proposition 8 appeal, or unilateral reassessment by the county assessor, applies to the year for which the application or reassessment is made. These reductions are subject to annual review and the assessed values are adjusted back to the original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it becomes subject to the annual inflationary factor growth rate allowed under Article XIIIA.

Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is made and 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 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, wildfire, drought or other toxic contamination pursuant to relevant provisions of the State Constitution. 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 the State Constitution.

The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers. Any reduction in aggregate assessed valuation of property within the District due to appeals, as with any reduction in assessed valuation due to other causes, will result in an increase of the tax rate levied upon all property subject to taxation within the District for the payment of principal of and interest on the Bonds, when due.

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.

***Ad Valorem* Property Taxes, Tax Rates, Levies, Collections and Delinquencies**

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a "floating lien date"). 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 property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional approved property taxes and assessments on behalf of any taxing agency within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, then a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax-defaulted on or about June 30. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the Treasurer (as defined herein).

Property taxes on the unsecured roll are currently due as of the January 1 lien date prior to the commencement of a fiscal year and become delinquent, if unpaid, on August 31. A ten percent penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of one and one-half percent per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements, bank accounts or possessory interests belonging or assessed to the taxpayer.

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

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Tax Charges and Delinquencies

The table on the following page set forth secured tax charges levied and delinquencies in the District for fiscal years 2013-14 through 2018-19.

PERRIS ELEMENTARY SCHOOL DISTRICT
Secured Tax Charges and Delinquencies

Fiscal Year	Secured Tax Charge(1)	Amt. Del. June 30	% Del. June 30
2013-14	$ 467,665.70	$13,752.19	2.94%
2014-15	1,113,957.92	27,411.99	2.46
2015-16	983,585.40	32,588.01	3.31
2016-17	1,255,390.54	46,280.83	3.69
2017-18	1,439,386.58	42,861.66	2.98
2018-19	1,469,503.83	46,874.58	3.19

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

Teeter Plan

The County has adopted the alternative method of secured property tax apportionment available under Chapter 3, Part 8, Division 1 (commencing with Section 4701) of the Revenue and Taxation Code of the State (also known as the "Teeter Plan"). This alternative method provides for funding each taxing entity included in the Teeter Plan with its total secured property taxes during the year the taxes are levied, including any amount uncollected at fiscal year-end. Under the Teeter Plan, the County assumes an obligation under a debenture or similar demand obligation to advance funds to cover expected delinquencies, and, by such financing, its general fund receives the full amount of secured property taxes levied each year and, therefore, no longer experiences delinquent taxes. In addition, the County's general fund benefits from future collections of penalties and interest on all delinquent taxes collected on behalf of participants in this alternative method of apportionment.

Upon adopting the Teeter Plan, the County was required to distribute to participating local agencies 95% of the then-accumulated, secured roll property tax delinquencies and to place the remaining 5% in a tax losses reserve fund. Taxing entities that maintain funds in the County Treasury are all included in the Teeter Plan; other taxing entities may elect to be included in the Teeter Plan. Taxing entities that do not elect to participate in the Teeter Plan will be paid as taxes are collected. Since the District maintains funds in the County Treasury, the District is included in the Teeter Plan.

The Teeter Plan is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the County Board of Supervisors shall receive a petition for its discontinuance joined in by resolutions adopted by two-thirds of the participating revenue districts in the County, in which event the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. In the event that the Teeter Plan was terminated, receipt of revenue of *ad valorem* taxes in the District would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District. The District knows of no consideration by the County to discontinue the Teeter Plan.

Tax Rates

The following table sets forth typical tax rates, as a percentage of assessed valuation, levied in Tax Rate Area 8-018 for fiscal years 2014-15 through 2019-20.

PERRIS ELEMENTARY SCHOOL DISTRICT
Typical Tax Rates per $100 of Assessed Valuation (TRA 8-018[(1)])

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
General	1.0000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
Perris School District	.05588	.04699	.05491	.06000	.05754	.05867
Perris Union High School District	.06303	.06236	.06092	.05675	.05243	.08244
Mt. San Jacinto Community College District	–	.01394	.01320	.01320	.01320	.01320
Metropolitan Water District	.00350	.00350	.00350	.00350	.00350	.00350
Total	1.12241	1.12679	1.13253	1.13345	1.12667	1.15781

(1) 2019-20 Assessed Valuation of TRA 8-018 is $318,500,928, which is 10.97% of the District's total assessed valuation.
Source: California Municipal Statistics, Inc.

Certain Existing Obligations

On November 7, 2006, an election was held at which more than fifty-five percent of the voters of the District approved general obligation bonds, which authorized the issuance and sale of $25 million in general obligation bonds. In 2007, the District issued its General Obligation Bonds, Election of 2006, Series 2007 in the aggregate initial amount of $7,999,570.85. In 2013, the District issued its General Obligation Bonds, Election of 2006, Series B in the aggregate initial principal amount of $4,336,671.40. In 2017, the District issued its General Obligation Bonds, 2006 Election, Series 2017 in the aggregate principal amount of $2,500,000. Currently, $10,163,757.75 of the 2006 Authorization remains prior to the issuance of the Measure S Bonds. On June 3, 2014, an election was held at which more than fifty-five percent of the voters of the District approved general obligation bonds, which authorized the issuance and sale of $40 million in general obligation bonds. In 2014, the District issued its General Obligation Bonds, Election of 2014, Series 2014A in the aggregate initial amount of $12,340,000. In 2017, the District issued its General Obligation Bonds, 2014 Election, Series 2017 in the aggregate principal amount of $4,500,000. Currently, $23,150,000 of the 2014 Authorization remains prior to the issuance of the Measure C Bonds. Bonds issued under the Authorizations are payable on a parity with the Bonds.

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

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Amounts Due Within One Year
General obligation bonds	$29,990,559	$251,756	$405,000	$29,837,315	$490,000
Premium on issuance	889,589	–	66,961	822,628	–
Discount on issuance	(8,833)	–	(310)	(8,523)	–
Certificates of participation	6,495,000	–	275,000	6,670,000	285,000
Net other postemployment benefits liability	10,154,083	1,138,051	594,558	10,697,576	–
Totals	$47,970,398	$1,389,807	$1,341,209	48,018,996	$775,000

Source: The District.

Direct and Overlapping Debt

Numerous local agencies which provide public services overlap the District's service area. These local agencies have outstanding debt in the form of general obligation, lease revenue and special assessment bonds. The following table is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc., dated December 17, 2019 and showing debt as of January 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.

Column 1 in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. Column 2 shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in Column 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

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PERRIS ELEMENTARY SCHOOL DISTRICT
DIRECT AND OVERLAPPING BONDED INDEBTEDNESS

2019-20 Assessed Valuation: $2,903,027,358

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 1/1/20
Metropolitan Water District	0.094%	$ 45,167
Eastern Municipal Water District Improvement District No. U-9	20.984	524,180
Mt. San Jacinto Community College District	3.015	4,956,208
Perris Union High School District	16.069	39,664,860
Perris School District	**100.000**	**28,056,242**[1]
Perris School District Community Facilities District No. 2002-1	100.000	1,275,000
Perris Union High School District Community Facilities District No. 91-1	100.000	9,400,000
City of Perris Community Facilities Districts	19.735-100.	25,660,617
Riverside County Community Facilities District No.87-1	0.894	11,220
Riverside County Flood Control District, Zone No. 4	4.762	596,679
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$110,190,173
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Riverside County General Fund Obligations	0.981%	$ 7,528,720
Riverside County Pension Obligation Bonds	0.981	2,392,169
Perris Union High School District Certificates of Participation	16.069	6,644,344
Perris School District Certificates of Participation	**100.000**	**5,215,000**
City of Lake Elsinore General Fund Obligations	0.030	6,222
Western Municipal Water District General Fund Obligations	0.068	5,728
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$ 21,792,183
Less: Riverside County supported obligations		8,677
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$ 21,783,506
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$ 25,444,601
GROSS COMBINED TOTAL DEBT		$157,426,957[2]
NET COMBINED TOTAL DEBT		$157,418,280

Ratios to 2019-20 Assessed Valuation:
- **Direct Debt ($28,056,242)..0.97%**
- Total Overlapping Tax and Assessment Debt....................................3.80%
- **Combined Direct Debt ($33,271,242) 1.15%**
- Gross Combined Total Debt 5.42%
- Net Combined Total Debt..5.42%

Ratio to Redevelopment Incremental Valuation ($901,626,970):
- Total Overlapping Tax Increment Debt 2.82%

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(1) Excludes the 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 LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIIIA of the California Constitution

Article XIIIA of the California Constitution limits the amount of any *ad valorem* tax on real property, to one percent (1%) of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." The full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

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

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 one percent (1%) property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the two percent annual adjustment 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 is shown at full market value on the tax rolls, with tax rates expressed as $1 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Prospective purchasers of the Bonds should be aware that, notwithstanding any decrease in assessed valuation for any fiscal year, the County is required to levy sufficient taxes to pay debt service on the Bonds. The consequence of any decrease in assessed valuation is a corresponding increase in the tax rate on taxable property so that sufficient tax revenues may be collected from taxpayers to cover debt service on the Bonds in full.

Article XIIIB of the California Constitution

Under Article XIIIB of the California State Constitution state and local government entities have an annual "appropriations limit" and are not permitted to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the "appropriations limit." Article XIIIB does not affect the appropriations of moneys which are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIIIB, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Unitary Property

Assembly Bill 454 (Chapter 921, Statutes of 1986) ("AB 454") provides that revenues derived from most utility property assessed by the State Board of Equalization ("Unitary Property") are allocated as follows: (1) each jurisdiction will receive up to 102% of its prior year State-assessed revenue; and (2) if county-wide revenues generated from Unitary Property are less than the previous year's revenues or greater than 102% of the previous year's revenues, each jurisdiction will share the burden of the shortfall or excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The State electric utility industry has experienced significant changes in its structure and in the way in which components of the industry are regulated and owned. Sale of electric generation assets to largely unregulated, nonutility companies may affect how those assets are assessed, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may affect ownership of utility assets or the State's methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District. 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 "Funding of School Districts in California" in Appendix A hereto.

Proposition 46

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIIIA. Under this amendment to Article XIIIA, local governments and school and community college districts may increase the property tax rate above 1% for the period necessary to retire new, general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

Proposition 39

On November 7, 2000, California voters approved Proposition 39, called the "Smaller Classes, Safer Schools and Financial Accountability Act" ("Proposition 39") which amends Section 1 of Article XIIIA, Section 18 of Article XVI of the California Constitution and Section 47614 of the California Education Code and allows an alternative means of seeking voter approval for bonded indebtedness by 55% of the vote, rather than the two-thirds majority required under Section 18 of Article XVI of the Constitution. The 55% voter requirement applies only if the bond measure submitted to the voters includes, among other items: (1) a restriction that the proceeds of the bonds may be used for "the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities," (2) a list of projects to be funded and a certification that the school district board has evaluated "safety, class size reduction, and information technology needs in developing that list" and (3) that annual, independent performance and financial audits will be conducted regarding the expenditure and use of the bond proceeds.

Section 1(b)(3) of Article XIIIA has been added to exempt the one percent (1%) *ad valorem* tax limitation that Section 1(a) of Article XIIIA of the Constitution levies, to pay bonds approved by 55% of the voters, subject to the restrictions explained above.

The State Legislature enacted AB 1908, Chapter 44, which became effective upon passage of Proposition 39 and amends various sections of the Education Code. Under amendments to Section 15268 and 15270 of the Education Code, the following limits on *ad valorem* taxes apply in any single election: (1) for an elementary and high school district, indebtedness shall not exceed $30 per $100,000 of taxable property, (2) for a unified school district, indebtedness shall not exceed $60 per $100,000 of taxable property, and (3) for a community college district, indebtedness shall not exceed $25 per $100,000 of taxable property. Finally, AB 1908 requires that a citizens' oversight committee must be appointed who will review the use of the bond funds and inform the public about their proper usage.

Proposition 98

On November 8, 1988, voters approved Proposition 98, a combined initiative, constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" ("Proposition 98"). Proposition 98 guarantees K-14 schools a minimum share of the State General Fund revenues. Under Proposition 98 (as modified by Proposition 111, which was enacted on June 5, 1990), K-14 schools are guaranteed the greater of (a) 40.9% of State General Fund revenues (the "first test"), or (b) the amount appropriated to K-14 schools in the prior year, adjusted for changes in the cost-of-living (measured as in Article XIIIB by reference to per capita personal income) and enrollment (the "second test"), or (c) a "third test" which would replace the second test in any year when the percentage growth in per capita State General Fund revenues from the prior year plus 1/2 of 1% is less than the percentage growth in the State per capita personal income. Under the third test, schools would receive the amount appropriated in the prior year adjusted for changes in enrollment and per capita State General Fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test would become a "credit" to schools which would be paid in future years when State General Fund revenue growth exceeds personal income growth.

Proposition 98 permits the Legislature by two-thirds vote of both houses, with the Governor's concurrence, to suspend this minimum funding formula for a one-year period, and any corresponding reduction in funding for that year will not be paid in subsequent years. However, in determining the funding level for the succeeding year, the formula base for the prior year will be reinstated as if such suspension had not taken place. The Legislature has suspended payment on a number of occasions since voters approved Proposition 98.

Proposition 98 also changes how tax revenues in excess of the State Appropriations Limit are distributed. "Excess" tax revenues are determined based on a two-year cycle, so that the State could avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year were under its limit. After any two-year period, if there are excess State tax revenues, 50% of the excess would be transferred to K-14 schools, with the balance returned to taxpayers. Further, any excess State tax revenues transferred to K-14 schools 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 will not be increased by this amount.

Propositions 1A and 22

Proposition 1A (SCA 4), proposed by the State Legislature in connection with the 2004-05 State budget and approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the State Legislature. Proposition 1A provides, however, that beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses of the State Legislature and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Pursuant to Proposition 1A, if the State reduces the Vehicle License Fee rate below 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A required the State, beginning March 1, 2006, to suspend mandates affecting cities, counties and special districts, schools or community colleges, excepting mandates relating to employee rights, in any year that the State does not fully reimburse local governments for their costs of compliance with such mandates.

Prohibitions on Diverting Local Revenues for State Purposes. Beginning in fiscal year 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and college districts through a local Educational Revenue Augmentation Fund ("ERAF") in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a statewide ballot initiative intended to eliminate the practice. In response, the State Legislature proposed an amendment to the State Constitution, which the State's voters approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of a new initiative constitutional amendment at the November 2010 election, known as "Proposition 22."

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government, including school districts, or from temporarily shifting property taxes from cities, counties and special districts to schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment will be to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert $1.935 billion in local property tax revenues in fiscal year 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted fiscal year 2009-10 State budget of $1.7 billion in local property tax revenues from local redevelopment agencies. Because Proposition 22 reduces the State's authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget, such as reducing State spending or increasing State taxes, and school and college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's General Fund.

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding ABx1 26, a trailer bill to the 2011-12 State Budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and K-14 school districts. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to K-14 school districts and county offices of education, totaling $1.7 billion statewide. The District is unable to predict what affect the implementation of ABx1 26 will have on the District's future receipt of tax increment revenues.

As a result of the dissolution of California redevelopment agencies and ABx1 26, the tax increment previously paid to redevelopment agencies shall first be used to pay pass-through payments to other taxing entities and second to pay the redevelopment agencies enforceable obligations; with the remaining revenue (if any) paid to the taxing entities by the County Auditor-Controller in the same proportion as other tax revenue. The District does not expect to have any of its property tax payments deferred as a result of the dissolution of area redevelopment agencies.

Proposition 30 and Proposition 55

The passage of the Governor's November Tax Initiative ("Proposition 30") on November 6, 2012, resulted in an increase in the State sales tax by a quarter-cent for four years and, for seven years, raises taxes on individuals after their first $250,000 in income and on couples after their first $500,000 in earnings. These increased tax rates affect approximately one percent of California personal income tax filers and originally were to be in effect until the conclusion of the 2018 tax year. On November 8, 2016, voters approved Proposition 55, which extended the temporary tax increases created by Proposition 30 through the 2030 tax year. The State Office of Legislative Analyst (the "LAO") estimated that, as a result of Proposition 30, additional state tax revenues of about $6 billion annually from fiscal years 2012-13 through 2016-17 would be received by the State, with lesser amounts of additional revenue available in fiscal years 2017-18 and later. Proposition 30 also placed into the State Constitution certain requirements related to the transfer of certain State program responsibilities to local governments, mostly counties, including incarcerating certain adult offenders, supervising parolees, and providing substance abuse treatment services.

Proposition 30 provides additional tax revenues aimed at balancing the State's budget to help fund existing State programs, end K-14 education payment delays and pay other State debts. Future actions of the State Legislature and the Governor will determine the use of these funds. According to the LAO, revenues raised by Proposition 30 could be subject to multibillion-dollar swings, above or below the revenues projections, due to the fact that the majority of the additional revenue comes from personal income tax rate increases on upper-income taxpayers. The fluctuations in incomes of upper-income taxpayers will impact potential State revenue and could complicate State budgeting in future years. After the tax increases expire, the loss of the associated tax revenues could create additional budget pressure in subsequent years.

Revenues generated from this tax increase are included in the calculation of the Proposition 98 minimum funding guarantee for school and community college districts and are deposited into the Education Protection Account created pursuant to Proposition 30 (the "EPA"). See "—Proposition 98" herein. Pursuant to Proposition 30, funds in the EPA are allocated quarterly, with approximately 89% of such funds provided to school districts and approximately 11% to community college districts, which are then distributed to districts in the same manner as existing unrestricted per-student funding. However, no school district shall receive less than $200 per unit of Average Daily Attendance (the "ADA") and no community college district shall 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 moneys received from the EPA are spent, provided that governing boards may not use any of such funds for salaries or benefits for administrators or any other administrative costs.

The District cannot predict the effect that the loss of revenues generated from the Proposition tax increase may have on total State revenues or the effect on the Proposition 98 formula for funding schools, should the tax not be further extended.

Proposition 2

On November 4, 2014, voters approved Proposition 2, also referred to as the "Rainy Day Budget Stabilization Fund Act." Proposition 2 changed the State's existing requirements for the Budget Stabilization Account ("BSA") and establishes a Public School System Stabilization Account ("PSSSA").

Proposition 2 limits the ability of the Governor to suspend or reduce transfers to the BSA. Specifically, the Governor would have to declare a "budget emergency," defined in Article XIIB of the State Constitution or determine that there are insufficient resources to maintain general fund expenditures for the current year, at the highest level of spending in the three most recent fiscal years. Any such declaration must be followed by a legislative bill passed by a majority vote of each house.

Proposition 2 also requires the State Controller to deposit annually 1.5% of general fund revenues and an amount equal to revenues derived from capital gains-related taxes in situations where such tax revenues are in excess of 8% of general fund revenues. Deposits to the BSA will be made until the BSA balance reaches an amount equal to 10% of general fund revenues. Additionally, from 2015-16 to 2029-30, half of any required transfers to the BSA must be allocated to reduce certain state liabilities, such as unfunded state-level pension plans and making certain payments owed to K-14 school districts.

The PSSSA will be funded by the capital gains-related tax revenues in excess of 8% of general fund revenues. The State may deposit amounts into the PSSSA only after certain conditions are met, including the payment of all amounts owing to school districts under the Proposition 98 maintenance factor and the existence of a "Test 1" year under Proposition 98.

State legislation (Senate Bill 858, as amended by Senate Bill 751) established certain limits on the amount that school districts are permitted to maintain in their reserve funds in any given period. These limits, often referred to as the "school district reserve cap," can be triggered upon deposits into the PSSSA. If deposits in the PSSSA in a fiscal year equal or exceed 3% of the combined general fund revenues provided to school districts under Proposition 98, then a school district will be restricted from exceeding 10% of such funds in its general fund reserves in the immediately following fiscal year, among other provisions. While the Fiscal Year 2019-20 State Budget (described herein) includes a deposit of approximately $377 million to the PSSSA, the 3% threshold was not met and the school district reserve cap is not triggered. The 2020-21 Proposed State Budget sets aside $110 million for the PSSSA, bringing its total balance to $487 million. Such deposit is not expected to trigger the school district reserve cap for fiscal year 2021-22. See "Fiscal Year 2019-20 State Budget" herein.

Proposition 51

At the November 8, 2016 Election, voters in the State approved the California Public School Facility Bonds Initiative, ("Proposition 51"). Proposition 51 authorizes the sale and issuance of $9 billion in State general obligation bonds to fund the construction and modernization of school facilities for both community colleges and K-12 schools within the state.

Specifically, the $9 billion will be stored between a State School Facilities Fund and a California Community College Capital Outlay Bond Fund. The funds can then be used to allocate bond revenue in the following manner:

- $3 billion for construction of new K-12 school district facilities;
- Another $3 billion for the modernization of K-12 public school sites, which includes repairs to outdated facilities to increase earthquake and fire safety, removing asbestos, technology upgrades and other health and safety improvements;
- $500 million for various charter school facilities;
- $500 million for career technical education facilities;
- $2 billion for California community college facility construction and modernization.

The State issues general obligation bonds for facility projects. Typically, K-12 schools can submit proposals for such projects to the State Office of Public School Construction for both modernization and new construction. If the project is approved, the school district will receive State grant funding and in turn the school district must contribute local funding to such projects. If sufficient local funding is unavailable, the school district may potentially receive the full project cost via State grant funding. Career technical education and charter school facilities face a similar approval process. Community college districts, on the other hand, must submit requests for facility projects to the Chancellor of the community college system. Selected projects are eventually approved and funded as part of the annual State budget. A scoring system is used to determine the State and local contributions for these community college sites.

The impact that Proposition 51 will generally have on school district behavior is unclear. Some school districts may spend less local funds given the greater support of state funding. However, school districts may decide to spend more local funds by proposing an increased number of facility projects with the knowledge that additional state funding could be available. It is also possible that school districts make no changes to their number of proposals for construction and modernization projects.

The District will not pursue project funding under Proposition 51.

Article XIIIC and XIIID of the California Constitution

On November 5, 1996, an initiative to amend the State Constitution known as the "Right to Vote on Taxes Act" ("Proposition 218") was approved by a majority of California voters. Proposition 218 added Articles XIIIC and XIIID to the State Constitution and requires majority voter approval for the imposition, extension or increase of general taxes and 2/3 voter approval for the imposition, extension or increase of special taxes by a local government, which is defined in Proposition 218 to include counties. Proposition 218 also provides that any general tax imposed, extended or increased without voter approval by any local government on or after January 1, 1995, and prior to November 6, 1996 shall continue to be imposed only if approved by a majority vote in an election held within two years following November 6, 1996. All local taxes and benefit assessments which may be imposed by public agencies will be defined as "general taxes" (defined as those used for general governmental purposes) or "special taxes" (defined as taxes for a specific purpose even if the revenues flow through the local government's general fund) both of which would require a popular vote. New general taxes require a majority vote and new special taxes require a two-thirds vote. Proposition 218 also extends the initiative power to reducing or repealing local taxes, assessments, fees and charges, regardless of the date such taxes, assessments or fees or charges were imposed, and lowers the number of signatures necessary for the process. In addition, Proposition 218 limits the application of assessments, fees and charges and requires them to be submitted to property owners for approval or rejection, after notice and public hearing.

The District has no power to impose taxes except property taxes associated with a general obligation bond election, following approval by 55% or 2/3 of the District's voters, depending upon the Article of the Constitution under which it is passed. Under previous law, the District could apply provisions of the Landscape and Lighting Act of 1972 to create an assessment district for specified purposes, based on the absence of a majority protest. Proposition 218 significantly reduces the ability of the District to create such special assessment districts.

Proposition 218 has no effect upon the District's ability to pursue approval of a general obligation bond issue under Proposition 46 or a Mello-Roos Community Facilities District bond issue in the future, which have special Constitutional authority or are already subject to a 2/3 vote, although certain procedures and burdens of proof may be altered slightly. Any assessments, fees or charges levied or imposed by any assessment district created by the District will become subject to the election requirements of Proposition 218 as described above, a more elaborate notice and balloting process and other requirements. The District is unable to predict the nature of any future challenges to Proposition 218 or the extent to which, if any, Proposition 218 may be held to be unconstitutional.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID and Propositions 98, 46 and 39 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 the District's revenues or their ability to expend revenues.

THE RIVERSIDE COUNTY TREASURY POOL

The following information concerning the Riverside County Treasury Pool (the "Treasury Pool" or "Pool") has been provided by the Treasurer and has not been confirmed or verified by the District or the Underwriter. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. ***Amounts held in the District's name in the Pool are not pledged to the payment of debt service on the Bonds.***

The Treasurer and Tax Collector (the "Treasurer") of the County has the delegated authority to invest funds on deposit in the County Treasury (the "Treasury Pool"). As of February 29, 2020, investments in the Treasury Pool were held for local agencies including the County, schools and special purpose districts.

Decisions on the investment of funds in the Treasury Pool are made by the Treasurer in accordance with established policy. In the County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Board of Supervisors of the County on an annual basis.

The composition and value of investments under management in the Treasury Pool vary from time to time depending on cash flow needs of the County and public agencies invested in the Treasury Pool, maturity or sale of investments, purchase of new securities, and due to fluctuations in interest rates generally.

For a further discussion of the Treasury Pool, see APPENDIX F – "THE RIVERSIDE COUNTY TREASURY POOL" herein.

None of the District, the Municipal Advisor, or the Underwriter has made an independent investigation of the investments in the Treasury Pool nor have they made an assessment or investigation of the current County Investment Policy. The value of the various investments in the Treasury 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 Treasury Oversight Committee and 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 Treasury Pool will not vary significantly from the values described herein.

LEGAL OPINION

The legal opinion of Nixon Peabody LLP, Bond Counsel to the District ("Bond Counsel"), attesting to the validity of the Bonds, will be supplied to the Underwriter of the Bonds without charge. The form legal opinion that will be delivered with the Bonds is attached hereto as Appendix B. Bond Counsel will receive compensation contingent upon the sale and delivery of the Bonds.

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code") imposes certain requirements that must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Bonds. Pursuant to the Resolution and the Tax and Nonarbitrage Certificate executed by the District in connection with the issuance of the Bonds (the "Tax Certificate"), the District has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the District has made certain representations and certifications in the Resolution and the Tax Certificate. Bond Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the District described above, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code.

In rendering these opinions, Bond Counsel has relied upon representations and covenants of the District in the Tax Certificate concerning the property financed with Bond proceeds, the investment and use of Bond proceeds and the rebate to the federal government of certain earnings thereon. In addition, Bond Counsel has assumed that all such representations are true and correct and that the District will comply with such covenants. Bond Counsel has expressed no opinion with respect to the exclusion of the interest on the Bonds from gross income under Section 103(a) of the Code in the event that any of such District representations are untrue or the District fails to comply with such covenants, unless such failure to comply is based on the advice or the opinion of Bond Counsel.

State Taxes

Bond Counsel is also of the opinion that interest on the Bonds is exempt from personal income taxes of the State of California under present State law. Bond counsel expresses no opinion as to other state or local tax consequences arising with respect to the Bonds nor as to the taxability of the Bonds or the income therefrom under the laws of any state other than California.

Original Issue Discount

Bond Counsel is further of the opinion that the excess of the principal amount of any maturity of the Bonds over its issue price (i.e., the first price at which price a substantial amount of such maturity of the Bonds was sold to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (each, a "Discount Bond" and collectively, the "Discount Bonds") constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such issue price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Bonds.

Original Issue Premium

Bonds sold at prices in excess of their principal amounts are "Premium Bonds". An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

Ancillary Tax Matters

Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions, and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Bonds is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinions attached as APPENDIX B. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Bonds for federal or state income tax purposes, and thus on the value or marketability of the Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Bonds from gross income for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Bonds may occur. Prospective purchasers of the Bonds should consult their own tax advisors regarding the impact of any change in law on the Bonds. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Bonds may affect the tax status of interest on the Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

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 appendix to this Official Statement.

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

Assured Guaranty Municipal Corp.

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

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

Current Financial Strength Ratings

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

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

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

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

Capitalization of AGM

At December 31, 2019:

- The policyholders' surplus of AGM was approximately $2,691 million.

- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $986 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 $2,027 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

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

Incorporation of Certain Documents by Reference

Portions of the following document 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: 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).

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

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

Miscellaneous Matters

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

RISKS OF BOND INSURANCE

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any Owner of the Bonds shall have a claim under the Policy issued by AGM for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the District which is recovered by the District from the Bond Owner as a voidable preference under applicable bankruptcy law is covered by the Policy, however, such payments will be made by AGM at such time and in such amounts as would have been due absence such prepayment by the District unless the Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Insurer without appropriate consent. AGM may direct and must consent to any remedies and AGM's consent may be required in connection with amendments to any applicable bond documents.

In the event AGM is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received pursuant to the Resolution. In the event AGM becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are 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 by AGM will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. For a description of the rating on the Bonds, See "RATINGS" herein.

The obligations of AGM are general obligations of AGM and in an event of default by AGM, the remedies available may be limited by applicable bankruptcy law or other similar laws related to insolvency.

LEGAL MATTERS

Continuing Disclosure

In accordance with the requirements of the Rule, the District will enter into a Continuing Disclosure Undertaking (the "Continuing Disclosure Undertaking") in the form of APPENDIX D hereto, on or prior to the sale of the Bonds in which the District will undertake, for the benefit of the Beneficial Owners of the Bonds, to provide certain information as set forth therein. The covenants contained in the Continuing Disclosure Undertaking have been made to assist the Underwriter in complying with the Rule. See APPENDIX D – "FORM OF CONTINUING DISCLOSURE AGREEMENT" hereto.

Within the past five years, the District has complied with its previous undertakings with regards to the Rule to provide annual reports and notices of listed events on time. However, the District's annual report for fiscal years 2013-14, 2014-15 and 2015-16 were not properly associated with one of the CUSIP numbers of the District's General Obligation Bonds, Election of 2014, Series 2014A (the "Series 2014A Bonds"). The District re-filed its annual reports for fiscal years 2013-14, 2014-15 and 2015-16 to EMMA on July 10, 2019 for the previously missed Series 2014A Bonds CUSIP number, and is now fully compliant with its continuing disclosure obligations.

Limitation on Remedies; Amounts Held in the County Treasury Pool

The opinion of Bond Counsel, the proposed form of which is attached hereto as APPENDIX B, are qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. The rights of the Owners of the Bonds are subject to certain limitations. Enforceability of the rights and remedies of the Owners of the Bonds, and the obligations incurred by the District, are limited by applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles that may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose, and the limitations on remedies against school and community college districts in the State. Bankruptcy proceedings, if initiated, could subject the beneficial 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.

Under Chapter 9 of the Federal Bankruptcy Code (Title 11, United States Code) (the "Bankruptcy Code"), which governs the bankruptcy proceedings for public agencies, no involuntary petitions for bankruptcy relief are permitted. While current State law precludes school districts from voluntarily seeking bankruptcy relief under Chapter 9 of the Bankruptcy Code without the concurrence of the State, such concurrence could be granted or State law could be amended.

California Senate Bill 222

On July 13, 2015, the Governor signed Senate Bill 222 ("SB 222") into law, effective January 1, 2016. SB 222 was introduced on February 12, 2015, initially to amend Section 15251 of the California Education Code to clarify the process of lien perfection for general obligation bonds issued by or on behalf of California school and community college districts. Subsequently, on April 15, 2015, SB 222 was amended to include an addition to the California Government Code to similarly clarify the process of lien perfection for general obligation bonds issued by cities, counties, authorities and special districts, including the District.

SB 222, applicable to general obligations bonds issued after its effective date, removes the extra step between (a) the issuance of general obligation bonds by cities, counties, cities and counties, school districts, community college districts, authorities and special districts; and (b) the imposition of a lien on the future *ad valorem* property taxes that are the source of repayment of the general obligation bonds. By clarifying that the lien created with each general obligation bond issuance is a "statutory" lien (consistent with bankruptcy statutory law and case precedent), SB 222, while it does not prevent default, should reduce the ultimate bankruptcy risk of non-recovery on local general obligation bonds, and thus potentially improve ratings, interest rates and bond cost of issuance.

Special Revenues

If the District were to become a debtor in a Chapter 9 proceeding, because the Bonds are for the financing of specific capital projects and are supported by a consensual lien on *ad valorem* property taxes that are use-restricted under State law to the repayment of the Bonds, the District believes that those taxes are "special revenues" as defined in the Bankruptcy Code, and thus there is a special revenue lien in favor of owners of the Bonds in addition to, and separate and independent of, the statutory lien created by SB 222. In comparison to other consensual pledges and liens arising by agreement (that are all made ineffective post-bankruptcy by Section 552 of the Bankruptcy Code), special revenues acquired by a municipality during a Chapter 9 case will remain subject to the lien that arose from the security agreement entered into prior to the beginning of the case, and will survive the conclusion of the Chapter 9 proceeding. In addition, the automatic stay arising upon the filing of the bankruptcy petition has historically been understood not to stay the application of special revenues to payment of the bonds secured by such special revenues. Thus, regularly scheduled payments of principal of and interest to owners of the Bonds likely would continue under 11 U.S.C. §922(d) throughout any bankruptcy proceeding.

Based on the foregoing, if the District were to become a debtor in a Chapter 9 proceeding, the District believes that: the *ad valorem* property taxes could not be used for any other purpose other than repayment of the Bonds; the *ad valorem* property taxes should be determined to be special revenues in a Chapter 9 proceeding, and thus owners of the Bonds would ordinarily continue to be paid post-petition; and the *ad valorem* property taxes are also protected by a statutory lien in favor of the bondholders. However, bankruptcy courts are courts of equity and as such have broad discretionary powers, and 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 the State, so no assurance can be given that a bankruptcy court would not hold otherwise. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the bankruptcy court could find that the automatic stay exception for special revenues does not apply, and the parties to the proceedings may thus be prohibited from taking any action to collect any amount from the District (including *ad valorem* tax revenues), or to enforce any obligation of the District, without the bankruptcy court's permission. It is also possible that the bankruptcy court may not enforce the state law use restriction imposed on *ad valorem* property taxes.

Even if the *ad valorem* property tax revenues are determined to be "special revenues," the Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, a bankruptcy court could determine that the District is entitled to use the *ad valorem* property tax revenues to pay necessary operating expenses of the District and its schools, before the remaining revenues are paid to the owners of the Bonds. It should also be noted that it is possible – in the context of confirming a Plan of Adjustment (the "Plan") in a Chapter 9 case where the Plan has not received the requisite consent of the holders of the Bonds – a bankruptcy court may confirm a Plan that adjusts the timing of payments on the Bonds or the interest rate or other terms of the Bonds provided that (a) the bondholders retain their lien on the revenues subject to the statutory and/or special revenues lien, (b) the payment stream has a present value equal to the value of the revenues subject to the lien(s) and (c) the bankruptcy court finds that these and any other adjustments to the Bonds' terms are fair and equitable.

The Resolution and the Act require the County to annually levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal of, premium, if any, and interest on the Bonds. The County on behalf of the District is thus expected to be in possession of the annual *ad valorem* taxes and certain funds to repay the Bonds and may invest these funds in the County's Investment Pool, as described in "THE RIVERSIDE COUNTY TREASURY POOL" herein. In the event the District or the County were to file for bankruptcy relief, a bankruptcy court might hold that the owners of the Bonds are unsecured creditors with respect to any funds received by the District or the County prior to the bankruptcy, which might include taxes that have been collected and deposited in the Debt Service Fund, where such amounts are deposited into the County Treasury Pool, and such amounts may not be available for payment of the principal of and interest on the Bonds unless the owners of the Bonds can "trace" those funds. There can be no assurance that the Owners could successfully so "trace" such taxes on deposit in the Debt Service Fund where such amounts are invested in the County Treasury Pool. Further, 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, or what amount of time would be required for such procedures to be completed. Under any such circumstances, there could be delays or reductions in payments on the Bonds.

LEGALITY FOR INVESTMENT

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

RATINGS

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P") is expected to assign a municipal bond rating of "AA" to the Bonds based upon the issuance of the insurance policy by AGM at the time of the delivery of the Bonds. S&P has assigned an underlying] rating of "A+" to the Bonds. Such ratings reflect only the views of S&P and an explanation of the significance of such rating may be obtained as follows: S&P, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, tel. (212) 553-0300. The District furnished such rating agency with certain information and materials relating to the Bonds that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by rating agencies. There is no assurance that such ratings will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. The District has not undertaken any responsibility to bring to the attention of the owners of the Bonds a proposed revision or withdrawal of a rating of the Bonds or to oppose any such proposed revision or withdrawal. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

NO LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* taxes or to collect other revenues or contesting the District's ability to issue the Bonds.

The District is subject to lawsuits and claims in the ordinary course of its operations. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the finances of the District.

UNDERWRITING

RBC Capital Markets, LLC, as the Underwriter (the "Underwriter"), has agreed to purchase the Bonds from the District at the purchase price of $9,132,883.60 (being the aggregate principal amount of the Bonds, plus original issue premium of $972,838.60 and less an underwriter's discount of $69,955.00), at the rates and yields shown on the inside cover hereof.

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.

The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. The Underwriter may, however, offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

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MUNICIPAL ADVISOR

Fieldman, Rolapp & Associates, Inc. (the "Municipal Advisor") is employed as Municipal Advisor to the District in connection with the issuance of the Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Fieldman, Rolapp & Associates, Inc., in its capacity as Municipal Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income status of the Bond, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

OTHER INFORMATION

References are made herein to certain documents, reports, statutes, and constitutional provisions which are brief summaries thereof, and which do not purport to be complete, comprehensive or definitive, and are qualified in their entireties by reference each such document, report, statute and constitutional provision. Reference is made to such documents, reports, statutes, and constitutional provisions for full and complete statements of the contents thereof. Additional information concerning the District and copies of the most recent and subsequent audited financial statements of the District and the Resolution may be obtained by contacting: Perris Elementary School District, 143 East 1st Street, Perris, California 92570, Attention: Superintendent. The District may impose a fee for copying, shipping and handling.

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

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

PERRIS ELEMENTARY SCHOOL DISTRICT

By: /s/ Jean Marie Frÿey
Superintendent

APPENDIX A

THE DISTRICT

This Appendix A provides information concerning the operations and finances of the Perris Elementary School District (the "District"). Prospective purchasers of the Bonds should be aware that the following discussion of the financial condition of the District, its fund balances, budgets and obligations, is intended as general information only, and no implication is made that the payment of principal of or interest on the Bonds is dependent in any way upon the District's financial condition. The District neither receives nor accounts for ad valorem property tax revenues collected by the County of Riverside (the "County") to pay debt service on the Bonds (or its other general obligation bonds) in the following tables or in its annual financial statements. Pursuant to Section 15251 of the California Education Code, all tax revenues collected for payment of debt service on a series of Bonds must be deposited into the applicable debt service fund of the District. The Bonds are payable solely from the proceeds of ad valorem property taxes required to be levied by the County in amounts sufficient for the payment therefor. The Bonds are not an obligation of the County, the State of California (the "State") or any of its other political subdivisions or of the general fund of the District. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" in the forepart of this Official Statement.

District General Information

The District was established in 1893 and is comprised of an area of approximately 55 square miles located in the County. The District serves students from transitional kindergarten through grade eight. The children of the nine schools are housed in functional facilities with support services and staffs. The District operates seven elementary schools, one middle charter school, and one preschool. The District projects an average daily attendance for fiscal year 2019-20 of 5,432 and the District has a projected fiscal year 2019-20 assessed valuation of $2,903,027,358.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent audited financial statements of the District may be obtained by contacting: Superintendent, Perris Elementary School District, 143 East 1st Street, Perris, California 92570.

District Organization

The District is governed by a Board of Trustees (the "Governing Board") consisting of five members. Members are elected to four-year terms, by voters within five trustee areas, in alternate slates of two and three. Elections are held every two years. Current members of the Governing Board, together with their offices and the dates their terms expire, are listed below:

Key Personnel

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

Brief biographies of the Superintendent and the Chief Business Officer follow:

Jean Marie Fréy, Superintendent – Jean Marie Fréy was appointed Superintendent effective July 1, 2017. Previously Ms. Fréy served as the Assistant Superintendent of Educational Services. Ms. Fréy has spent 27 years in education, serving the students and community in the District.

Ms. Fréy earned her Bachelor of Science Degree from the College of Education at the University of South Florida and a Master of Arts in Curriculum and Instruction from Chapman University.

Francine M. Story, Chief Business Official. Francine Story was appointed Chief Business Official of the District effective November 2, 2016. Ms. Story previously served as the Interim Chief Business Official of the Moreno Valley Unified School District from July 2015 to October 2016. She has over 16 years of experience in public education.

Ms. Story earned her Bachelor of Science degree from University of California, Riverside and a Master’s in Business Administration from University of Phoenix.

Changes in District Enrollment

The table below sets forth the enrollment and Average Daily Attendance (“ADA”) for the District for fiscal years 2014-15 through 2018-19 and projections for fiscal year 2019-20 and 2020-21. District ADA and enrollment may be impacted by the ongoing outbreak of COVID-19. See APPENDIX A – “THE DISTRICT – Risks Related to Coronavirus.”

PERRIS ELEMENTARY SCHOOL DISTRICT
TOTAL AVERAGE DAILY ATTENDANCE AND ENROLLMENT

	Average Daily Attendance			Enrollment		
Fiscal Year	**District[1]**	**Charter School**	**Total**	**District[1]**	**Charter School**	**Total**
2014-15	4,685	852	5,537	4,935	886	5,821
2015-16	4,743	875	5,618	4,966	916	5,882
2016-17	4,763	887	5,650	5,029	934	5,963
2017-18	4,774	875	5,649	5,009	912	5,921
2018-19	4,632	895	5,528	4,862	934	5,796
2019-20[2]	4,404	879	5,283	4,680	926	5,606
2020-21[2]	4,230	879	5,109	4,578	926	5,504

[1] Does not include attendance at charter school.
[2] Projected.
Source: The District.

District Employees

As of June 30, 2019, the District employed 313 certificated non-management academic professionals as well as 280 classified non-management employees. In addition, as of such date, the District employed 28 certificated management employees and 19 classified management and confidential employees. The certificated employees of the District have assigned the Perris Elementary Teachers Association ("PETA") as their exclusive bargaining agent. The certificated employees' contract with PETA expires on June 30, 2021. The classified employees have assigned California School Employees Association ("CSEA") as their exclusive bargaining agent. The classified employees contract with CSEA expires on June 30, 2021.

Pension Plans

The District participates in the State Teachers' Retirement System ("STRS"). This plan basically covers all full-time certificated employees. The District's employer contribution to STRS was $4,437,375 for fiscal year 2017-18, $5,166,670 for fiscal year 2018-19 and is estimated to be $5,317,969 for fiscal year 2019-20.

The District also participates in the State Public Employees' Retirement System ("PERS"). This plan covers all classified personnel who are employed four or more hours per day. The District's employer contribution to CalPERS was $1,499,286 for fiscal year 2017-18, $1,843,702 for fiscal year 2018-19, and is estimated to be $2,060,291 for fiscal year 2019-20.

The information set forth below regarding STRS and PERS has been obtained from publicly available sources and has not been independently verified by the District, the Underwriter or the Municipal Advisor, is not guaranteed as to the accuracy or completeness of the information and is not to be construed as a representation by the District, the Underwriter or the Municipal Advisor. Furthermore, the summary data below should not be read as current or definitive, as recent gains or losses on investments made by the retirement systems generally may have changed the unfunded actuarial accrued liabilities.

Both PERS and STRS are operated on a statewide basis. The PERS and STRS defined benefit programs are funded through a combination of investment earnings and contributions by members, employees and the State. Both PERS and STRS have substantial State unfunded actuarial liabilities.

PERS may issue certain pension obligation bonds to reach funded status. Additional funding of STRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282. The amounts of the pension/award benefit obligation (PERS) or actuarially accrued liability (STRS) will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution. The District is unable to predict what the amount of liabilities will be in the future, or the amount of the contributions which the District may be required to make.

District contribution rates to PERS can vary annually depending on changes in actuarial assumption and other factors, such as liability. Unlike typical defined benefit programs, prior to fiscal year 2014-15, neither the STRS employer nor the State contribution rate varied annually to make up funding shortfalls or assess credits for actuarial surpluses. As a result, in recent years, the combined employer, employee and State contributions to STRS have not been sufficient to pay actuarially required amounts. As a result, and due to significant investments losses, the unfunded actuarial liability of STRS increased significantly. The District is unable to predict what the STRS program liabilities will be in the future.

In order to address STRS funding inadequacies, the 2014-15 State Budget set forth a plan of shared responsibility among the State, school districts and teachers to shore up STRS. The first year's increased contributions from all three entities were approximately $275 million. The contributions would increase in subsequent years, reaching more than $5 billion annually. Then Governor Brown expected that this will eliminate the unfunded liability in approximately 30 years. The 2018-19 State Budget included $3.1 billion for state contributions to STRS, which reflects action by the STRS board to increase state contributions by 0.5% of teacher payroll. The 2019-20 State Budget includes approximately $3.3 billion for State contributions to STRS.

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STATE OF CALIFORNIA
ACTUARIAL VALUE OF STATE RETIREMENT SYSTEMS

Name of Plan	Market Value of Assets	Actuarial Value of Assets[3]	Actuarial Obligation	Unfunded Actuarial Accrued Liability	Funded Ratio (Market Value)	Funded Ratio (Actuarial Value)
Public Employees' Retirement Fund Schools Pool (PERS)[1]	$64.846 billion	—	$92.071 billion	$27.225 billion	70.4%	—
State Teachers' Retirement Fund Defined Benefit Program (STRS)[2]	$211.367 billion	$190.451 billion	$297.603 billion	$107.152 billion	65.7%	64.0%

Figures as of June 30, 2018.
(1) As of June 30, 2018, the PERS provided pension benefits to 1,264,318 active and inactive program members and 694,570 retirees, beneficiaries, and survivors.
(2) As of June 30, 2018, the STRS Defined Benefit Program had approximately 647,653 active and inactive program members and 301,859retirees and benefit recipients.
(3) PERS no longer uses an actuarial value of assets and only uses the market value of assets.
Source: PERS State and Schools Actuarial Valuation, STRS Defined Benefit Program Actuarial Valuation, PERS Comprehensive Annual Financial Report 2017-18 and STRS Comprehensive Annual Financial Report 2017-18.

California State Teachers' Retirement System. STRS is a defined benefit program and member benefits are determined pursuant to the Education Code and are generally determined based on a member's age, final compensation and years of credited service. As a result of the California Public Employees' Pension Reform Act of 2013 (Chapter 296, Statutes of 2012), there are two benefit structures for members that apply according to the members' first date of hire to perform STRS creditable activities. Members first hired on or before December 31, 2012 are 100% vested in retirement benefits after five years of credited service and are eligible for "normal" retirement at age 60 and for early retirement at age 55 or at age 50 with 30 years of credited service. The normal retirement benefit is 2% of final compensation (as defined in the Education Code) for each year of credited service (up to 2.4% of final compensation for members retiring after age 60), and members who retire on or after January 1, 2011 with 30 or more years of service by December 31, 2010 receive monthly bonus payments of up to $400 per month. Members first hired on or after January 1, 2013 who retire at age 62 are eligible for a benefit equal to 2% of final compensation for each year of credited service (up to 2.4% of final compensation for members retiring after age 62). Additional benefits under both benefit structures include a 2% cost of living increase (computed on a simple, non-compounded, basis based on the initial allowance) on each September 1 following the first anniversary of the effective date of the benefit.

Prior to fiscal year 2014-15, neither the STRS employer nor the State contribution rate varied annually to make up funding shortfalls or assess credits for actuarial surpluses. As a result, the combined employer, employee and State contributions to STRS were not sufficient to pay actuarially required amounts. Assembly Bill 1469 ("A.B. 1469"), enacted in connection with the adoption of the 2014-15 State budget authorizes shared contribution increases among the program's three contributors – STRS members, employers and the State. Defined Benefit Program contribution rate increases for all contributing parties will be incrementally phased-in over the next several years, with the first increases having taken effect July 1, 2014. The rate increases authorized by A.B. 1469 are projected to fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 fully in 32 years.

Employer contribution rates, including those of the District, will increase through fiscal year 2020-21 as shown in the following table. Beginning fiscal year 2021-22, employer contribution rates will be set each year by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

		AB 1469 Increases	
Effective Date	**Prior Rate**	**Increase**	**Total**
July 1, 2017	8.25%	6.18%	14.43%
July 1, 2018	8.25	8.03	16.28
July 1, 2019	8.25	8.85	17.10
July 1, 2020	8.25	10.15	18.40

The State contributions are set pursuant to the Education Code. As of July 1, 2019 the State will contribute 7.828% of members' annual earnings to the defined benefit plan. The employee contribution rate for STRS members first hired on or before December 31, 2012 to perform STRS creditable activities (i.e., STRS 2% at 60 members) is 10.25% for fiscal year 2019-20. The employee contribution rate for STRS members first hired on or after January 1, 2013 to perform STRS creditable activities (i.e., STRS 2% at 62 members) is 10.205% for fiscal year 2019-20.

The State Teachers' Retirement Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the defined benefit plan. STRS actuarial consultant determines the actuarial value of the defined benefit plan's assets by using a one-third smoothed recognition method of the difference between the actual market value of assets to the expected actuarial value of assets. Accordingly, the actuarial value of assets will not reflect the entire impact of certain investment gains or losses on an actuarial basis as of the date of the valuation or legislation enacted subsequent to the date of the valuation.

In February 2017, the State Teacher's Retirement Board voted to revise the actuarial methods and assumptions beginning with the STRS Defined Benefit Program for fiscal year 2016. The actuarial assumptions set forth in the 2016 STRS actuarial valuation use a 7.25% investment rate of return for measurements as of June 30, 2016 and an assumed 7.00% investment rate of return for measurements subsequent to June 30, 2016, 3.00% interest on member accounts, 3.50% wage growth, and 2.75% inflation. The STRS unfunded liability will vary based on actuarial assumptions, actual returns on investments and contribution rates.

The Defined Benefit Program of the California State Teachers' Retirement System, June 30, 2018 Actuarial Valuation (the "2018 STRS Actuarial Valuation") states that for fiscal year 2017-18 the funded ratio increased by 1.4% over the previous year, mainly due to the return on the Actuarial Value of Assets (8.3%) that exceeded the assumed return (7.0%). However, the funded ratio as a whole has decreased by approximately 23% over the past 10 years primarily due to a combination of returns that have, on a smoothed basis, been less than the actuarial assumption, contributions less than the actuarially calculated amount, and changes in the actuarial assumptions that have increased the Actuarial Obligation. The alternate funded ratio using the Fair Market Value of assets has increased since the last valuation. This increase is due to the greater than expected return on assets during the 2017-18 fiscal year.

California Public Employees' Retirement System. PERS is a defined benefit program and member benefits are determined pursuant to the Public Employees' Retirement Law and are generally determined based on a member's age, final compensation and years of credited service.

Member contribution rates are determined by the Public Employees' Retirement Law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by statute. For fiscal year 2019-20, the employee contribution rate for classic plan members is 7.0% of monthly salary and the estimated employee contribution rate for PEPRA members is 7.0% of monthly salary. The employer contribution rate increased from 18.062% of covered payroll for fiscal year 2018-19 to 20.733% of covered payroll for fiscal year 2019-20.

At its April 17, 2013 meeting, the PERS Board of Administration approved a recommendation to change the PERS amortization and smoothing policies. Prior to this change, PERS employed an amortization and smoothing policy which spread investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period. After this change, PERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period. The new amortization and smoothing policy was used for the first time in the June 30, 2014 actuarial valuations. These valuations were performed in early 2015 and set employer contribution rates for the fiscal year 2015-16.

The actuarial methods and assumptions used for determining the rates are based on those adopted by Board of Administration of PERS. At its December 21, 2016 meeting, the PERS Board of Administration approved a discount rate assumption decrease from its current rate of 7.50% to 7.00% over the next three years. For the School Pool, the discount rate was lowered for the first time to 7.375% effective with the June 30, 2017 actuarial valuation (the "2017 PERS Schools Pool Actuarial Valuation"), impacting the Schools Pool employer contribution rates beginning in fiscal year 2018-19. The discount rate was lowered further to 7.25% for the June 30, 2018 actuarial valuation, and will be lowered again to 7.00% for the June 30, 2019 actuarial valuation. Lowering the discount rate will result in increases in both the normal cost and the accrued liabilities which will result in higher required employer contributions. The District cannot predict how these changes will affect its contribution levels.

On December 20, 2017, the PERS Board of Administration adopted new actuarial demographic assumptions to update various assumptions including mortality, retirement rates and inflation. These new assumptions were applied beginning with the June 30, 2018 valuation for the schools pool, setting employer contribution rates for fiscal year 2019-20. As a result, the June 30, 2018 actuarial valuation assumes a reduced inflation rate of 2.625% per year and reduced payroll growth of 2.875% per year. The actuarial funding method used in the PERS Schools Pool Actuarial Valuation as of June 30, 2018 (the "2018 PERS Actuarial Valuation") is the "Individual Entry Age Normal Cost Method." The PERS Schools Pool Actuarial Valuation as of June 30, 2018 assumes, among other things, a 7.25% discount rate, projected 2.625% inflation per year, and projected payroll growth of 2.875% per year. The prescribed discount rate will reduce to 7.00% per year, projected 2.50% inflation per year, and projected payroll growth of 2.75% per year as of the June 30, 2019 actuarial valuation. At its February 12, 2018 meeting, the PERS Board of Administration approved a recommendation to change the PERS amortization policy once again. Prior to this change, PERS employed an amortization and smoothing policy which spread investment returns over a 30-year period with the increases or decreases in the rate spread directly over a 5-year period. After this change, PERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 20-year period rather than a 30-year period. The new amortization policy will be used for the first time in the June 30, 2019 actuarial valuations.

On April 17, 2019, subsequent to the release of the 2017 PERS Schools Pool Actuarial Valuation, the PERS Board adopted updated projections for future employer contribution rates of 23.6%, 24.9%, 25.7%, and 26.4% in Fiscal Years 2020-21, 2021-22, 2022-23 and 2023-24, respectively. The PERS Board did not adjust the employer contribution rate for Fiscal Year 2019-20.

On June 27, 2019, PERS released an Actuarial Circular Letter, which reflected a modified employer contribution rate of 19.7% (reduced from 20.7%) for Fiscal Year 2019-20 as a result of contributions to PERS included in the 2019-20 State Budget. See "FUNDING OF SCHOOL DISTRICTS IN CALIFORNIA - State Assistance – 2019-20 State Budget" herein.

Both PERS and STRS are operated on a statewide basis and, based on available information, STRS and PERS both have unfunded liabilities. PERS may issue certain pension obligation bonds to reach funded status. Additional funding of STRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282. The amounts of the pension/award benefit obligation (PERS) or actuarially accrued liability (STRS) will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution.

STRS and PERS each issue separate comprehensive annual financial reports that include financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from www.calstrs.com or by written request mailed to STRS, P.O. Box 15275, Sacramento, California 95851-0275, and copies of the PERS annual financial report may be obtained from www.calpers.ca.gov or by written request mailed to the CalPERS Financial Services Division, P.O. Box 942703, Sacramento, California 94229-2703. The information presented in those reports is not incorporated by reference in this Official Statement.

The District is unable to predict what the amount of liabilities will be in the future, or the amount of future contributions that the District may be required to pay. See APPENDIX C for additional information concerning STRS and PERS contained in the notes to said financial statements.

Pension Reform Act of 2013 (Assembly Bill 340)

On September 12, 2012, Governor Brown signed AB 340, a bill that enacted the California Public Employees' Pension Reform Act of 2013 ("PEPRA"), amending various sections of the California Education and Government Codes. AB 340 (i) increased the retirement age for new State, school, and city and local agency employees depending on job function, (ii) capped the annual PERS and STRS pension benefit payouts, (iii) addressed abuses of the system, and (iv) requires State, school, and certain city and local agency employees to pay at least half of the costs of their PERS pension benefits. PEPRA will apply to all public employers except the University of California, charter cities and charter counties (except to the extent they contract with PERS.)

1. The provisions of AB 340 went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on that date and after; existing employees who are members of employee associations, including employee associations of the District, had a five-year window to negotiate compliance with AB 340 through collective bargaining. A city, public agency or school district could require employees to pay their half of the costs of PERS pension benefits, up to 8 percent of pay for civil workers and 11 percent or 12 percent for public safety workers.

2. PERS has predicted that the impact of AB 340 on employers, including the District and other employers in the STRS system, and employees will vary, based on each employer's current level of benefits. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in lower retirement

benefits than employees currently earn. Additionally, PERS has noted that AB 340 changes may have an adverse impact on public sector recruitment in areas that have historically experienced recruitment challenges due to higher pay for similar jobs in the private sector.

With respect to STRS, for employees hired after January 1, 2013, members will pay the greater of either (1) at least 50 percent of the cost of their retirement plan, rounded to the nearest one-quarter percent, or (2) the contribution rate paid by current members. The member contribution rate could be increased from this level through collective bargaining or may be adjusted based on other factors. Public employers will pay at least the normal cost rate, after subtracting the member's contribution. The District is unable to predict the amount of future contributions it will make to STRS as a result of the implementation of AB 340 (being its future contributions for the normal costs of new employees), and as a result of negotiations with its employee associations, or, notwithstanding the adoption of AB 340, resulting from any legislative changes regarding STRS employer contributions that may be adopted in the future.

More information about AB 340 can be accessed through the PERS's web site at www.calpers.ca.gov and through the STRS website at www.calstrs.com. The references to these internet websites are shown for reference and convenience only; the information contained within the websites may not be current and has not been reviewed by the District and is not incorporated herein by reference.

Other Post-Employment Benefits ("OPEB")

The Governmental Accounting Standards Board (the "GASB") released its Statement Number 45 ("Statement Number 45"), which requires municipalities to account for other post-employment benefits (meaning other than pension benefits) ("OPEB") liabilities much like municipalities are required to account for pension benefits. The expense is generally accrued over the working career of employees, rather than on a pay-as-you-go basis, which has been the practice for most municipalities and public sector organizations. OPEBs generally include post-employment health benefits (medical, dental, vision, prescription drug and mental health), life insurance, disability benefits and long term care benefits. Statement Number 45 was phased in over a three-year period based upon the entity's revenues. Statement Number 45 became effective for the District beginning in fiscal year 2008-09.

In June 2015, GASB voted to approve a new standard that aimed to improve the accounting and financial reporting for OPEB by state and local governments. Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("Statement Number 75") requires the recognition of the entire OPEB liability, new disclosures and notes in financial reporting, supplemental information, and a more comprehensive measure of OPEB expense. These changes followed a comprehensive review of the effectiveness of preexisting standards of accounting and reporting. GASB expects that the requirements of Statement Number 75 will improve the decision-usefulness of financial information and will enhance its value for assessing accountability and inter-period equity. Statement Number 75 replaces Statement Number 45 became effective beginning in fiscal year 2017-18.

The District's health care plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the District. The Plan provides health benefits to eligible retirees based on agreements entered into with the PETA, the CSEA and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements. Membership of the Plan consists of 35 retirees currently receiving benefits and 393 active members.

The District provides employer paid medical benefits to eligible retirees and their eligible dependents through age 65 up to an annual maximum. Certificated employees may also be eligible for an early retirement program that provides some enhanced benefits prior to age 60. Eligibility for retiree health benefits requires at least 12 years of service at retirement for certificated and management personnel and at least 15 years of service for classified personnel.

Total Compensation Systems, Inc., has prepared an actuarial valuation dated January 22, 2020 (the “2020 Actuarial Report”), covering the District’s retiree health benefits with a valuation date of June 30, 2019 and a measurement date of June 30, 2019. Certain assumptions incorporated in the 2020 Actuarial Valuation include a 3.5% discount rate, a 2.75% inflation rate, a 2.75% annual increase for salaries, and various other assumptions. The District had a total OPEB liability (“TOL”) of $10,303,727 as of June 30, 2018 and a TOL of $12,824,708 as of June 30, 2019. The 2020 Actuarial Report describes the TOL the liability that would have accumulated if all actuarial assumptions are exactly met and the District expensed the service cost every year for all past and current employees and retirees. The District also had a net OPEB liability (“NOL”) of $12,824,708, which the 2020 Actuarial Report describes as the excess of the TOL over the value of the plan assets. Under GASB Statement 74 and Statement 75, in order for assets to count toward offsetting the TOL, the assets have to be held in an irrevocable trust that is safe from creditors and can only be used to provide OPEB benefits to eligible participants. The District has not established an irrevocable trust for OPEB assets.

According to the 2020 Actuarial Valuation, the District’s annual OPEB expense for the fiscal year ending June 30, 2020 of $1,253,048, which is comprised of a service cost of $746,066 plus interest on the TOL of $398,299, minus $108,683 of gains/losses and recognized assumption changes. This annual expense does not include the estimated $390,422 in contributions made by the District.

According to the 2020 Actuarial Valuation, the District’s a “pay-as-you-go” annual OPEB expense, or cost of providing retiree health benefits, was estimated at $339,982 for fiscal year 2017-18, $390,422 million for fiscal year 2018-19 and projected to be $518,691 for fiscal year 2019-20.

For additional information about the District’s Plan, as well as information regarding a previous actuarial valuation, see District’s financial statements attached hereto as APPENDIX C. A copy of the latest actuarial valuation is available upon request from the District at the address listed on the first page of the forepart of this Official Statement. The District may impose a charge for copying, handling and mailing such requested documents.

GASB 67 and 68

On June 25, 2012, GASB voted to approve two new standards that aimed to improve the accounting and financial reporting of public employee pensions by state and local governments. Statement No. 67, Financial Reporting for Pension Plans, revised existing guidance for the financial reports of most pension plans. Statement No. 68, Accounting and Financial Reporting for Pensions, revised and established new financial reporting requirements for most governments that provide their employees with pension benefits.

Statement 67 replaces the requirements of Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and Statement 50, Pension Disclosures as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. Statement 67 builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement 67 enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. Statement 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year required supplementary information schedules.

Statement 68 replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers and Statement No. 50, Pension Disclosures, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information.

The provisions in Statement 67 became effective for financial statements for periods beginning after June 15, 2013. The provisions in Statement 68 became effective for fiscal years beginning after June 15, 2014. For more information on the District's proportionate share of net pension liabilities, See APPENDIX C herein.

Insurance

The District participates in three joint powers agreements (the "JPAs") for insurance programs: the Riverside Schools Insurance Authority, the Regional Employer/Employee Partnership for Benefits, and the Riverside Schools Risk Management Authority. The JPAs provide, respectively, property and liability insurance coverage (including against cyberintrusions), health and welfare benefits, and workers compensation insurance coverage. The relationship between the District and the JPAs are such that the JPAs are not a component unit of the District for financial reporting purposes.

Financial Statements of the District

Independently audited financial reports are prepared annually in conformity with generally accepted accounting principles for educational institutions. The annual audit report is generally available about six months after the June 30 close of each fiscal year. For the District's most recent available audited financial statements, see APPENDIX C.

The following table contains accounting data abstracted from financial statements prepared by the District's independent auditors for the fiscal years 2014-15 through 2018-19.

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PERRIS ELEMENTARY SCHOOL DISTRICT
Summary of General Fund Sources and Expenditures
Fiscal Years 2014-15 to 2018-19

	General Fund Fiscal Year Ended June 30, 2015	General Fund Fiscal Year Ended June 30, 2016	General Fund Fiscal Year Ended June 30, 2017	General Fund Fiscal Year Ended June 30, 2018	General Fund Fiscal Year Ended June 30, 2019
REVENUES					
Revenue limit/LCFF sources	$38,427,423	$44,574,764	$47,722,583	$49,266,866	$53,217,787
Federal sources	4,994,136	5,120,203	5,245,548	7,815,925	5,900,907
Other state sources	5,264,824	7,140,057	6,062,063	5,962,839	8,738,545
Other local sources	730,012	519,546	621,587	91,585	1,412,863
Total Revenues	$49,416,395	$57,354,570	$59,651,781	$63,137,215	$69,270,102
EXPENDITURES					
Instructional services:					
Instruction	29,487,746	32,526,457	37,558,250	40,702,042	44,049,678
Instruction-related services:					
Supervision of instruction	2,429,117	2,164,080	2,426,089	1,563,314	1,861,848
Instructional library, media and technology	212,263	245,361	334,752	326,617	310,901
School site administration	2,712,659	3,281,252	3,525,964	3,500,204	3,970,342
Pupil support services:					
Home-to-school transportation	1,125,123	1,152,320	1,186,829	1,204,351	1,277,441
Food services	40	-	-	3,724	21,193
All other pupil services	2,788,343	2,908,010	4,278,357	4,656,935	5,085,812
General administration services:					
Data processing services	155,217	298,452	221,729	216,723	221,032
Other general administration	2,844,272	3,097,231	3,231,822	4,100,453	4,426,420
Plant services	4,625,158	4,380,037	5,416,065	4,777,131	5,050,943
Other outgo	-	-	-	-	833,283
Transfers of indirect costs	(650,264)	(624,611)	(621,512)	(680,432)	-
Facility acquisition and construction	-	-	-	-	4,237
Capital Outlay	45,753	177,391	263,865	248,938	-
Intergovernmental	560,842	524,288	479,002	452,272	-
Debt Service					
Principal	-	-	-	200,000	-
Interest	-	-	-	-	-
Total Expenditures	46,336,269	50,130,268	58,301,212	61,272,272	67,113,130
Excess (Deficiencies) of Revenues over (Under) Expenditures	3,080,126	7,224,302	1,350,569	1,864,943	2,156,972
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	-	123,248	-	54,878	-
Interfund transfers out	(644,240)	(5,058,427)	(634,529)	(57,352)	(520,294)
Total Other Financing Sources and Uses	(644,240)	(4,935,179)	(634,529)	(2,474)	(520,294)
Net Change in Fund Balances	2,435,886	2,289,123	716,040	1,862,469	1,636,678
Fund Balances, July 1	$7,237,337	$9,673,223	$11,962,346	$12,678,386	$14,540,855
Fund Balances, June 30	$9,673,223	$11,962,346	$12,678,386	$14,540,855	$16,177,533

District Revenues

The District's general operating fund (the "General Fund") is used to account for the day-to-day operations of the District. The General Fund is divided into two sections: unrestricted and restricted. Unrestricted revenue may be spent at the District's discretion. Restricted funds are moneys that can only be used for the purposes allowed by the funding agency.

Other state Revenues, or categorical funds, consist primarily of restricted revenues that fund specific items, such as new curriculum and technology, special education programs, instructional materials, and mentor teachers.

Developer Fees

The District collects developer fees pursuant to the State Government Code Section 65995, which originally allowed collection of $1.50 per square foot of habitable space on domestic housing and $0.25 per square foot on commercial/industrial developments. These square-foot amounts are periodically adjusted for inflation.

For Fiscal Years ended June 30, 2015 through 2019, the District collected $73,759, $150,161, $1,312,370, $520,864, and $856,182 respectively, in developer fees. The District projects collecting approximately $700,000 in developer fees in Fiscal Year 2019-20.

Budgets of the District

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

California Assembly Bill 1200 ("A.B. 1200"), effective January 1, 1992, tightened the budget development process and interim financial reporting for school districts, enhancing the authority of the county schools superintendents' offices and establishing guidelines for emergency State aid apportionments. Many provisions affect District operations directly, while others create a foundation from which outside authorities (primarily state and county school officials) may impose actions on the District. A school district governing board must file with the county superintendent of schools a tentative budget by July 1 in each fiscal year and an adopted budget by September 8 of each fiscal year.

Under the provisions of A.B. 1200, school districts in the State must also conduct a review of their budgets according to certain standards and criteria established by the State Department of Education, and each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. A written explanation must be provided for any element in the budget that does not meet the established standards and criteria. The district superintendent or designee must certify that such a review has been conducted and the certification, together with the budget review checklist and a written narrative, must accompany the budget when it is submitted to the governing board for approval. The balanced budget requirement makes appropriations reductions necessary to offset any revenue shortfalls. The county office of education reviews the certification, completes the budget review checklist and conducts an analysis of any budget item that does not meet the established standards and issues either a positive, negative or qualified certification. A copy of the completed checklist, together with any comments or recommendations, must be provided to the district and its governing board by November 1. By November 30, every district must have an adopted and approved budget, or the county superintendent of schools will impose one. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the fiscal year or subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years. Each certification is based on then-current projections. Within the previous five fiscal years, the District has not received a qualified or negative certification from the County Office of Education.

Presented on the following page are the District's Adopted Budgets for fiscal years 2015-16 through 2019-20 and the first interim report for fiscal year 2019-20. The District adopted its budget for fiscal year 2019-20 on June 20, 2019.

PERRIS ELEMENTARY SCHOOL DISTRICT
GENERAL FUND ADOPTED BUDGETS
FISCAL YEARS 2015-16 THROUGH 2019-20
AND FIRST INTERIM REPORT 2019-20

	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	First Interim Fiscal Year 2019-20
REVENUES:						
Revenue Limit Sources	$43,962,434	$48,756,767	$49,074,702	$52,509,089	$53,459,968	$53,419,290
Federal	5,549,994	6,526,112	5,645,225	150,000	6,428,922	7,518,977
Other State	5,333,302	5,862,488	4,288,300	2,520,995	5,212,823	5,396,603
Other Local	(148,728)	(538,316)	(423,337)	560,000	(1,030,574)	(863,117)
Contributions	–	–	–	(8,232,943)	-	-
Total Revenues	$54,697,002	$60,607,051	$58,584,890	$47,507,141	$64,071,139	$65,471,753
EXPENDITURES:						
Certificated Salaries	23,407,307	26,023,115	28,384,604	26,218,810	32,601,023	32,338,416
Classified Salaries	6,085,732	6,616,045	7,058,544	5,841,374	7,694,699	7,692,159
Employee Benefits	8,528,610	11,834,963	12,957,061	10,897,485	16,493,575	16,338,388
Books and Supplies	5,625,003	5,123,078	4,701,163	3,077,582	3,015,625	3,754,105
Services and Other Operating Expenditures	7,918,246	10,315,082	8,004,021	2,029,830	5,820,149	6,051,851
Capital Outlay	110,000	180,795	135,000	258,000	1,447,194	1,418,290
Other Outgo (excluding Transfers of Indirect Costs)	525,558	573,761	573,761	–	1,045,211	1,311,102
Other Outgo (Transfers of Indirect Costs)	(643,533)	(492,631)	(574,593)	(939,657)	(842,882)	(840,503)
Total Expenditures	51,556,923	60,174,208	61,239,561	47,383,424	67,274,594	68,063,808
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES:	3,140,079	432,843	(2,654,671)	123,717	(3,203,455)	(2,592,055)
OTHER FINANCING SOURCES AND USES:						
Interfund Transfers Out	1,628,169	1,737,997	692,296	194,970	294,719	346,006
Interfund Transfers In	–	420,330	–	–	–	130,770
Total Other Financing Sources and Uses	1,628,169	1,317,667	692,296	194,970	294,719	(215,236)
Net Change in Fund Balances	1,511,910	(884,824)	(3,346,967)	(71,253)	(3,498,174)	(2,807,291)
Fund Balance, Beginning of Year	8,743,491	10,306,272	8,821,257	11,945,171	15,509,879	16,177,533
Fund Balance, End of Year	$10,255,401	$9,421,448	$5,474,290	$11,873,918	$12,011,705	$13,370,242

(1) Totals may not add due to rounding.
Source: The District.

District Investments

The Treasurer and Tax Collector of Riverside County (the "Treasurer") manages, in accordance with California Government Code Section 53600 *et seq.*, funds deposited with the Treasurer by school and community college districts located in the County, various special districts, and some cities within the State of California. State law generally requires that all moneys of the County, school and community college districts and certain special districts located in the County be held in the County's Treasury Pool.

The composition and value of investments under management in the Treasury Pool vary from time to time depending on cash flow needs of the County and public agencies invested in the pool, maturity or sale of investments, purchase of new securities, and due to fluctuations in interest rates generally.

For a further discussion of the County's Treasury Pool, see the caption "THE RIVERSIDE COUNTY TREASURY POOL" in the body of this Official Statement.

Certificates of Participation

The District previously issued $8,935,000 of refunding certificates of participation (the "COPs"). The COPs consist of lease payments bearing rates between 1.25%-5.50% with annual maturities from September 2012 through September 2034. The annual requirements to amortize the COPs outstanding as of June 30, 2019, were as follows:

Year Ending June 30:	Principal	Interest	Totals
2020	$285,000	$341,251	$626,251
2021	295,000	329,137	624,137
2022	310,000	315,897	625,897
2023	320,000	301,000	621,000
2024	340,000	284,500	624,500
2025-2029	1,965,000	1,139,963	3,104,963
2030-2034	2,555,000	530,613	3,085,613
2035	600,000	16,500	616,500
Totals	**$6,670,000**	**$3,258,861**	**$9,928,861**

Source: The District.

Mello-Roos Community Facilities District Bonds

The District caused the establishment of its Community Facilities District No. 2002-1 (the "2002 CFD") under the Mello-Roos Community Facilities Act of 1982, as amended, to provide for the financing of certain public school improvements related to development within the 2002 CFD. To date, $1,975,000 aggregate principal amount of the 2002 CFD's bonds have been issued for such purpose, all of which were refunded with the Perris Elementary School District Community Facilities District No. 2002-1 Refunding Special Tax Bonds, 2014 Series A, $1,275,000 of which are presently outstanding. All bonds of the 2002 CFD are secured solely by a special tax levied on the properties within the boundaries of the 2002 CFD, which are not coterminous with those of the District and are not payable on a parity with the Bonds.

Significant Accounting Policies and Audited Financial Statements

The California State Department of Education imposes by law uniform financial reporting and budgeting requirements for K-12 school districts. Financial transactions are accounted for in accordance with the California School Accounting Manual. Eide Bailly LLP, serves as independent auditor to the District and their report for the Fiscal Year Ended June 30, 2019, are attached hereto as APPENDIX C. The District's auditor has not specifically approved the inclusion of such excerpts herewith.

Independently audited financial reports are prepared annually in conformity with generally accepted accounting principles for educational institutions. The annual audit report is generally available about six months after the June 30 close of each fiscal year. For the District's most recent available audited financial statements, see APPENDIX C.

FUNDING OF SCHOOL DISTRICTS IN CALIFORNIA

Public school district revenues consist primarily of guaranteed State moneys, *ad valorem* property taxes and funds received from the State and federal government in the form of categorical aid, which are amounts restricted to specific categories of use, under various ongoing programs. All State apportionment ("State Aid") is subject to the appropriation of funds in the State's annual budget. Decreases in State revenues may affect appropriations made by the State Legislature to the District.

Historically, the majority of the District's annual General Fund revenues (unrestricted) have consisted of payments from or under the control of the State. Payments made to K-12 public schools and public colleges and universities are priority payments for State funds and are expected to be made prior to other State payment obligations. Although the State Constitution protects the priority of payments to K-12 schools, colleges and universities, it does not protect the timing of such payments, and other obligations may be scheduled and have been scheduled to be paid in advance of those dates on which payments to school districts are scheduled to be made.

On June 27, 2013, the State adopted a new method for funding school districts commonly referred to as the "Local Control Funding Formula (the "LCFF"). The LCFF was fully implemented in fiscal year 2018-19 – two years ahead of schedule. See "*– Local Control Funding Formula*" below for more information. Prior to adoption of the LCFF, the State used a revenue limit funding system, described below under "*– Revenue Limit Funding*."

Revenue Limit Funding. School districts in the State have historically received most of their revenues under a formula known as the "revenue limit." Generally, 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 to provide cost of living adjustments ("COLAs") and to equalize revenues among school districts of the same type. The revenue limit system of funding has been replaced by the LCFF. A description of the revenue limit system is included herein as the District has historically received financial assistance from the State pursuant to this method of appropriations.

Each school district's revenue limit, which was funded by State moneys and local *ad valorem* property taxes from the general 1% *ad valorem* property tax levy, was allocated based on the ADA of each school district for either the current or preceding school year. Generally, State Aid to a school district amounted to the difference between the school district's revenue limit and the school district's local property tax allocation from the general 1% *ad valorem* property tax levy. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" herein.

Local Control Funding Formula. Effective in fiscal year 2013-14, the State established the LCFF, a new system for funding school districts, charter schools and county offices of education. The LCFF replaces the revenue limit funding system, as well as many categorical programs. The LCFF distributes State resources to schools through a guaranteed base funding grant per unit of ADA (a "Base Grant"). The Base Grants per unit of ADA for each grade span are: (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. Full implementation of the LCFF was accomplished in fiscal year 2018-19. During the implementation period, 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. Beginning in fiscal year 2014-15, the Base Grants were adjusted for COLAs by applying the implicit price deflator for government goods and services. Following full implementation of the LCFF, the provision of COLAs will now be subject to appropriation for such adjustment in the annual State budget.

The Base Grants for grades K-3 are subject to adjustments of 10.4% to cover the costs of class size reduction. 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. The Base Grants for grades 9-12 are subject to adjustments of 2.6% for the provision of career technical education.

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; if the school district has students with both limited English proficiency and eligibility for reduced price meals, for instance, such students will not be duplicated for purposes of determining the additional funding grants. Foster youths automatically qualify for free or reduced priced meals. A supplemental grant add-on (each, a "Supplemental Grant") is authorized for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such districts' percentage of unduplicated EL/LI student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a "Concentration Grant") equal to 50% of the applicable Base Grant multiplied the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold.

The 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 2014-15 through 2018-19 and projections for fiscal year 2019-20 through fiscal year 2021-22.

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PERRIS ELEMENTARY SCHOOL DISTRICT
ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE

		Average Daily Attendance[(1)]				Enrollment[(2)]	
Fiscal Year		K-3	4-6	7-8	Total ADA	Total Enrollment	% of EL/LI Enrollment
2015-16	Charter	378.82	276.32	220.01	875.15	916	91.16
	District	2,702.55	2,041.65	–	4,744.20	4,966	93.31
2016-17	Charter	370.88	280.37	886.66	886.66	934	89.19
	District	2,712.78	2,050.50	–	4,763.28	5,029	92.31
2017-18	Charter	365.03	279.14	230.78	874.91	912	88.81
	District	2,744.12	2,029.12	–	4,773.54	5,009	92.56
2018-19	Charter	367.77	284.55	243.32	895.64	934	87.09
	District	2,750.79	1,880.98	–	4,631.77	4,862	92.49
2019-20[(3)]	Charter	358.27	272.18	248.58	879.03	926	88.55
	District	2,587.40	1,816.39	–	4,403.79	4,680	92.69
2020-21[(3)]	Charter	358.27	272.18	248.58	879.03	926	88.55
	District	2,500.71	1,729.32	–	4,230.03	4,578.00	92.53

(1) Except for fiscal year 2019-20 and 2020-21, reflects P-2 ADA.
(2) As of October report submitted to the California Basic Educational Data System. For purposes of calculating supplemental funding grants, a school district's percentage of unduplicated EL/LI students is based on a rolling average of such district's EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.
(3) Projected.
Source: The District.

The LCFF provides for a permanent economic recovery target ("ERT") add-on for school districts that would have received greater funding levels under the revenue limit system. The ERT is 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. The ERT add-on will be paid incrementally over the implementing period of the LCFF. The District does not qualify for the ERT add-on.

The sum of a school district's adjusted Base, Supplemental and Concentration Grants will be multiplied by such district's P-2 ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with any applicable ERT or categorical block grant add-ons, will yield a district's total LCFF allocation. Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and such district's share of applicable local property taxes.

Beginning July 1, 2014, school districts are required to develop a three-year Local Control and Accountability Plan (each, an "LCAP"). County Superintendent of Schools and the State Superintendent of Public Instruction will review and provide support to the districts and county offices of education under their jurisdiction. In addition, the Fiscal Year 2013-14 State Budget created the California Collaborative for Education Excellence (the "Collaborative") to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. The State Superintendent of Public Instruction may direct the Collaborative to provide additional assistance to any district, county office, or charter school. For those entities that continue to struggle in meeting their goals, and when the Collaborative indicates that additional intervention is needed, the State Superintendent of Public Instruction has authority to make changes to the district or county office's local plan. For charter schools, the charter authorizer will be required to consider revocation of a charter if the Collaborative finds that the inadequate performance is so persistent and acute as to warrant revocation. The State will continue to measure student achievement through statewide assessments, produce an Academic Performance Index for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

Risks Related to Coronavirus

The outbreak of a new strain of coronavirus ("COVID-19"), an upper respiratory tract illness first identified in Wuhan, China, has spread to numerous countries across the globe, including the U.S. COVID-19 has been characterized as a pandemic by the World Health Organization, and has resulted in a declaration of a national emergency by the Federal Government on March 13, 2020, as a state of emergency by certain states (including by the State of California on March 4, 2020) and by local governments (including a public health emergency declaration by the County on March 8, 2020). There can be no assurances that the spread of COVID-19 or other highly contagious or epidemic diseases will not adversely impact the District. While the effects of COVID-19 may be temporary, it appears to be altering the behavior of businesses and people in a manner that may have negative impacts on global and local economies. In addition, stock markets in the U.S. and globally have seen significant recent declines that have been attributed to concerns related to COVID-19 and decreases in business activity attributable thereto. Multiple states have implemented state-wide school closures, and numerous school districts in the State have implemented school closures. On March 17, 2020, Governor Newsom signed emergency legislation providing $500 million and authorizing an additional $500 million, to increase hospital bed capacity, purchase medical equipment, and protect individuals at risk. On April 14, 2020, the Governor, along with the Governors of the States of Washington and Oregon, announced a coordinated plan to lift shelter-in-place orders and gradually re-open economic sectors of the State. The order listed six factors that the State will consider, including (1) expanded testing, (2) protection of high risk groups, including seniors, medically vulnerable people, and people in nursing homes and similar facilities, (3) ensuring hospitals have sufficient beds and supplies to care for patients, (4) progress in developing treatments, (5) the ability of schools and businesses to support physical distancing, and (6) the ability to decide when to reinstate stay-at-home orders, if needed. The Governor suggested that requirements being considered could alter the current practices and behaviors of schools and the students, such as requiring staggered school start times, not allowing students to congregate during meal times or recess, limitations or reform to procedures involving assemblies and physical education, and the potential disallowance of school sporting events, concerts or parent nights. The Governor also suggested that significant sanitation and deep cleaning would be necessary to prevent the spread of COVID-19 in schools and on playgrounds. The Governor is engaged in conversations with the State Superintendent of Public Instruction, labor leaders, and other leaders in education, and expects to re-evaluate the situation as it evolves based on the rate of hospitalizations, availability of medical equipment, and development of a vaccine. The District is unable to predict at this time whether these new proposals will be enacted or in what form they may take, or whether any new requirements related to reducing the spread of COVID-19 will materially impact its finances or operations.

The District is currently receiving guidance on the coronavirus from State and County health officials, including Riverside University Health System-Public Health ("RUHS-PH"), which are monitoring the coronavirus situation, in accordance with coronavirus guidelines for schools published by the Centers for Disease Control and Prevention. Pursuant to an order from RUHS-PH to close all schools in the County, all schools in the District will be closed effective March 16, 2020 through the remainder of the 2019-20 school year.

Under current State law, unless waived by the State Department of Education, a temporary shutdown of District school(s) could reduce the average daily attendance and could impact the funding the District receives from the State. On March 13, 2020, Governor Newsom issued Executive Order N-26-20 (the "Executive Order"), qualifying closure of schools to address COVID-19 as a condition preventing maintenance of schools wherein school districts would continue to receive State funding, and encouraging the implementation of distance learning strategies. On March 17, 2020, Governor Newsom signed Senate Bill 117 ("SB 117") which, among other things, provides that for schools that comply with the Executive Order, only attendance during full school months from July 1, 2019 to and including February 29, 2020, will be reported for apportionment purposes. SB 117 also holds that certain minimum instructional day and minute requirements will be deemed to have been met during the period complying school districts are closed due to COVID-19, in order to prevent a loss of funding due to the COVID-19 outbreak.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the District cannot predict the extent or duration of the outbreak or what impact it may have on the District's financial condition or operations of the District, or if there will be any impact on the assessed values of property within the District. The District cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in state funding or an increase in operational costs incurred to implement distance learning strategies or clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease. As discussed herein under APPENDIX A – "Funding of School Districts in California - Local Control Funding Formula," the District receives much of its revenues from LCFF sources, which are comprised of local property taxes and State moneys. In the event the State experiences a decline in revenue as a consequence of the impacts of COVID-19, there may be a resulting decline in revenue available for funding school districts. Under certain conditions, the State may suspend funds guaranteed pursuant to Proposition 98 for one or more years, and payments have been suspended in the past during periods of decreased State revenues. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Proposition 98" herein. In any event, however, the Bonds remain general obligations of the District payable solely from *ad valorem* property taxes and are not payable from the general fund of the District. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

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 Governor's office (http://www.gov.ca.gov), the California Department of Public Health (http://covid19.ca.gov/) and the County (http://www.rivcoph.org/coronavirus/). *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.*

State Assistance

The District's principal funding formulas and revenue sources are derived from the budget of the State of California. **The following information concerning the State of California's budgets has been obtained from publicly available information which the District believes to be reliable; however, the State has not entered into any contractual commitment with the District, the Underwriter, Bond and Disclosure Counsel or the Owners of the Bonds to provide State budget information to the District or the Owners of the Bonds. Although they believe the State sources of information listed**

above are reliable, none of the District, Bond and Disclosure Counsel or the Underwriter assumes any responsibility for the accuracy of the State budget information set forth or referred to herein or incorporated by reference herein. Additional information regarding State budgets is available at various State-maintained websites, including www.dof.ca.gov, which website is not incorporated herein by reference.

Fiscal Year 2019-20 State Budget

On June 27, 2019, Governor Gavin Newsom signed the fiscal year 2019-20 budget (the "2019-20 State Budget"). The 2019-20 State Budget projects general fund revenues in the amount of $138.05 billion in fiscal year 2018-19 and $143.81 billion in fiscal year 2019-20. The 2019-20 State Budget projects that the State will end fiscal year 2018-19 with a reserve balance of approximately $19.75 billion, comprised of an approximate balance of $5.39 billion in the Special Fund for Economic Uncertainties ("SFEU") and an approximate balance of $14.36 billion in the Budget Stabilization Account ("BSA").

The 2019-20 State Budget projects that the State will end fiscal year 2019-20 with an approximately $17.93 billion reserve balance, comprised of approximately $1.41 billion in the SFEU and approximately $16.52 billion in the BSA. The 2019-20 State Budget includes a deposit of approximately $377 million to the PSSSA, however, such deposit did not trigger the school district reserve cap. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Proposition 2" in the forepart of this Official Statement.

The 2019-20 State Budget describes the State's financial situation as balanced, with a strong fiscal foundation as a result of paying down debts and building up reserves. The 2019-20 State Budget acknowledges the State's hard-won recovery and is centered on making necessary investments for a more effective government, promoting affordability and opportunity, and supporting justice and dignity for all Californians. For example, the 2019-20 State Budget includes $4.5 billion to eliminate debts and reverse deferrals, $5.5 billion to build reserves, and $4.3 billion to pay down unfunded retirement liabilities. The 2019-20 State Budget also addresses the unprecedented natural disasters which have occurred over the prior two years by proposing a one-time $50 million general fund expenditure for local grants and to immediately begin a comprehensive statewide education campaign on disaster preparedness and safety. The 2019-20 State Budget also includes a series of proposals to address early childhood education and improving early childhood health and wellness, and also creates a new "California EITC" by more than doubling the size of the State's earned income tax credit to $1 billion.

Under the 2019-20 State Budget, general fund expenditures for fiscal year 2019-20 are $147.8 billion (an increase of approximately $5.1 billion from fiscal year 2018-19 general fund expenditures), of which $58.8 billion (40%) is allocated to K-12 education. The 2019-20 State Budget provides Proposition 98 funding of $81.1 billion for fiscal year 2019-20.

The 2019-20 State Budget also includes a $3.15 billion non-Proposition 98 General Fund payment to STRS and the PERS Schools Pool on behalf of local educational agencies and community colleges. An estimated $850 million is buying down the employer contribution rates in 2019-20 and 2020-21 and the remaining $2.3 billion is being paid toward long-term unfunded liabilities for both systems. Overall, these payments are expected to save schools $6.1 billion over the next three decades, with an estimated reduction in the out-year contribution rate to STRS of 0.3 percentage points, and to the PERS Schools Pool of 0.1 to 0.3 percentage points.

The 2019-20 State Budget included the following significant adjustments affecting California K-12 school districts:

- Proposition 98 Settle Up – An increase of $686.6 million for K-12 schools and community colleges to pay the balance of past year Proposition 98 funding owed through 2017-18.

- Classified School Employees Summer Assistance Program – An increase of $36 million one-time Proposition 98 General Fund to provide an additional year of funding for this program, which provides a state match for classified employee savings used to provide income during summer months.

- Special Olympics – An increase of $4 million one-time non-Proposition 98 General Fund for the Special Olympics of Northern and Southern California.

- Wildfire-Related Cost Adjustments – An increase of $2 million one-time Proposition 98 General Fund to reflect adjustments in the estimate for property tax backfill for basic aid school districts impacted by 2017 and 2018 wildfires. Additionally, an increase of $727,000 one-time Proposition 98 General Fund to reflect adjustments to the state's student nutrition programs resulting from wildfire-related losses. Further, the Budget holds both school districts and charter schools impacted by the 2018 wildfires harmless for state funding for two years.

- Breakfast After the Bell – An increase of $500,000 one-time Proposition 98 General Fund to increase participation in the Breakfast After the Bell school nutrition program.

- Homeless Youth Education – An increase of $500,000 one-time Proposition 98 General Fund for the San Diego Unified School District to support the education of homeless youth.

- California Association of Student Councils – An increase of $150,000 one-time non-Proposition 98 General Fund to provide leadership development opportunities for financially disadvantaged students.

Fiscal Year 2020-21 Proposed State Budget

On January 10, 2020, Governor Gavin Newsom released his proposed fiscal year 2020-21 budget (the "2020-21 Proposed State Budget"). The 2020-21 Proposed State Budget projects general fund revenues in the amount of $146 billion in fiscal year 2019-20 and $152 billion in fiscal year 2020-21. The State is projected to end fiscal year 2019-20 with a reserve balance of approximately $19.1 billion, comprised of an approximate balance of $3.1 billion in the SFEU and an approximate balance of $16.0 billion in the BSA. Fiscal year 2020-21 is expected to end with an approximately $19.6 billion reserve balance, comprised of approximately $1.6 billion in the SFEU and approximately $18.0 billion in the BSA. The 2020-21 Proposed State Budget sets aside $110 million for the PSSSA, bringing its total balance to $487 million. Such deposit is not expected to trigger the school district reserve cap for fiscal year 2021-22.

The 2020-21 Proposed State Budget describes the State's budget as continuing to build reserves and promoting a more effective government that can withstand a downturn in the economy, as well as emergencies and disasters. The budget acknowledges the State's strong economy, but considers that continued growth is uncertain due to the instability in global economic markets and the nation's political climate. As a result, the budget continues to build reserves and assumes an additional transfer of nearly $2 billion in 2020-21 and an additional $1.4 billion over the remainder of the three-year forecast period to the BSA, and as with the 2019-20 State Budget, the majority of the surplus is devoted to one-time spending. The 2020-21 Proposed State Budget also addresses the housing crisis, authorizing $500 million annually for the state's housing tax credit program, and a $750 million initial investment in the "California Access to Housing and Services Fund" to create a structure for developing affordable housing units, supplementing and augmenting rental subsidies, and stabilizing board and care homes. The 2020-21 Proposed State Budget also builds on the historic investments made last year to expand access to child care, preschool and full-day kindergarten, with funding for 10,000 additional full day/full year preschool slots, moving the state closer to its goal of universal preschool for all income-eligible four-year-olds.

Under the 2020-21 Proposed State Budget, general fund expenditures for fiscal year 2020-21 are $153.1 billion (an increase of approximately $3 billion from fiscal year 2019-20 general fund expenditures), of which $59.6 billion (39%) is allocated to K-12 education. The 2020-21 Proposed State Budget provides Proposition 98 funding of $84 billion for fiscal year 2020-21. This funding, when combined with approximately $819 million in "settle-up" payments for prior years, proposes an increased investment of $3.8 billion in K-14 education.

Total per-pupil expenditures from all sources are projected to be $17,508 in fiscal year 2019-20 and $17,964 in fiscal year 2020-21 — the highest level ever, including funds provided for prior year "settle-up" obligations. Ongoing K-12 Proposition 98 per-pupil expenditures are $12,600 in fiscal year 2020-21, an increase of $496 per-pupil over the level provided in fiscal year 2019-20.

The 2020-21 Proposed State Budget notes that attendance in public schools declined in fiscal year 2019-20 and is expected to further decline in fiscal year 2020-21. The 2020-21 Proposed State Budget proposes approximately $1.2 billion Proposition 98 General Fund increase for the LCFF bringing total funding to $64.2 billion.

The 2020-21 Proposed State Budget included the following significant adjustments affecting California K-12 school districts:

- Local Property Tax Adjustments — An increase of $7.3 million Proposition 98 General Fund for school districts and county offices of education in fiscal year 2019-20 as a result of decreased offsetting property tax revenues, and a decrease of $1.1 billion Proposition 98 General Fund for school districts and county offices of education in fiscal year 2020-21 as a result of increased offsetting property taxes.

- School District Average Daily Attendance—A decrease of $268.5 million Proposition 98 General Fund in fiscal year 2019-20 for school districts resulting from a decrease in projected average daily attendance from the 2019-20 State Budget, and a decrease of $175.1 million Proposition 98 General Fund in 2020-21 for school districts resulting from a further projected decline in average daily attendance for fiscal year 2020-21.

- Cost-of-Living Adjustments—An increase of $122.4 million Proposition 98 General Fund to reflect a 2.29 percent cost-of-living adjustment for categorical programs that remain outside of the Local Control Funding Formula, including Special Education, Child Nutrition, State Preschool, Youth in Foster Care, Mandates Block Grant, Adults in Correctional Facilities Program, American Indian Education Centers, and the American Indian Early Childhood Education Program.

- County Offices of Education—An increase of $5.7 million Proposition 98 General Fund to reflect a 2.29-percent cost-of-living adjustment and average daily attendance changes applicable to the LCFF.

- Fiscal Crisis Management and Assistance Team—An increase of $695,000 Proposition 98 General Fund for: (1) increased workload related to school districts in fiscal distress and expanded training, and (2) improving staff recruitment.

- Instructional Quality Commission—An increase of $483,000 non-Proposition 98 General Fund on a one-time basis for the Instructional Quality Commission to continue its work on the development of model curriculum and frameworks.

LAO Overview of 2020-21 Proposed State Budget. The Legislative Analyst's Office ("LAO"), a nonpartisan State office which provides fiscal and policy information and advice to the State Legislature, released its report on the 2020-21 Proposed State Budget entitled "The 2020-21 Budget: Overview of the Governor's Budget" on January 13, 2020 (the "2020-21 Proposed Budget Overview"). In the 2020-21 Proposed Budget Overview, the LAO summarizes the condition of the Proposed 2020-21 State Budget in light of uncertainties such as federal decisions surrounding healthcare financing and risks associated with a cooling economy. The LAO also highlights key features of the 2020-21 Proposed State Budget, which include a wide array of one-time programmatic spending and new policy goals.

The LAO notes that, under the 2020-21 Proposed State Budget, the State would end fiscal year 2020-21 with approximately $20.5 billion in total reserves, representing an increase of $1.7 billion from the 2019-20 State Budget. The LAO summarizes that the Budget Stabilization Account would reach a balance of approximately $18.0 billion at the end of fiscal year 2020-21 (representing a net increase of $1.5 billion relative to enacted 2019-20 amount), the Special Fund for Economic Uncertainties would reach a balance of approximately $1.6 billion at the end of fiscal year 2020-21 (representing an increase of $230.0 million relative to enacted fiscal year 2019-20 amount), and the Safety Net Reserve would maintain a balance of approximately $900.0 billion at the end of fiscal year 2020-21. Despite the overall increase in State reserves, the LAO observes the 2020-21 Proposed State Budget does not continue the State Legislature's practice of dedicating a sizeable portion of available surpluses to building discretionary reserves. The LAO warns that reserves are the most important tool for the State to insulate programs from the adverse effects of budget shortfalls, and encourages the State Legislature to consider providing a target level of reserves, and consider whether it is satisfied with the proposed level of reserves.

The LAO estimates that the Governor had a $5.9 billion surplus to allocate in the 2020-21 Proposed State Budget, and that the Governor allocated approximately $2.5 billion to one-time spending, approximately $1.6 billion to maintain discretionary reserves, and approximately $1.4 billion to ongoing spending. The LAO observes that most one-time spending is allocated to reducing homelessness, while most ongoing spending is allocated to universities and healthcare programs. The LAO notes, however, that the $3.9 billion of discretionary spending is divided among approximately 140 distinct proposals, 95% of which will cost less than $100 million in fiscal year 2020-21. The LAO recommends that the State Legislature consider whether to address a large array of proposals with relatively small dollar amounts or dedicate larger amounts to a smaller number of priorities to ensure that proposals have a significant impact. Nevertheless, the LAO remarks that by focusing nearly 75% of the estimated surplus on one-time spending, the 2020-21 Proposed State Budget allows the State to maintain control of a key tool for responding to a potential recession.

The LAO observes that in addition to maintaining discretionary reserves, another critical tool to insulate programs from budget shortfalls is the State's operating surplus. The LAO notes that it recently recommended that the State commit no more than $1.0 billion to ongoing spending in order to avoid budget shortfalls and maintain a positive operating surplus. As described above, however, the LAO estimates that the Governor allocated approximately $1.4 billion to ongoing spending, which could cost the State approximately $1.8 billion annually to fully implement the proposed multiyear programs. The

LAO notes that given the maturity of the recent economic expansion, the elimination of the operating surplus is particularly risky. Therefore, the LAO recommends that the Legislature consider preserving a positive operating balance in its own proposals.

The LAO notes that, as in recent years, the State's overall budget condition continues to be positive. Despite the positive near-term picture, however, the LAO warns that the multiyear outlook is subject to considerable uncertainty. The LAO recognizes that the 2020-21 Proposed State Budget provides for an operating surplus of approximately $400.0 million in fiscal year 2023-24, but that the surplus depends on the suspension of certain program augmentations by July 1, 2023. If such suspensions do not occur, the budget could face an operating deficit of nearly $2.0 billion in fiscal year 2023-24. Moreover, the LAO notes that the federal government released draft regulations in late 2019 with significant implications for State costs related to its Medi-Cal program. The LAO indicates that although the federal regulations, if adopted, would limit the State's ability to continue certain Medi-Cal financing mechanisms, the 2020-21 Proposed State Budget does not assume any fiscal impact from the draft regulations. Finally, although the LAO views the Governor's overall revenue estimates as reasonable, it points out that slowing economic growth and uncertainty regarding the cause of recent increases in corporate tax collections create a risk that overall revenues will be lower than anticipated.

The 2020-21 Proposed Budget Overview is available on the LAO website at **www.lao.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Changes in State Budget. The final fiscal year 2020-21 State budget, which requires approval by a majority vote of each house of the State Legislature, may differ substantially from the Governor's budget proposal. Accordingly, the District cannot provide any assurances that there will not be any changes in the final fiscal year 2020-21 State budget from the 2020-21 Proposed State Budget. Additionally, the District cannot predict the impact that the final fiscal year 2020-21 State budget, or subsequent budgets, will have on its finances and operations. The final fiscal year 2020-21 State budget may be affected by national and State economic conditions and other factors which the District cannot predict, including the outbreak of a highly contagious or epidemic disease that may in turn impact the educational funding that the District receives from the State. See " – Local Control Funding Formula - *Infectious Disease Outbreak*."

Additional Information. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of the State budget may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." Various analyses of the budget may be found at the website of the LAO at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found via the website of the State Treasurer, www.treasurer.ca.gov. The information presented in these websites is not incorporated by reference in this Official Statement.

Future State Budgets. The District cannot predict what actions will be taken in the future by the State Legislature and the Governor to address any future budget deficits and cash management practices. Future State budgets will be affected by national and State economic conditions over which the District has no control, and other factors over which the District will have no control. To the extent that the State budget process results in reduced revenues deferred revenues or increased expenses for the District, the District will be required to make adjustments to its budget and cash management practices. In the event current or future State Budgets decrease the District's revenues or increase required expenditures by the

District from the levels assumed by the District, the District will be required to generate additional revenues, curtail programs or services, or use its reserve funds to ensure a balanced budget.

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APPENDIX B

FORM OF BOND COUNSEL OPINION

[Closing Date]

Board of Trustees
Perris Elementary School District
143 East 1st Street
Perris, California 92570

Re: $2,230,000 Perris Elementary School District (Riverside County, California) General Obligation Bonds, 2006 Election, Series 2020 and $6,000,000 General Obligation Bonds, 2014 Election, Series 2020

Ladies and Gentlemen:

We have acted as Bond Counsel to the Perris Elementary School District, County of Riverside, State of California (the "District"), in connection with the issuance by the District of $2,230,000 aggregate principal amount of its General Obligation Bonds, 2006 Election, Series 2020 (the "Measure S Bonds") and $6,000,000 aggregate principal amount of its General Obligation Bonds, 2014 Election, Series 2020 (the "Measure C Bonds" and, together with the Measure S Bonds, the "Bonds"). The Bonds are issued pursuant to (i) Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State, as amended, (ii) applicable provisions of the Education Code of the State, as amended, (iii) Article XIIA of the California Constitution, and (iv) a resolution of the Board of Trustees of the District, adopted on February 13, 2020 (the "Resolution").

As Bond Counsel, we have examined copies, certified to us as being true and complete copies, of the proceedings of the District for the authorization and issuance of the Bonds. In connection thereto, we have also examined such certificates of public officials and officers of the District as we have considered necessary for the purposes of this opinion. We have, with your approval, assumed that all items submitted to us as originals are authentic and that all items submitted to us as copies conform to the originals.

On the basis of such examination, our reliance upon the assumptions contained herein and our consideration of those questions of law we considered relevant, and subject to the limitations and qualifications in this opinion, we are of the opinion that:

1. The Bonds have been duly authorized and issued and constitute legally valid and binding obligations of the District, enforceable in accordance with their terms and the terms of the Resolution.

2. The Bonds are payable solely from and are secured by a pledge of *ad valorem* taxes which may be levied without limitation as to rate or amount upon all taxable real property in the District, and which, under the laws now in force with respect to the Bonds, may be levied within the limit prescribed by law upon all taxable personal property in the District, and from other available funds as set forth in the Resolution.

3. The Resolution has been duly authorized by the District and constitutes the legally valid and binding obligation of the District, enforceable in accordance with its terms. The Bonds, assuming due authentication by the Paying Agent, are entitled to the benefits of the Resolution.

4. The Internal Revenue Code of 1986, as amended (the "Code") sets forth certain requirements which must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Bonds. Pursuant to the Resolution and the Tax and Nonarbitrage Certificate executed by the District in connection with the issuance of the Bonds (the "Tax Certificate"), the District has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the District has made certain representations and certifications in the Resolution and the Tax Certificate. We have not independently verified the accuracy of those certifications and representations.

   Under existing law, assuming compliance with the tax covenants described herein and the accuracy of the aforementioned representations and certifications, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code.

5. Interest on the Bonds is exempt from personal income taxes of the State of California under present state law.

The opinions set forth in paragraphs 1, 2, and 3 above (i) assume that the Paying Agent has duly authenticated the Bonds and (ii) are subject to (a) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally (including, without limitation, fraudulent conveyance laws), (b) the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and (c) the limitations on legal remedies against government entities in the State of California.

In rendering the opinions set forth in paragraph 4 above, we are relying upon representations and covenants of the District in the Tax Certificate concerning the investment and use of Bond proceeds, the rebate to the federal government of certain earnings thereon, and the use of the property and facilities financed with the proceeds of the Bonds. In addition, we have assumed that all such representations are true and correct and that the District will comply with such covenants. We express no opinion with respect to the exclusion of the interest on the Bonds from gross income under Section 103(a) of the Code in the event that any of such representations are untrue or the District fails to comply with such covenants, unless such failure to comply is based on our advice or opinion.

Except as stated in paragraphs 4 and 5, we express no opinion as to any other federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

No opinion is expressed herein on the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds. This opinion is expressly limited to the matters set forth above and we render no opinion, whether by implication or otherwise, as to any other matters.

Our opinions are limited to matters of California law and applicable federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions. We call attention to the fact that the opinions expressed herein and the exclusion of interest on the Bonds from gross income for federal income tax purposes may be affected by actions taken or omitted or events occurring or failing to occur after the date hereof. We have not undertaken to determine, or inform any person, whether any such actions are taken, omitted, occur or fail to occur.

Respectfully submitted,

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APPENDIX C

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR FISCAL YEAR 2018-19

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Annual Financial Report
June 30, 2019

Perris Elementary School District

EideBailly

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PERRIS ELEMENTARY SCHOOL DISTRICT

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Governing Board
Perris Elementary School District
Perris, 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 Perris Elementary 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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10681 Foothill Blvd., Ste. 300 | Rancho Cucamonga, CA 91730-3831 | T 909.466.4410 | F 909.466.4431 | EOE

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

Emphasis of Matter – Correction of Error

As discussed in the Note 16 to the financial statements, there were certain items that occurred in the prior year net position that have been restated 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 15, budgetary comparison schedules on page 68 and page 69, schedule of changes in the District's total OPEB liability and related ratios on page 70, schedule of the District's proportionate share of the net OPEB liability - MPP program on page 71, schedule of the District's proportionate share of the net pension liability on page 72, and the schedule of District contributions on page 73, 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 Perris Elementary 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 2, 2019, on our consideration of the Perris Elementary 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 Perris Elementary 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 Perris Elementary School District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 2, 2019

PERRIS ELEMENTARY SCHOOL DISTRICT

Jean Marie Fréy, District Superintendent

143 E. 1st Street • Perris, California 92570
951.657.3118 • 951.940.5115 Fax

FRANCINE M. STORY
CHIEF BUSINESS OFFICIAL

This section of Perris Elementary 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 two categories of activities: governmental, proprietary, and fiduciary.

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

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

The Primary unit of the government is the Perris Elementary 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 eighth students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

THE DISTRICT AS A TRUSTEE

Reporting the Districts Fiduciary Responsibilities

The District is the trustee, or *fiduciary,* for funds held on behalf of others, like our fund for special tax collections associated with blended component units. 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

- The District's overall financial status improved from last year, as the net position increased by 1.4 percent to $39,898,692.
- Total governmental revenues were $91,072,104, $552,891 more than expenses.
- The District's combined fund balances increased by 4,415,583.
- The total cost of instructional programs was $61,745,810. Because a portion of these costs were paid for with charges, fees, and intergovernmental aid, the net cost that required taxpayer funding was only $49,866,370.
- Average daily attendance (grades K-6) decreased by 147, or 3.1 percent.

THE DISTRICT AS A WHOLE

Net Position

The District's Net Position was $39,898,692 for the fiscal year ended June 30, 2019. Of this amount, $(32,269,845) 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	$ 51,118,867	$ 45,383,120
Capital assets	94,580,845	94,428,684
Total Assets	**145,699,712**	**139,811,804**
Deferred Outflows of Resources	**23,553,405**	**22,199,813**
Liabilities		
Current liabilities	5,702,205	4,486,632
Long-term obligations	48,018,996	47,970,398
Aggregate net pension liability	72,143,421	67,232,916
Total Liabilities	**125,864,622**	**119,689,946**
Deferred Inflows of Resources	**3,489,803**	**2,975,870**
Net Position		
Net investment of capital assets	62,687,897	62,161,590
Restricted	9,480,640	12,707,781
Unrestricted (deficit)	(32,269,845)	(35,523,570)
Total Net Position	**$ 39,898,692**	**$ 39,345,801**

Unrestricted Net Position decreased to $(32,269,845), compared to $(35,523,570), 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 17. 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	$ 564,133	$ 594,857
Operating grants and contributions	18,512,344	16,078,310
General revenues:		
Federal and State aid not restricted	59,142,000	54,462,420
Property taxes	8,310,824	7,771,688
Other general revenues	4,542,803	1,738,074
Total Revenues	**91,072,104**	**80,645,349**
Expenses		
Instruction-related	61,745,810	52,409,678
Pupil services	11,633,441	10,670,628
Administration	6,116,370	5,060,113
Plant services	6,119,712	5,994,118
All other services	4,903,880	5,217,550
Total Expenses	**90,519,213**	**79,352,087**
Change in Net Position	**$ 552,891**	**$ 1,293,262**

Governmental Activities

As reported in the *Statement of Activities* on page 17, the cost of all of our governmental activities this year was $90,519,213. The amount that our taxpayers ultimately financed for these activities through local taxes was only $8,310,824. The District also collected $564,133 in charges for services from these that benefited from the programs. Other governmental agencies and organizations subsidized certain programs with grants and contributions of $18,512,344. We paid for the remaining "public benefit" portion of our governmental activities with $59,142,000 in unrestricted State and Federal aid, and $4,542,803 in interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction-related, 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	$ 61,745,810	$ 52,409,678	$ 49,866,370	$ 42,717,270
Pupil services	11,633,441	10,670,628	6,470,293	5,798,762
Administration	6,116,370	5,060,113	5,290,629	4,236,816
Plant services	6,119,712	5,994,118	5,693,702	5,263,353
All other services	4,903,880	5,217,550	4,121,742	4,662,719
Total	**$ 90,519,213**	**$ 79,352,087**	**$ 71,442,736**	**$ 62,678,920**

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $45,868,178, which is an increase of $4,415,583 or 10.7 percent from last year (Table 4).

Table 4

	Balances and Activity			
	July 1, 2018	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2019
General Fund	$ 14,540,855	$ 69,270,102	$ 67,633,424	$ 16,177,533
Charter School Fund	10,674,514	10,265,320	7,742,813	13,197,021
Special Reserve Fund for Capital Outlay Projects	5,207,337	822,984	969,546	5,060,775
Child Development Fund	23,775	2,066,022	2,062,399	27,398
Cafeteria Fund	1,553,298	5,053,337	4,865,917	1,740,718
Deferred Maintenance Fund	1,026,160	321,855	242,097	1,105,918
Building Fund	4,509,904	100,826	977,670	3,633,060
Capital Facilities Fund	1,743,356	968,530	113,054	2,598,832
Bond Interest and Redemption Fund	1,536,937	1,652,369	1,500,743	1,688,563
Debt Service Fund for Blended Component Units	636,459	629,011	627,110	638,360
Total	**$ 41,452,595**	**$ 91,150,356**	**$ 86,734,773**	**$ 45,868,178**

The primary reasons for these increases are:

a. Our General Fund is our principal operating fund. The fund balance in the General Fund increased from $14,540,855 to $16,177,533. This increase is due to:

    1. LCFF Funding at 100 percent implementation
    2. Increase in Interest and MAA Revenues
    3. Decrease to expected expenditures

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 20, 2019. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 68.).

- Revenues - increased by $5.3 million primarily due to changes in federal and state funding.
- Salaries and benefits costs - increased $2.8 million due to salary settlements.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues, the actual results for the year show that revenues exceeded expenditures by roughly $1.9 million. Actual revenues were $0.8 million less than anticipated, and expenditures were $2.7 million less than budgeted. That amount consists primarily of restricted categorical program dollars that were not spent as of June 30, 2018, that will be carried over into the 2019-2020 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the District had $94,580,845 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of approximately $152,161, or 0.16 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2019	2018
Land and construction in progress	$ 12,198,229	$ 9,887,088
Buildings and improvements	79,178,725	81,393,399
Equipment	3,203,891	3,148,197
Total	**$ 94,580,845**	**$ 94,428,684**

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 $48,018,996 in long-term obligations outstanding versus $47,970,398 last year, an increase of $48,598 or 0.10 percent. Those obligations consisted of:

Table 6

	Governmental Activities	
	2019	2018
General obligation bonds (net)	$ 30,651,420	$ 30,871,315
Certificates of participation	6,670,000	6,945,000
Net other postemployment benefits (OPEB) liability	10,697,576	10,154,083
Total	**$ 48,018,996**	**$ 47,970,398**

Additional information on the District's long-term obligations can be found in Note 9 of the financial statements.

Net Pension Liability (NPL)

At year-end, the District had an aggregate net pension liability of $72,143,421 versus $67,232,916 last year, an increase of $4,910,505, or 7.3 percent.

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:

Final Budget Package Includes $15.9 Billion in Total Reserves

The Legislature passed the final budget package on June 14, 2018. Total reserves in the final budget package are lower than the proposed level in the May Revision, but roughly the same as the level proposed by the Governor in January. The budget package also reflects various choices that shifted spending priorities compared to the Governor's proposal. In particular, the final budget package reduces payments for deferred maintenance by $700 million - relative to the Governor's proposal - freeing up a like amount of funding. Correspondingly, the final budget package reflects higher General Fund spending for homeless grants and the universities, among others. The Governor signed the 2018-2019 Budget Act and 26 other budget related bills on June 27 and June 28, 2018.

Overall Spending

The budget assumed total state spending of $197.2 billion (excluding federal and bond funds), an increase of 7 percent over revised totals for 2017-2018. General Fund spending in the budget package is $138.7 billion - an increase of $11.6 billion, or 9 percent, over the revised 2017-2018 level. Special fund spending increased $1.3 billion, or 2 percent, over the revised 2017-2018 level.

Considerable New Spending on Education

The budget package contains significant increases for every education segment. For elementary and secondary schools, the state surpasses the Local Control Funding Formula target rates set in 2013-2014. For early education, the budget contains higher spending for more slots, rate increases, staff training, and facilities.

Proposition 98 Establishes Minimum Spending Level

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

Higher Proposition 98 Spending in 2016-2017 and 2017-2018

From the June 2017 budget plan to the June 2018 budget plan, spending increased $252 million in 2016-2017 and $1.1 billion in 2017-2018. These upward revisions are attributable mainly to higher General Fund revenue. As part of the 2017-2018 increase, the state is making an additional maintenance factor payment of $789 million (on top of a previous $536 million payment). After making the $1.3 billion total payment, the state will have eliminated all remaining maintenance factor for the first time since 2005-2006. In both 2016-2017 and 2017-2018, the state is spending at the calculated minimum guarantee.

2018-2019 Spending up Notably Over Revised 2017-2018 Level

For 2018-2019, total Proposition 98 spending across all segments is $78.4 billion, an increase of $2.8 billion (3.7 percent) from the revised 2017-2018 level. Test 2 is the operative test in 2018-2019, with the increase in the guarantee attributable to a 3.67 percent increase in per capita personal income. Though the administration projects a 0.29 percent decline in student attendance for 2018-2019, the budget makes no downward adjustment to the minimum guarantee. This is because the budget assumes that attendance increases the previous year (in 2017-2018), thereby triggering a hold harmless provision in the State Constitution that negates any attendance declines over the subsequent two years. The budget sets total Proposition 98 spending in 2018-2019 equal to the administration's May Revision estimate of the minimum guarantee.

$67.9 Billion Proposition 98 Spending on K-12 Education in 2018-2019

The enacted 2018-2019 level is $2.4 billion (3.6 percent) more than the revised 2017-2018 level and $3.2 billion (4.9 percent) more than the 2017-2018 Budget Act level. The budget increases spending per student by $579 (5.2 percent) over the 2017-2018 BudgetAct level, bringing Proposition 98 spending per student up to $11,645.

Package Includes Mix of Ongoing and One-Time Spending

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

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

In the January budget, the Governor proposed fully implementing LCFF and reaching the target funding rates. The final budget reaches and then goes beyond full implementation. Specifically, the budget closes the gap to the target rates and funds the statutory 2.71 percent cost-of-living adjustment (COLA) to those rates. In addition, the budget provides nearly an extra 1 percentage point increase in the LCFF rates - effectively funding a 3.7 percent COLA in 2018-2019. The administration estimates that the combined ongoing cost of both full implementation and the augmented COLA is $3.7 billion. This augmentation brings total LCFF spending for school districts and charter schools to $61.1 billion, a 6.4 percent increase over the revised 2017-2018 level. School districts and charter schools may use LCFF monies for any educational purpose.

Funds One-Time Discretionary Grants

The largest one-time spending initiative for K-12 education is $1.1 billion that local education agencies (LEAs) may use for any educational purpose. Funding is distributed based on student attendance (an estimated $183 per average daily attendance) If an LEA owes any finding to the federal government according to a 2014 settlement over Medi-Cal billing practices, the State Controller is to deduct this obligation from the LEA's discretionary grant. The budget assumes that these Medi-Cal obligations total $145 million statewide (though the administration believes actual payments likely will come in lower). The remainder of each LEA's discretionary grant will be scored against any outstanding mandate claims. As less than one-third of LEAs have any such claims, it is estimated that only $202 million of the funding provided will count toward the K-12 mandates backlog. It is estimated that the total remaining mandate backlog at the end of 2018-2019 will be $668 million.

All of these factors were considered in preparing the Perris Elementary School District budget for the 2018-2019 fiscal year.

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 Chief Business Official at Perris Elementary School District, Perris, California, or e-mail at francine.story@perrisesd.org.

PERRIS ELEMENTARY SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
ASSETS	
Deposits and investments	$ 47,951,377
Receivables	3,131,750
Stores inventories	35,740
Capital assets	
Land and construction in process	12,198,229
Other capital assets	116,418,809
Less: Accumulated depreciation	(34,036,193)
Total Capital Assets	94,580,845
Total Assets	145,699,712
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	504,404
Deferred outflows of resources related to net other postemployment benefits (OPEB) liability	390,422
Deferred outflows of resources related to pensions	22,658,579
Total Deferred Outflows of Resources	23,553,405
LIABILITIES	
Accounts payable	5,033,690
Accrued interest payable	451,516
Unearned revenue	216,999
Long-term obligations:	
Current portion of long-term obligations other than pensions	775,000
Noncurrent portion of long-term obligations other than pensions	47,243,996
Total Long-Term Liabilities	48,018,996
Aggregate net pension liability	72,143,421
Total Liabilities	125,864,622
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to net other postemployment benefits (OPEB) liability	237,937
Deferred inflows of resources related to pensions	3,251,866
Total Deferred Inflows of Resources	3,489,803
NET POSITION	
Net investment of capital assets	62,687,897
Restricted for:	
Debt service	1,875,407
Capital projects	2,598,832
Educational programs	3,021,366
Other activities	1,985,035
Unrestricted	(32,269,845)
Total Net Position	$ 39,898,692

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position
Functions/Programs	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction	$ 54,144,965	$ 103	$ 10,820,991	$ (43,323,871)
Instruction-related activities:				
Supervision of instruction	2,250,211	13	454,831	(1,795,367)
Instructional library, media, and technology	403,926	-	14,837	(389,089)
School site administration	4,946,708	355	588,310	(4,358,043)
Pupil services:				
Home-to-school transportation	1,277,441	-	-	(1,277,441)
Food services	4,681,789	58,384	4,688,023	64,618
All other pupil services	5,674,211	-	416,741	(5,257,470)
Administration:				
Data processing	221,032	-	-	(221,032)
All other administration	5,895,338	23,707	802,034	(5,069,597)
Plant services	6,119,712	18,776	407,234	(5,693,702)
Interest on long-term obligations	1,564,502	-	-	(1,564,502)
Other outgo	833,283	462,795	319,343	(51,145)
Depreciation (unallocated)	2,506,095	-	-	(2,506,095)
Total Governmental Activities	$ 90,519,213	$ 564,133	$ 18,512,344	(71,442,736)

General revenues and subventions:	
Property taxes, levied for general purposes	6,200,910
Property taxes, levied for debt service	1,632,095
Taxes levied for other specific purposes	477,819
Federal and State aid not restricted to specific purposes	59,142,000
Interest and investment earnings	685,989
Miscellaneous	3,856,814
Subtotal, General Revenues	71,995,627
Change in Net Position	552,891
Net Position - Beginning, as Restated	39,345,801
Net Position - Ending	$ 39,898,692

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

PERRIS ELEMENTARY SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019

	General Fund	Charter School Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Deposits and investments	$ 14,940,267	$ 15,612,469	$ 17,398,641	$ 47,951,377
Receivables	2,065,341	114,014	952,395	3,131,750
Due from other funds	3,802,207	527,453	539,035	4,868,695
Stores inventories	-	-	35,740	35,740
Total Assets	$ 20,807,815	$ 16,253,936	$ 18,925,811	$ 55,987,562
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 3,370,356	$ 191,856	$ 1,471,478	$ 5,033,690
Due to other funds	1,066,488	2,865,059	937,148	4,868,695
Unearned revenue	193,438	-	23,561	216,999
Total Liabilities	4,630,282	3,056,915	2,432,187	10,119,384
Fund Balances:				
Nonspendable	5,000	-	35,740	40,740
Restricted	3,021,366	252,659	10,291,191	13,565,216
Committed	-	-	1,105,918	1,105,918
Assigned	-	12,944,362	5,060,775	18,005,137
Unassigned	13,151,167	-	-	13,151,167
Total Fund Balances	16,177,533	13,197,021	16,493,624	45,868,178
Total Liabilities and Fund Balances	$ 20,807,815	$ 16,253,936	$ 18,925,811	$ 55,987,562

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

PERRIS ELEMENTARY SCHOOL DISTRICT

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

Total Fund Balance - Governmental Funds		**$ 45,868,178**
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	$ 128,617,038	
Accumulated depreciation is	(34,036,193)	
Net Capital Assets		94,580,845
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.		504,404
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.		(451,516)
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	7,014,797	
Change in proportionate share of net pension liability	3,917,617	
Differences between projected and actual earnings on pension plan investments	159,587	
Differences between expected and actual experience in the measurement of the total pension liability	1,438,879	
Changes of assumptions	10,127,699	
Total Deferred Outflows of Resources Related to Pensions		22,658,579
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:		
Change in proportionate share of net pension liability	(457,781)	
Differences between projected and actual earnings on pension plan investments	(2,028,779)	
Differences between expected and actual experience in the measurement of the total pension liability	(765,306)	
Total Deferred Inflows of Resources Related to Pensions		(3,251,866)

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

PERRIS ELEMENTARY 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.		$ (72,143,421)
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.		390,422
Deferred inflows of resources related to OPEB represent a consumption of net position in a future period and is not reported in the District's funds. Deferred inflows of resources related to OPEB at year-end consist of changes of assumptions.		(237,937)
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	$ 28,546,307	
Unamortized premium on issuance	822,628	
Unamortized discount on issuance	(8,523)	
Certificates of participation	6,670,000	
Net other postemployment benefits (OPEB) liability	10,697,576	
In addition, the District issued "capital appreciation" bonds. The accretion of interest on the general obligation bonds to date is:	1,291,008	
Total Long-Term Obligations		(48,018,996)
Total Net Position - Governmental Activities		**$ 39,898,692**

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

PERRIS ELEMENTARY SCHOOL DISTRICT

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

	General Fund	Charter School Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Local Control Funding Formula	$ 53,217,787	$ 9,437,841	$ 300,000	$ 62,955,628
Federal sources	5,900,907	-	4,574,674	10,475,581
Other State sources	8,738,545	501,095	2,233,571	11,473,211
Other local sources	1,412,863	326,384	3,689,916	5,429,163
Total Revenues	69,270,102	10,265,320	10,798,161	90,333,583
EXPENDITURES				
Current				
Instruction	44,049,678	4,892,882	1,403,664	50,346,224
Instruction-related activities:				
Supervision of instruction	1,861,848	138,656	186,028	2,186,532
Instructional library, media, and technology	310,901	72,898	-	383,799
School site administration	3,970,342	522,951	109,642	4,602,935
Pupil services:				
Home-to-school transportation	1,277,441	-	-	1,277,441
Food services	21,193	4,784	4,554,579	4,580,556
All other pupil services	5,085,812	142,088	44,693	5,272,593
Administration:				
Data processing	221,032	-	-	221,032
All other administration	4,426,420	909,638	401,901	5,737,959
Plant services	5,050,943	492,699	473,319	6,016,961
Other outgo	833,283	-	-	833,283
Facility acquisition and construction	4,237	566,217	1,753,778	2,324,232
Debt service				
Principal	-	-	680,000	680,000
Interest and other	-	-	1,454,453	1,454,453
Total Expenditures	67,113,130	7,742,813	11,062,057	85,918,000
Excess (Deficiency) of Revenues Over Expenditures	2,156,972	2,522,507	(263,896)	4,415,583
Other Financing Sources (Uses)				
Transfers in	-	-	816,773	816,773
Transfers out	(520,294)	-	(296,479)	(816,773)
Net Financing Sources (Uses)	(520,294)	-	520,294	-
NET CHANGE IN FUND BALANCES	1,636,678	2,522,507	256,398	4,415,583
Fund Balance - Beginning	14,540,855	10,674,514	16,237,226	41,452,595
Fund Balance - Ending	$ 16,177,533	$ 13,197,021	$ 16,493,624	$ 45,868,178

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

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		**$ 4,415,583**
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
This is the amount by which capital outlay exceeds depreciation expense in the period.		
Capital outlay	$ 2,658,256	
Depreciation expense	(2,506,095)	
Net Expense Adjustment		152,161
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.		(3,857,261)
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.		(727,543)
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	405,000	
Certificates of participation	275,000	
Combined Adjustment		680,000

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

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	$ 66,961	
Amortization of deferred charges on refunding	(29,535)	
Amortization of debt discount	(310)	
Combine Adjustment		$ 37,116
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 $104,591. Additionally, $251,756 of accumulated interest was accreted on the District's "capital appreciation" general obligation bonds.		(147,165)
Change in Net Position of Governmental Activities		**$ 552,891**

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

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Agency Funds
ASSETS	
Deposits and investments	$ 257,830
LIABILITIES	
Due to bondholders	$ 257,830

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Perris Elementary School District was established as a school district in 1893 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 seven elementary schools and a charter 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 Perris Elementary 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 Perris School District School Facilities Corporation (the Corporation) is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State. The Corporation was formed for the sole purpose of providing financial assistance to the District by acquiring, constructing, financing, selling, and leasing public facilities, land, personal property, and equipment for the use and benefit of the District. The District leases certain facilities from the corporation under various lease-purchase agreements recorded in long-term obligations.

The Corporation's financial activity is presented in the financial statements as the Debt Service Fund for Blended Component Units. Certificates of participation bonds issued by the Corporation are included as long-term obligations in the government-wide financial statements. Individually-prepared financial statements are not prepared for the Corporation.

The Community Facilities Districts (the CFDs) of the Perris Elementary School District's financial activity is presented in the financial statements 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.

Other Related Entities

Charter School The District has approved a Charter for Innovative Horizons Charter Schools pursuant to *Education Code* Section 47605. Innovative Horizons Charter School is operated by the District, and its financial activities are presented in the Charter School Fund.

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, 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.

Charter School Fund The Charter School Fund may be used by authorizing districts to account separately for the operating activities of district-operated charter schools that would otherwise be reported in the authorizing District's General Fund.

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.

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

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

Deferred Maintenance Fund The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

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 17620-2017626 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).

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).

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

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).

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

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

Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for 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 restrictions on their use.

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

Governmental Funds All governmental funds are accounted for using 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.

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.

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.

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 estimated fair market value 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.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide 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, 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 long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method.

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items, and for OPEB related items.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, 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.

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 $9,480,640 of restricted Net Position restricted by enabling legislation.

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. 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	$	47,951,377
Fiduciary funds		257,830
Total Deposits and Investments	$	48,209,207

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

Cash with fiscal agent	$	896,190
Cash collection awaiting deposit		208,204
Cash in revolving		5,000
Investments		47,099,813
Total Deposits and Investments	$	48,209,207

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	$ 47,099,813	387

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.

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 $171,675 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 3 - FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

Investment Type	Reported Amount	Uncategorized
Riverside County Treasury Investment Pool	$ 47,099,813	$ 47,099,813

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	Charter School Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal Government				
Categorical aid	$ 1,151,885	$ -	$ 770,059	$ 1,921,944
State Government				
Categorical aid	152,689	17,784	83,160	253,633
Lottery	231,986	-	-	231,986
Special education	241,331	-	-	241,331
Local Government				
Interest	87,247	91,517	92,222	270,986
Other Local Sources	200,203	4,713	6,954	211,870
Total	$ 2,065,341	$ 114,014	$ 952,395	$ 3,131,750

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	$ 7,894,151	$ -	$ -	$ 7,894,151
Construction in progress	1,992,937	2,311,141	-	4,304,078
Total Capital Assets Not Being Depreciated	9,887,088	2,311,141	-	12,198,229
Capital Assets Being Depreciated:				
Land improvements	6,277,994	-	-	6,277,994
Buildings and improvements	103,870,285	-	-	103,870,285
Furniture and equipment	5,923,415	347,115	-	6,270,530
Total Capital Assets Being Depreciated	116,071,694	347,115	-	116,418,809
Total Capital Assets	125,958,782	2,658,256	-	128,617,038
Less Accumulated Depreciation:				
Land improvements	2,066,038	137,268	-	2,203,306
Buildings and improvements	26,688,842	2,077,406	-	28,766,248
Furniture and equipment	2,775,218	291,421	-	3,066,639
Total Accumulated Depreciation	31,530,098	2,506,095	-	34,036,193
Governmental Activities Capital Assets, Net	$ 94,428,684	$ 152,161	$ -	$ 94,580,845

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

Governmental Activities	
Unallocated	$ 2,506,095

NOTE 6 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

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

	Due From			
Due To	General Fund	Charter School Fund	Non-Major Governmental Fund	Total
General Fund	$ -	$ 2,865,059	$ 937,148	$ 3,802,207
Charter School Fund	527,453	-	-	527,453
Non-Major Governmental Funds	539,035	-	-	539,035
Total	$ 1,066,488	$ 2,865,059	$ 937,148	$ 4,868,695

A balance of $600,000 is due from the Child Development Non-Major Governmental Fund to the General Fund for a temporary loan.

A balance of $123,234 is due from the Child Development Non-Major Governmental Fund to the General Fund for indirect costs and for a return of contribution.

The balance of $2,865,059 is due from the Charter School Fund to the General Fund for indirect costs, oversight charges, contribution and other operating expenditures.

A balance was $15,943 is due from the General Fund to the Cafeteria Non-Major Governmental Fund for payroll, benefits and other operating expenditures.

A balance of $213,914 is due from the Cafeteria Non-Major Governmental Fund to the General Fund for indirect costs, payroll and benefit expenditures.

A balance of $405,873 is due from the General Fund to the Charter School Fund for district in-lieu property taxes.

A balance of $121,580 is due from the General Fund to the Charter School Fund for payroll, benefits, and opther operating expenditures.

A balance of $222,955 is due from the General Fund to the Child Development Non-Major Governmental Fund for an annual contribution.

A balance of $300,000 is due from the General Fund to the Deferred Maintenance Non-Major Governmental Fund for an annual contribution.

A balance of $137 is due from the General Fund to the Building Non-Major Governmental Fund for reimbursement of expenditures.

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	$ 520,294	$ 296,479	$ 816,773

The General Fund transferred $189,663 to the Child Development Non-Major Governmental Fund to cover preschool programs.	$ 189,663
The General Fund transferred $330,661 to the Debt Service Non-Major Governmental Fund for Blended Component Units for COP interest payment.	330,631
The Special Reserve Non-Major Governmental Fund for Capital Outlay Projects transferred $21,479 to the Debt Service Non-Major Governmenta Fund for Blended Component Units for COP interest payment.	21,479
The Special Reserve Non-Major Govermental Fund for Capital Outlay Projects Fund transferred $275,000 to the Debt Service Non-Major Governmental Fund for Blended Component Units for COP principal payment.	275,000
	$ 816,773

NOTE 7 - ACCOUNTS PAYABLE

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

	General Fund	Charter School Fund	Non-Major Governmental Funds	Total Governmental Activities
Salaries and benefits	$ 158,898	$ 12,787	$ 7,463	$ 179,148
LCFF apportionment	488,966	49,565	-	538,531
Supplies	436,294	28,871	12,689	477,854
Services	1,044,484	46,071	68,101	1,158,656
Construction	34,325	54,562	1,382,935	1,471,822
Due to Riverside County Office of Education	1,146,229	-	-	1,146,229
Other payables	61,160	-	290	61,450
Total	$ 3,370,356	$ 191,856	$ 1,471,478	$ 5,033,690

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	$ 41,563	$ -	$ 41,563
State categorical aid	151,875	23,561	175,436
Total	$ 193,438	$ 23,561	$ 216,999

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

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

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due in One Year
General obligation bonds	$ 29,990,559	$ 251,756	$ 405,000	$ 29,837,315	$ 490,000
Premium on issuance	889,589	-	66,961	822,628	-
Discount on issuance	(8,833)	-	(310)	(8,523)	-
Certificates of participation	6,945,000	-	275,000	6,670,000	285,000
Net other postemployment benefits (OPEB) liability	10,154,083	1,138,051	594,558	10,697,576	-
	$ 47,970,398	$ 1,389,807	$ 1,341,209	$ 48,018,996	$ 775,000

Payments on the General Obligation Bonds are made by the Bond Interest and Redemption Fund. Payments on the Certificates of Participation are made by the Debt Service Fund for Blended Component Units. The net other postemployment benefits (OPEB) liability are generally paid by the General Fund.

2006 General Obligation Bond, Series 2007

In August 2007, the District issued the $7,999,571 Election of 2006 General Obligation Bonds, Series 2007. The Series 2007 bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting to $1,470,429, and an aggregate principal debt service balance of $9,470,000. The bonds have a final maturity of August 1, 2033, with interest rates ranging from 4.00 to 5.25 percent. Proceeds from the sale of the bonds were used to finance new construction, reconstruction, or modernization at each of the District's schools. At June 30, 2019, the principal balance outstanding of the 2006 General Obligation Bonds, Series 2007 was $456,286, and unamortized premium on issuance was $13,936.

2007 General Obligation Bond, Series B

In September 2013, the District issued the $4,336,671 Election of 2007 General Obligation Bonds, Series B. The Series B bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting to $8,068,329, and an aggregate principal debt service balance of $12,405,000. The bonds have a final maturity of August 1, 2040, with interest rates ranging from 3.25 to 5.00 percent. Proceeds from the sale of the bonds were used to finance new construction, reconstruction, or modernization at each of the District's schools. At June 30, 2019, the principal balance outstanding of the 2007 General Obligation Bonds, Series B was $5,201,029, and unamortized premium on issuance was $20,392.

2014 General Obligation Bond, Series 2014A

In September 2014, the District issued the $12,340,000 Election of 2014 General Obligation Bonds, Series 2014A. The Series 2014A bonds were issued as both current interest bonds and capital appreciation bonds. The bonds have a final maturity of August 1, 2044, with interest rates ranging from 2.50 to 6.00 percent. Proceeds from the sale of the bonds will be used to finance the construction, acquisition, furnishing and equipping of District facilities, to pay capitalized interest, and to pay certain costs of issuing bonds. At June 30, 2019, the principal balance outstanding of the 2014 General Obligation Bonds, Series 2014A was $11,910,000, and unamortized premium on issuance was $133,459.

2006 General Obligation Bond, Series 2017

In April 2017, the District issued the $2,500,000 Election of 2006 General Obligation Bonds, Series 2017. The Series 2017 bonds were issued as both current interest bonds and capital appreciation bonds. The bonds have a final maturity of August 1, 2046, with interest rates ranging from 4.00 to 5.00 percent. Proceeds from the sale of the bonds will be used to finance the construction, acquisition, furnishing and equipping of District facilities, to pay capitalized interest, and to pay certain costs of issuing bonds. At June 30, 2019, the principal balance outstanding of the 2006 General Obligation Bonds, Series 2017 was $2,470,000, and unamortized discount on issuance was $8,523.

2014 General Obligation Bond, Series 2017

In April 2017, the District issued the $4,500,000 Election of 2014 General Obligation Bonds, Series 2017. The Series 2017 bonds were issued as both current interest bonds and capital appreciation bonds. The bonds have a final maturity of August 1, 2046, with interest rates ranging from 3.125 to 5.00 percent. Proceeds from the sale of the bonds will be used to finance the construction, acquisition, furnishing and equipping of District facilities, to pay capitalized interest, and to pay certain costs of issuing bonds. At June 30, 2019, the principal balance outstanding of the 2014 General Obligation Bonds, Series 2017 was $4,425,000, and unamortized premium on issuance was $9,189.

2017 General Obligation Refunding Bonds

In April 2017, the District issued the $5,640,000 2017 General Obligation Refunding Bonds. The 2017 Obligation Refunding Bonds were issued at current interest bonds. The bonds have a final maturity of August 1, 2030, with interest rates ranging from 3.125 to 5.00 percent. Proceeds from the sale of bonds were used to provide refunding of $6,145,000 in current interest bonds associated with 2006 General Obligation Bond, Series 2007 Bonds maturing from August 1, 2019 through August 1, 2030, inclusive, in order to provide savings to the taxpayers of the District. At June 30, 2019, the principal balance outstanding of the 2017 General Obligation Refunding Bonds was $5,375,000 and unamortized premium on issuance and deferred charge on refunding were $645,652 and $81,376, respectively.

Bonded Debt

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
8/22/2007	8/1/2033	4.00-5.25%	$ 7,999,571	$ 413,962	$ 42,324	$ -	$ 456,286
9/11/2013	8/1/2040	3.25-5.00%	4,336,671	5,041,597	209,432	50,000	5,201,029
9/10/2014	8/1/2044	2.50-6.00%	12,340,000	11,940,000	-	30,000	11,910,000
4/4/2017	8/1/2046	4.00-5.00%	2,500,000	2,500,000	-	30,000	2,470,000
4/4/2017	8/1/2046	3.125-5.00%	4,500,000	4,500,000	-	75,000	4,425,000
4/4/2017	8/1/2030	3.125-5.00%	5,640,000	5,595,000	-	220,000	5,375,000
				$ 29,990,559	$ 251,756	$ 405,000	$ 29,837,315

Debt Service Requirements to Maturity

The bonds mature through 2047 as follows:

Fiscal Year	Principal	Accreted Interest	Interest to Maturity	Total
2020	$ 490,000	$ -	$ 1,071,387	$ 1,561,387
2021	590,000	-	1,044,787	1,634,787
2022	485,000	-	1,019,144	1,504,144
2023	560,000	-	994,713	1,554,713
2024	645,000	-	966,263	1,611,263
2025-2029	4,330,000	-	4,281,800	8,611,800
2030-2034	4,904,266	2,240,734	3,167,369	10,312,369
2035-2039	5,529,907	3,975,103	2,620,172	12,125,182
2040-2044	7,728,142	2,031,858	1,658,003	11,418,003
2045-2047	4,575,000	-	249,338	4,824,338
Total	$ 29,837,315	$ 8,247,695	$ 17,072,976	$ 55,157,986

2011 Refunding Certificates of Participation

On November 1, 2011, the District issued $8,395,000 of 2011 Refunding Certificates of Participation. The Certificates consist of lease payments bearing interest rates ranging from 1.25-5.50 percent, with annual maturities from September 2012 through September 2034. The net proceeds of $8,395,000 were used to refund all of the District's outstanding 2004 Certificates of Participation. As of June 30, 2019, the outstanding balance on the 2011 Refunding Certificates of Participation was 6,670,000, and the unamortized deferred charges on refunding were $585,779.

The certificates mature through 2035 as follows:

Year Ending June 30,	Principal	Interest	Total
2020	$ 285,000	$ 341,251	$ 626,251
2021	295,000	329,137	624,137
2022	310,000	315,897	625,897
2023	320,000	301,000	621,000
2024	340,000	284,500	624,500
2025-2029	1,965,000	1,139,963	3,104,963
2030-2034	2,555,000	530,613	3,085,613
2035	600,000	16,500	616,500
Total	$ 6,670,000	$ 3,258,861	$ 9,928,861

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	$ 10,303,727	$ 390,422	$ 237,937	$ 695,050
Medicare Premium Payment (MPP) Program	393,849	-	-	32,493
Total	$ 10,697,576	$ 390,422	$ 237,937	$ 727,543

The details of each plan are as follows:

<u>District Plan</u>

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, 2018, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	27
Active employees	417
	444

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 Perris Elementary Teachers' Association (PETA), 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, PETA, CSEA, and the unrepresented groups. For fiscal year 2018-2019, the District paid $339,982 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $10,303,727 was measured as of June 30, 2018, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2017.

Actuarial Assumptions

The total OPEB liability as of June 30, 2019 was determined by applying update procedures to the final actuarial valuation as of June 30, 2017 and rolling forward the total OPEB liability as of June 30, 2019. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.75 percent, average, including inflation
Discount rate	3.80 percent
Healthcare cost trend rates	4.00 percent for 2019

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

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or 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, 2017 valuation were based on the results of an actual experience study for the period July 1, 2016 to June 30, 2017.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	$ 9,792,727
Service cost	726,098
Interest	379,460
Changes of assumptions or other inputs	(254,576)
Benefit payments	(339,982)
Net change in total OPEB liability	511,000
Balance at June 30, 2018	$ 10,303,727

Changes to the benefit terms: There were no changes to the benefit terms.

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%)	$ 11,092,086
Current discount rate (3.8%)	10,303,727
1% increase (4.8%)	9,564,620

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%)	$ 9,565,162
Current healthcare cost trend rate (4.0%)	10,303,727
1% increase (5.0%)	11,084,885

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

For the year ended June 30, 2019, the District recognized OPEB expense of $695,050. At June 30, 2019, the District reported deferred outflows or 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	$ 390,422	$ -
Changes of assumptions	-	237,937
Total	$ 390,422	$ 237,937

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 net OPEB liability in the subsequent fiscal year.

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ (16,639)
2021	(16,639)
2022	(16,639)
2023	(16,639)
2024	(16,639)
Thereafter	(154,742)
	$ (237,937)

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 $393,849 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 0.1029 percent, and 0.0977 percent, resulting in a net increase in the proportionate share of 0.0052 percent.

For the year ended June 30, 2019, the District recognized OPEB expense of $32,493.

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%)	$ 435,617
Current discount rate (3.87%)	393,849
1% increase (4.87%)	356,136

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 rate, 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)	$ 359,151
Current Medicare costs trend rate (3.7% Part A and 4.1% Part B)	393,849
1% increase (4.7% Part A and 5.1% Part B)	431,167

NOTE 10 - 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 $1,340,000 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 11 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Charter School Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 5,000	$ -	$ -	$ 5,000
Stores inventories	-	-	35,740	35,740
Total Nonspendable	5,000	-	35,740	40,740
Restricted				
Legally Restricted Programs	3,021,366	252,659	-	3,274,025
Special revenue programs	-	-	1,732,376	1,732,376
Capital projects	-	-	6,231,892	6,231,892
Debt services	-	-	2,326,923	2,326,923
Total Restricted	3,021,366	252,659	10,291,191	13,565,216
Committed				
Deferred maintenance program	-	-	1,105,918	1,105,918
Assigned				
Charter school program	-	1,395,355	-	1,395,355
One-Time mandate dollars	-	468,893	-	468,893
IHCS modernization	-	9,281,338	-	9,281,338
IHCS new contruction	-	365,385	-	365,385
Site donations	-	23,291	-	23,291
LCFF EL dollars	-	66,162	-	66,162
LCFF S/C	-	1,141,508	-	1,141,508
Site carryover	-	202,430	-	202,430
Capital projects	-	-	5,060,775	5,060,775
Total Assigned	-	12,944,362	5,060,775	18,005,137
Unassigned				
Remaining unassigned	13,151,167	-	-	13,151,167
Total	$ 16,177,533	$ 13,197,021	$ 16,493,624	$ 45,868,178

NOTE 12 - 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 Riverside Schools Insurance Agency (RSIA) 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 fiscal year 2019, the District participated in the Riverside Schools Risk Management Authority (the Agency), a joint powers authority. The intent of the Agency is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Agency. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the Agency. Each participant pays its workers' compensation premium based on its individual rate. Participation in the Agency is limited to districts that can meet the Agency's selection criteria.

Employee Medical Benefits

The District has contracted with Riverside County Employer/Employee Partnership for Benefits (REEP) to provide employee health benefits. Medical benefits are provided by Anthem Blue Cross, 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.

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

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

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	$ 52,686,896	$ 16,974,544	$ 3,251,866	$ 6,884,510
CalPERS	19,456,525	5,684,035	-	3,987,548
Total	$ 72,143,421	$ 22,658,579	$ 3,251,866	$ 10,872,058

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 $5,166,658.

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	$ 52,686,896
State's proportionate share of the net pension liability associated with the District	30,165,712
Total	$ 82,852,608

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 0.0573 percent and 0.0540 percent, resulting in a net increase in the proportionate share of 0.0033 percent.

For the year ended June 30, 2019, the District recognized pension expense of $6,884,150. In addition, the District recognized pension expense and revenue of $3,543,791 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	$ 5,166,658	$ -
Net change in proportionate share of net pension liability	3,459,455	457,781
Differences between projected and actual earnings on pension plan investments	-	2,028,779
Differences between expected and actual experience in the measurement of the total pension liability	163,380	765,306
Changes of assumptions	8,185,051	-
Total	$ 16,974,544	$ 3,251,866

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	$ 440,505
2021	(319,642)
2022	(1,702,066)
2023	(447,576)
Total	$ (2,028,779)

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 2,104,330
2021	2,104,330
2022	2,104,328
2023	1,843,313
2024	2,056,648
Thereafter	371,850
Total	$ 10,584,799

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%)	$ 77,180,137
Current discount rate (7.10%)	52,686,896
1% increase (8.10%)	32,379,622

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 $1,848,139.

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 $19,456,525. 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 0.0730 percent and 0.0726 percent, resulting in a net increase in the proportionate share of 0.0004 percent.

For the year ended June 30, 2019, the District recognized pension expense of $3,987,548. 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	$ 1,848,139	$ -
Net change in proportionate share of net pension liability	458,162	-
Differences between projected and actual earnings on pension plan investments	159,587	-
Differences between expected and actual experience in the measurement of the total pension liability	1,275,499	-
Changes of assumptions	1,942,648	-
Total	$ 5,684,035	$ -

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	$ 580,454
2021	138,810
2022	(444,837)
2023	(114,840)
Total	$ 159,587

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	$ 1,664,756
2021	1,572,465
2022	439,088
Total	$ 3,676,309

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%)	$ 28,327,771
Current discount rate (7.15%)	19,456,525
1% increase (8.15%)	12,096,558

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 $2,805,270 (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 contribution has been recorded in these financial statements. On behalf payments related to these additional contributions have been excluded from the calculation of available reserves and have not been included in the budgeted amounts reported in the General Fund – Budgetary Comparison Schedule and Charter School Fund – Budgetary Comparison Schedule.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Grants

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

Litigation

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

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
Palms Elementary School, Asphalt Replacement	$ 2,438,148	September, 2019
IHCS Modernization Project	21,330,641	August, 2020
	$ 23,768,789	

NOTE 15 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS, JOINT POWERS AUTHORITIES AND OTHER RELATED PARTY TRANSACTIONS

The District is a member of the Riverside Schools' Insurance Agency (RSIA), Riverside Schools Risk Management Authority (RSRMA), Riverside County Employer/Employee Partnership for Benefits (REEP) public entity risk pools. The District pays an annual premium to RSIA for property and liability coverage. Payments workers' compensation coverage are paid to RSRMA, and payments for health benefits are paid to 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 $403,723, $1,238,592, and $4,465,586 to RSIA, RSRMA, and REEP for the services and coverage noted.

NOTE 16 - CORRECTION OF AN ERROR OF PRIOR YEAR NET POSITION AND FUND BALANCES

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

Net Position - Beginning	$ 40,547,457
Understatement of net pension liability	(4,474,724)
Understatement of deferred outflows of resources	1,758,934
Overstatement of deferred inflows of resources	1,514,134
Net Position - Beginning, as Restated	$ 39,345,801

NOTE 17 - SUBSEQUENT EVENTS

In September 2019, the District issued $5,215,000 Refunding Certificate of Participation Series 2019. The Certificate of Participation were issued to execute the current prepayment of the 2011 Refunding Certificates of Participation. The Certificate of Participation have a final maturity of September 1, 2034, with interest rates ranging from 4.00 to 5.00 percent.

REQUIRED SUPPLEMENTARY INFORMATION

PERRIS ELEMENTARY 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	$ 52,509,089	$ 52,971,353	$ 53,217,787	$ 246,434
Federal sources	6,383,674	7,163,537	5,900,907	(1,262,630)
Other State sources	6,583,599	5,944,602	8,738,545	2,793,943
Other local sources	(354,970)	(413,923)	1,412,863	1,826,786
Total Revenues [1]	65,121,392	65,665,569	69,270,102	3,604,533
EXPENDITURES				
Current				
Certificated salaries	31,784,546	31,804,124	31,608,586	195,538
Classified salaries	7,210,833	7,422,979	7,428,959	(5,980)
Employee benefits	15,513,342	15,423,520	17,951,629	(2,528,109)
Books and supplies	4,325,397	5,571,720	3,143,117	2,428,603
Services and operating expenditures	5,503,693	6,204,424	5,056,166	1,148,258
Other outgo	30,105	211,447	1,760,966	(1,549,519)
Capital outlay	513,314	516,304	163,707	352,597
Total Expenditures [1]	64,881,230	67,154,518	67,113,130	41,388
Excess (Deficiency) of Revenues Over Expenditures	240,162	(1,488,949)	2,156,972	3,645,921
Other Financing Uses				
Transfers out	(194,970)	(227,795)	(520,294)	(292,499)
NET CHANGE IN FUND BALANCES	45,192	(1,716,744)	1,636,678	3,353,422
Fund Balance - Beginning	14,540,855	14,540,855	14,540,855	-
Fund Balance - Ending	$ 14,586,047	$ 12,824,111	$ 16,177,533	$ 3,353,422

[1] On behalf payments of 2,423,248, relating to SB Senate Bill 90, are included in the actual revenues and expenditures, but have not been included in the budget amounts.

See accompanying note to required supplementary information.

PERRIS ELEMENTARY SCHOOL DISTRICT

CHARTER SCHOOL 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	$ 9,173,408	$ 9,503,608	$ 9,437,841	$ (65,767)
Other State sources	628,392	509,987	501,095	(8,892)
Other local sources	80,000	332,130	326,384	(5,746)
Total Revenues	9,881,800	10,345,725	10,265,320	(80,405)
EXPENDITURES				
Current				
Certificated salaries	764,159	854,868	751,191	103,677
Classified salaries	669,189	708,363	682,655	25,708
Employee benefits	596,782	632,702	608,760	23,942
Books and supplies	885,525	900,967	380,135	520,832
Services and operating expenditures	4,790,537	5,084,404	4,425,427	658,977
Other outgo	358,005	360,130	302,358	57,772
Capital outlay	75,000	9,951,819	592,287	9,359,532
Total Expenditures	8,139,197	18,493,253	7,742,813	10,750,440
NET CHANGE IN FUND BALANCES	1,742,603	(8,147,528)	2,522,507	10,670,035
Fund Balance - Beginning	10,674,514	10,674,514	10,674,514	-
Fund Balance - Ending	$ 12,417,117	$ 2,526,986	$ 13,197,021	$ 10,670,035

See accompanying note to required supplementary information.

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	$ 726,098	$ 706,665
Interest	379,460	324,405
Changes of assumptions	(254,576)	-
Benefit payments	(339,982)	(326,906)
Net change in total OPEB liability	511,000	704,164
Total OPEB liability - beginning	9,792,727	9,088,563
Total OPEB liability - ending	$ 10,303,727	$ 9,792,727
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.

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	0.1029%	0.0977%
District's proportionate share of the net OPEB liability	$ 393,849	$ 361,356
District's covered-employee payroll	N/A[1]	N/A[1]
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee 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.

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PERRIS ELEMENTARY 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	0.0573%	0.0540%
District's proportionate share of the net pension liability	$ 52,686,896	$ 49,908,033
State's proportionate share of the net pension liability associated with the District	30,165,712	29,525,171
Total	$ 82,852,608	$ 79,433,204
District's covered - employee payroll	$ 30,749,404	$ 29,036,041
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	171.34%	171.88%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%
CalPERS		
District's proportion of the net pension liability	0.0730%	0.0726%
District's proportionate share of the net pension liability	$ 19,456,525	$ 17,324,883
District's covered - employee payroll	$ 9,644,273	$ 9,226,685
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	201.74%	187.77%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%

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

See accompanying note to required supplementary information.

2017	2016	2015
0.0540%	0.0550%	0.0510%
$ 43,536,608	$ 36,968,613	$ 30,017,193
24,784,614	19,552,321	18,125,677
$ 68,321,222	$ 56,520,934	$ 48,142,870
$ 25,985,294	$ 25,658,131	$ 24,325,503
167.54%	144.08%	123.40%
70%	74%	77%
0.0680%	0.0672%	0.0664%
$ 13,420,367	$ 9,912,091	$ 7,534,087
$ 8,495,037	$ 10,906,575	$ 10,756,109
157.98%	90.88%	70.04%
74%	79%	83%

PERRIS ELEMENTARY SCHOOL DISTRICT

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

	2019	2018
CalSTRS		
Contractually required contribution	$ 5,166,658	$ 4,437,139
Contributions in relation to the contractually required contribution	(5,166,658)	(4,437,139)
Contribution deficiency (excess)	$ -	$ -
District's covered - employee payroll	$ 31,736,229	$ 30,749,404
Contributions as a percentage of covered - employee payroll	16.28%	14.43%
CalPERS		
Contractually required contribution	$ 1,848,139	$ 1,497,852
Contributions in relation to the contractually required contribution	(1,848,139)	(1,497,852)
Contribution deficiency (excess)	$ -	$ -
District's covered - employee payroll	$ 10,232,195	$ 9,644,273
Contributions as a percentage of covered - employee payroll	18.062%	15.531%

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

See accompanying note to required supplementary information.

2017	2016	2015
$ 3,652,734	$ 2,788,222	$ 2,278,442
(3,652,734)	(2,788,222)	(2,278,442)
$ -	$ -	$ -
$ 29,036,041	$ 25,985,294	$ 25,658,131
12.58%	10.73%	8.88%
$ 1,281,402	$ 1,006,407	$ 1,283,813
(1,281,402)	(1,006,407)	(1,283,813)
$ -	$ -	$ -
$ 9,226,685	$ 8,495,037	$ 10,906,575
13.888%	11.847%	11.771%

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedules

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

These schedules present 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.

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 to 3.80 percent since the previous 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.

PERRIS ELEMENTARY SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

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

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

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

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

Schedule of District Contributions

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

SUPPLEMENTARY INFORMATION

PERRIS ELEMENTARY 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)			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	$ 3,991,682
ESSA School Improvement (CSI) Funding for LEAs	84.010	15438	1,548
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	357,963
Title III, English Learner Student Program	84.365	14346	265,975
Passed through Riverside County SELPA			
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	780,398
Preschool Grants, Part B, Sec 619	84.173	13430	17,588
Preschool Staff Development, Part B, Sec 619	84.173A	13431	176
Subtotal Special Education (IDEA) Cluster			798,162
Total U.S. Department of Education			5,415,330
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Medicaid Cluster:			
Passed through California Department of Health Care Services:			
Medi-Cal Billing Option	93.778	10013	45,904
Passed through Riverside County Office of Education			
Medi-Cal Administrative Activities	93.778	10060	337,206
Subtotal Medicaid Cluster			383,110
Total U.S. Department of Health and Human Services			383,110
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
Child Nutrition Cluster			
National School Lunch Program	10.555	13396	3,306,297
Basic School Breakfast Program	10.553	13390	59,573
Especially Needy Breakfast Program	10.553	13526	661,115
Meal Supplements	10.555	13392	112,716
Commodities	10.555	13396	388,731
Summer Food Service Program Operations	10.559	13004	31,815
Subtotal Child Nutrition Cluster			4,560,247
Child Nutrition: NSLP Equipment Assistance	10.579	14906	14,427
Total U.S. Department of Agriculture			4,574,674
Total Expenditures of Federal Programs			$ 10,373,114

See accompanying note to supplementary information.

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2019

ORGANIZATION

The Perris Elementary School District was established in 1893 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-6 as mandated by the State and/or Federal agencies. The District operates seven elementary schools and a charter school. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Virniecia Green-Jordan	President	2020
Jose "Pepe" Garcia	Clerk	2022
Davis Santos	Member	2020
Maribel Nava	Member	2022
Michelle Maisel	Member	2022

ADMINISTRATION

NAME	TITLE
Jean Marie Fréy	Superintendent
Dr. Jason Angle	Assistant Superintendent, Educational Services
Dr. Josie Jackson	Assistant Superintendent, Human Resources
Francine M. Story	Chief Business Official

See accompanying note to supplementary information.

PERRIS ELEMENTARY 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	2,750.79	2,747.33
Fourth through sixth	1,880.98	1,871.72
Total Regular ADA	4,631.77	4,619.05
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.84	0.79
Total ADA	4,632.61	4,619.84
CHARTER SCHOOL - Innovative Horizons Charter School		
Classroom based ADA		
Transitional kindergarten through third	367.77	366.04
Fourth through sixth	284.55	282.05
Seventh and eighth	243.32	241.93
Total Regular ADA	895.64	890.02

See accompanying note to supplementary information.

PERRIS ELEMENTARY SCHOOL DISTRICT

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

Grade Level	1986-87 Minutes Requirement	2018-19 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	37,140	180	-	Complied
Grades 1 - 3	50,400				
Grade 1		55,140	180	-	Complied
Grade 2		55,140	180	-	Complied
Grade 3		55,140	180	-	Complied
Grades 4 - 6	54,000				
Grade 4		55,140	180	-	Complied
Grade 5		55,140	180	-	Complied
Grade 6		55,140	180	-	Complied

CHARTER SCHOOL - Innovative Horizons Charter School

Grade Level	1986-87 Minutes Requirement	2018-19 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	64,585	176	-	Complied
Grades 1 - 3	50,400				
Grade 1		61,945	176	-	Complied
Grade 2		61,945	176	-	Complied
Grade 3		61,945	176	-	Complied
Grades 4 - 6	54,000				
Grade 4		61,945	176	-	Complied
Grade 5		61,945	176	-	Complied
Grade 6		62,825	176	-	Complied
Grades 7 - 8	54,000				
Grade 7		62,825	176	-	Complied
Grade 8		62,825	176	-	Complied

See accompanying note to supplementary information.

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

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

See accompanying note to supplementary information.

PERRIS ELEMENTARY SCHOOL DISTRICT

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

	(Budget) 2020 [1]	2019	2018	2017
GENERAL FUND				
Revenues	$ 64,071,139	$ 69,270,102	$ 63,192,093	$ 59,651,781
Expenditures	67,274,594	67,113,130	61,272,272	58,301,212
Other uses and transfers out	294,719	520,294	57,352	634,529
Total Expenditures and Other Uses	67,569,313	67,633,424	61,329,624	58,935,741
INCREASE (DECREASE) IN FUND BALANCE	$ (3,498,174)	$ 1,636,678	$ 1,862,469	$ 716,040
ENDING FUND BALANCE	$ 12,679,359	$ 16,177,533	$ 14,540,855	$ 12,678,386
AVAILABLE RESERVES	$ 9,541,231	$ 13,151,167	$ 10,786,688	$ 2,946,788
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO [2]	14.12%	20.17%	17.59%	5.00%
LONG-TERM OBLIGATIONS	NA	$ 48,018,996	$ 47,970,398	$ 47,956,938
K-12 AVERAGE DAILY ATTENDANCE AT P-2 [3]	4,672	4,633	4,780	4,766

The General Fund balance has increased by $3,499,147 over the past two years. The fiscal year 2019-2020 budget projects a decrease of $3,498,174 (21.6 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in all of the past three years, however, anticipates incurring an operating deficit during the 2019-2020 fiscal year. Total long-term obligations have increased by $62,058 over the past two years.

Average daily attendance has decreased by 133 over the past two years. An additional decline of 39 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] On behalf payments of $2,423,248, relating to SB Senate Bill 90, have been excluded from the calculation of available reserves for the fiscal year ending June 30, 2019.

[3] Average daily attendance (ADA) totals do not include ADA for the charter school.

See accompanying note to supplementary information.

SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2019

Name of Charter School	Included in Audit Report
Innovative Horizons Charter (Charter No. 1294)	Yes

See accompanying note to supplementary information.

PERRIS ELEMENTARY SCHOOL DISTRICT

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

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Building Fund
ASSETS				
Deposits and investments	$ 529,145	$ 1,091,058	$ 846,610	$ 4,481,282
Receivables	37,014	833,300	5,933	28,797
Due from other funds	222,955	15,943	300,000	137
Stores inventories	-	35,740	-	-
Total Assets	$ 789,114	$ 1,976,041	$ 1,152,543	$ 4,510,216
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 14,921	$ 21,409	$ 46,625	$ 877,156
Due to other funds	723,234	213,914	-	-
Unearned revenue	23,561	-	-	-
Total Liabilities	761,716	235,323	46,625	877,156
Fund Balances:				
Nonspendable	-	35,740	-	-
Restricted	27,398	1,704,978	-	3,633,060
Committed	-	-	1,105,918	-
Assigned	-	-	-	-
Total Fund Balances	27,398	1,740,718	1,105,918	3,633,060
Total Liabilities and Fund Balances	$ 789,114	$ 1,976,041	$ 1,152,543	$ 4,510,216

See accompanying note to supplementary information.

Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Non-Major Governmental Funds
$ 2,602,092	$ 5,521,531	$ 1,688,563	$ 638,360	$ 17,398,641
15,941	31,410	-	-	952,395
-	-	-	-	539,035
-	-	-	-	35,740
$ 2,618,033	$ 5,552,941	$ 1,688,563	$ 638,360	$ 18,925,811
$ 19,201	$ 492,166	$ -	$ -	$ 1,471,478
-	-	-	-	937,148
-	-	-	-	23,561
19,201	492,166	-	-	2,432,187
-	-	-	-	35,740
2,598,832	-	1,688,563	638,360	10,291,191
-	-	-	-	1,105,918
-	5,060,775	-	-	5,060,775
2,598,832	5,060,775	1,688,563	638,360	16,493,624
$ 2,618,033	$ 5,552,941	$ 1,688,563	$ 638,360	$ 18,925,811

PERRIS ELEMENTARY SCHOOL DISTRICT

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

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Building Fund
REVENUES				
Local Control Funding Formula	$ -	$ -	$ 300,000	$ -
Federal sources	-	4,574,674	-	-
Other State sources	1,825,945	391,368	-	-
Other local sources	50,414	87,295	21,855	100,826
Total Revenues	1,876,359	5,053,337	321,855	100,826
EXPENDITURES				
Current				
Instruction	1,403,664	-	-	-
Instruction-related activities:				
Supervision of instruction	186,028	-	-	-
School site administration	109,642	-	-	-
Pupil services:				
Food services	-	4,554,579	-	-
All other pupil services	44,693	-	-	-
Administration:				
All other administration	89,928	213,864	-	-
Plant services	228,444	97,474	121,005	-
Facility acquisition and construction	-	-	121,092	977,670
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total Expenditures	2,062,399	4,865,917	242,097	977,670
Excess (Deficiency) of Revenues Over Expenditures	(186,040)	187,420	79,758	(876,844)
Other Financing Sources				
Transfers in	189,663	-	-	-
Transfers out	-	-	-	-
Net Financing Sources	189,663	-	-	-
NET CHANGE IN FUND BALANCES	3,623	187,420	79,758	(876,844)
Fund Balance - Beginning	23,775	1,553,298	1,026,160	4,509,904
Fund Balance - Ending	$ 27,398	$ 1,740,718	$ 1,105,918	$ 3,633,060

See accompanying note to supplementary information.

Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Non-Major Governmental Funds
$ -	$ -	$ -	$ -	$ 300,000
-	-	-	-	4,574,674
1,724	-	14,534	-	2,233,571
966,806	822,984	1,637,835	1,901	3,689,916
968,530	822,984	1,652,369	1,901	10,798,161
-	-	-	-	1,403,664
-	-	-	-	186,028
-	-	-	-	109,642
-	-	-	-	4,554,579
-	-	-	-	44,693
98,109	-	-	-	401,901
17,396	9,000	-	-	473,319
(2,451)	657,467	-	-	1,753,778
-	-	405,000	275,000	680,000
-	6,600	1,095,743	352,110	1,454,453
113,054	673,067	1,500,743	627,110	11,062,057
855,476	149,917	151,626	(625,209)	(263,896)
-	-	-	627,110	816,773
-	(296,479)	-	-	(296,479)
-	(296,479)	-	627,110	520,294
855,476	(146,562)	151,626	1,901	256,398
1,743,356	5,207,337	1,536,937	636,459	16,237,226
$ 2,598,832	$ 5,060,775	$ 1,688,563	$ 638,360	$ 16,493,624

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2019

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

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

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist of Medi-Cal Billing Option funds that have been recorded in the current period as revenues and 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:		$ 10,475,581
Medi-Cal Billing Option	93.778	(102,467)
Total Schedule of Expenditures of Federal Awards		$ 10,373,114

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.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2019

Schedule of Instructional Time

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

Districts must maintain their instructional minutes at 1986-201987 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.

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the District and displays information for each Charter School on whether or not the Charter School is included in the District audit.

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
Perris Elementary School District
Perris, 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 Perris Elementary 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 Perris Elementary School District's basic financial statements, and have issued our report thereon dated December 2, 2019.

Emphasis of Matter – Correction of Error

As discussed in Note 16 to the financial statements, there were certain items that occurred in the prior yet net position that have been restated 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 Perris Elementary 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 Perris Elementary School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Perris Elementary School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, as item 2019-001, that we consider to be significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Perris Elementary 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 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 Perris Elementary School District in a separate letter dated December 2, 2019.

Perris Elementary School District's Response to Findings

Perris Elementary School District's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Perris Elementary 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 result of that testing, and not to provide an opinion on the effectiveness of the Entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 2, 2019

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

Governing Board
Perris Elementary School District
Perris, California

Report on Compliance for Each Major Federal Program

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

Opinion on Each Major Federal Program

In our opinion, Perris Elementary School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of Perris Elementary 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 Perris Elementary 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 Perris Elementary School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 2, 2019

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Perris Elementary School District
Perris, California

Report on State Compliance

We have audited Perris Elementary 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 Perris Elementary 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 Perris Elementary 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 Perris Elementary 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 Perris Elementary School District's compliance with those requirements.

Basis for Qualified Opinion on Comprehensive School Safety Plan and School Accountability Report Card

As described in the accompanying schedule of findings and questioned costs, Perris Elementary School District did not comply with requirements regarding Comprehensive School Safety Plan and School Accountability Report Card; refer to 2019-002 and 2019-003 in the *State Awards Findings and Questioned Costs* section of this report. Compliance with such requirements is necessary, in our opinion, for Perris Elementary School District to comply with the requirements applicable to that program.

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Qualified Opinion on Comprehensive School Safety Plan and School Accountability Report Card

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Perris Elementary School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2019.

Unmodified Opinion on Each of the Other Programs

In our opinion, Perris Elementary 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.

In connection with the audit referred to above, we selected and tested transactions and records to determine the Perris Elementary 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	Yes

	Procedures Performed
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	Yes
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	Yes
Charter School Facility Grant Program	No, see below

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

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

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

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

The District does not offer a Middle or Early College High School Program; therefore, we did not perform any 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 have any Nonclassroom-Based Instruction for Charter Schools; therefore, we did not perform procedures related to the Nonclassroom-Based Instructions/Independent Study for Charter Schools.

The District does not have any Nonclassroom-Based Instruction for Charter Schools; therefore, we did not perform procedures related to the Determination of Funding for Nonclassroom-Based Instructions.

The District did not receive any funding for the Charter School Facility Grant Program; therefore, we did not perform procedures related to the Charter School Facility Grant Program.

Eide Bailly LLP

Rancho Cucamonga, California
December 2, 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?	No
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?	None reported
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?	No

Identification of major Federal programs:

CFDA Numbers	Name of Federal Program or Cluster
10.553, 10.555, and 10.559	Child Nutrition Cluster

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

Unmodified for all programs except for the following programs which were modified:

Name of State Programs
Comprehensive School Safety Plan
School Accountability Report Card

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

The following findings represent 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

2019-001 30000

Criteria or Specific Requirements

The District should maintain a system for recording, processing and identifying entries material to the preparation of the financial statement. A good review process will help identify, detect and prevent misstatement to the financial statement.

Condition

During the course of our engagement, we identified a significant difference in the calculation of the District's net pension liability and associated deferred outflows of resources and inflows of resource related to PERS. The District was not able to detect and prevent this misstatement to the financial statement. This misstatement resulted in prior period restatement related to net pension liability and associated deferred outflows of resources and inflows of resources.

Questioned costs

There were no questioned costs associated with it. However, the District's net pension liability and deferred outflows of resources were understated by $$4,474,724 and $1,758,934, respectively. The District's deferred inflows of resources were overstated by $1,514,134.

Context

The condition was identified during our testing of prior period ending balances for net pension liability and through the review of supporting schedules associated with the net pension liability.

Effect

The District's net pension liability and deferred outflows of resources were understated and the deferred inflows of resources were overstated by significant amounts. 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 statement, 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

The District is committed to maintaining strong internal controls procedures. The District will implement a thorough review process of the final Audit Report provided by our External Auditors to help identify, detect and prevent potential misstatements in the future.

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

None reported.

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

The following findings represent instances of noncompliance and/or questioned costs relating to State program laws and regulations. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
40000	State Compliance
72000	School Accountability Report Card

2019-002 40000

Comprehensive School Safety Plan

Criteria or Specific Requirements

As required by California *Education Code* Section 32286(a), each school site is required to annually review and update its comprehensive school safety plan by March 1.

Condition

The District did not update and review the comprehensive school safety plan by March 1. The comprehensive school safety plan was updated subsequent to March 1.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The condition was identified as a result of our inquiry with the District's Risk Management Personnel and through the review of supporting documents.

Effect

The District has not complied with requirements identified in California *Education Code* Section 32286 (a) which states that each school site is required to annually review and update its comprehensive school safety plan by March 1.

Cause

The condition identified appears to have materialized primarily due to the lack of a review process.

Recommendation

The District should become familiar with all the requirements identified in California *Education Code* Section 32286 (a). The District must update and review the comprehensive school safety plan by March 1.

Corrective Action Plan

The District has already put in place a timeline of events to ensure we meet the March 1 deadline required in California *Education Code* Section 32286 (a). All school sites will submit changes to Risk Management no later than November 15th and final plans will be approved by their School Site Councils no later than February 1st.

2019-003 72000

School Accountability Report Card

Criteria or Specific Requirements

As required by California *Education Code* Section 33126(b) (8), the School Accountability Report Card (SARC) shall include, but is not limited to, assessment of the safety, cleanliness, and adequacy of school facilities, including any need for maintenance.

Condition

The SARC includes a report on the adequacy of school facilities, which is derived from the Facilities Inspection Tool (FIT). We were unable to compare the information reported on the facilities regarding the adequacy of school facilities as the District did not update this information on the SARC. Thus, we could not determine whether the information in the SARC for facilities is accurately reported.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The condition was identified as a result of our inquiry with the District's Facilities and Education Services Department personnel and through review of supporting documents.

Effect

The District has not complied with requirements identified in California *Education Code* Section 33126 (a) which states that the SARC shall provide data including adequacy of school facilities by which a parent can make meaningful comparisons between public schools. The adequacy of school facilities reported on the SARC could not be verified for the Clear Water Elementary School.

Cause

The condition identified appears to have materialized primarily due to the lack of a review process.

Recommendation

The District should become familiar with all the requirements identified in California *Education Code* Section 33126. The information reported on the Facility Inspection Tools should be reported on SARC on an annual basis. Additionally, the District should provide management oversight to employees responsible for performing key compliance requirements.

Corrective Action Plan

The District is committed to the safety, cleanliness, and adequacy of school facilities, including any need for maintenance. All sites will be reviewed during the Facilities Inspection, which is subsequently documented on the FIT report and published on the annual SARC report.

PERRIS ELEMENTARY SCHOOL DISTRICT

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

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Management
Perris Elementary School District
Perris, California

In planning and performing our audit of the financial statements of Perris Elementary 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 2, 2019, on the government-wide financial statements of the District.

INTERNAL CONTROLS

Disbursements: Travel and Conference

Observation

It was noted that two of 40 Conference Attendance Requests forms were approved by the same person attending the conferences.

Recommendation

The District should take the necessary steps to ensure that all conference related expenditures are supported by an authorized conference request and reimbursement form that is pre-approved by the appropriate administrator. This would allow the reviewing administrator to determine if the proposed conference related activities are appropriate for the funding source. This will allow for appropriate segregation of duties.

Observation

It was noted that two of 40 travel and conference disbursements were not pre-approved. The conference attendance request forms were approved after the conference.

Recommendation

The District should take the necessary steps to ensure that all conference related expenditures are supported by an authorized conference request and reimbursement form that is pre-approved. This would allow the reviewing administrator to determine if the proposed conference related activities are appropriate for the funding source.

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Disbursements: Credit Cards

Observation

It was noted that seven of 40 credit card transactions did not have a corresponding receipt.

Recommendation

The District should take the necessary steps to ensure that all credit card related expenditures are supported by receipts. This would allow the reviewing personnel to determine if the expenditures are allowable.

Observation

It was noted that nine of 40 credit card transactions were for personal expenses.

Recommendation

The District should ensure that credit cards are used for expenditures that are directly related to the District's day-to-day operations. The District should take the necessary steps to ensure that all credit card related expenditures are pre-approved and supported by proper documentation to avoid being used for personal expenses.

Bank Reconciliation

Observation

The District does not have a procedure in place to reconcile the revolving cash account to the imprest balance of $5,000.

Recommendation

The District's revolving cash account should be reconciled at two different levels. First, the District should reconcile back to the balance reflected on the ledger using ending bank statement balances. Secondly, the District should reconcile back to the imprest amount established by the District by taking into account those expenditure transactions that have yet to be reimbursed. Both levels of reconciliation should be performed on a monthly basis and reviewed independently, preferably by an administrator with accounting knowledge, to ensure proper monitoring of the District's revolving cash transactions.

Capital Assets

Observation

The District does not have an adequate method of tracking and monitoring its capital asset activities.

Recommendation

The District should utilize the capital assets listing provided by the third-party vendor and have the District personnel ensure the completeness and accuracy of the capital assets before input in the county's capital assets module. The District should review the historical records related to the District's building and site improvements projects as well as equipment purchases to ensure the accuracy of reported information on the capital asset listing. In addition, if necessary, the District should utilize a third-party party to perform inventory and valuation on the District's capital assets.

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

Eide Bailly LLP

Rancho Cucamonga, California
December 2, 2019

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APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement") is executed and delivered by the Perris Elementary School District (the "District") in connection with the execution and delivery of $2,230,000 aggregate principal amount of its General Obligation Bonds, 2006 Election, Series 2020 (the "Measure S Bonds"), $6,000,000 aggregate principal amount of its General Obligation Bonds, 2014 Election, Series 2020 (the "Measure C Bonds" and, together with the Measure S Bonds, the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Board of Trustees of the District on February 13, 2020 (the "Resolution"). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Resolution.

In consideration of the execution and delivery of the Bonds by the District and the purchase of such Bonds by the Underwriter described below, the District hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District for the benefit of the Bondholders and in order to assist the underwriter in complying with Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

SECTION 2. Additional Definitions. In addition to the above definitions and the definitions set forth in the Resolution, 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 4 and 5 of this Disclosure Agreement.

"Bondholder" or "Holder" means any holder of the Bonds or any beneficial owner of the Bonds so long as they are immobilized with DTC.

"Designated Listed Event" means any of the events listed in Section 6(a) of this Disclosure Agreement.

"Dissemination Agent" shall mean the District, or any Dissemination Agent, or any alternate or successor Dissemination Agent, designated in writing by the Superintendent (or otherwise by the District), which Dissemination Agent has evidenced its acceptance in writing. Initially, the Dissemination Agent shall be Applied Best Practices.

"EMMA System" shall mean the MSRB's Electronic Municipal Market Access system, which can be found at www.emma.msrb.org, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission in the future.

"Financial Obligation" means (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB.

"Listed Event" means any of the events listed in Section 6(b) of this Disclosure Agreement.

"Listed Events Disclosure" means dissemination of a notice of a Designated Listed Event or Listed Event as set forth in Section 6.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"State" shall mean the State of California.

SECTION 3. CUSIP® Numbers and Final Official Statement. The CUSIP Numbers for the Bonds have been assigned. The Final Official Statement relating to the Bonds is dated April 6, 2020.

SECTION 4. Provision of Annual Reports.

(a) The District shall cause the Dissemination Agent, not later than 240 days after the end of the District's Fiscal Year (currently ending June 30), commencing with the report for the Fiscal Year ending June 30, 2020, to provide to the MSRB through the EMMA System an Annual Report which is consistent with the requirements of Section 5 of this Disclosure Agreement. 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 5 of this Disclosure Agreement; provided that the audited financial statements of the District may be submitted, when and if available, separately from the balance of the relevant Annual Report.

(b) If the District is unable to provide to the MSRB through the EMMA System an Annual Report by the date required in paragraph (a) above, the District shall send a notice to the MSRB through the EMMA System in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the electronic filing requirements of the MSRB for the Annual Reports; and

(ii) if the Dissemination Agent is other than the District or an official of the District, the Dissemination Agent shall file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and confirming that it has been filed with the MSRB through the EMMA System.

SECTION 5. Content of Annual Report. The District's Annual Report shall contain or incorporate by reference the following:

(a) Financial information including the general purpose financial statements of the District for the preceding fiscal year, prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. If audited financial information is not available by the time the Annual Report is required to be filed pursuant to Section 4(a) hereof, the financial information included in the Annual Report may be unaudited, and the District will provide audited financial information to the EMMA System as soon as practical after it has been made available to the District.

(b) Operating data, including the following information (to the extent not included in the audited financial statements described in paragraph (a) above):

(i) Outstanding indebtedness and lease obligations for the preceding fiscal year;

(ii) General fund budget and actual results for the preceding fiscal year;

(iii) Average daily attendance and State funding information, as may be reasonably available, for the preceding fiscal year;

(iv) Assessed valuations as shown on the most recent equalized assessment roll;

(v) Information regarding total secured tax charges and delinquencies on taxable properties within the District, if and to the extent provided by the District to the County; and

(vi) Largest local secured taxpayers as shown on the most recent equalized assessment roll.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the EMMA System or to the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each other document so incorporated by reference.

SECTION 6. <u>Reporting of Designated Listed Events and Listed Events</u>.

(a) The District agrees to provide or cause to be provided to the MSRB notice of the occurrence of any of the following Designated Listed Events with respect to the Bonds not later than ten (10) Business Days after the occurrence of the event:

(i) Principal and interest payment delinquencies;

(ii) Unscheduled draws on any debt service reserves reflecting financial difficulties;

(iii) Unscheduled draws on any credit enhancements reflecting financial difficulties;

(iv) Substitution of or failure to perform by any credit provider;

(v) Adverse tax opinions or issuance by the Internal Revenue Service of an adverse tax opinion, a proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(vi) Tender offers;

(vii) Defeasances

(viii) Rating changes;

(ix) Bankruptcy, insolvency, receivership or similar event of the obligated person; or

(x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

For purposes of item (ix) above, the described event shall be deemed to occur when any of the following shall occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or other governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority have supervision or jurisdiction over substantially all of the assets or business of the District.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds, if material, not later than ten (10) Business Days after the occurrence of the event:

(i) Unless described in paragraph 6(a)(v) hereof, other events affecting the tax status of the Bonds;

(ii) Modifications of rights to Bondholders;

(iii) Optional, unscheduled or contingent Bond calls;

(iv) Release, substitution or sale of property securing repayment of the Bonds;

(v) Non-payment related defaults;

(vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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;

(vii) Appointment of a successor or additional Paying Agent or the change of name of a Paying Agent; or

(viii) incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect owners of the Bonds.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 4 hereof, as provided in Section 4(b) hereof.

(d) Upon the occurrence of a Designated Listed Event described in Section 6(a) hereof, or if the District determines that knowledge of a Listed Event described in Section 6(b) hereof would be material under applicable federal securities laws, the District shall within ten (10) Business Days of occurrence of the Designated Listed Event or Listed Event file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of a Designated Listed Event described in subsection (a)(vii) or a Listed Event described in subsection (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Agreement shall terminate when the District is no longer an obligated person with respect to the Bonds, as provided in the Rule, upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 8. Dissemination Agent. The District may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist in carrying out the District's obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

The Dissemination Agent shall be entitled to the protections, limitations from liability, immunities and indemnities provided to the Paying Agent as set forth in the Resolution which are incorporated by reference herein. The Dissemination Agent agrees to perform only those duties of the Dissemination Agent specifically set forth in the Agreement, and no implied duties, covenants or obligations shall be read into this Agreement against the Dissemination Agent.

The Dissemination Agent shall have no duty or obligation to review the Annual Report nor shall the Dissemination Agent be responsible for filing any Annual Report not provided to it by the District in a timely manner in a form suitable for filing. In accepting the appointment under this Agreement, the Dissemination Agent is not acting in a fiduciary capacity to the registered holders or beneficial owners of the Bonds, the District, or any other party or person.

The Dissemination Agent may consult with counsel of its choice and shall be protected in any action taken or not taken by it in accordance with the advice or opinion of such counsel. No provision of this Agreement shall require the Dissemination Agent to risk or advance or expend its own funds or incur any financial liability. The Dissemination Agent shall have the right to resign from its duties as Dissemination Agent under this Agreement upon thirty days' written notice to the District. The Dissemination Agent shall be entitled to compensation for its services as Dissemination Agent and reimbursement for its out-of-pocket expenses, attorney's fees, costs and advances made or incurred in the performance of its duties under this Agreement in accordance with its written fee schedule provided to the District, as such fee schedule may be amended from time to time in writing. The District agrees to indemnify and hold the Dissemination Agent harmless from and against any cost, claim, expense, or liability related to or arising from the acceptance of and performance of the duties of the Dissemination Agent hereunder, provided the Dissemination Agent shall not be indemnified to the extent of its willful misconduct or negligence. The obligations of the District under this Section shall survive the termination or discharge of this Agreement and the Bonds.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the District may amend this Disclosure Agreement under the following conditions, provided no amendment to this Agreement shall be made that affects the rights, duties or obligations of the Dissemination Agent without its written consent:

(a) The amendment may be made only 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 the obligated person, or type of business conducted;

(b) This Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Holders, as determined either by parties unaffiliated with the District or another obligated person (such as Bond Counsel) or by the written approval of the Bondholders; provided, that the Annual Report containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

SECTION 10. Additional Information. If the District chooses to include any information from any document or notice of occurrence of a Designated Listed Event or a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or to include it in any future disclosure or notice of occurrence of a Designated Listed Event or Listed Event.

Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Designated Listed Event or Listed Event, in addition to that which is required by this Disclosure Agreement.

SECTION 11. Default. The District shall give notice to the MSRB through the EMMA System of any failure to provide the Annual Report when the same is due hereunder, which notice shall be given prior to July 1 of that year. In the event of a failure of the District to comply with any provision of this Disclosure Agreement, any Bondholder 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 Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the District to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Dissemination Agent, the Underwriter and Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Governing Law. This Disclosure Agreement shall be governed by the laws of the State, applicable to contracts made and performed in such State.

Dated: April 21, 2020

PERRIS ELEMENTARY SCHOOL DISTRICT

By: ____
Superintendent

ACCEPTED:

APPLIED BEST PRACTICES, as Dissemination Agent

By: ____
Authorized Officer

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: PERRIS ELEMENTARY SCHOOL DISTRICT

Name of Issue: $2,230,000 General Obligation Bonds, 2006 Election, Series 2020

$4,500,000 General Obligation Bonds, 2014 Election, Series 2020

Date of Issuance: April 21, 2020

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 4(a) of the Continuing Disclosure Agreement dated April 21, 2020. The Issuer anticipates that the Annual Report will be filed by ____________________.

Dated: ________________________________

[ISSUER/DISSEMINATION AGENT]

By: ____

cc: Perris Elementary School District

APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

The information in this Appendix 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, DTC Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, as to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC 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 DTC Direct Participants are on file with DTC.

General

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount or Maturity Value 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. Such information is not incorporated herein by reference.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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 (or the Paying Agent on behalf thereof) 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).

Principal, premium, if any, interest payments and redemption proceeds 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 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 principal, premium, if any, interest payments and redemption proceeds 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.

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

DTC's records and followed by a book-entry credit of tendered Bonds to the Paying Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the 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 transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this Appendix 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.

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APPENDIX F

THE RIVERSIDE COUNTY TREASURY POOL

The Treasurer and Tax Collector (the "Treasurer") of the County of Riverside (the "County") manages, in accordance with California Government Code Section 53600 et seq., funds deposited with the Treasurer by County school and community college districts, various special districts and some cities. State law generally requires that all moneys of the County, school districts and certain special districts be held in the County's Pooled Investment Fund (the "Investment Fund") as described below. The composition and value of investments under management in the Investment Fund vary from time to time, depending on the cash flow needs of the County and the other public agencies invested in the Investment Fund, the maturity or sale of investments, purchase of new securities and fluctuations in interest rates generally. The Treasurer maintains a website, the address of which is https://www.countytreasurer.org/, on which the Treasurer periodically places information relating to the Investment Fund. However, the information presented there is not part of this Official Statement, is not incorporated by reference herein and should not be relied upon in making an investment decision with respect to the purchase of Certificates.

The Treasurer maintains one Pooled Investment Fund (the "PIF") for all local jurisdictions having funds on deposit in the County Treasury. As of February 29, 2020, the portfolio assets comprising the PIF had a market value of $7,341,926,889.86.

State law requires that all operating moneys of the County, school districts, and certain special districts be held by the Treasurer. On June 30, 2019, the Auditor-Controller performed an analysis on the County Treasury, which resulted in the identification and classification of "mandatory" vs. "discretionary" depositors. The County Auditor-Controller reports that collectively, these mandatory deposits constituted approximately 81.91% of the funds on deposit in the County Treasury, while approximately 18.09% of the total funds on deposit in the County Treasury represented discretionary deposits.

While State law permits other governmental jurisdictions to participate in the County's PIF, the desire of the Treasurer is to maintain a stable depositor base for those entities participating in the PIF.

All purchases of securities for the PIF are to be made in accordance with the Treasurer's 2020 Statement of Investment Policy, which is more restrictive than the investments authorized pursuant to Sections 53601 and 53635 of the California Government Code. The Policy Statement requires that all investment transactions be governed by first giving consideration to the safety and preservation of principal and liquidity sufficient to meet daily cash flow needs prior to achieving a reasonable rate of return on the investment. Investments are not authorized in reverse-repurchase agreements except for an unanticipated and immediate cash flow need that would otherwise cause the Treasurer to sell portfolio securities prior to maturity at a principal loss.

The investments in the Treasurer's Pooled Investment Fund as of February 29, 2020 were as follows:

U.S. Treasury Securities	$815,383,291.02	11.15%
Federal Agency Securities	3,516,415,177.45	48.07
Cash Equivalent & Money Market Funds	992,023,976.03	13.56
Commercial Paper	1,142,478,487.96	15.62
NCD	613,000,000.00	8.38
Medium Term Notes	82,836,631.79	1.13
Municipal Notes	153,456,234.55	2.10
Certificates of Deposit	-	-
Repurchase Agreements	-	-
Local Agency Obligations[1]	40,000.00	0.001
Total Book Value	$7,315,633,798.80	100.00%

Book Yield	1.80%
Weighted Average Maturity (years)	1.156

[1]Represents County Obligations issued by the Riverside District Court Financing Corporation.

As of February 29, 2020, the market value of the PIF was 100.36% of book value. The Treasurer estimates that sufficient liquidity exists within the portfolio to meet daily expenditure needs without requiring any sale of securities at a principal loss prior to their maturity.

In keeping with Sections 53684 and 53844 of the California Government Code, all interest, income, gains and losses on the portfolio are distributed quarterly to participants based upon their average daily balance except for specific investments made on behalf of a particular fund. In these instances, Sections 53844 requires that the investment income be credited to the specific fund in which the investment was made.

The Board has established an "Investment Oversight Committee" in compliance with California Government Code Section 27131. Currently, the Committee is composed of the County Finance Director, the Treasurer, the County Superintendent of Schools, a school district representative and a public member at large. The purpose of the committee is to review the prudence of the County's investment policy, portfolio holdings and investment procedures, and to make any findings and recommendations known to the Board. As of September 29, 2004, the State no longer required the County to have a local oversight committee; however, the County has elected to maintain the committee. The committee is utilized by the County to safeguard public funds and to perform other internal control measures.

The County has obtained a rating on the PIF of "Aaa-bf" from Moody's Investors Service and "AAAf/S1" rating from Fitch Ratings. There is no assurance that such ratings will continue for any given period of time or that any such rating may not be lowered, suspended or withdrawn entirely by the respective rating agency if, in the judgment of such rating agency, circumstances so warrant.

None of the District, the Municipal Advisor or the Underwriter has made an independent investigation of the investments in the Investment Fund nor have they made an assessment or investigation of the current County Investment Policy. The value of the various investments in the Investment Fund 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 Treasury Oversight Committee and 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 Fund will not vary significantly from the values described herein.

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APPENDIX G

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

Form 500NY (5/90)