In the opinion of Best Best & Krieger LLP Riverside, California ("Bond Counsel"), subject to certain qualifications described in this Official Statement, under existing statutes, regulations, rulings and judicial decisions interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. However, with respect to corporations, such interest may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of corporations. In the further opinion of Bond Counsel, such interest is exempt from California personal income tax. See "LEGAL MATTERS — Tax Exemption."

NEW ISSUE-FULL BOOK-ENTRY

INSURED RATINGS: Moody's: "Aa3" (negative outlook)
Standard & Poor's: "AA+" (CreditWatch negative)
UNDERLYING RATINGS: Moody's: "Aa2"
Standard & Poor's: "A+"
(See "MISCELLANEOUS—Ratings" herein)

STATE OF CALIFORNIA **COUNTY OF RIVERSIDE**

$46,125,000
RIVERSIDE UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2011

Dated: Date of Delivery **Due: February 1, as shown on the inside cover page**

This Official Statement describes the $46,125,000 Riverside Unified School District General Obligation Refunding Bonds, Series 2011 (the "Bonds"). The Bonds are being issued by the Riverside Unified School District (the "District") for the purpose of refunding a portion of the District's outstanding general obligation bonds and to pay costs of issuance of the Bonds. See "THE BONDS — Plan of Refunding." The Bonds are secured by funds pledged under a resolution adopted by the Board of Education of the District.

The Bonds are general obligation bonds of the District. The Board of Supervisors of the County of Riverside is empowered and is obligated to levy *ad valorem* taxes, without limitation of rate or amount, upon all property within the District subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. The Bonds are secured on a parity with approximately $103,855,000 of other general obligations bonds of the District that will be outstanding following the issuance of the Bonds. See "SECURITY FOR THE BONDS," "TAX BASE FOR REPAYMENT OF BONDS — *Ad Valorem* Property Taxation" and "DISTRICT DEBT STRUCTURE — Long-Term Debt — *General Obligation Bonds*."

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchasers of beneficial ownership interests in the Bonds will not receive certificates representing their interest in the Bonds. See "THE BONDS — Book-Entry-Only System" and APPENDIX C — "BOOK-ENTRY ONLY SYSTEM."

Interest on the Bonds will accrue from their date of delivery and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2012. The Bonds will be issued in denominations of $5,000 or any integral multiple thereof.

Payments of principal of and interest on the Bonds will be paid by U.S. Bank National Association, as the Paying Agent, Registrar and Transfer Agent (the "Paying Agent") to DTC for subsequent disbursement to DTC Participants (defined in this Official Statement) who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS — Book-Entry Only System."

The Bonds are subject to optional redemption prior to maturity as described in this Official Statement. See "THE BONDS — Redemption Provisions."

The scheduled payment of principal of and interest on the Bonds maturing on February 1 of the years 2016 through 2027, inclusive (the "Insured Bonds") when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP.



THE BONDS ARE GENERAL OBLIGATION BONDS OF THE DISTRICT AND DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE COUNTY. NO PART OF ANY FUND OF THE COUNTY IS PLEDGED OR OBLIGATED TO THE PAYMENT OF THE BONDS.

MATURITY SCHEDULE
(See Inside Cover Page)

This cover page contains certain information for 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 the Underwriter, subject to the approval of legality by Best Best & Krieger LLP, Riverside, California, Bond Counsel. Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, is serving as Disclosure Counsel to the District with respect to the Bonds. Certain matters will be passed on for the District by Best Best & Krieger LLP, Riverside, California, as District Counsel. The Bonds, in book-entry form, will be available for delivery through the facilities of The Depository Trust Company in New York, New York on or about October 5, 2011.

Dated: September 22, 2011

MATURITY SCHEDULE

Maturity Date (February 1)	*Principal Amount*	*Interest Rate*	*Yield*	*Price*	*CUSIP®†*
2012	$2,845,000	2.00%	0.33%	100.537	769059WE2
2013	2,480,000	4.00	0.55	104.538	769059WF9
2014	2,720,000	4.00	0.75	107.467	769059WG7
2015	2,940,000	4.00	1.02	109.708	769059WH5
2016	1,285,000	4.00	1.42	110.777	769059WJ1
2017	1,435,000	4.00	1.70	111.654	769059WK8
2018	1,590,000	4.00	2.00	111.820	769059WL6
2019	1,765,000	4.00	2.30	111.393	769059WM4
2020	1,945,000	4.00	2.52	111.045	769059WN2
2021	2,140,000	4.00	2.70	110.647	769059WP7
2022	3,860,000	5.00	2.92	116.864 (C)	769059WQ5
2023	3,335,000	5.00	3.07	115.539 (C)	769059WR3
2024	4,330,000	5.00	3.40	112.686 (C)	769059WS1
2025	4,555,000	5.00	3.54	111.501 (C)	769059WT9
2026	4,410,000	5.00	3.65	110.581 (C)	769059WU6
2027	4,490,000	4.00	4.00	100.000 (C)	769059WV4

(C) *Priced to call on February 1, 2021.*

† *Copyright 2011, American Bankers Association. CUSIP® data herein is provided by Standard & Poor's, CUSIP® Service Bureau, a division of The McGraw-Hill Companies, Inc. The District takes no responsibility for the accuracy of such data.*

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

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

The information and expression of opinion in this Official Statement are subject to change without notice and neither delivery of this Official Statement nor any sale made under this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the District or any other parties described in this Official Statement since the date of this Official Statement. This Official Statement is being submitted in connection with the sale of the Bonds referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the District. All summaries of documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

All information for investors regarding the District and the Bonds is contained in this Official Statement. While the District maintains an internet website for various purposes, none of the information on this website is intended to assist investors in making any investment decision or to provide any continuing information with respect to the Bonds or any other bonds or obligations of the District.

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 a "plan," "expect," "estimate," "project," "budget" or similar words. Such forward-looking statements include, but are not limited to certain statements contained in the information under the captions "THE DISTRICT," and "DISTRICT FINANCIAL MATTERS" and APPENDIX F — "COUNTY OF RIVERSIDE OFFICE OF THE TREASURER TAX-COLLECTOR STATEMENT OF INVESTMENT POLICY."

The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. While the District has agreed to provide certain on-going financial and operating data for a limited period of time, it does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which statements are based change. See "CONTINUING DISCLOSURE" and APPENDIX D — "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds maturing on February 1 of the years 2016 through 2027, inclusive (the "Insured Bonds") or the advisability of investing in the Insured 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 EXHIBIT G — "SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

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

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

RIVERSIDE UNIFIED SCHOOL DISTRICT

BOARD OF EDUCATION

Tom Hunt, President
Charles L. Beaty, Ph.D., Vice President
Gayle Cloud, Clerk
Kathy Y. Allavie, Board Member
Lewis J. Vanderzyl, Board Member

ADMINISTRATION

Richard L. Miller, Ph.D., Superintendent
Michael H. Fine, Deputy Superintendent, Business Services and Governmental Relations
Sandra L. Meekins, Director, Business Services

PROFESSIONAL SERVICES

BOND COUNSEL

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Riverside, California

DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth,
a Professional Corporation
Newport Beach, California

FINANCIAL ADVISOR

Fieldman, Rolapp & Associates, Inc.
Irvine, California

PAYING AGENT AND BOND REGISTRAR

U.S. Bank National Association
Los Angeles, California

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$46,125,000
RIVERSIDE UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2011

INTRODUCTION

This Official Statement (which includes the cover page, the Table of Contents and the Appendices attached to this Official Statement) is furnished by the Riverside Unified School District (the "District"), located in Riverside County, California, to provide information concerning the $46,125,000 Riverside Unified School District General Obligation Refunding Bonds, Series 2011 (the "Bonds").

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

The District

The District was established in 1963 through the unification of the Riverside City School District (which was founded in 1887) and the Riverside City High School District. The District encompasses approximately 92 square miles in western Riverside County, and a major portion of the District is located within the City of Riverside. The District serves approximately 43,000 students.

Sources of Payment for the Bonds

The Bonds are general obligation bonds of the District. The Board of Supervisors of the County has the power and is obligated to annually levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates). The Bonds are secured on a parity with approximately $103,855,000 of other general obligations bonds of the District that will be outstanding following the issuance of the Bonds. See "SECURITY FOR THE BONDS" and "DISTRICT DEBT STRUCTURE — Long-Term Debt — *General Obligation Bonds*."

THE BONDS ARE GENERAL OBLIGATION BONDS OF THE DISTRICT AND DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE COUNTY. NO PART OF ANY FUND OF THE COUNTY IS PLEDGED OR OBLIGATED TO THE PAYMENT OF THE BONDS.

Purpose of Issue

Proceeds from the Bonds will be used to refund all of the District's Election 2001 General Obligation Bonds, Series A, outstanding in the aggregate principal amount of $48,425,000 (the "Refunded Bonds"), and to pay costs of issuance of the Bonds. See "THE BONDS — Plan of Refunding."

Description of the Bonds

Bonds. The Bonds mature on February 1 in the years and in the amounts indicated on the inside cover page of this Official Statement.

Payments. Interest on the Bonds accrues from the date of delivery of the Bonds at the rates set forth on the inside cover page of this Official Statement, and is payable semiannually on each February 1 and

August 1, commencing February 1, 2012. The principal amount of the Bonds is payable at maturity upon surrender of the Bonds for payment.

Registration. The Bonds will be issued in fully registered form only, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners") in the denominations set forth on the cover page of this Official Statement, under the book-entry only system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described in this Official Statement. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See "THE BONDS — Book-Entry Only System" and APPENDIX C — "BOOK-ENTRY ONLY SYSTEM."

Denominations. The Bonds will be issued and beneficial ownership interests may be purchased by Beneficial Owners in denominations of $5,000 principal amount.

Redemption. The Bonds are subject to optional redemption prior to maturity. See "THE BONDS — Redemption Provisions."

Bond Insurance. The scheduled payment of the principal of and interest on the Bonds maturing on February 1 in the years 2016 through 2027, inclusive (the "Insured Bonds") when due will be guaranteed under a municipal bond insurance policy (the "Policy") to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. See "BOND INSURANCE," "MISCELLANEOUS — Ratings" and APPENDIX G — "SPECIMEN MUNICIPAL BOND INSURANCE POLICY" herein.

Authority for Issuance of the Bonds

The Bonds will be issued pursuant to certain provisions of the State of California (the "State") Government Code, as well as other applicable laws, and pursuant to a resolution adopted by the Board of Education of the District. See "THE BONDS — Authority for Issuance."

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to the validity by Bond Counsel. It is anticipated that the Bonds will be available for delivery through DTC in New York, New York on or about October 5, 2011.

Continuing Disclosure

The District will covenant for the benefit of bondholders to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated events, if material, in compliance with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission. The specific nature of the information to be made available and of the notices of material events is summarized below under the caption "CONTINUING DISCLOSURE" and APPENDIX D — "FORM OF CONTINUING DISCLOSURE CERTIFICATE" in this Official Statement.

Other Information

This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement and information concerning the Bonds are available from the Deputy Superintendent, Business Services and Governmental Relations, Riverside Unified School District, 3380 14th Street, Riverside, California 92501, telephone: (951) 788-7135, extension 80423. The District may impose a charge for copying, mailing and handling.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described in this Official Statement, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to in this Official Statement do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each of such documents, statutes and constitutional provisions.

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

All terms used in this Official Statement and not otherwise defined shall have the meanings given such terms in the Resolution.

Update of Certain Information Since the Date of the Preliminary Official Statement

The Official Statement includes certain changes since the date of the Preliminary Official Statement. On September 12, 2011, the Obama Administration announced a legislative proposal entitled the American Jobs Act of 2011. For tax years beginning on or after January 1, 2013, the American Jobs Act of 2011, if enacted into law as proposed, generally would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. See "LEGAL MATTERS — Tax Exemption."

THE BONDS

Authority for Issuance

The Bonds are issued under the provisions of the Article 9 (commencing with Section 53550) and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (collectively, the "Refunding Law") and the Resolution. In accordance with the Refunding Law, the Bonds are being issued by the District and are payable from *ad valorem* taxes levied on all property within the District subject to taxation by the County. The Bonds are being issued to refund all of the District's outstanding Election 2001 General Obligation Bonds, Series A. See "THE BONDS — Plan of Refunding."

Description of the Bonds

Interest on the Bonds accrues from the date of delivery, and is payable semiannually on February 1 and August 1 of each year (each a "Bond Payment Date"), commencing February 1, 2012 at the annual interest rates shown on the inside cover of this Official Statement. The Bonds will be issued in denominations of $5,000 or any integral multiple thereof. Interest will accrue on the Bonds on the basis of a 360-day year comprised of twelve 30-day months.

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of DTC. Principal of, premium, if any, and interest on the Bonds is payable by the Paying Agent to DTC. DTC is responsible for disbursing such payments to the Beneficial Owners in accordance with the DTC book-entry only system. See " — Book-Entry Only System" and APPENDIX C — "BOOK-ENTRY ONLY SYSTEM."

See the Maturity Schedule on the inside cover for the maturity schedule of the Bonds, "THE BONDS — Debt Service Schedule" for the debt service schedule for the Bonds and "DISTRICT DEBT STRUCTURE — Long-Term Debt - *General Obligation Bonds*" for a schedule of combined debt service of the Bonds and the District's other outstanding general obligation bonds.

Paying Agent

U.S. Bank National Association will act as the initial Paying Agent, Registrar and Transfer Agent (the "Paying Agent") for the Bonds. If the Paying Agent resigns or is removed by the District, a successor Paying Agent will be appointed by the District.

Redemption Provisions

Optional Redemption of the Bonds. The Bonds maturing on or after February 1, 2022 are subject to redemption prior to maturity, at the option of the District, from any source of funds, on any Bond Payment Date on of after February 1, 2021, as a whole or in part, in a manner determined by the District, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date of redemption, without premium.

Notice of and Effect of Redemption of the Bonds

When redemption is authorized or required, the Paying Agent is required to give written notice to the respective Owners of any Bonds selected for redemption by first class mail at their addresses appearing on the Bond registration books, and to the Securities Depositories and to one or more of the Information Services, all as provided in the Resolution, no less than 30, nor more than 45, days prior to the date fixed for redemption. Neither failure to receive such notice nor any defect in the notice so mailed will affect the sufficiency of the proceedings for redemption of such Bonds or the cessation of the accrual of interest from and after the redemption date.

Interest on the Bonds (or portions thereof) called for redemption will cease to accrue on the date fixed for redemption and such Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Resolution and the Owners of such Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof. The Resolution contains no provisions requiring any publication of notice of redemption, and Bondowners must maintain a current address on file with the Paying Agent to receive any notices of redemption.

In the event only a portion of any Bond is called for redemption, upon surrender of such Bond, the Paying Agent will authenticate and deliver to the Owner thereof a new Bond or Bonds of the same series and maturity and of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

Book-Entry Only System

The Bonds will be issued as one fully registered bond without coupons for each maturity and, when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Individual purchases may be made in book-entry form only, in denominations of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal of and interest on the Bonds will be paid to DTC, which will in turn remit such principal of and interest to its participants for subsequent dispersal to the beneficial owners of the Bonds as described in this Official Statement. See APPENDIX C — "BOOK-ENTRY ONLY SYSTEM."

Sources and Uses of Funds

The estimated sources and uses of funds in connection with the Bonds are as follows:

Sources of Funds	
Principal Amount of Bonds	$ 46,125,000.00
Original Issue Premium	4,462,725.00
Total Sources of Funds	$ 50,587,725.00
Uses of Funds	
Escrow Fund	$ 50,087,691.25
Underwriter's Discount	213,099.24
Costs of Issuance[(1)]	286,934.51
Total Uses of Funds	$ 50,587,725.00

(1) Includes all legal, consulting and printing fees. Includes municipal bond insurance policy premium on the Insured Bonds of $103,000.

Plan of Refunding

In accordance with the Refunding Law, the Bonds are being issued by the District to refund all of the District's Election 2001 General Obligation Bonds, Series A, outstanding in the aggregate principal amount of $48,425,000. A portion of the proceeds from the sale of the Bonds will be deposited into an escrow fund (the "Escrow Fund") to be created and maintained by U.S. Bank National Association (the "Escrow Agent") pursuant to the Escrow Agreement, dated as of September 1, 2011 (the "Escrow Agreement"), by and between the District and the Escrow Agent for the refunding of the Refunded Bonds.

Moneys in the Escrow Fund will be held uninvested in cash or be invested in non-callable direct obligations of the United States Treasury or other non-callable obligations, the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America (the "Government Obligations"). An independent certified public accountant licensed to practice in the State, Causey Demgen & Moore Inc., Denver, Colorado (the "Verification Agent"), acting as verification agent with respect to the Escrow Fund, will certify in writing that moneys deposited in the Escrow Fund, together with earnings thereon, will be sufficient to pay the redemption price of, and interest on the Refunded Bonds, on February 1, 2012.

Application and Investment of Bonds Proceeds and Tax Revenues

The *ad valorem* property taxes securing the payment of the Bonds when received shall be kept separate and apart in the Debt Service Fund established under the Resolution and be used only for payments of principal of and interest on the Bonds. Interest earned on the investment of monies held in the Debt Service Fund established under the Resolution shall be retained in the Debt Service Fund and used to pay principal of and interest on the Bonds when due.

Any excess proceeds of the Bonds not needed for the purpose for which the Bonds are issued shall be transferred to the Debt Service Fund established under the Resolution and applied to the payment of principal of and interest on the Bonds. If after payment in full of the Bonds there remains excess proceeds, any such excess amounts shall be transferred to the District's general fund. Amounts which the District determines are required to be rebated to the federal government will be deposited in the Rebate Fund established under the Resolution.

Monies held in the Debt Service Fund and the Rebate Fund established under the Resolution may be invested in any investment permitted by law, including under Government Code Sections 53601 and 53635.

It is anticipated that monies in the Rebate Fund and the Debt Service Fund for the Bonds will be invested in, and withdrawn from, the Riverside County Pooled Investment Fund as described below.

Riverside County Treasury Pool

The information in this section has been provided by the County Treasurer. Neither the District nor the Underwriter has independently verified this information and neither the District nor the Underwriter guarantees the completeness or accuracy thereof.

The following information concerning the Riverside County Pooled Investment Fund has been provided by the County Treasurer and has not been confirmed or verified by the District or the Underwriter. No representation is made in this Official Statement 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 of this Official Statement, or that the information contained or incorporated by this Official Statement by reference is correct as of any time subsequent to its date.

The County Treasurer maintains one Pooled Investment Fund (the "PIF") for all local jurisdictions having funds on deposit in the County Treasury. As of July 29, 2011, the portfolio assets comprising the PIF had a market value of $4,994,922.52.

State law requires that all operating moneys of the County, school districts, and certain special districts be held by the County Treasurer. On June 30, 2010, the Auditor-Controller performed an analysis on the County Treasury which resulted in the identification and classification of "mandatory" vs. "discretionary" depositors. Collectively, these mandatory deposits constituted approximately 73.50% of the funds on deposit in the County Treasury, while approximately 26.50% of the total funds on deposit in the County Treasury represented discretionary deposits.

While State law permits other governmental jurisdictions, with the prior consent of the County Board of Supervisors and the County Treasurer, to participate in the County's PIF, none have been authorized entry, nor are any pending consideration. The desire of the County 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 County Treasurer's 2010 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 County Treasurer to sell portfolio securities prior to maturity at a principal loss.

The investments in the Pooled Investment Fund as of July 29, 2011, were as follows:

	Market Value	***% of Pool***
U.S. Treasury Securities	$ 597,688.19	11.97%
Federal Agency Securities	3,693,441.31	73.94
Cash Equivalent & Money Market Funds	206,000.00	4.12
Commercial Paper	249,765.85	5.00
Municipal Notes	97,442.17	1.95
Certificates of Deposit	150,000.00	3.00
Local Agency Obligation	585.00	0.01
Total	**$ 4,994,922.52**	**100.00%**
Weighted Average Yield:	0.59 %	
Weighted Average Maturity:	1.25 years	

(1) Represents County Obligations issued by the Riverside District Court Financing Corporation.

As of July 29, 2011, the market value of the PIF was 100.11% of book value. The County 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 County Board of Supervisors 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 County Treasurer-Tax Collector, 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 County Board of Supervisors. This committee was reorganized to conform to new State requirements requiring the County to have a local oversight committee. The committee is utilized by the County to manage, audit, and safeguard public funds and to perform other internal control measures.

The County has obtained a rating on the PIF of "AAA/MR1" from Moody's Investors Service and "AAA/V1+" 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.

The District has not made an independent investigation of the investments in the County PIF and has made no assessment of the current County Investment Policy. The value of the various investments in the County PIF will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Therefore, there can be no assurance that the values of the various investments in the PIF will not vary significantly from the values described in this Official Statement.

Debt Service Schedule

The following table summarizes the annual debt service requirements of the District for the Bonds:

Year Ending (February 1)	*Annual Principal Payment*	*Annual Interest Payment*	*Total Annual Debt Service*
2012	$ 2,845,000	$ 642,188.89	$ 3,487,188.89
2013	2,480,000	1,936,100.00	4,416,100.00
2014	2,720,000	1,836,900.00	4,556,900.00
2015	2,940,000	1,728,100.00	4,668,100.00
2016	1,285,000	1,610,500.00	2,895,500.00
2017	1,435,000	1,559,100.00	2,994,100.00
2018	1,590,000	1,501,700.00	3,091,700.00
2019	1,765,000	1,438,100.00	3,203,100.00
2020	1,945,000	1,367,500.00	3,312,500.00
2021	2,140,000	1,289,700.00	3,429,700.00
2022	3,860,000	1,204,100.00	5,064,100.00
2023	3,335,000	1,011,100.00	4,346,100.00
2024	4,330,000	844,350.00	5,174,350.00
2025	4,555,000	627,850.00	5,182,850.00
2026	4,410,000	400,100.00	4,810,100.00
2027	4,490,000	179,600.00	4,669,600.00
TOTAL	$46,125,000	$19,176,988.89	$65,301,988.89

Source: Fieldman, Rolapp & Associates, Inc.

See "DISTRICT DEBT STRUCTURE — Long-Term Debt — *General Obligation Bonds*" for a schedule of the combined debt service requirements for all of the District's outstanding general obligation bonds.

Defeasance

All or a portion of the outstanding Bonds may be paid and discharged in any one or more of the following ways:

(1) by irrevocably depositing with the County Treasurer or an independent escrow agent an amount of cash which together with amounts then on deposit in the Debt Service Fund, is sufficient to pay any or all of the Bonds outstanding and designated for defeasance, including all principal and interest and premium, if any; or

(2) by irrevocably depositing with the County Treasurer or an independent escrow agent noncallable Government Obligations, together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with the interest to accrue thereon and moneys then on deposit in the Debt Service Fund, together with interest to accrue thereon, be fully sufficient to pay and discharge all Bonds (including all principal and interest represented thereby and prepayment premiums, if any);

If a Bond is defeased as described above, then, all obligations of the District and the Paying Agent under the Resolution with respect to such outstanding Bond shall cease and terminate, whether or not such Bond has been surrendered for payment, except only the obligation of the District to pay or cause to be paid to the Owners of the Bonds all sums due thereon and the obligations of the District with respect to the applicable Rebate Fund.

In the Resolution, Government Obligations are defined as direct and general obligations of the United States of America or obligations that are unconditionally guaranteed as to principal and interest by the United States of America.

Supplemental Resolutions

(a) The Resolution, and the rights and obligations of the District and of the Owners of the Bonds, may be modified or amended at any time by a supplemental resolution adopted by the Board of Education with the written consent of Owners owning at least 60% in aggregate principal amount of the Bonds then outstanding. No such modification or amendment shall, (i) extend the maturity of any Bond or the time for paying interest thereon, or otherwise alter or impair the obligation of the District to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation of any pledge of or lien upon the monies on deposit in the Debt Service Fund, superior to or on a parity with the pledge and lien created for the benefit of the Bonds, (iii) reduce the percentage of Bonds required for the amendment of the Resolution, or (iv) reduce the principal amount of or redemption premium on any Bond, or reduce the interest rate thereon. Notwithstanding anything in this Official Statement to the contrary, no such consent shall be required if the Owners are not directly and adversely affected by such amendment or modification.

(b) The Resolution, and the rights and obligations of the District and of the Owners of the Bonds may be modified or amended at any time by a supplemental resolution adopted by the District without the written consent of the Owners for the following purposes:

(i) to add to the covenants and agreements of the District in the Resolution contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power reserved in the Resolution to or conferred upon the District;

(ii) to make modifications not adversely affecting any outstanding Bonds in any material respect;

(iii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provisions of the Resolution, or in regard to questions arising under the Resolution, as the District may deem necessary or desirable and not inconsistent with the Resolution, and which shall not adversely affect the rights of the Owners of the Bonds; or

(iv) to make such additions, deletions or modifications as may be necessary or desirable to assure compliance by the District with Section 148 of the Code relating to required rebate of monies to the United States or otherwise as may be necessary to assure exclusion from gross income for federal income tax purposes of interest on the Bonds or to conform with the Treasury Regulations.

Any action taken pursuant to a Supplemental Resolution so consented to by the Owners of at least 60% in aggregate principal amount of the Bonds then outstanding shall be binding on the Owners of all of the Bonds and shall not be deemed to be inconsistent with any of the provisions of the Resolution, whatever the character of such action may be, and such action may be taken and performed as fully and freely as if expressly permitted by the Resolution. After such consent relating to specified matters has been given, no Bond Owner shall have any right or interest to object to any such action or in any manner to question the propriety thereof or to enjoin or restrain the District or the Paying Agent, or any officer or agent thereof, from taking any action pursuant to such consent.

Unclaimed Moneys

Anything contained in the Resolution to the contrary notwithstanding, any monies held by the County Treasurer or the Paying Agent in trust for the payment and discharge of the principal of, the interest and any

premium on the Bonds which remain unclaimed for two years after the date when the payment of such principal, interest and premium have become payable, if such monies were held by the County Treasurer or the Paying Agent at such date, shall be deposited by the County Treasurer to the account of the District as its absolute property free from any trust, and the County Treasurer shall thereupon be released and discharged with respect thereto and the Owners of such Bonds shall look only to the District for the payment of the principal of, interest and any premium on their Bonds.

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 maturing on February 1 of the years 2016 through 2027, inclusive (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as an Appendix G 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 a wholly owned subsidiary of Assured Guaranty Municipal Holdings Inc. ("Holdings"). Holdings is 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 global public finance, infrastructure and structured finance markets. No shareholder of AGL, Holdings or AGM is liable for the obligations of AGM.

AGM's financial strength is rated "AA+" (CreditWatch negative) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "Aa3" (negative outlook) by Moody's Investors Service, Inc. ("Moody's"). 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 does not guarantee the market price 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 September 27, 2011, S&P published a Research Update in which it placed AGM's "AA+" (negative outlook) financial strength rating on CreditWatch negative, meaning that S&P may downgrade AGM's financial strength rating in the near future. According to S&P, the CreditWatch placement is due to significant concentration risk in AGM's insured portfolio that is not consistent with S&P's new bond insurance rating criteria. However, based on discussions with AGM management, S&P further reported that AGM intends to take action to mitigate these concentration risks, and that it is likely such actions, if taken, would support financial strength ratings in the "AA" category. S&P noted that it expects to resolve this CreditWatch placement no later than November 30, 2011. Reference is made to the Research Update, a copy of which is available at *www.standardandpoors.com*, for the complete text of S&P's comments.

On August 25, 2011, S&P published Bond Insurance Rating Methodology and Assumptions, a criteria article that follows S&P's Request for Comment: Bond Insurance Criteria, published January 24, 2011. The criteria described in the article update and supersede S&P's previous criteria for rating bond insurers. S&P noted that the impact of new bond insurance rating criteria could result in financial strength ratings on investment-grade bond insurers (such as AGM) being lowered by one or more rating categories. The article states that the criteria are effective immediately and that S&P expects any rating changes as a result of the new methodology and assumptions would occur after its review of third quarter 2011 financial statements, but no later than November 30, 2011. However, as noted above, a rating agency may place a company's financial strength rating on credit watch for a downgrade at any time. For the complete text of S&P's comments, both publications are available at *www.standardandpoors.com.*

AGM and its affiliates are currently reviewing S&P's revised bond insurance rating criteria. The final criteria contain a number of changes from the proposals submitted in January 2011 for comment from market participants, including a new Largest Obligors Test that was not included in the January 2011 Request for Comment. This test appears to have the effect of significantly reducing AGM and its affiliates' allowed single risk limits and limiting their financial strength rating level.

On August 8, 2011, S&P published a Research Update in which it affirmed the "AA+" financial strength rating of AGM. Reference is made to the Research Update, a copy of which is available at *www.standardandpoors.com*, for the complete text of S&P's comments.

On December 18, 2009, Moody's issued a press release stating that it had affirmed the "Aa3" insurance financial strength rating of AGM, with a negative outlook. Reference is made to the press release, a copy of which is available at *www.moodys.com*, for the complete text of Moody's comments.

There can be no assurance as to any further ratings action that S&P or Moody's may take with respect to AGM.

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, 2010, which was filed by AGL with the Securities and Exchange Commission (the "SEC") on March 1, 2011, AGL's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011, which was filed by AGL with the SEC on May 10, 2011, and AGL's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2011, which was filed by AGL with the SEC on August 9, 2011.

Capitalization of AGM. At June 30, 2011, AGM's consolidated policyholders' surplus and contingency reserves were approximately $3,050,613,849 and its total net unearned premium reserve was approximately $2,254,726,646, in each case, in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference. Portions of the following documents filed by AGL with the SEC that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (which was filed by AGL with the SEC on March 1, 2011);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011 (which was filed by AGL with the SEC on May 10, 2011); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2011 (which was filed by AGL with the SEC on August 9, 2011).

All information relating to AGM included in, or as exhibits to, documents filed by AGL pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, after the filing of the last document referred to above and before the termination of the offering of the Insured 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.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

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.

AGM makes no representation regarding the Insured Bonds or the advisability of investing in the Insured 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."

SECURITY FOR THE BONDS

The Bonds are general obligation bonds of the District. The County Board of Supervisors, on behalf of the District, is empowered and obligated annually to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation of rate or amount (except for certain personal property which is taxable at limited rates), for the payment of the principal of and interest on the Bonds due and payable in the next succeeding bond year (less amounts on deposit in the Debt Service Fund established under the Resolution). The Resolution pledges as security for the Bonds the proceeds from the levy of the *ad valorem* tax which are collected and allocated to the payment of the Bonds. See "TAX BASE FOR REPAYMENT OF BONDS."

The Bonds, the District's Series B Bonds (as defined in this Official Statement) and the District's Series C Bonds (as defined in this Official Statement) are payable on a parity from *ad valorem* taxes levied within the District to repay such bonds (collectively, the "District Bonds"). No part of any fund or account of the County is pledged or obligated to the payment of the Bonds. See "TAX BASE FOR REPAYMENT OF BONDS — *Ad Valorem* Property Taxation" and "DISTRICT DEBT STRUCTURE — Long-Term Debt — *General Obligation Bonds*."

The amount of the annual *ad valorem* tax levied by the County Board of Supervisors to repay the District Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the District Bonds in any year. Fluctuations in the annual debt service on the District Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate. Economic and other factors beyond the District's control, such as general market decline in property values, reclassification of property to a class exempt category from taxation, whether by ownership or use (such as exemptions for property owned by the federal government, the State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by a natural or manmade disaster, such as earthquake, flood or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate.

TAX BASE FOR REPAYMENT OF BONDS

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

Ad Valorem Property Taxation

The collection of property taxes is significant to the District and the owners of the District Bonds in two respects. First, the County Board of Supervisors will levy and collect *ad valorem* taxes on all taxable parcels within the District which are pledged specifically to the repayment of the District Bonds. Second, the general *ad valorem* property tax levy levied in accordance with Article XIIIA of the California Constitution and its implementing legislation funds a portion of the District's base revenue limit which is used to operate the District's educational program. See "DISTRICT FINANCIAL MATTERS — Revenue Limit Sources." As described below, the general *ad valorem* property tax levy and the additional *ad valorem* property tax levy pledged to repay the District Bonds will be collected on the annual tax bills distributed by the County to the owners of parcels within the boundaries of the District.

Method of Property Taxation. Beginning in Fiscal Year 1978-79, Article XIIIA and its implementing legislation permitted each county to levy and collect all property taxes (except for levies to support prior voter approved indebtedness) and prescribed the way in which levies on county-wide property values were to be shared with local taxing entities within each county. All property is assessed using full cash value as defined by Article XIIIA of the State Constitution. State law, however, provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals and charitable institutions.

For purposes of allocating a county's 1% base property tax levy, future assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, up to 2% inflation) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of "base" sources from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year. The availability of revenue from growth in the tax bases in such entities may be affected by the existence of redevelopment agencies which, under certain circumstances, may be entitled to sources resulting from the increase in certain property values. State law exempts $7,000 of the assessed valuation of an owner-occupied principal residence. This exemption does not result in any loss of revenue to local agencies since an amount equivalent to the taxes that would have been payable on such exempt values is supplemented by the State.

Taxes are levied for each fiscal year on taxable real and personal property which is situated in a county as of the preceding January 1. Real property which changes ownership or is newly constructed is revalued at the time the change in ownership occurs or the new construction is completed. The current year property tax rate will be applied to the reassessment, and the taxes will then be adjusted by a proration factor to reflect the portion of the remaining tax year for which taxes are due.

For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll, also containing State-assessed property, and property, the taxes on which are a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year, and if unpaid become delinquent on December 10 and April 10, respectively. A penalty of 10 percent attaches immediately to all delinquent payments. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the fiscal year. Such property may

thereafter be redeemed by payment of a penalty of 1.5 percent per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Treasurer-Tax Collector of the county levying the tax.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10 percent penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5 p.m. on October 31, an additional penalty of 1.5 percent attaches to them on the first day of each month until paid. A county has four ways of collecting delinquent unsecured personal property taxes: (1) bringing 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 lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property improvements or possessory interests belonging or assessed to the delinquent taxpayer.

District Assessed Valuation. Both the general *ad valorem* property tax levy and the additional *ad valorem* levy for the District Bonds is based upon the assessed valuation of the parcels of taxable property in the District. Property taxes allocated to the District are collected by the County at the same time and on the same tax rolls as are county, city and special district taxes. The assessed valuation of each parcel of property is the same for both District and county taxing purposes. The valuation of secured property by the County Assessor is established as of January 1, and is subsequently equalized in September of each year.

Taxation of State-Assessed Utility Property. A portion of property tax revenue of the District is derived from utility property subject to assessment by the State Board of Equalization ("SBE"). State-assessed property, or "unitary property," is property of a utility system with components located in many taxing jurisdictions that are assessed as part of a "going concern" rather than as individual pieces of real or personal property. The assessed value of unitary and certain other state-assessed property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

Teeter Plan. The County has implemented an alternative method for the distribution of secured property taxes to local agencies, known as the "Teeter Plan." The Teeter Plan provisions are set forth in Sections 4701 to 4717 of the California Revenue and Taxation Code. Upon adoption and implementation of this method by a county board of supervisors, local agencies for which the county acts as "bank" and certain other public agencies and taxing areas located in the county receive annually the full amount of their share of property taxes on the secured roll, including delinquent property taxes which have yet to be collected. While a county benefits from the penalties associated with these delinquent taxes when they are paid, the Teeter Plan is intended to provide participating local agencies with stable cash flow and the elimination of collection risk.

To implement a Teeter Plan, the board of supervisors of a county generally must elect to do so by July 15 of the Fiscal Year in which it is to apply. As a separate election, a county may elect to have the Teeter Plan procedures also apply to assessments on the secured roll. The County Board of Supervisors has adopted the Teeter Plan and has elected to include school districts in its Teeter Plan and applies to the District.

Once adopted, a county's Teeter Plan will remain in effect in perpetuity unless the board of supervisors orders its discontinuance or unless prior to the commencement of a fiscal year a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two-thirds of the participating districts in the county. An electing county may, however, opt to discontinue the Teeter Plan with respect to any levying agency in the county if the board of supervisors, by action taken not later than July 15 of a fiscal year, elects to discontinue the procedure with respect to such levying agency and the rate of secured tax delinquencies in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll by that agency.

Upon making a Teeter Plan election, a county must initially provide a participating local agency with 95% of the estimated amount of the then accumulated tax delinquencies (excluding penalties) for that agency. In the case of the initial year distribution of assessments (if a county has elected to include assessments), 100% of the assessment delinquencies (excluding penalties) are to be apportioned to the participating local agency which levied the assessment. After the initial distribution, each participating local agency receives annually 100% of the secured property tax levies to which it is otherwise entitled, regardless of whether the county has actually collected the levies.

If any tax or assessment which was distributed to a Teeter Plan participant is subsequently changed by correction, cancellation or refund, a pro rata adjustment for the amount of the change is made on the records of the treasurer and auditor of the county. Such adjustment for a decrease in the tax or assessment is treated by the County as an interest-free offset against future advances of tax levies under the Teeter Plan.

Assessed Valuations

Table 1 below shows the assessed valuation in the District for Fiscal Years 2006-07 through 2011-12.

Table 1
RIVERSIDE UNIFIED SCHOOL DISTRICT
Assessed Valuations

	Secured Valuation	*Utility*	*Unsecured Valuation*	*Total Before Redevelopment Increment*	*Total After Redevelopment Increment*
2006-07	$17,938,852,760	$13,661,735	$ 953,431,714	$18,905,946,209	$15,972,577,585
2007-08	20,296,623,058	2,410,570	1,017,203,309	21,316,236,937	17,679,384,886
2008-09	20,690,193,824	1,991,695	1,041,829,970	21,734,015,489	17,677,622,985
2009-10	18,779,325,644	1,999,935	965,607,868	19,746,933,447	15,903,459,111
2010-11	18,174,529,436	2,022,568	920,301,958	19,096,853,962	15,445,757,899
2011-12	18,145,768,191	2,022,568	928,114,086	19,075,904,845	15,491,385,571

Source: Riverside County Office of Education.

Tax Levies and Delinquencies

Table 2 below summarizes the annual secured tax levies for debt service within the District and the amount delinquent as of June 30 for the previous five Fiscal Years. Under the terms of the County's Teeter Plan, the District is paid 100% of the secured tax levy each year by the County and the County takes responsibility for collecting delinquencies and keeps penalties and interest.

Table 2
RIVERSIDE UNIFIED SCHOOL DISTRICT
Secured Tax Charges and Delinquencies

Fiscal Year	*Secured Tax Levied* [(1)]	*Delinquent Secured Taxes*	*% Delinquent June 30*
2006-07	$ 6,230,995	$346,006	5.55%
2007-08	7,033,697	508,878	7.23
2008-09	8,432,796	460,928	5.47
2009-10	9,959,361	366,763	3.68
2010-11	10,233,116	230,433	2.25

(1) Debt service levy only.
Source: Riverside County Office of Education.

Tax Rates

There are a total of 241 tax rate areas in the District. Table 3 below summarizes the total *ad valorem* tax rates levied by all taxing entities in a typical Tax Rate Area within the District from Fiscal Years 2006-07 through 2010-11.

Table 3
RIVERSIDE UNIFIED SCHOOL DISTRICT
Summary of *Ad Valorem* Tax Rates
Typical Total Tax Rates[(1)]

	2006-07	***2007-08***	***2008-09***	***2009-10***	***2010-11[(2)]***
General	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
City of Riverside	0.00821	0.00627	0.00747	0.00577	0.00575
Riverside Unified School District	0.03515	0.03516	0.04120	0.05354	0.05670
Riverside Community College District	0.01800	0.01259	0.01254	0.01242	0.01499
Metropolitan Water District	0.00470	0.00450	0.00430	0.00430	0.00370
Total	1.06606	1.05852	1.06551	1.07603	1.08114

(1) Tax rate for tax rate area 009-200.
(2) Tax rate for tax rate area 009-200 for fiscal year 2011-12 not currently available from the Riverside County Auditor-Controller.
Source: Riverside County Auditor-Controller.

Largest Taxpayers

Table 4 below lists the 20 largest property taxpayers within the District measured by assessed valuation for Fiscal Year 2011-12.

Table 4
RIVERSIDE UNIFIED SCHOOL DISTRICT
Twenty Largest 2011-12 Local Secured Property Taxpayers

	Property Owner	*Land Use*	*2011-12 Assessed Valuation*	*% of Total*[(1)]
1.	Tyler Mall Ltd. Partnership	Shopping Center	$ 186,355,245	1.03%
2.	Riverside Healthcare System	Medical Office and Related Services	78,131,256	0.43
3.	BRE Properties Inc.	Apartments	69,188,153	0.38
4.	Riverside Plaza	Commercial Stores/Restaurants	67,343,480	0.37
5.	Press Enterprise Company	Commercial Stores/General Office/Industrial	66,432,914	0.37
6.	MEF Realty	General Office Buildings	50,470,006	0.28
7.	MEPT Canyon Park Apartments	Apartments	49,783,560	0.28
8.	Riverside Clinic Investments IV Ltd.	Medical Office and Related Services	44,586,298	0.25
9.	US Real Estate Ltd. Partnership	Commercial Stores	43,795,000	0.24
10.	Riverside Fair Isle Drive Apartments	Apartments	42,215,970	0.23
11.	Riverside Lochmoore Drive Apartments	Apartments	41,713,398	0.23
12.	Columbia Business Center	Industrial Manufacturing and Processing	40,865,628	0.23
13.	Riverside Partners	Apartments	40,311,594	0.22
14.	CC Apartments NF	Apartments	40,304,806	0.22
15.	WEDR Riverside Inv V	Apartments	39,194,000	0.22
16.	Riverside Village	Shopping Center	38,410,988	0.21
17.	Riverside Student Housing	Commercial Stores/General Office	38,174,949	0.21
18.	Kohls Dept. Stores Inc.	Retail Store	38,014,374	0.21
19.	Town Square Shopping Center	Shopping Center	36,500,000	0.20
20.	PPC Canyon	Apartments	35,734,000	0.20
	Total		**$1,087,525,619**	**6.02%**

(1) Based on final Fiscal Year 2011-12 Assessor's Roll. Total value may not match total from Auditor's office due to differences in timing.

Source: County of Riverside Assessor's Office, Equalized Assessed Roll for Fiscal Year 2011-12.

Assessed Valuation by Land Use

Table 5 below describes the District's land use by type in Fiscal Year 2011-12.

Table 5
RIVERSIDE UNIFIED SCHOOL DISTRICT
2011-12 Assessed Valuation and Parcels by Land Use

	2011-12 Assessed Valuation[(1)]	*% of Total*	*No. of Parcels*	*% of Total*
Residential:				
Apartments	$ 1,406,019,606	7.79%	865	1.26%
Condominium/Townhouse	379,723,081	2.10	3,366	4.90
Mobile Home	25,107,385	0.14	331	0.48
Single-Family Residence	11,182,068,824	61.95	53,747	78.32
Vacant Residential	146,724,172	0.81	2,054	2.99
Subtotal Residential	$13,139,643,068	72.79%	60,363	87.96%
Non-Residential:				
Agricultural	$ 226,699,249	1.26%	693	1.01%
Commercial[(2)]	4,435,651,778	24.57	3,572	5.20
Vacant Commercial	169,686,624	0.94	959	1.40
Vacant Other	79,005,391	0.44	1,953	2.85
Subtotal Non-Residential	$ 4,911,043,042	27.21%	7,177	10.46%
Other Properties – No Land Use Code	$709,728	0.00%	1,088	1.59%
Total	**$18,051,395,838**	**100.00%**	**68,628**	**100.00%**

(1) Based on final Fiscal Year 2011-12 Assessor's Roll. Total value may not match total from Auditor's office due to differences in timing.

Source: County of Riverside Assessor's Office, Equalized Assessed Roll for Fiscal Year 2011-12.

THE DISTRICT

Introduction

The District, located in western Riverside County, was established in 1963 through the unification of the Riverside City School District (which was founded in 1887) and the Riverside City High School District. The District encompasses approximately 92 square miles and serves approximately 43,000 students. The District operates thirty elementary schools, seven middle schools, five high schools, two alternative high schools, one virtual school, one adult school and one special education preschool. The District's current pupil teacher ratio is 26.5:1 for grade levels K through 3, 32:1 for grade levels 4 through 6, 29:1 for grade levels 7 and 8, and 30:1 for grade levels 9 through 12.

Board of Education

The District is governed by a five member Board of Education, whose members are elected to four year terms. The terms are staggered on two year intervals to provide for continuity of governance. If a vacancy arises during any term, the vacancy is filled by an appointment by a majority vote of the remaining Board members or, if there is no majority, by a special election.

The members of the Board of Education and certain District administrative personnel are identified below.

Table 6
RIVERSIDE UNIFIED SCHOOL DISTRICT
Board of Education

Name	*Term Expires*
Tom Hunt, President	December 6, 2011
Charles L. Beaty, Ph.D., Vice President	December 6, 2013
Gayle Cloud, Clerk	December 6, 2011
Kathy Y. Allavie	December 6, 2013
Lewis J. Vanderzyl	December 6, 2011

Source: Riverside Unified School District.

Superintendent and Administrative Personnel

The Superintendent of Schools of the District is appointed by the Board and reports to the Board. The Superintendent is responsible for management of the District's day to-day operations and supervises the work of other District administrators and supervisors. Brief biographies of the Superintendent and other administrative officers are set forth below.

Richard L. Miller Ph.D., Superintendent. Dr. Rick Miller joined the District as Superintendent on January 5, 2008. Dr. Miller has been in education for 37 years and prior to coming to the District was Superintendent of Oxnard School District in Ventura County. Dr. Miller has taught at the elementary and secondary levels and has been an elementary and high school principal. For the past 19 years he has served as Superintendent for three school districts in California and one in Idaho, as well as serving as an adjunct instructor at the university level in both states. Dr. Miller holds four degrees including a Ph.D. in Education; Ed.Sp. (Education Specialist) in Educational Administration; M.Ed. (Masters in Education) in Educational Administration and Higher Education; and a B.A. in Chemistry. Dr. Miller has authored a number of professional articles and has presented at state and national conferences. The focus of his career as a school administrator has been on school reform and improved student achievement in diverse settings.

Michael H. Fine, Deputy Superintendent, Business Services & Governmental Relations. Mr. Fine joined the District in May, 2002 and is the Deputy Superintendent for Business Services & Governmental Relations. His areas of responsibility include fiscal services, risk management, purchasing, nutritional services, student transportation, maintenance and facilities, technology services, legislative/legal matters and governmental relations. Mr. Fine began his career in education in 1992 after working 10 years in the private industry. Mr. Fine holds a B.A. in Accounting and a Masters in Public Administration.

Average Daily Attendance and Base Revenue Limit

Between Fiscal Years 2005-06 and 2010-11, the District's average daily attendance ("ADA") declined by approximately 0.25 percent. In its Fiscal Year 2011-12 initial adopted budget, the District has assumed an ADA of 40,238 for purposes of calculating its revenue limit, and has assumed deficited base revenue limit funding of $5,215.46 per unit of ADA. For each unit of average daily attendance, the District receives from the State an amount equal to the deficited base revenue limit. The ADA, Base Revenue Limit and Deficited Base Revenue Limit for Fiscal Years 2005-06 through 2011-12 are set forth in Table 7 below.

Table 7
RIVERSIDE UNIFIED SCHOOL DISTRICT
Average Daily Attendance

Fiscal Year	*Total Average Daily Attendance*[(1)]	*Base Revenue Limit per Student per Year*	*Deficited Base Revenue Limit per Student per Year*
2005-06	40,410	$5,158.14	$5,112.13
2006-07	40,649	5,538.34	5,538.34
2007-08	41,122	5,790.34	5,790.34
2008-09	41,085	6,119.34	5,639.34
2009-10	40,169	6,381.34	5,210.05[(4)]
2010-11[(2)]	40,308	6,356.34	5,214.55
2011-12[(3)]	40,238	6,499.34	5,215.46

(1) Excludes absences.
(2) Unaudited Actuals.
(3) Budgeted.
(4) Does not include $252.99 per ADA RL reduction.
Source: Riverside Unified School District.

Employee Relations

In the fall of 1974, the State Legislature enacted a public school employee collective bargaining law known as the Rodda Act, which became effective in stages in 1976. The law provides that employees are to be divided into appropriate bargaining units which are to be represented by an exclusive bargaining agent.

The teachers of the District (certificated non-management personnel) are represented by the Riverside City Teachers Association. The contract for certificated personnel will expire on June 30, 2013. As of June 30, 2011, the District's certificated non-management employees had a total covered payroll of $144,190,872.

The California School Employees Association ("CSEA") has been selected as the exclusive bargaining agent for non-teaching, non-management (classified) personnel. The contract for the classified personnel will expire on June 30, 2012. As of June 30, 2011, the District's classified non-management employees had a total covered payroll of $42,836,026.

Management, supervisory and confidential personnel are comprised of certificated and classified personnel who are self-represented. The Superintendent and upper level management have employment contracts. As of June 30, 2011, the District's management, supervisory and confidential employees had a total covered payroll of $20,389,014.

The estimated split between the number of certificated and classified employees is approximately 55.5% certificated and 44.5% classified. Table 8 below sets forth the number of employees employed by the District for fiscal years 2005-06 through 2010-2011.

Table 8
RIVERSIDE UNIFIED SCHOOL DISTRICT
Employees

Fiscal Year	*Total Number of Employees*
2005-06	6,258
2006-07	6,215
2007-08	6,408
2008-09	6,334
2009-10	6,144
2010-11	5,684

Source: Riverside Unified School District.

Retirement System

The District participates in the State of California Teachers' Retirement System ("STRS"), which provides benefits to full-time certificated personnel. The District also participates in the State of California Public Employees Retirement System ("PERS") which provides benefits to full-time classified personnel and part-time employees who are employed more than 1,000 hours during the year.

The District was required to contribute 8.250 percent of gross salary expenditures for a total of $12,839,726 to STRS during the Fiscal Year ended June 30, 2011 as set forth in Table 9 below. The District was required to contribute 10.707 percent of gross salary expenditures for a total of $7,557,287 to PERS during the Fiscal Year ended June 30, 2011 as set forth in Table 9 below For Fiscal Year 2011-12, the District has budgeted for a STRS contribution of $12,913,695 and a PERS contribution of $8,206,611.

Retiree Healthcare. The District provides post-employment healthcare benefits in accordance with District contracts to eligible employees who retire from the District on or after attaining age 57 (certificated personnel) and age 50 (classified personnel) with at least 15 years of service. Additionally, eight years has been established as the maximum amount of time a retiree may receive post-employment healthcare benefits. As of June 30, 2010, 322 employees met those eligibility requirements. For certificated retirees, the District contributes an amount equal to the value of a single party active employee and the retiree contributes the remainder. For classified retirees, the District contributes a fixed amount from a sliding scale based on years of service and the retiree contributes the remainder. Expenditures for post-employment benefits are recognized on a pay-as-you-go basis. As retirees report claims, premiums are paid. During Fiscal Years ended June 30, 2010 and June 30, 2011, expenditures of $1,333,412 and budget for $1,250,975, respectively, were recognized for retirees' healthcare benefits.

Prior to July 1, 2010, the District provided post-employment healthcare benefits to eligible employees who retired from the District on or after attaining age 55 (certificated personnel) or age 50 (classified personnel) with at least 10 years of service.

The Government Accounting Standards Board ("GASB") issued its final accrual accounting standards for retiree healthcare benefits, GASB 45, in June 2004 ("GASB 45"). GASB 45 requires local governmental employers who provide other post-employment benefits ("OPEB") as part of the total compensation offered to employees to recognize the expense and related liabilities (assets) in the government-wide financial statements of net assets and activities. GASB 45 establishes standards for the measurement, recognition and display of

OPEB expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of the governmental employer.

Pursuant to GASB 45, the District retained Demsey Filliger & Associates to assess the District's liabilities in connection with GASB 45. The report was prepared on July 12, 2010 with a July 1, 2011 valuation date. The next report will be valued as of July 1, 2012 under the biennial rules. The report concluded that the amount of actuarial liability (past and present) for the District, as of July 1, 2010, was $58,908,522. As of June 30, 2011, the District had set aside approximately $26,667,821 in its self-insurance fund for purposes of fulfilling its retiree healthcare benefits.

As of June 30, 2008, financial reporting for the District for OPEB were generally based on pay-as-you-go financing approaches. Such practices fail to measure or recognize the cost of OPEB during the periods when employees render the services or provide relevant information about OPEB obligations and the extent to which progress is being made in funding those obligations.

GABS 45 generally provides for prospective implementation; that is, the employers set the beginning net OPEB obligation at zero as of the beginning of the initial year. The District was required to implement the provisions of GASB 45 beginning in the Fiscal Year ending June 30, 2008.

Table 9
RIVERSIDE UNIFIED SCHOOL DISTRICT
Retirement Contributions for Fiscal Year 2010-11

	Number of Employees Covered	*Total Employer Contributions*	*District's Fiscal Year 2010-11 Covered Payroll*	*Employer Contribution as a Percentage of Covered Payroll*
STRS	2,369	$12,839,726	$155,632,857	8.250%
PERS	1,453	7,557,378	44,670,075	10.707

Source: Riverside Unified School District.

Insurance

The District's risk management activities are recorded in the self-insurance funds of the District. Employee life, health and disability programs are administered through the purchase of commercial insurance and self-insurance. The property and liability program, for which the District retains risk of loss, is administered by the District's self-insurance fund. The District is also a member of the Alliance of Schools for Cooperative Insurance Programs ("ASCIP"), a joint powers authority. The District pays an annual premium to the authority for its dental, excess workers' compensation and property liability coverage. The relationships between the District and ASCIP such that it is not a component unit of the District for financial reporting purposes. During Fiscal Year ended June 30, 2011, the District made payments of $1,325,822 to ASCIP.

Worker's compensation claims in excess of $500,000 self-insured retention are covered up to $10,000,000 per occurrence. General liability claims in excess of $100,000 self-insured are covered up to $15,000,000 per occurrence. As of June 30, 2011, the District had approximately $1,569,000 in unpaid liability for health insurance, $4,799,571 in unpaid liability for workers' compensation and $157,500 in unpaid liability for property and liability. As of June 30, 2011, the District had the following assets available to pay the foregoing claims: $1,436,878 for health insurance, $4,395,409 for workers' compensation and $144,237 for property and liability.

DISTRICT FINANCIAL MATTERS

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles and are in accordance with the policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all State school districts. See APPENDIX B — "DISTRICT'S AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2010."

Comparative Financial Statements and 2011-12 Adopted Budget

The District's annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States for all governmental funds, except for those funds associated with the District's component units. The Board of Education adopts an operating budget no later than July 1 in accordance with State law. The Board of Education revises the budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. It is this final revised budget that is presented in the District's financial statements. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major project account.

Table 10 below summarizes the District's Statement of General Fund Revenues, Expenditures and Changes in Fund Balance for Fiscal Years 2005-06 through 2010-11. The figures in Table 10 are taken from the District's audited financial statements, except for Fiscal Year 2010-11 which are unaudited estimated figures. See APPENDIX B — "DISTRICT'S AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2010" for further detail on the District's financial condition as of June 30, 2010.

Table 10
RIVERSIDE UNIFIED SCHOOL DISTRICT
Summary of General Fund Revenues, Expenditures and Changes in Fund Balance

	Audited 2005-06	*Audited 2006-07*	*Audited 2007-08*	*Audited 2008-09*	*Audited 2009-10*	*Unaudited 2010-11*
SOURCES						
Revenue Limit Sources	$ 210,715,286	$ 228,429,687	$ 237,808,235	$ 223,359,849	$ 210,783,153	$ 211,766,786
Federal Sources	28,277,554	24,830,147	19,108,510	40,984,175	35,165,043	41,431,621
Other State Revenues	66,203,031	88,272,713	76,512,285	79,752,639	77,030,669	76,656,406
Other Local Sources	61,788,556	9,905,726	10,126,859	8,474,436	6,093,462	5,509,165
Total Revenues	$ 311,374,427	$ 351,438,273	$ 343,555,889	$ 352,571,099	$ 329,072,327	$ 335,363,978
EXPENDITURES						
Instruction	$ 199,802,203	$ 218,049,212	$ 214,010,735	$ 223,427,674	$ 223,010,446	$ 204,095,899
Instruction – Related Services						
Supervision of instruction	10,563,136	11,246,461	16,289,621	16,328,640	13,219,869	12,372,045
Instructional Library, Media, and Technology	3,586,994	3,769,485	4,664,791	3,360,934	3,411,772	3,815,259
School Site Administration	24,765,023	26,234,936	25,076,902	23,162,650	22,628,189	20,471,946
Pupil Services						
Home-to School Transportation	8,404,543	11,841,871	11,635,107	11,404,101	11,066,662	9,453,925
Food Services	58,583	38,337	14,018	15,494	9,998	7,710
All Other Pupil Services	11,260,994	12,641,400	13,520,362	13,897,445	13,318,797	12,406,388
General Administration:						
Data Processing	3,175,332	3,513,209	4,037,822	3,926,358	4,564,434	4,564,434
All other General Administration	7,257,730	8,109,579	7,927,529	7,300,229	9,286,329	8,048,825
Plant Services	28,813,170	33,369,953	33,575,421	33,161,676	31,489,495	30,653,099
Facilities Acquisition and Construction	1,441,007	1,838,042	1,633,307	1,216,422	336,336	885,807
Ancillary Services	2,229,715	2,281,512	2,410,625	2,345,303	2,295,737	2,178,623
Community Services	111,881	97,915	92,564	72,562	75,373	67,411
Other Outgo	0	0	(39,805)	85,104	111,338	53,556
Total Expenditures	$ 301,470,311	$ 333,031,912	$ 334,848,999	$ 339,704,592	$ 334,824,775	$ 309,074,927
Excess of (Deficiency) of Revenues Over Expenditures	$ 9,904,116	$ 18,406,361	$ 8,706,890	$ 12,866,507	$ (5,752,448)	$ 26,289,051
OTHER FINANCING SOURCES						
Operating Transfers In	$ 752,662	$ 165,943	$ 612,240	$ 3,604,258	$ 9,392,939	$ 752,634
Other sources / uses	(549,588)	(559,888)	--	--	--	
Operating Transfers Out / Other Uses	(8,394,923)	(5,129,551)	(3,031,698)	(806,731)	(5,185,750)	(7,846,032)
Net Financing Sources (uses)	$ 8,191,849)	$ (5,523,496)	$ (2,419,458)	$ 2,797,527	$ 4,207,189	$ (7,093,398)
NET CHANGE IN FUND BALANCES	1,712,267	12,882,865	6,287,432	15,664,034	(1,545,259)	19,195,653
Fund Balance (Deficit), July 1	36,014,574	37,726,841	50,609,705	56,897,137	72,561,171	71,015,912
Fund Balance (Deficit), June 30	$ 37,726,841	$ 50,609,706	$ 56,897,137	$ 72,561,171	$ 71,015,912	$ 90,211,565

Source: Riverside Unified School District Audited Financial Statements for Fiscal Years 2006-06 through 2009-10, unaudited actuals for Fiscal Year 2010-11.

Table 11 below contains the District's Board Approved Initial Budget for Fiscal Year 2010-11, the District's unaudited Fiscal Year 2010-11 results and the Approved Initial Budget for Fiscal Year 2011-12. The difference between the Board Approved Initial Budget for Fiscal Year 2010-11 and the District's unaudited Fiscal Year 2010-11 and the approved Initial Budget for Fiscal Year 2011-12.

Table 11
RIVERSIDE SCHOOL DISTRICT
Adopted Budget for Fiscal Year 2010-11, Unaudited Fiscal Year 2010-11, and Comparison of Fiscal Year 2010-11 Budget and Unaudited Fiscal Year 2010-11, and Fiscal Year 2011-12 Approved Initial Budget

	Fiscal Year 2010-11 Board Approved Initial Budget	*Unaudited Fiscal Year 2010-11*	*Difference Between 2010-11 Adopted Initial Budget and Unaudited Fiscal Year 2010-11*	*Fiscal Year 2011-12 Approved Initial Budget*	*Difference Between Adopted Initial Budget for Fiscal Year 2011-12 and Unaudited Fiscal Year 2010-11*
REVENUES					
Revenue Limit Sources	$ 200,829,528.00	$ 211,766,785.72	$ (10,937,257.72)	$ 202,675,990.00	$ (9,090,795.72)
Federal Revenues	25,185,305.00	41,431,621.53	(16,246,316.53)	23,630,429.00	(17,801,192.53)
Other State Revenues	66,792,494.00	76,656,405.97	(9,863,911.97)	64,979,305.00	(11,677,100.97)
Other Local Sources	4,168,713.00	5,509,164.81	(1,340,451.81)	3,231,890.00	(2,277,274.81)
Total Revenues	$ 296,976,040.00	$ 335,363,978.03	$ (38,387,938.03)	$ 294,517,614.00	$ (40,846,364.03)
			-		
EXPENDITURES					
Certificated Salaries	$ 154,244,975.00	$ 154,791,725.61	$ (546,750.61)	$ 154,768,165.00	$ (23,560.61)
Classified Salaries	41,783,906.00	41,800,518.43	(16,612.43)	42,243,551.00	443,032.57
Employee Benefits	60,077,558.00	56,310,616.77	3,766,941.23	59,684,256.00	3,373,639.23
Books and Supplies	17,975,495.00	15,004,382.54	2,971,112.46	17,013,465.00	2,009,082.46
Other Operating Expenditures	36,915,029.00	40,368,720.52	(3,453,691.52)	37,747,895.00	(2,620,825.52)
Capital Outlay	2,205,621.00	1,293,940.11	911,680.89	3,477,551.00	2,183,610.89
Other Outgo	70,000.00	53,556.00	16,444.00	70,000.00	16,444.00
Direct Support/Indirect Costs	(574,975.00)	(548,533.07)	(26,441.93)	(956,576.00)	(408,042.93)
Total Expenditures	$ 312,697,609.00	$ 309,074,926.91	$ 3,622,682.09	$ 314,048,307.00	$ 4,973,380.09
Revenues over (under) expenditures	$ (15,721,569.00)	$ 26,289,051.12	$ (42,010,620.12)	$ (19,530,693.00)	$ (45,819,744.12)
OTHER FINANCING SOURCES					
Operating Transfers In	$ 1,305,980.00	$ 752,634.18	$ 553,345.82	$ 728,124.00	$ (24,510.18)
Operating Transfers Out	4,792,964.00	7,846,032.72	(3,053,068.72)	2,917,629.00	(4,928,403.72)
Other	-	-	-	-	-
Total Other Sources (uses)	$ (3,486,984.00)	$ (7,093,398.54)	$ 3,606,414.54	$ (2,189,505.00)	$ 4,903,893.54
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Uses	$ (19,208,553.00)	$ 19,195,652.58	$ (38,404,205.58)	$ (21,720,198.00)	$ (40,915,850.58)
Fund Balance (Deficit), July 1	$ 68,105,734.00	$ 71,015,912.44	$ (2,910,178.44)	$ 87,086,058.00	$ 16,070,145.56
Fund Balance (Deficit), June 30	$ 48,897,181.00	$ 90,211,565.02	$ (41,314,384.02)	$ 65,365,860.00	$ (24,845,705.02)

Source: Riverside Unified School District Board Approved Initial Budget for Fiscal Year 2011-12; unaudited actual Fiscal Year 2010-11 results from Riverside Unified School District.

Table 12 below sets forth the District's audited General Fund balance sheet for the last five Fiscal Years and unaudited General Fund balance sheet for Fiscal Year 2010-11.

Table 12
Riverside Unified School District
Summary of Combined General Fund Balance Sheet

	Audited 2005-06	*Audited 2006-07*	*Audited 2007-08*	*Audited 2008-09*	*Audited 2009-10*	*Unaudited 2010-11*
ASSETS						
Deposits and Investments	$ 36,200,616	$ 35,780,764	$ 47,313,668	$ 45,552,956	$ 39,667,106	$ 44,901,795
Accounts Receivable	23,946,528	30,781,749	29,833,000	2,105,917	1,991,910	1,104,755
Due From Other Funds	1,633,196	974,972	849,691	4,548,843	2,111,286	1,163,899
Due From Grantor Governments	0	0	0	49,855,625	48,842,205	64,896,759
Stores Inventories	297,227	214,892	227,330	146,564	103,263	2,885
Total Assets	$ 62,077,567	$ 67,752,377	$ 78,223,689	$102,209,905	$ 92,715,770	$112,070,094
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Accounts Payable	$ 13,785,840	$ 15,259,719	$ 16,231,179	$ 6,397,620	$ 10,297,545	$ 7,483,754
Due To Other Funds	7,465,835	1,313,157	1,497,592	1,627,375	2,630,215	4,362,127
Due To Grantor Governments	0	0	0	16,929,753	5,688,912	7,899,637
Deferred Revenue	3,099,051	569,795	3,597,781	4,693,986	3,083,186	2,113,011
Total Liabilities	$ 24,350,726	$ 17,142,671	$ 21,326,552	$ 29,648,734	$ 21,699,858	$ 21,858,529
FUND EQUITY						
Reserved:						
Revolving Cash	$ 0	$ 0	$ 150,000	$ 150,000	$ 150,000	$ 150,000
Stores Inventories	297,227	214,892	227,330	146,564	103,263	500,000
Other Reservations	10,122,901	17,357,536	18,628,170	24,657,061	9,428,150	9,426,205
Unreserved						
Designated	27,306,713	33,037,278	37,891,637	47,607,546	61,334,499	101,993,889
Undesignated	0	0	0	0	0	0
Total Fund Equity	$ 37,726,841	$ 50,609,706	$ 56,897,137	$ 72,561,171	$ 71,015,912	$112,070,094
Total Liabilities and Fund Equity	$ 62,077,567	$ 67,752,377	$ 78,223,689	$102,209,905	$ 92,715,770	$133,928,623

Source: Riverside Unified School District Audited Financial Statements for Fiscal Years 2005-06 through 2009-10; unaudited actual Fiscal Year 2010-11 results from Riverside Unified School District.

Revenue Sources

The District categorizes its General Fund revenues into four sources: (1) revenue limit sources (consisting of a mix of State and local revenues); (2) federal sources; (3) other State revenues; and (4) other local sources. Each of these revenue sources is described below.

Revenue Limit Sources

Since Fiscal Year 1973-74, State school districts have operated under general purpose revenue limits established by the State Legislature. In general, the base revenue limits are calculated for each school district by multiplying (1) the ADA for each such district by (2) a base revenue limit per unit of ADA. The base revenue limit calculations are adjusted annually in accordance with a number of factors designed primarily to provide cost of living increases and to equalize revenues among all State school districts of the same type. The base revenue limit is then adjusted by the State deficit factor. In Fiscal Year 2009-10, the District's deficited base revenue limit per unit of ADA was $5,210.05. For Fiscal Year 2010-11, the District's deficited base revenue limit per unit of ADA was $5,214.55. For Fiscal Year 2011-12, the District has budgeted assuming a deficited base revenue limit per unit of ADA of $5,215.46.

In Fiscal Year 2009-10, the District received $210,783,153 of revenue limit source income, representing approximately 64.05% of its General Fund revenues. In Fiscal Year 2010-11 the District received $211,766,786 of revenue limit source income, representing approximately 63.15% of its General Fund revenues as of June 30, 2011. For Fiscal Year 2011-12, the District is projecting approximately $202,675,990 of revenue limit source income, representing 68.81% of its projected General Fund revenues.

Funding of the District's revenue limit is accomplished by a mix of (1) local property taxes, and (2) State apportionments of basic and equalization aid. In Fiscal Year 2010-11, $52,597,062 or 24.84% of the District's revenue limit sources were derived from property taxes. Generally, the State's apportionments amount to the difference between the District's revenue limit and its local property tax revenues.

Beginning in Fiscal Year 1978-79, Proposition 13 and its implementing legislation permitted each county to levy and collect all property taxes (except for levies to support prior voter approved indebtedness) and prescribed how levies on county-wide property values were to be shared with local taxing entities within each county. Property taxes collected by the County which are used to pay the principal of and interest on the Bonds do not constitute local property taxes for purposes of being applied toward the District's revenue limit.

Federal Revenues

The federal government provides funding for several District programs, including special education programs, programs under the Educational Consolidation and Improvement Act, and specialized programs such as technology funds or competitive grants. The federal revenues, all of which are restricted, comprised approximately 10.69% of General Fund revenues in Fiscal Year 2009-10, 12.40% in Fiscal Year 2010-11 and are projected to equal approximately 8.02% in Fiscal Year 2011-12.

Other State Revenues

As discussed above, the District receives State apportionment of basic and equalization aid in an amount equal to the difference between the District's revenue limit and its property tax sources. In addition to such apportionment revenue, the District receives substantial other State revenues ("Other State Revenues"). In Fiscal Years 2009-10 and 2010-11, Other State Revenues comprised for approximately 23.41% and 22.86%, respectively, of total General Fund revenues. In Fiscal Year 2011-12, Other State Revenues are projected to equal approximately 22.06% of total General Fund revenues. Some of the Other State Revenues are restricted to specific types of program uses such as special education. Under temporary flexibility provisions, most Other State Revenues are allowed to be used for the general operating needs of the District.

Other Local Sources

In addition to property taxes, the District receives additional local sources ("Other Local Sources") from items such as the leasing of property owned by the District and interest earnings. In Fiscal Years 2009-10 and 2010-11, Other Local Sources comprised for approximately 1.85% and 1.64%, respectively, of total General Fund revenues. In Fiscal Year 2011-12, Other Local Sources are projected to equal approximately 1.10% of total General Fund revenues.

Developer Fees

The District maintains a Capital Facilities Fund, separate and apart from the General Fund, to account for developer fees collected by the District. The District's developer fees may be utilized for any capital purpose related to growth.

Collection of such fees followed a formal declaration by the Board of Education which addressed the overcrowding of District schools as a result of new development. These fees are collected pursuant to certain provisions of the Education Code of the State. The square-foot amounts are periodically adjusted for inflation

and the current developer fee is $3.26 per square foot of habitable space on domestic housing developments. The current developer fee on commercial and industrial developments is $0.47 per square foot. As of June 30, 2010, a balance of $4,987,231 existed in the District's Capital Facilities Fund. The unaudited projected balance for June 30, 2011 is $3,788,545.

Table 13 below sets forth the collected developer fees for Fiscal Years 2006-07 through 2010-11.

Table 13
RIVERSIDE UNIFIED SCHOOL DISTRICT
Developer Fee Collections

Fiscal Year	*Developer Fees Collected*
2006-07	$2,859,383
2007-08	3,907,915
2008-09	1,500,439
2009-10	1,701,666
2010-11[(1)]	538,916

(1) Unaudited actuals.
Source: Riverside Unified School District.

The District also negotiates with certain developers to pay certain amounts in lieu of the payment of developer fees. Generally, these additional amounts are financed through Mello-Roos community facilities districts. See "DISTRICT DEBT STRUCTURE."

State Budget Measures

The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the General Fund of the District. The Bonds are payable solely from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment thereof.

Senate Bill 70. On March 24, 2011, the Governor signed into law Senate Bill 70 ("SB 70"), which implements several provisions included in the Governor's proposed budget for fiscal year 2011-12 (the "Proposed Budget"). Significant features of SB 70 relating to the funding of school districts include the following:

- For fiscal year 2011-12, SB 70 increases the revenue limit deficit factor for county offices of education and school districts to 19.892% and 19.608 %, respectively.

- SB 70 extends, for an additional two fiscal years, existing flexibility options available to school districts relating to deferred maintenance contributions, use of surplus proceeds from the sale of real property, general fund reserve requirements, categorical program funding expenditures, reduction of instructional minutes, Class Size Reduction Program penalties, and the implementation of new State instructional materials.

- SB 70 establishes a zero percent cost of living adjustment for K-12 programmatic funding for fiscal year 2011-12.

- SB 70 authorizes three new cross-fiscal year deferrals of State apportionments, as follows: (1) $1.3 billion from March to August, (2) $763,794,000 from April to August, and (3) $500 million from June to July. SB 70 also makes several one-time modifications to existing 2010-11 intra-fiscal year deferrals. The existing $2 billion February-to-July deferral is broken down into three deferrals of $24.7 million to be paid in July, $1.4 million to be paid in August and $569.8 million to be paid in September. SB 70 also extends the existing April-to-July deferral to September and the existing May-to-July deferral to September. These deferrals are in addition to existing inter-fiscal year deferrals applicable to fiscal years 2010-11 and 2011--12. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – State Cash Management Legislation."

- SB 70 extends eligibility for supplemental categorical block grants to charter schools that begin operations in fiscal year 2011--12. SB 70 also appropriates $5 million from the State general fund to the Charter School Revolving Loan Fund.

- SB 70 authorizes the State Director of Finance to adjust the State's Proposition 98 calculation to ensure that any shift in property taxes previously received by redevelopment agencies does not affect the State's minimum funding obligations under Proposition 98.

- SB 70 implements a reduction to categorical funding for basic aid school districts in proportion to the revenue limit funding reductions experienced by non-basic aid school districts in fiscal years 2008-09 and 2009-10. SB 70 declares the State legislature's intent to restore this categorical funding at the same time as such revenue limit funding reductions are restored.

The full text of SB 70 is available at *http://www.leginfo.ca.gov/bilinfo*. However, such information is not incorporated in this Official Statement by any reference.

2011-12 Budget. The 2011-12 Budget Act (the "2011-12 Budget") was signed into law by the Governor on June 30, 2011. The Department of Finance has released its summary of the 2011-12 Budget (the "Department of Finance Report"). The following information is drawn from the Department of Finance Report.

The 2011-12 Budget seeks to close the $26.6 billion deficit identified in the Governor's May revision to the Proposed Budget (the "May Revision"), through a combination of measures totaling $27.2 billion. Specifically, the 2011-12 Budget includes $15 billion of expenditure reductions, $900 million of targeted revenue increases, $2.9 billion of other measures and a positive adjustment to the State's revenue outlook totaling $8.3 billion.

The 2011-12 Budget reports that the State economy has continued to improve, with tax collections approximately $1.2 billion above the amounts projected by the May Revision. As a result, the 2011-12 Budget projects an additional $4 billion in revenues during fiscal year 2011-12. Although the 2011-12 Budget does not include any of the Governor's proposed tax extensions, the administration states that it plans to seek voter approval of a ballot measure, by November of 2012, which would protect public safety realignment and supplement the State's revenues.

With the implementation of all measures, the 2011-12 Budget assumes, for fiscal year 2010-11, year-end revenues of $94.8 billion and expenditures of $91.5 billion. The 2011-12 Budget also assumes the State ended fiscal year 2010-11 with a budget deficit of $2 billion. For fiscal year 2011-12, the 2011-12 Budget projects total revenues of $88.5 billion and authorizes total expenditures of $85.9 billion. The 2011-12 Budget projects that the State will end fiscal year 2011-12 with a $543 million surplus.

The 2011-12 Budget also includes a series of "trigger" reductions that are authorized to be implemented in the event the State's revenues are less than forecasted. The first series of reductions, totaling approximately $600 million, would be implemented by January of 2012 if State revenues fall short of projections by more than $1 billion. If by January of 2012 revenues are projected to fall short by more than $2 billion, a second series of reductions totaling approximately $1.9 billion would be implemented, of which $1.8 billion relates to K-12 revenue limit funding and home-to-school transportation.

As part of the second series of such trigger reductions, the 2011-12 Budget authorizes a reduction of $1.5 billion to school district revenue limit funding, and a corresponding reduction to the State-mandated length the school year by seven days. In the event this reduction is implemented, school districts would be permitted to collectively bargain for a shorter school year or accommodate the revenue limit reduction through other means.

Total Proposition 98 funding is decreased in fiscal year 2011-12 to $48.7 billion, including $32.8 billion from the State general fund, which reflects a decrease from the prior year of $1.1 billion. This decrease is a net figure reflective of all budgetary actions taken with respect to the State's share of Proposition 98 funding, including increases in baseline revenues, redirection of certain sales tax revenues related to the realignment of public safety programs, and the rebenching of the Proposition 98 minimum funding guarantee (discussed below).

The 2011-12 Budget rebenches the Proposition 98 minimum funding guarantee to account for the following: (i) an increase of $221.8 million, as part of the realignment of public programs from the State to local governments, to fund the delivery of certain mental health services by school districts, (ii) an increase of $578.1 million to backfill general fund revenues lost from the suspension of sales and excise taxes on motor vehicle fuels, and (iii) a decrease of $1.1 billion to reflect the exclusion of most child care programs from Proposition 98. The minimum funding guarantee is also rebenched to account for a $1.7 billion decrease in State general fund revenues as a result of ABx1 27, a companion bill to the 2011-12 Budget. ABx1 27 authorizes redevelopment agencies to continue operations provided their establishing cities or counties agree to make a specified payment to school districts and county offices of education, which totals $1.7 billion statewide. Pursuant to ABx1 26 (another companion bill to the 2011-12 Budget), redevelopment agencies whose establishing cities or counties elect not to make such payments will be required to shut down, and any net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and school districts.

The 2011-12 Budget also makes a significant, one-time modification to State budgeting requirements under AB 1200. See "DISTRICT FINANCIAL MATTERS – Revenue Limit Sources." School districts will be required to project the same level of revenue per student in 2011-12 as in 2010-11, as well as maintain staffing and program levels commensurate with such level of funding. A related provision of 2011-12 Budget provides that school districts will only be required to budget for the current year, and will not be required to demonstrate that they can meet their financial obligations for the subsequent two fiscal years (2012-13 and 2013-14).

The 2011-12 Budget also implements other significant measures with respect to K-12 education funding, as follows:

- *Apportionment Deferral.* An additional deferral of $1.2 billion in education spending in order to maintain programmatic funding at the fiscal year 2010-11 level.

- *Part-Day Preschool.* A decrease of $62.3 million to reflect a reduction of income eligibility levels to 70% of the State Median Income, and across-the-board reductions to provider contracts.

- *Charter Schools.* $11 million in supplemental categorical funding to charter schools that begin operations between 2008-09 and 2011-12.

- *Clean Technology and Renewable Energy Training.* $3.2 million of increased funding for clean technology and renewable energy job training, career technical education and the Dropout Prevention Program, each of which is designed to provide at-risk high school students with occupational training in areas such as conservation, renewable energy and pollution reduction.

- *Child Care and Development.* A decrease of $180.4 million to child care and development programs, including reductions to license-exempt provider rates, reductions of income eligibility levels to 70% of the State Median Income, and across-the-board reductions to provider contracts.

- *CALTIDES.* A decrease of $2.1 million to reflect elimination of funding for the California Longitudinal Teacher Integrated Data System (CALTIDES). Although the CALTIDES program was intended to provide a central State information depository regarding the teaching workforce, the 2011-12 Budget indicates the program is not a critical need.

- *Office of the Secretary of Education.* The 2011-12 Budget projects a budget savings of $1.6 million through the elimination of the Office of the Secretary of Education.

Additional information regarding the 2011-12 Budget is available from the Department of Finance's website: *www.dof.ca.gov*. However, such information is not incorporated in this Official Statement by any reference.

Recent Litigation Regarding State Budgetary Provisions. On July 18, 2011, the California Redevelopment Association, the League of California Cities, and the Cities of Union City and San Jose filed petition for a writ of mandate (the "Petition") with the Supreme Court of California alleging that ABx1 26 and ABx1 27 violate the California Constitution, as amended by Proposition 22. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 1A and Proposition 22." The petitioners allege, among other things, that ABx1 26 and ABx1 27 seek to illegally divert tax increment revenue from redevelopment agencies by threatening such agencies with dissolution if payments are not made to support the State's obligation to fund education. The Petition was accompanied by an application for a stay seeking to delay implementation of the provisions of ABx1 26 and ABx1 27 until the claims are adjudicated.

The District makes no representations regarding the viability of the claims in the Petition, nor can the District predict whether any of the petitioners will be successful. Moreover, the District makes no representations as to how any final decision by the State Supreme Court would affect the State's ability to fund education in Fiscal Year 2011-12, or in future fiscal years.

Future Actions. The District cannot predict what actions will be taken in the future by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. Continued State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District.

DISTRICT DEBT STRUCTURE

Long-Term Debt

As of June 30, 2011, the District had $180,309,703 of long-term debt outstanding (not including debt of the Mello-Roos community facilities districts (the "CFDs")). The debt of the CFDs is payable from special taxes levied on the parcels within those districts, and the District's general obligation debt, including the Bonds, the District's Series B Bonds (defined below) and the District's Series C Bonds (defined below), is payable from *ad valorem* taxes levied on the parcels within the District, and not from general revenues of the District. The District does not have any significant capital leases.

A schedule of changes in long-term debt for the year ended June 30, 2011 is set forth in Table 14A below.

Table 14A
RIVERSIDE UNIFIED SCHOOL DISTRICT
Long-Term Debt

General Long-Term Debt Account Group	*Balance as of July 1, 2010*	*Additions*	*Deductions*	*Balance as of June 30, 2011*[1]
Series A Bonds[2]	$ 49,515,000	--	$ 1,090,000	$ 48,425,000
Series B Bonds	58,325,000	--	1,885,000	56,440,000
Series C Bonds	49,890,000	--	115,000	49,775,000
Certificates of Participation (2001 Series A)	7,805,000	--	1,160,000	6,645,000
Certificates of Participation (2009 Series A)	8,495,000	--	330,000	8,165,000
Net OPEB Obligation	7,069,106	--	--	7,069,106
Compensated Absences Payable[3]	3,790,597	--	--	3,790,597
	$ 184,889,703	$ --	$ 4,580,000	$180,309,703

(1) Unaudited estimate.
(2) All the outstanding Series A Bonds are being refunded by the Bonds.
Source: Riverside Unified School District.

General Obligation Bonds. Pursuant to the "Measure B" Authorization, the voters of the District approved the issuance of $175,000,000 of general obligation bonds at a November 6, 2001 election, including the Refunded Bonds, which will no longer be outstanding following the issuance of the Bonds. On March 14, 2002, the District issued its Election of 2001 General Obligation Bonds, Series A in the aggregate principal amount of $60,000,000 (the "Series A Bonds"). On April 19, 2006, the District issued its Election of 2001 General Obligation Bonds, Series B in the aggregate principal amount of $65,000,000 (the "Series B Bonds"). On May 22, 2008, the District issued its Election of 2001 General Obligation Bonds, Series C in the aggregate principal amount of $50,000,000 (the "Series C Bonds"). Proceeds of the Bonds will be used to refund all of the outstanding Series A Bonds. See "THE BONDS — Plan of Refunding."

The annual debt service requirements on all of the District's outstanding general obligation bonded debt, including the Bonds, is shown in the table below:

Fiscal Year Ending June 30,	***Series B Bonds***	***Series C Bonds***	***The Bonds***	***Total Annual Debt Service***
2012	$ 4,744,981.26	$ 2,646,137.50	$ 3,487,188.89	$ 10,878,307.65
2013	3,625,206.26	2,664,262.50	4,416,100.00	10,705,568.76
2014	3,503,906.26	2,661,637.50	4,556,900.00	10,722,443.76
2015	3,390,506.26	2,653,887.50	4,668,100.00	10,712,493.76
2016	3,289,706.26	2,651,012.50	2,895,500.00	8,836,218.76
2017	4,984,706.26	2,647,887.50	2,994,100.00	10,626,693.76
2018	4,898,806.26	2,639,637.50	3,091,700.00	10,630,143.76
2019	4,800,356.26	2,636,262.50	3,203,100.00	10,639,718.76
2020	4,704,443.76	2,632,637.50	3,312,500.00	10,649,581.26
2021	4,596,143.76	2,633,637.50	3,429,700.00	10,659,481.26
2022	4,490,550.01	2,634,137.50	5,064,100.00	12,188,787.51
2023	2,930,015.63	2,634,137.50	4,346,100.00	9,910,253.13
2024	3,613,234.38	2,638,512.50	5,174,350.00	11,426,096.88
2025	2,820,468.76	2,642,137.50	5,182,850.00	10,645,456.26
2026	2,817,031.26	2,640,137.50	4,810,100.00	10,267,268.76
2027	3,177,765.63	2,637,637.50	4,669,600.00	10,485,003.13
2028	3,314,062.50	2,634,637.50	--	5,948,700.00
2029	8,142,375.00	2,636,012.50	--	10,778,387.50
2030	8,089,750.00	2,680,512.50	--	10,770,262.50
2031	8,036,000.00	2,722,012.50	--	10,758,012.50
2032	--	6,967,637.50	--	6,967,637.50
2033	--	6,958,012.50	--	6,958,012.50
2034	--	6,957,837.50	--	6,957,837.50
2035	--	6,952,050.00	--	6,952,050.00
2036	--	6,934,593.75	--	6,934,593.75
2037	--	6,923,531.25	--	6,923,531.25
2038	--	6,916,193.75	--	6,916,193.75
2039	--	6,906,662.50	--	6,906,662.50
Totals	$ 89,970,015.77	$ 108,483,393.75	$65,301,988.89	$263,755,398.41

Set forth in Table 14B below are the balances of outstanding bonds for the Community Facilities Districts as of June 30, 2011.

Table 14B
RIVERSIDE UNIFIED SCHOOL DISTRICT
Community Facilities Districts

Community Facilities District	*Original Issue*	*Balance as of June 30, 2011*
2	$ 9,375,000	$ 5,485,000
3	745,000	430,000
4	865,000	575,000
6 (Area 1)	2,185,000	1,825,000
6 (Area 2)	2,470,000	2,135,000
7	24,870,000	22,925,000
8	875,000	725,000
9 (Area 1, 3, 5)	4,430,000	3,825,000
9 (Area 2)	2,485,000	2,195,000
9 (Area 4)	2,790,000	2,390,000
10 (Series A)	1,510,000	1,430,000
11 (Series A)	2,000,000	1,800,000
12 (2004 Series A)	5,095,000	4,820,000
12 (20094 Series A)	1,385,000	1,385,000
13	8,000,000	7,555,000
14 (Series A)	6,560,000	6,105,000
15 (Area 1)	18,675,000	17,295,000
15 (Area 2)	20,155,000	19,080,000
15 (Area 3)	5,465,000	5,465,000
16 (Series A)	5,225,000	4,835,000
17	2,910,000	2,875,000
18	3,090,000	2,850,000
20	1,615,000	1,615,000
21	3,305,000	3,305,000
22	5,710,000	5,410,000
24	5,985,000	5,490,000
26	2,265,000	1,860,000
27	1,700,000	1,670,000
Total	$151,740,000	$137,355,000

Source: Riverside Unified School District.

Short-Term Debt

The District has no short-term debt outstanding.

Direct and Overlapping Debt

Contained within the District are numerous overlapping local agencies providing public services. These local agencies have outstanding debt issued in the form of general obligation, lease revenue and special tax and assessment bonds. The direct and overlapping debt of the District is shown in Table 15 below. Tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds, and non-bonded capital lease obligations are excluded from the debt statement. The District has not reviewed the following table for completion or accuracy and makes no representation in connection therewith.

Table 15
RIVERSIDE UNIFIED SCHOOL DISTRICT
Estimated Direct and Overlapping Bonded Debt
As of August 1, 2011

2011-12 Assessed Valuation:	$ 19,309,832,995
Redevelopment Incremental Valuation:	3,584,519,274
Adjusted Assessed Valuation:	$ 15,725,313,721

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	*% Applicable*	*Debt 8/1/11*
Metropolitan Water District	0.877%	$ 1,996,666
Riverside Community College District	27.181	62,749,614
Riverside Unified School District	**100.**	**152,280,000**[(1)]
Riverside Unified School District Community Facilities Districts	100.	134,120,000
City of Riverside	79.166	12,599,269
City of Riverside Community Facilities Districts	100.	6,432,000
City of Riverside 1915 Act Bonds	100.	18,650,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$ 388,827,549
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Riverside County General Fund Obligations	10.705%	$ 74,574,761
Riverside County Pension Obligations	10.705	39,281,462
Riverside County Board of Education Certificates of Participation	10.705	660,499
Riverside Unified School District Certificates of Participation	**100.**	**14,810,000**
City of Riverside General Fund Obligations	79.166	167,313,383
City of Riverside Pension Obligations	79.166	104,574,328
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$ 401,214,433
Less: Riverside County supported obligations		1,477,630
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$ 399,736,803
GROSS COMBINED TOTAL DEBT		$ 790,041,982[(2)]
NET COMBINED TOTAL DEBT		$ 788,564,352

Ratios to 2011-12 Assessed Valuation:
Direct Debt ($152,280,000).....0.79%
Total Direct and Overlapping Tax and Assessment Debt 2.01%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt ($167,090,000).....1.06%
Gross Combined Total Debt 5.02%
Net Combined Total Debt.....5.01%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11: $0

(1) Excludes the Bond issue to be sold, but includes the Refunded Bonds.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds is payable from the proceeds of an ad valorem tax levied by the County for the payment thereof. (See "THE BONDS" and "SECURITY FOR THE BONDS.") Articles XIIIA, XIIIB, XIIIC and XIIID of the Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes on behalf of the District and the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for

payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the District's voters in compliance with Article XIIIA, Article XIIIC, and all applicable laws.

Article XIIIA of the California Constitution

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

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

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

Legislation Implementing Article XIIIA

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

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

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

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

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("unitary property"). Under the State Constitution, such property is assessed by the State Board of Equalization ("SBE") as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

The California electric utility industry has been undergoing 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 be proposed or adopted in response to industry restructuring, or whether any future litigation 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 "DISTRICT FINANCIAL MATTERS — Revenue Sources."

Article XIIIB of the California Constitution

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

(a) "change in the cost of living" with respect to school districts to mean the percentage change in California per capita income from the preceding year, and

(b) "change in population" with respect to a school district to mean the percentage change in the average daily attendance of the school district from the preceding fiscal year.

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

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

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

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

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

Article XIIIC and Article XIIID of the California Constitution

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

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

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

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which

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

Proposition 98

On November 8, 1988, California voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act, have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of General Fund revenues as the percentage appropriated to such districts in 1986-87, or (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period. The current level of guaranteed funding pursuant to Proposition 98 is 34.55% of the State general fund.

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

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

Proposition 111

On June 5, 1990, the voters of California approved the "Traffic Congestion Relief and Spending Limitation Act of 1990" ("Proposition 111"), which modified the State Constitution to alter the Article XIIIB spending limit and the education funding provisions of Proposition 98. Proposition 111 took effect on July 1, 1990.

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

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

b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess is to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

c. Exclusions from Spending Limit. Two new exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, there are excluded any increases in gasoline taxes above the nine cents per gallon level, sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. The latter provisions were necessary to make effective the transportation funding package approved by the legislature and the Governor, which expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

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

e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues (the "first test") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment (the "second test"). Under Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in California per capita personal income. Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as Proposition 39) to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by fifty-five percent (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1 percent limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, including the District, community college districts, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1 percent of the value of property. Property taxes may only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to buy or improve real property that receive two-thirds voter approval after July 1, 1978.

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

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Beginning, in 2008-09, the State is authorized to shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments with in a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts

the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 will be approximately $1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1 percent of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's general fund costs by approximately $1 billion annually for several decades.

State Cash Management Legislation

Since 2002, the State has engaged in the practice of deferring certain apportionments to school districts in order to manage the State's cash flow. This practice has included deferring certain apportionments from one fiscal year to the next. These "cross-year" deferrals have been codified and are expected to be on-going. Legislation enacted with respect to fiscal year 2011-12 provides for additional inter-fiscal year deferrals.

On March 24, 2011, the Governor signed into law Senate Bill 82 ("SB 82"), which extended into fiscal year 2011-12 provisions of existing law designed to effectively manage the State's cash resources. SB 82 authorizes the deferral of State apportionments during fiscal year 2011-12, as follows: (i) $700 million from July 2011 to September 2011, (ii) $700 million from July 2011 to January 2012, (iii) $1.4 billion from August 2011 to January 2012, (iv) $2.4 billion from October 2011 to January 2012, and (v) $1.4 billion from March 2012 to April 2012. Collectively, these deferrals are referred to as the "Cash Management Deferrals." The State Department of Education was required to certify to school districts no later than April 15, 2011 which of the 2011-12 Cash Management Deferrals will be implemented, and in what amounts. On April 15, 2011, the Department of Education released a projected scheduled of State apportionments showing that all of the 2011-12 Cash Management Deferrals would be implemented. SB 82 provided for an exemption to the Cash Management Deferrals for a school district that would be unable to meet its expenditure obligations if its State apportionments are delayed. The District, however, has not applied for or received an exemption from any of the Cash Management Deferrals.

As of June 30, 2011, the State's Cash Management Deferrals to the District totaled approximately $70,000,000. The District has continued to manage the impact of the State's Cash Management Deferrals internally without using any short-term borrowing options. However, if State's Cash Management Deferrals continue for a significant period of time, or if State's Cash Management Deferrals are increased, the District may need to resort to short-term borrowing options in order to manage its cash flow. See "DISTRICT FINANCIAL MATTERS."

In the event any of the Cash Management Deferrals are implemented, SB 82 requires that the State Controller, State Treasurer and State Director of Finance review, as necessary but no less than monthly, the actual State general fund cash receipts and disbursements in comparison to the Governor's most recent revenue and expenditure projections. If the Controller, State Treasurer and Director of Finance determine that sufficient cash is available to pay the State apportionments being deferred while maintaining a prudent cash reserve, such State apportionments are required to be paid as soon as feasible.

Recent Litigation Regarding State Funding of Education

On May 20, 2010, more than 60 individual students and their respective families, nine California school districts, including the District, the California Congress of Parents Teachers & Students, the Association of California School Administrators, and the California School Boards Association filed a

complaint for declaratory and injunctive relief, entitled *Maya Robles-Wong, et al. v. State of California, et al.*, (the "Robles Complaint") in the Alameda County Superior Court. The Robles Complaint alleges, among other things, that the State's current system of funding public education is not designed to support core education programs and that the State has failed to meet its constitutional duties to maintain and support a system of common schools. The Robles Complaint further alleges that the State's system for funding education is not rationally or demonstrably aligned with the goals and objectives of the State's prescribed educational program, and the costs of ensuring that children of all needs have the opportunity to become proficient in accordance with State academic standards. The Robles Complaint requests that the court enter a permanent injunction to, among other things, require the State to align its school finance system with its prescribed educational program, as well as to direct the defendants to cease operating the existing public school finance system or any other system of public finance that does not meet the requirements of the State Constitution. On January 14, 2011, the Superior Court dismissed major portions of the case, allowing the plaintiffs to proceed only on the question of whether the State's public education funding scheme provides equal opportunities to students throughout the State, but rejecting the claim that the State Constitution mandates an overall qualitative standard for public education. At a hearing held on July 1, 2011, the Superior Court sustained the defendant's demurrer to the plaintiffs' first amended complaint filed on March 16, 2011, determining that the plaintiffs failed to state an equal protection claim. The Superior Court once again granted the plaintiffs leave to amend their complaint with respect to the equal protection claim.

The District cannot predict whether any of the plaintiffs listed in the Robles Complaint will be successful, what the potential remedies would be or the State's response to any such remedies. The District makes no representation with regards to how any final court decision with respect to the Robles Complaint would affect the financial status of the District or the State.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 26, 98 and 111 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

CONTINUING DISCLOSURE

Pursuant to the Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"), a form of which is attached to this Official Statement as Appendix D, the District has agreed to provide certain annual financial and operating data to the Electronic Municipal Market Access System ("EMMA") of the Municipal Securities Rulemaking Board (the "MSRB"), which can be found at *www.emma.msrb.org*, not later than the March 1 following the end of each Fiscal Year of the District. In addition, the District has agreed to report the occurrence of certain material events. Filings to be made under the Continuing Disclosure Certificate of the District are to be made to EMMA. See APPENDIX D — "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

These covenants in the Continuing Disclosure Certificate have been made in order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission. The Owners of the Bonds are third party beneficiaries of the Continuing Disclosure Certificate. A default under the Continuing Disclosure Certificate is not an event of default under the Resolution. In addition, no person or entity shall be entitled to recover any monetary damages under the Continuing Disclosure Certificate and the sole remedy is to bring an action against the District to compel performance with the terms of the agreement.

The District represents that it has not failed to comply in any material respects with any other previous undertakings with respect to Rule 15c2-12 in the last five fiscal years.

LEGAL MATTERS

Tax Exemption

In the opinion of Best Best & Krieger LLP, Riverside, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. Bond Counsel notes that interest on the Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. Bond Counsel further notes, however, that, with respect to corporations, such interest may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of corporations.

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

Should the interest on the Bonds become includable in gross income for federal income tax purposes, the Bonds are not subject to early redemption as a result of such occurrence and will remain outstanding until maturity or until otherwise redeemed in accordance with the Resolution.

Bond Counsel's opinion may be affected by action taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds. Bond Counsel has not undertaken to determine, or to inform any person, whether any such action or events are taken or do occur, or whether such actions or events may adversely affect the value or tax treatment of a Bond, and Bond Counsel expresses no opinion with respect thereto.

The Internal Revenue Service (the "IRS") has initiated an expanded program for auditing tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit (or by an audit of similar bonds).

Although Bond Counsel has rendered an opinion that interest on the Bonds is excluded from gross income for federal income tax purposes provided the District continues to comply with certain requirements of the Code, the accrual or receipt of interest on the Bonds may otherwise affect the tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status and other items of income or deductions. Bond Counsel expresses no opinion regarding any such consequences. Accordingly, all potential purchasers should consult their tax advisors before purchasing any of the Bonds.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. As one example, on September 12, 2011, the Obama Administration announced a legislative proposal entitled the American Jobs Act of 2011. For tax years beginning on or after January 1, 2013, the American Jobs Act of 2011 generally would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or

marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Legal Opinion

The legal opinion of Bond Counsel, approving the validity of the Bonds, substantially in the form of Appendix A to this Official Statement, will be made available to purchasers at the time of original delivery of the Bonds and a copy of the opinion will be delivered with each Bond. Bond Counsel expresses no opinion to the Owners of the Bonds as to the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Bonds and expressly disclaims any duty to advise the Owners of the Bonds as to matters related to the Official Statement.

Legality for Investment in California

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

No Litigation

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

MISCELLANEOUS

Ratings

Moody's Investors Service ("Moody's") and Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") are expected to assign ratings of "Aa3" (negative outlook) and "AA+" (CreditWatch negative), respectively, to the Insured Bonds with the understanding that, upon delivery of the Insured Bonds, a policy insuring the payment when due of the principal of and interest on the Insured Bonds will be insured by AGM. Moody's and S&P have assigned underlying ratings of "Aa2" and "A+," respectively, to the Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of the ratings should be obtained from: Standard & Poor's Rating Services, 55 Water Street, New York, New York 10041 and Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10041. Generally, rating agencies base their ratings on the information and materials furnished to them and on investigations, studies and assumptions of their own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of the rating agencies, circumstances so warrant. Any such downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

Underwriting

The Bonds were purchased at competitive sale on September 22, 2011, by Stone & Youngberg LLC (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of $50,374,625.76 (which is equal to the principal amount of the Bonds, plus original issue premium of $4,462,725.00 less $213,099.24 of underwriter's discount. The Official Notice of Sale provides that the Underwriter will purchase all of the

Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said agreement, the approval of certain legal matters by counsel and certain other conditions.

Stone & Youngberg LLC is expected to be acquired by Stifel Nicolaus on or about October 1, 2011, and, upon completion of that transaction, Stone & Youngberg LLC's rights and responsibilities with respect to the underwriting of the Bonds will be assumed by Stifel Nicolaus.

Audited Financial Statements

The District's audited financial statements for Fiscal Year 2009-10, included in this Official Statement have been audited by Vavrinek, Trine, Day & Co., LLP, independent auditors, as stated in their report in this Official Statement. Attention is called to the scope limitation described in the auditor's report accompanying the financial statements. Vavrinek, Trine, Day & Co., LLP has not undertaken to update the audited financial statements for Fiscal Year 2009-10 or its report, and no opinion is expressed by Vavrinek, Trine, Day & Co., LLP with respect to any event subsequent to its report dated December 15, 2010. See APPENDIX B — "DISTRICT'S AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2010."

Financial Interests

In connection with the issuance of the Bonds, the fees being paid to Best Best & Krieger LLP, as Bond Counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel, U.S. Bank National Association, as Paying Agent and Registrar and Fieldman, Rolapp & Associates, Inc., as Financial Advisor, are contingent upon the issuance and delivery of the Bonds.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to purchasers of the Bonds. Quotations from and summaries and explanations of the Bonds and of the statutes and documents contained in this Official Statement do not purport to be complete, and reference is made to such documents and statutes for full and complete statements of their provisions.

Any Bond owner may obtain copies of District audits and budgets, as available, from the District at 3380 14th Street, Riverside, California 92501. The District may impose a charge for copying, mailing 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 to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Bonds.

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

RIVERSIDE UNIFIED SCHOOL DISTRICT

By: /s/ Michael H. Fine
Deputy Superintendent, Business Services and Governmental Relations

APPENDIX A

FORM OF OPINION OF BOND COUNSEL

[Date of Delivery]

Board of Education
Riverside Unified School District
3380 14th Street
Riverside, California 92501

Re: $46,125,000 Riverside Unified School District General Obligation Refunding Bonds, Series 2011

Ladies and Gentlemen:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $46,125,000 Riverside Unified School District General Obligation Refunding Bonds, Series 2011 (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

1. Such proceedings and certifications demonstrate lawful authority for the issuance and sale of the Bonds pursuant to Article 9 (commencing with Section 53550) and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, and a resolution of the Board of Education of the District (the "Resolution").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of the levy of ad valorem taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that, with respect to corporations, such interest may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of corporations.

4. Interest on the Bonds is exempt from State of California personal income tax.

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

The opinions expressed herein as to the exclusion from gross income of interest on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that such interest will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted in the Resolution to comply with all such requirements.

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

Respectfully submitted,

APPENDIX B

DISTRICT'S AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2010

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District and the Underwriter believe to be reliable, but neither the District nor the Underwriter takes any responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value, if any, and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

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 will be issued for each annual maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 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 Standard & Poor's highest rating: AAA. 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 and www.dtc.org.

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

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

such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, 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 Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, 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 Bond Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, 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 Trustee. 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 Trustee'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 Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

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

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (the "Disclosure Certificate") is executed and delivered by the Riverside Unified School District (the "Issuer"), in connection with the issuance and delivery of its $46,125,000 General Obligation Refunding Bonds, Series 2011 (the "Bonds"). The Bonds are being issued pursuant to a resolution of the Issuer adopted on September 6, 2011 (the "Resolution"). The Issuer covenants as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

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

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

"Disclosure Representative" shall mean the Superintendent of the Issuer, Deputy Superintendent, Business Services and Governmental Relations of the Issuer or either of their designees, or such other officer or employee as the Issuer shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean, initially, the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has been filed with the Dissemination Agent a written acceptance of such designation.

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

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org/, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Tax-exempt" shall mean that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preferences or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent upon written direction to, not later than March 1 after the end of the Issuer's Fiscal Year, commencing with the report for the Fiscal Year ending June 30, 2011, provide to the Repository an Annual Report which is consistent with the requirements of

Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from and later than the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report.

The Annual Report shall be provided at least annually notwithstanding any Fiscal Year longer than 12 calendar months. The Issuer's Fiscal Year is currently effective from July 1 to the immediately succeeding June 30 of the following year. The Issuer will promptly notify the Repository and the Paying Agent and the Dissemination Agent of a change in the Fiscal Year dates. The Issuer shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Issuer and shall have no duty or obligation to review such Annual Report.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Issuer shall provide the Annual Report to the Dissemination Agent (if the Issuer is not the Dissemination Agent). If by fifteen (15) Business Days prior to such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent (if the Issuer is not the Dissemination Agent) shall contact the Issuer to determine if the Issuer is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent shall send a notice to the Repository, in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and

(ii) promptly after receipt of the Annual Report, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided. The Dissemination Agent's duties under this clause (ii) shall exist only if the Issuer provides the Annual Report to the Dissemination Agent for filing.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) (i) The audited financial statements of the Issuer for the most recent Fiscal Year of the Issuer then ended; (ii) the most recently adopted budget of the Issuer and, if required to be prepared and filed, the First Interim Report for the then current Fiscal Year; and (iii) an update of the information contained in Tables 1 through 4 and 7 contained under the headings "TAX BASE FOR REPAYMENT OF BONDS" and "THE DISTRICT" in the Official Statement for the Bonds. If the audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain any unaudited financial statements of the Issuer in a format similar to the financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. Audited financial statements, if any, of the Issuer shall be audited by such auditor as shall then be required or permitted by State law. Audited financial statements shall be prepared in accordance with generally accepted accounting principles as prescribed for governmental units by the Governmental Accounting Standards Board; provided, however, that the Issuer may from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the Issuer shall modify the basis upon which its financial statements are prepared, the Issuer shall provide a notice of such modification to the

Repository, including a reference to the specific federal or state law or regulation specifically describing the legal requirements for the change in accounting basis.

(b) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. defeasances.

4. rating changes.

5. the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).

6. unscheduled draws on the debt service reserves reflecting financial difficulties.

7. unscheduled draws on credit enhancement reflecting financial difficulties.

8. substitution of the credit or liquidity providers or their failure to perform.

9. bankruptcy, insolvency, receivership or similar event of the District. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes, if material:

1. non-payment related defaults.

2. modifications to rights of Noteholders.

3. optional, contingent or unscheduled note calls.

4. unless described under Section 5(a)(5) above, adverse tax opinions, material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes.

5. release, substitution or sale of property securing repayment of the Notes.

6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

7. Appointment of a successor or additional trustee or paying agent with respect to the Notes or the change of name of such a trustee or paying agent.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(c) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The obligations of the Issuer under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The Dissemination Agent may resign by providing thirty days written notice to the Issuer. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the Issuer. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the Issuer in a timely manner and in a form suitable for filing.

SECTION 8. Amendment. (a) This Disclosure Certificate may be amended, by written agreement of the parties, without the consent of the Owners, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby, (2) this Disclosure Certificate as so amended would have complied with the requirements of the Rule as of the date of this Disclosure Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) there shall have been delivered to the Issuer an opinion of a nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Issuer, to the same effect as set forth in clause (2) above, (4) the Issuer shall have delivered to the Dissemination Agent an opinion of nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Issuer, to the

effect that the amendment does not materially impair the interests of the Owners, and (5) the Issuer shall have delivered copies of such opinion and amendment to each Repository.

(b) This Disclosure Certificate may be amended, by written agreement of the parties, upon obtaining consent of Owners at least 25% of the outstanding Bonds; provided that the conditions set forth in Section 8(a)(1), (2) and (3) have been satisfied; and provided, further, that neither the Paying Agent or the Dissemination Agent shall be obligated to enter into any such amendment that modifies or increases its duties or obligations hereunder.

(c) To the extent any amendment to this Disclosure Certificate results in a change in the type of financial information or operating data provided pursuant to this Disclosure Certificate, the first Annual Report provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change.

(d) If an amendment is made to the basis on which financial statements are prepared, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a quantitative and, to the extent reasonably feasible, qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

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

The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that under some circumstances compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

SECTION 10. Default. In the event the Issuer fails to comply with any provision in this Disclosure Certificate, the Dissemination Agent may (or shall upon direction of the Owners of 25% in aggregate principal of the Bonds then outstanding or the Underwriter) take all action necessary to cause the Issuer to comply with this Disclosure Certificate. In the event of a failure of the Dissemination Agent to comply with any provision of this Disclosure Certificate, any Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Paying Agent and Dissemination Agent. The Dissemination Agent (if other than the Issuer) shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the

Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Issuer for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to them hereunder and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Bond holders, or any other party. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. No person shall have any right to commence any action against the Dissemination Agent hereunder, seeking any remedy other than to compel specific performance of this Disclosure Certificate. The Dissemination Agent shall not be liable under any circumstances for monetary damages to any person for any breach under this Disclosure Certificate.

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

Dated: October 5, 2011

RIVERSIDE UNIFIED SCHOOL DISTRICT

By: _____

Its: Deputy Superintendent, Business Services and Governmental Relations

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Riverside Unified School District
Name of Bond Issue:	$46,125,000 Riverside Unified School District General Obligation Refunding Bonds, Series 2011
Date of Issuance:	October 5, 2011

NOTICE IS HEREBY GIVEN that the Riverside Unified School District (the "School District") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of its Continuing Disclosure Certificate dated October 5, 2011. [The School District anticipates that the Annual Report will be filed by _____.]

Dated: September __, 2011

RIVERSIDE UNIFIED SCHOOL DISTRICT

By: _____
Its: Deputy Superintendent, Business Services and Governmental Relations

cc: Issuer

APPENDIX E

GENERAL INFORMATION CONCERNING THE CITY OF RIVERSIDE

The following information concerning the City of Riverside (the "City"), the County of Riverside (the "County") and the State of California (the "State") is presented as general background information. The Bonds are not an obligation of the City, the County or the State and the taxing the power of the City, the County and the State are not pledged to the payment of the Bonds.

The District has not independently verified the information set forth in this Appendix E and while this information is believed to be reliable, it is not guaranteed as to accuracy by the District.

General

The City is the county seat of the County and is located in the western portion of the County about 60 miles east of downtown Los Angeles and approximately 90 miles north of San Diego. Within 20 miles of the City are the cities of San Bernardino, Loma Linda, Corona, Norco, Fontana, Ontario, Rialto, Colton, Moreno Valley and Redlands, among others. These cities and the City are located in the County and the County of San Bernardino and comprise the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (the "MSA"). The MSA represents an important economic area of the State and of Southern California. It lies to the west and south respectively of the strategic San Gorgonio and Cajon Passes, from which three transcontinental railroads and interstate highways converge to connect the Los Angeles area with the other areas of the nation. The City is situated in close proximity to the metropolitan centers of Los Angeles and Orange Counties.

The County and San Bernardino County cover 27,400 square miles, a land area larger than the State of Virginia. With a population of over 3.2 million, the area ranks as one of the largest MSAs in the United States. The County alone is larger than the State of New Jersey. The MSA, though small geographically in relation to the bi-county area, contains most of the two counties' population.

Population

The following table offers population figures for the City, the County and the State for 2007 through 2011.

Area	***2007***	***2008***	***2009***	***2010***	***2011***
City of Riverside	291,814	296,038	300,769	304,051	306,779
County of Riverside	2,030,054	2,077,183	2,109,882	2,189,641	2,217,778
State of California	37,463,609	37,871,509	38,255,508	37,253,956	37,510,766

Source: *State of California, Department of Finance, E-5 Population Estimates for Cities, Counties and the State. Benchmark 2000 for year 2007-2009, Benchmark 2010 for years 2010-2011.* Sacramento, California, May 2011.

Construction Activity

The following tables show building permit valuations and new housing units in the City and the County for 2006 through 2010.

CITY OF RIVERSIDE
Building Permit Valuation and New Housing Units

	2006	*2007*	*2008*	*2009*	*2010*
Residential					
Single Family	$ 200,821,000	$ 88,770,600	$ 23,168,900	$ 15,420,400	$ 27,882,400
Multi-Family	32,498,800	59,369,500	24,410,600	1,711,300	23,278,400
Alteration/Additions	17,139,300	18,372,300	16,864,600	6,812,300	7,603,400
Total	$ 250,459,200	$ 166,512,400	$ 64,444,100	$ 23,944,000	$ 58,764,200
Non-Residential					
New Commercial	$ 118,436,300	$ 117,693,600	$ 55,156,500	$ 16,667,400	$ 42,753,600
New Industry	35,584,200	45,943,600	13,778,900	0	0
Other[(1)]	26,905,600	27,857,200	11,023,800	7,370,900	9,051,800
Alteration/Additions	63,389,200	67,889,500	59,695,900	21,845,000	35,463,300
Total	$ 244,315,300	$ 259,383,900	$ 139,655,200	$ 45,883,300	$ 87,268,700
Total All Industry	$ 494,774,400	$ 425,896,300	$ 204,099,300	$ 69,827,300	$ 146,032,900
New Housing Units					
Single Family Units	847	342	69	56	107
Multi-Family Units	286	599	216	23	266
Total	1,133	941	285	79	373

(1) Includes churches and religious building, hospitals and institutional buildings, schools and educational buildings, residential garages, public works and utilities buildings and non-residential alterations and additions.
(2) May not add up due to rounding.
Source: Construction Industry Research Board.

COUNTY OF RIVERSIDE
Building Permit Valuation and New Housing Units

	2006	*2007*	*2008*	*2009*	*2010*
Residential					
Single Family	$ 4,412,255,100	$ 2,207,319,500	$ 1,214,753,000	$ 892,790,000	$ 914,057,400
Multi-Family	431,580,900	238,315,900	243,741,900	75,756,100	71,151,900
Alteration/Additions	158,099,400	141,997,000	118,488,700	85,148,000	94,427,500
Total	$ 5,001,935,400	$ 2,587,832,400	$ 1,576,983,500	$1,053,694,100	$ 1,079,636,800
Non-Residential					
New Commercial	$ 648,065,700	$ 682,331,000	$ 539,943,400	$ 94,651,400	$ 191,323,700
New Industry	288,352,600	184,505,600	70,410,800	12,277,600	6,685,500
Other[(1)]	290,006,300	240,767,000	138,765,200	107,332,100	98,104,600
Alteration/Additions	303,408,900	350,539,100	292,693,800	162,557,500	243,265,500
Total	$ 1,529,833,400	$ 1,458,142,700	$ 1,041,813,100	$ 376,818,700	$ 539,379,400
Total All Industry	$ 6,531,768,900	$ 4,045,973,100	$ 2,618,796,000	$1,430,516,000	$ 1,619,019,000
New Housing Units					
Single Family Units	20,692	9,763	3,815	3,431	4,031
Multi-Family Units	4,519	2,690	2,104	759	526
Total	25,211	12,453	5,919	4,190	4,557

(1) Includes churches and religious building, hospitals and institutional buildings, schools and educational buildings, residential garages, public works and utilities buildings and non-residential alterations and additions.

(2) May not add up due to rounding.

Source: Construction Industry Research Board.

Employment

The following table sets forth the major employers located in the County in 2010.

LARGEST EMPLOYERS

Rank	*Name of Business*	*No. of Employees in Riverside County*	*Type of Business*
1	County of Riverside	17,669	County Government
2	March Air Reserve Base	8,500	Military Reserve Base
3	Stater Bros. Markets	6,900	Supermarkets
4	University of California, Riverside	5,790	University
5	Corona Norco Unified School District	4,790	School District
6	KSL Resorts	4,000	Resort
7	Pechanga Resort & Casino	4,000	Casino & Resort
8	Riverside Unified School District	3,801	School District
9	Hemet Unified School District	3,546	School District
10	Moreno Valley Unified School District	3,481	School District
11	Abbot Vascular	3,229	Surgical & Medical Instruments Manufacturer
12	Agua Caliente Band of Cahuilla Indians	2,800	Tribal Government/Casinos
13	Temecula Valley Unified School District	2,749	School District
14	City of Riverside	2,600	City Government
15	Eisenhower Medical Center	2,400	Hospital
16	Desert Sands Unified School District	2,360	School District
17	Riverside County Regional Medical Center	2,300	Hospital
18	Lake Elsinore Unified School District	2,291	School District
19	Morongo Casino, Resort & Spa	2,100	Casino & Resort
20	Palm Springs Unified School District	2,074	School District
21	Riverside Community College District	2,072	Community College District
22	Jurupa Unified School District	1,956	School District
23	Riverside Community Hospital	1,838	Hospital
24	Murrieta Valley Unified School District	1,816	School District
25	Coachella Valley Unified School District	1,767	School District

Source: Information gathered by Riverside County Economic Development Agency from employers listed websites and public records. 2010.

Employment and Industry

The following table represents the estimated Annual Average Labor Force and Industry Employment for the County for the period from 2006 through 2010.

COUNTY OF RIVERSIDE
Industry Employment & Labor Force - by Annual Average
March 2010 Benchmark

	2006	*2007*	*2008*	*2009*	*2010*
Nonfarm Industries					
Goods Producing					
Natural Resources and Mining	700	700	500	500	400
Construction	80,700	68,900	54,700	40,400	35,600
Manufacturing	57,000	54,400	48,400	39,000	38,000
Total Goods Producing	138,400	124,000	103,700	79,900	73,900
Service Providing					
Trade, Transportation and Utilities	123,400	130,000	126,400	117,200	116,900
Information	7,700	7,800	7,700	8,500	10,200
Financial Activities	23,600	23,000	22,300	20,700	19,300
Professional and Business Services	62,600	63,000	58,000	53,600	50,600
Educational and Health Services	53,500	56,900	58,100	57,900	58,600
Leisure and Hospitality	71,900	73,700	72,800	68,700	68,500
Other Services	20,500	20,100	19,400	18,100	18,100
Government	104,800	108,800	110,600	109,300	107,800
Total Service Providing	468,000	483,300	475,200	454,000	450,000
Total Nonfarm Industries[(1)]	606,400	607,200	578,900	533,900	523,900
Total Farm Industry	14,200	13,000	13,100	12,400	12,800
Total, All Industries[(2)]	620,600	620,200	592,000	546,300	536,700

(1) Total of Goods Producing and Service Providing Industries.
(2) Total of Nonfarm and Farm Industries.
Source: State of California Employment Development Department.

The following table summarizes the labor force, employment and unemployment figures for the years 2005 through 2010 for the City, the County, the State and the nation as a whole.

CITY OF RIVERSIDE, COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA AND UNITED STATES
Average Annual Civilian Labor Force, Employment and Unemployment

Year and Area	*Labor Force*	*Employment* [1]	*Unemployment* [2]	*Unemployment Rate (%)* [3]
2005				
City of Riverside	150,100	142,000	8,200	5.4%
Riverside County	857,300	811,000	46,300	5.4
California	17,629,200	16,671,900	957,200	5.4
United States[4]	149,320,000	141,730,000	7,591,000	5.1
2006				
City of Riverside	155,300	147,400	7,900	5.1%
Riverside County	890,100	845,300	44,800	5.0
California	17,821,100	16,948,400	872,700	4.9
United States[4]	151,428,000	144,427,000	7,001,000	4.6
2007				
City of Riverside	158,900	149,200	9,600	6.1%
Riverside County	911,500	856,500	55,000	6.0
California	18,078,000	17,108,700	969,300	5.4
United States[4]	153,124,000	146,047,000	7,078,000	4.6
2008				
City of Riverside	160,400	146,600	13,700	8.6%
Riverside County	918,800	839,900	79,000	8.6
California	18,391,800	17,059,600	1,332,300	7.2
United States[4]	154,287,000	145,362,000	8,924,000	5.8
2009				
City of Riverside	161,200	139,400	21,800	13.5%
Riverside County	913,900	790,000	123,900	13.6
California	18,250,200	16,163,900	2,086,200	11.4
United States[4]	154,142,000	139,877,000	14,265,000	9.3
2010				
City of Riverside	160,700	136,900	23,800	14.8%
Riverside County	913,400	779,100	134,300	14.7
California	18,176,200	15,916,300	2,259,900	12.4
United States[4]	153,889,000	139,064	14,825,000	9.6

(1) Includes persons involved in labor-management trade disputes.
(2) Includes all persons without jobs who are actively seeking work.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
(4) Not strictly comparable with data for prior years.

Source: California Employment Development Department and U.S. Department of Labor, Bureau of Labor Statistics.

Personal Income

Personal Income is the income that is received by all persons from all sources. It is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment,

personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance.

The personal income of an area is the income that is received by, or on behalf of, all the individuals who live in the area; therefore, the estimates of personal income are presented by the place of residence of the income recipients.

PERSONAL INCOME
Riverside County
1999-2009
(Dollars in Thousands)

Year	*Riverside County*	*Annual Percent Change*
1999	$35,237,015	6.3%
2000	38,238,713	8.5
2001	41,362,569	8.2
2002	43,619,437	5.5
2003	46,998,756	7.7
2004	50,899,067	8.3
2005	55,177,442	8.4
2006	60,450,585	9.6
2007	63,491,937	5.0
2008	64,503,728	1.6
2009	63,228,086	(2.0)

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

The following tables summarizes per capita personal income for Riverside County, California and the United States for 1999-2009. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

PER CAPITA PERSONAL INCOME
Riverside County, State of California and the United States
1999-2009

Year	*Riverside County*	*California*	*United States*
1999	$23,368	$30,679	$28,333
2000	24,526	33,398	30,318
2001	25,616	33,890	31,145
2002	25,922	34,045	31,462
2003	26,647	34,977	32,271
2004	27,578	36,904	33,881
2005	28,777	38,767	35,424
2006	30,303	41,567	37,698
2007	30,882	43,240	39,461
2008	30,894	43,853	40,674
2009	29,748	42,395	39,635

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Retail Sales

The table below presents the County's retail permits and transactions for the years 2005 through the first quarter of 2010.

COUNTY OF RIVERSIDE
Taxable Transactions For Years 2005 through 2010
(in Thousands)

	Retail Permits	*Retail Stores Taxable Transactions*	*Total Permits*	*Total Outlets Taxable Transactions*
2005	22,691	$20,839,212	44,222	$28,256,491
2006	23,322	21,842,345	43,672	29,816,237
2007	22,918	21,242,516	45,279	29,023,609
2008	23,604	18,689,249	46,272	26,003,595
2009	29,829	16,057,488	42,765	22,227,877
2010[(1)]	29,626	$4,088,902	42,308	5,554,758

(1) First Quarter only.
Source: California State Board of Equalization.

The table below presents the City's retail permits and transactions for the years 2005 through the first quarter of 2010.

CITY OF RIVERSIDE
Taxable Transactions For Years 2005 through 2010
(in Thousands)

	Retail Permits	*Retail Stores Taxable Transactions*	*Total Permits*	*Total Outlets Taxable Transactions*
2005	3,981	$4,019,963	7,664	$4,950,254
2006	3,990	4,082,977	7,237	5,034,072
2007	3,812	3,888,251	7,427	4,789,554
2008	3,889	3,209,083	7,578	4,093,218
2009	5,033	2,734,550	7,202	3,500,514
2010[(1)]	5,084	$677,962	7,245	$861,905

(1) First Quarter only.
Source: California State Board of Equalization.

APPENDIX F

COUNTY OF RIVERSIDE
OFFICE OF THE TREASURER TAX-COLLECTOR
STATEMENT OF INVESTMENT POLICY

INTRODUCTION

The Treasurer's Statement of Investment Policy is presented annually to the County Investment Oversight Committee for review and to the Board of Supervisors for approval, pursuant to the requirements of Sections 53646(a) and 27133 of the California Government Code (the Code). This policy will become effective immediately upon approval by the Board of Supervisors.

SCOPE

The Treasurer's Statement of Investment Policy is limited in scope to only those County, school and special district fund assets actually deposited and residing in the County Treasury. It does not apply to bond funds or other assets belonging to the County of Riverside, or any affiliated public agency the assets of which reside outside of the County Treasury.

FIDUCIARY RESPONSIBILITY

Section 27000.3 of the Code declares each treasurer, or governing body authorized to make investment decisions on behalf of local agencies, to be a trustee and therefore a fiduciary subject to the prudent investor standard. This standard, as stated in Section 27000.3 requires that "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the county treasurer or the board of supervisors, as applicable, shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the county and other depositors, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the county and the other depositors."

PORTFOLIO OBJECTIVES

The first and primary objective of the Treasurer's investment of public funds is to safeguard investment principal; second, to maintain sufficient liquidity within the portfolio to meet daily cashflow requirements; and third, to achieve a reasonable rate of return or yield on the portfolio consistent with these objectives. The portfolio shall be actively managed in a manner that is responsive to the public trust and consistent with State law.

AUTHORITY

Statutory authority for the Treasurer's investment and safekeeping functions are found in Code Sections 53601 and 53635 et. seq. The Treasurer's authority to make investments is to be renewed annually, pursuant to state law. It was last renewed by the Board of Supervisors on November 2, 2010 by County Ordinance No. 767.14. Code Section 53607 effectively requires the legislative body to delegate investment authority of the County on an annual basis.

AUTHORIZED INVESTMENTS
Investments shall be restricted to those authorized in Code Sections 53601 and 53635 as amended and as further restricted by this policy statement. All investments shall be governed by the restrictions shown in Schedule I which defines the type of investments authorized, maturity limitations, portfolio diversification, credit quality standards (two of the three nationally recognized ratings shall be used for corporate securities), and purchase restrictions that apply.

STAFF AUTHORIZED TO MAKE INVESTMENTS AND WIRE TRANSFERS
Only the Treasurer-Tax Collector, Don Kent, Assistant Treasurer-Tax Collector, Jon Christensen, Investment Manager, Giovane Pizano, and Assistant Investment Manager, Angela Tressler, are authorized to make investments (except in the case of an emergency) and to order the receipt and delivery of investment securities among custodial security clearance accounts. Additionally, authorized Capital Markets staff member(s) may execute end-of-day bank and/or money market fund transfers. Staff authorized to make wire or electronic fund transfers (EFT's), and staff authorized to release these wires and EFT's are governed under the Treasurer's Wire Policy.

AUTHORIZED BROKER/DEALERS
Securities transactions are limited solely to those noted on Schedule II of this policy.

DAILY ACCOUNTABILITY AND CONTROL
Except for emergencies or previous authorization by the Treasurer-Tax Collector, all investment transactions are to be conducted at the Treasurer-Tax Collector's office (if open and available to conduct business), documented, and reviewed by the Treasurer-Tax Collector. All investment transactions will be entered daily into the Treasurer's internal financial accounting system with copies to be filed on a timely basis. Portfolio income shall be reconciled daily against cash receipts and quarterly, prior to the distribution of earnings among those entities sharing in pooled fund investment income.

SECURITY CUSTODY & DELIVERIES
All securities except for money market funds registered in the County's name and securities issued by the County or other local agencies shall be deposited for safekeeping with banks contracted to provide the County Treasurer with custodial security clearance services. These third party trust department arrangements provide the County with a perfected interest in, and ownership and control over the securities held by the custodian on the County's behalf, and are intended to protect the County from the bank's own creditors in the event of a bank default and filing for bankruptcy. Securities are NOT to be held in investment firm/broker dealer accounts. All security transactions are to be conducted on a "delivery versus payment basis." Confirmation receipts on all investments are to be reviewed immediately for conformity with County transaction documentation. Securities issued by local agencies purchased directly shall be held in the Treasurer's vault. The security holdings shall be reconciled monthly and audited quarterly by the Treasurer's Internal Audits staff.

COMPETITIVE PRICING
Investment transactions are to be made at current market value and competitively priced whenever possible. Competitive pricing does not necessarily require submission of bids, but does require adequate comparative analysis. The current technology utilized by the Treasury provides this information.

MATURITY LIMITATIONS
No investment shall exceed a final maturity date of five years from the date of purchase unless it is authorized by the Board of Supervisors pursuant to Code Section 53601.

LIQUIDITY
The portfolio shall maintain a weighted average days to maturity (WAM) of less than 541 days or 1.5 years. To provide sufficient liquidity to meet daily expenditure requirements, the portfolio shall maintain at least 40% of its total value in securities having maturities 1 year or less.

SECURITIES LENDING
The Treasurer may engage in securities lending activity limited to 20% of the portfolio's book value on the date of transaction. Instruments involved in a securities lending program are restricted to those securities pursuant to Code Section 53601(i) and by the Treasurer's Statement of Investment Policy.

REVERSE REPURCHASE AGREEMENTS
The Treasury shall not engage in any form of leverage for the purpose of enhancing portfolio yield. There shall be no entry into reverse repurchase agreements except for temporary and unanticipated cashflow requirements that would cause the Treasurer to sell securities at a principal loss. Any reverse repurchase agreements are restricted pursuant to Code Section 53601(i) and by the Treasurer's Statement of Investment Policy.

MITIGATING MARKET & CREDIT RISKS
Safety of principal is the primary objective of the portfolio. Each investment transaction shall seek to minimize the County's exposure to market and credit risks by giving careful and ongoing attention to the: (1) credit quality standards issued by the nationally recognized rating agencies on the credit worthiness of each issuer of the security, (2) limiting the concentration of investment in any single firm as noted in Schedule I, (3) by limiting the duration of investment to the time frames noted in Schedule I, and (4) by maintaining the diversification and liquidity standards expressed within this policy.

TRADING & EARLY SALE OF SECURITIES
All securities are to be purchased with the intent of holding them until maturity. However, in an effort to minimize market and credit risks, securities may be sold prior to maturity either at a profit or loss when economic circumstances, trend in short-term interest rates, or a deterioration in credit¬worthiness of the issuer warrants a sale of the securities to either enhance overall portfolio yield or to minimize further erosion and loss of investment principal. Such sales should take into account the short and long term impacts on the portfolio. However, the sale of a security at a loss can only be made after first securing the approval of the Treasurer-Tax Collector.

PURCHASE OF WHEN ISSUED SECURITIES
When issued (W.I.) purchases of securities and their subsequent sale prior to cash settlement are authorized as long as sufficient cash is available to consummate their acceptance into the Treasurer's portfolio on the settlement date.

PORTFOLIO REPORTS/AUDITING
Portfolio reports required by Code Sections 53607 and 27133(e) shall be filed monthly with the Board of Supervisors. The Treasurer shall also prepare and file with the Board of Supervisors, the County Executive Officer, County Auditor-Controller, Superintendent of Schools and the Investment Oversight Committee, the Monthly Treasurer's Pooled Investment Fund reports, including at a minimum, all information required by law. Monthly Treasurer's Pooled Investment Fund reports are to be filed with the County Investment Oversight Committee as required by Code Section 27133. Consistent with Board Policy B-21 (County Investment Policy Statement), § III A, an outside compliance audit will be conducted annually. Outside audits will be conducted at least biannually by an independent auditing firm selected by the Board of Supervisors, per Board Minute Order No. 3.48.

SPECIFIC INVESTMENTS
Specific investments for individual funds may be made in accordance with the Treasurer's Statement of Investment Policy, upon written request of the responsible agency, and, approval of the Treasurer-Tax Collector. Investments outside of the policy may be made on behalf of such funds with approval of the governing Board. With the purchase of specific investments, the fund will be allocated the earnings and/or loss associated with those investments. The Treasurer-Tax Collector reserves the right to allocate a pro-rata charge for administrative costs to such funds.

PERFORMANCE EVALUATION
Portfolio performance is monitored daily and evaluated monthly in comparison to the movement of the Treasurer's Institutional Money Market Index (TIMMI), or other suitable index. Over time, the portfolio rate of return should perform in relationship to such an index. Regular meetings are to be conducted with the investment staff to review the portfolio's performance, in keeping with this policy, and, current market conditions..

INVESTMENT OVERSIGHT COMMITTEE
In accordance with Section 27130 et seq. of the Code, the Board of Supervisors has established an Investment Oversight Committee. The role of the Committee is advisory in nature. It has no input on day to day operations of the Treasury.

QUARTERLY DISTRIBUTION OF INVESTMENT EARNINGS
Portfolio income, including gains and losses (if any), will be distributed quarterly in compliance with Sections 53684 and 53844 of the Code which give the Treasurer broad authority to apportion earnings and losses among those participants sharing in pooled investment income, and, except for specific investments in which the interest income is to be credited directly to the fund from which the investment was made, all investment income is to be distributed pro-rata based upon each participant's average daily cash balance for the calendar quarter. Any subsequent adjustments of reported earnings by the Auditor-Controller will be first reviewed and approved by the Treasurer to assure compliance with Code Sections 53684 and 53844.

QUARTERLY APPORTIONMENT OF ADMINISTRATIVE COSTS
Prior to the quarterly apportionment of pooled fund investment income, the County Treasurer is permitted, pursuant to Code Section 27013, to deduct from investment income before the distribution thereof, the actual cost of the investment, audit, deposit, handling and distribution of such income.

Accordingly, in keeping with Code Sections 27013, 27133(f), and 27135, the Treasury shall deduct from pooled fund investment earnings the actual cost incurred for: retail banking services, wire transfers, custodial safekeeping charges, the pro-rata annual cost of the salaries including fringe benefits for the personnel in the Treasurer-Tax Collector's office engaged in the administration, investment, auditing, cashiering, accounting, reporting, remittance processing and depositing of public funds for investment, together with the related computer and office expenses associated with the performance of these functions. Costs are apportioned based upon average daily ending balances. Prior to gaining reimbursement for these costs, the Treasurer-Tax Collector shall annually prepare a proposed budget revenue estimate for "Section 27013 administrative costs," providing a detailed itemization of all costs required to be reimbursed.

TREASURY OPERATIONS
Treasury operations are to be conducted in the most efficient manner to reduce costs and assure the full investment of funds. The Treasurer will maintain a policy regarding outgoing wires and other electronic transfers. Requests for outgoing transfers which do not arrive on a timely basis may be delayed. The County Treasurer may institute a fee schedule to more equitably allocate costs that would otherwise be spread to all depositors.

POLICY CRITERIA FOR AGENCIES SEEKING VOLUNTARY ENTRY
Should any agency solicit entry, the agency shall comply with the requirements of Section 53684 of the Code and provide to the County Treasurer a resolution adopted by its governing board stating that it has excess funds available for the purpose of investment. The resolution shall specify the amount of monies to be invested, the person authorized by the agency to coordinate the transaction, the anticipated time frame for deposits, the agency's willingness to be bound to the statutory 30-day written notice requirement for withdrawals, and acknowledging the Treasurer's ability to deduct pro-rata administrative charges permitted by Code Section 27013. Any solicitation for entry into the TPIF must have the County Treasurer's prior written approval before the receipt of funds is authorized. The depositing entity will enter into a depository agreement with the Treasurer.

POLICY CRITERIA FOR VOLUNTARY PARTICIPANT WITHDRAWALS

With the Treasury being required to maintain a 40% liquidity position at all times during the calendar year, it is anticipated that sufficient funds will be on hand to immediately meet on demand all participant withdrawals for the full dollar amounts requested without having to make any allowance or pro-rata adjustment based on the current market value of the portfolio. In addition, any withdrawal by a local agency for the purpose of investing or depositing those funds outside the Pool shall have the prior written approval of the County Treasurer.

The Treasurer's approval of the withdrawal request shall be based on the availability of funds; the circumstances prompting the request; the dollar volume of similar requests; the prevailing condition of the financial markets, and, an assessment of the effect of the proposed withdrawal on the stability and predictability of the investments in the county treasury.

POLICY ON RECEIPT OF HONORARIA, GIFTS AND GRATUITIES

Neither the Treasurer-Tax Collector nor any member of his staff, shall accept any gift, gratuity or honoraria from financial advisors, brokers, dealers, bankers or other persons or firms conducting business with the County Treasurer which exceeds the limits established by the Fair Political Practices Commission (FPPC) and relevant portions of Code Section 27133. IOC members shall be subject to the limits included in the Board of Supervisors Policy B-21.

ETHICS & CONFLICTS OF INTEREST

Officers and staff members involved in the investment process shall refrain from any personal business activity that compromises the security and integrity of the County's investment program or impairs their ability to make impartial and prudent investment decisions. In addition, the County Treasurer-Tax Collector, Assistant Treasurer-Tax Collector, Chief Deputy Treasurer-Tax Collector II and Investment Manager are required to file annually the applicable financial disclosure statements as mandated by the FPPC and County policy.

INVESTMENTS MADE FROM DEBT ISSUANCE PROCEEDS

The proceeds of a borrowing may be specifically invested per Schedule I of this policy (with the exception of Collateralized Time Deposits and Local Agency Obligations) as well as competitively bid investments (see County of Riverside Office Of The Treasurer-Tax Collector Statement Of Investment Policy Governing Competitively Bid Investments for Pool Participants, dated February 28, 2006).

No pooled fund investments made from the proceeds of a borrowing, the monies of which are deposited in the County Treasury, shall be invested for a period of time exceeding the maturity date of the borrowing. Nor shall any monies deposited with a bank trustee or fiscal agent for the ultimate purpose of retiring the borrowing be invested beyond the maturity date of the borrowing..

POLICY ADOPTION & AMENDMENTS

This policy statement will become effective following adoption by the Board of Supervisors, and, will remain in force until subsequently amended in writing by the Treasurer-Tax Collector and approved by the Board.



November 30, 2010

Don Kent
County of Riverside
Treasurer-Tax Collector

SCHEDULE I

AUTHORIZED INVESTMENTS	*DIVERSIFICATION* [(1)]	*PURCHASE RESTRICTIONS*	*MATURITY*	*CREDIT QUALITY (S&P/MOODY'S/FITCH)*
U.S. Treasury notes, bills, bonds or other certificates of indebtedness	100%	NA	Maximum 5 years	NA
Notes, participations, or obligations issued by the agencies of the federal government	100%	NA	Maximum 5 years	NA
Bonds, notes, warrants or certificates of indebtedness issued by the state of CA, or local agencies, or, the County of Riverside. Registered treasury notes or bonds of any of the other 49 United States per Government Code Section 53601 (d)	15% max	See Schedule VI	Maximum 3 years	Long term – AA, Aa2, AA or better
Bankers Acceptances (BA)	30% maximum	See Schedule VI	Maximum 180 days	Short term – A-1,P-1,F-1 or better
Commercial Paper (CP)	40% maximum	See Schedule VI	Maximum 270 days	Short term – A-1,P-1,F-1 or better
Local Agency Obligations (LAO)	2.5% max, no more than 1.25% per issuer	Board of Supervisors approval required. Issued by pool depositors only	Maximum 3 years	Non-rated, if in the opinion of the Treasurer, considered to be of investment grade or better
CalTRUST Short Term Fund (CLTR)	1% maximum	Board of Supervisors approval required	Daily liquidity	NR / Portfolio managed pursuant to California Government Code § 53601 & 53635
Negotiable CD's (NCD'S) issued by national or state chartered banks or a licensed branch of a foreign bank	25% maximum	See Schedule VI	Maximum 1 year	Short term – A-1,P-1,F-1 or better
Collateralized Time Deposits (TCD)	2% maximum	See Schedule IV	Maximum 1 year	N/A
Repurchase Agreements (REPO) with 102% collateral restricted to U. S. Treasuries, agencies, agency mortgages, CP, BA's	40% max, 25% in term repo over 7 days. No more than 20% w/one dealer in term repo	Repurchase agreements to be on file	Maximum 45 days	Short Term A-1, P-1, F-1 or better If A-2, P-2, F2 then overnight only
Reverse Repurchase Agreements on U. S. Treasury & federal agency securities in portfolio	10% maximum	For temporary cash Flow needs only.	Max 60 days with prior approval of Board of Supervisors	NA
Medium Term Notes (MTNO) or Corporate Notes	20% maximum	See Schedule VI	Maximum 2 years	AA, Aa2, AA minimum if under 1 year
Money Market Mutual Funds (MMF) that invest in eligible securities meeting requirements of California Government Code	20% maximum	Registered with SEC No NAV adjustments No front end loads See Schedule V	Daily liquidity	Long Term – AAA (2 of 3 nationally recognized rating services)

(1) Whichever is greater.

AUTHORIZED BROKER/DEALERS
SCHEDULE II

The Treasurer is authorized to conduct investment security transactions with the broker/dealers which are designated by the Federal Reserve Bank as primary government dealers. Security transactions with firms, other than those appearing on this list, are prohibited.

1. Other authorized firms:

   Union Bank of California
   Bank of New York
   Oppenheimer & Co. Inc.
   Wells Fargo Bank
   Piper Jaffray & Co.
   E.J. De La Rosa & Co.
   Stone & Youngberg
   Stifel Nicolaus

2. Direct purchases from major commercial paper issuers, money market mutual funds, banker's acceptance issuers, negotiable CD issuers, or savings and loan are authorized.

3. Incidental purchases of less than $10 million may be made with other firms if in the opinion of the Treasurer, such transactions are deemed advantageous.

To ensure compliance with the County Treasurer's investment guidelines, each newly authorized primary government dealer and other authorized firms (as listed above in section A, B and C) will be supplied a complete copy of this Investment Policy document approved by the Board of Supervisors.

POLICY CRITERIA FOR SELECTION OF BROKER/DEALERS
SCHEDULE III

1. The County Treasurer has elected to limit security transactions as mentioned in Schedule II. Accordingly, the financial institution must confirm that they are a member of the National Association of Security Dealers (NASD), registered with the Securities & Exchange Commission (SEC), and possess all other required licenses. The Treasurer is prohibited from the selection of any broker, brokerage, dealer, or securities firm that has, within any consecutive 48-month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the local treasurer, any member of the governing board of the local agency, or any candidate for those offices

2. The County Treasurer's intent is to enter into long-term relationships. Therefore, the integrity of the firm and the personnel assigned to our account is of primary importance.

3. The firm must specify the types of securities it specializes in and will be made available for our account. Additionally, the firm must maintain its own securities clearing operations to qualify doing business with the County Treasurer.

4. It is important that the firm provide related services that will enhance the account relationship which could include:

    (a) An active secondary market for its securities.
    (b) Internal credit research analysis on commercial paper, banker's acceptances and other securities it offers for sale.
    (c) Be willing to trade securities for our portfolio.
    (d) Be capable of providing market analysis, economic projections, and newsletters.
    (e) Provide market education on new investment products, security spread relationships, graphs, etc.

5. The firm must be willing to provide us annual financial statements.

6. The County Treasurer is prohibited from the establishment of a broker/dealer account for the purpose of holding the County's securities. All securities must be subject to delivery at the County's custodial bank.

7. Without exception, all transactions are to be conducted on a delivery versus payment (DVP) basis.

8. The broker/dealer must have been in operation for more than 5 years, and, if requested, the firm must be willing to provide us a list of local government clients or other reference, particularly those client relationships established within the State of California.

POLICY CRITERIA FOR COLLATERALIZED TIME DEPOSITS
SCHEDULE IV

Before the Treasury can place a time deposit with a local bank or savings and loan, the following criteria must be met:

1. The bank must provide us with an executed copy of the "Contract for Deposit of Moneys."

2. The interest rate on the Time Certificate of Deposit must be competitive with rates offered by other banks and savings and loans residing in Riverside County, and, must exceed the interest rate for treasury bills for a similar maturity period.

3. Investments less than the FDIC insurance limit will be sufficient without requiring any collateral to be pledged with the Federal Reserve to secure the public fund deposit.

4. Investments exceeding the FDIC insurance limit shall be fully collateralized by U.S. Treasury and Federal Agency securities having maturities five years or less. The County Treasury must receive written confirmation that these securities have been pledged in repayment of the time deposit. The securities pledged as collateral must have a current market value greater than the dollar amount of the deposit in keeping with the ratio requirements specified in Code Section 53652. Additionally, a statement of the collateral shall be provided on a monthly basis. A collateral waiver for the portion insured by the FDIC will be granted.

5. The County Treasurer must be given a current audited financial statement for the financial year just ended as well as the most recent quarterly statement of financial condition. The financial reports must both include a statement of financial condition as well as an income statement depicting current and prior year operations

6. The County Treasurer will not place a public fund deposit for more than 10% of the present paid-in capital and surplus of the bank.

7. The County Treasurer must receive a certificate of deposit which specifically expresses the terms governing the transaction, deposit amount, issue date, maturity date, name of depositor, interest rate, interest payment terms (monthly, quarterly, etc).

8. All time certificates must have a maturity date not exceeding one year from the date of the deposit, with interest payments based upon the stated interest rate.

9. 9. The County Treasurer must receive a letter from an officer of the bank at the time the initial deposit is made, that there is no known pending financial disclosure or public announcement of an adverse financial event involving the bank or savings and loan, nor is there any knowledge that a conflict of interest situation exists between any County official and an officer or employee of the bank.

10. Time deposits will only be made with banks and savings and loans having branch office locations within Riverside County.

POLICY CRITERIA FOR ENTERING INTO A MONEY MARKET FUND
SCHEDULE V

Shares of beneficial interest issued by diversified management companies, also known as mutual funds, invest in the securities and obligations authorized by Code Sections 53601.7(10). Approved mutual funds will be registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et. seq.) and shall meet the following criteria:

1. The fund must have a "AAA" ratings from two of the nationally recognized rating services: Moody's, Fitch, Standard & Poor's and the fund must maintain daily, a principal per share value of $1.00 per share.

2. The fund's prospectus cannot allow hedging strategies, options or futures.

3. The fund must provide a current prospectus before participation in the fund and provide copies of their portfolio reports and shall provide at least at month-end, a complete listing of securities within the fund's portfolio.

POLICY CRITERIA
CORPORATE AND MUNICIPAL SECURITIES
SCHEDULE VI

Government guaranteed programs. Corporate debt obligations, backed by the full faith and credit of the United States for the life of the security, will be evaluated on par with Federal Agency debt obligations, and the selection criteria for selecting Federal agencies will be applied. The maximum maturity is the earlier of the expiration date of the guarantee or five years.

Corporate Criteria. No short-term negative credit watch or long-term negative outlook by any rating agency except for entities participating in government guaranteed programs.

Municipal Criteria. Minimum of A or A2 or A, underlying credit rating for selecting insured municipal securities and a maximum of 5% exposure to any one insurer (direct purchases and indirect commitments).

Liquidity Provider Restrictions. Maximum of 5% exposure to any one institution (direct purchases and indirect commitments).

Category	Short-Term Ratings	Long-Term Ratings	Restrictions
1	A-1+/P-1/F-1+ (SP-1+/MIG1/F-1+)	AAA/Aaa/AAA	**Corp.** Maximum of 4% per issuer with no more than 2% greater than 1 year final maturity and no more than 1% greater than 2 year final maturity. **Muni.** Maximum of 5% per issuer with no more than 2% greater than 13 month final maturity.
2	A-1+/P-1/F-1+ (SP-1+/MIG1/F-1)	AA+/Aa1/AA+, AA/Aa2/AA	**Corp.** Maximum of 3% per issuer with no more than 1% greater than 1 year final maturity. No more than 13 month final maturity. **Muni.** Maximum of 5% per issuer with no more than 1% greater than 13 month final maturity.
3	A-1+/P-1/F-1+ (SP-1+/MIG1/F-1)	AA-/Aa3/AA-	**Corp.** Maximum of 3% per issuer with no more than 1.5% greater than 90 days. No more than 270 days final maturity. **Muni.** Maximum of 5% per issuer. No more than 13 month final maturity.
4	A-1/P-1/F-1 (SP-1/MIG1/F-1)	A/A2/A or better.	**Corp.** No Asset Backed programs. Maximum of 2% per issuer with no more than 1% greater than 7 days. No more than 45 days maximum maturity. **Muni.** State of California GO Debt only. Maximum of 3% with no more than 2% greater than 1 year final maturity.

Rating Agency Comparison Table

	Short-Term Scale	***Long-Term Scale***
S&P	**A-1+, A-1**	**AAA, AA+, AA, AA-, A+, A**
Moody's	**P-1**	**Aaa, Aa1, Aa2, Aa3, A1, A2**
Fitch	**F-1+, F-1**	**AAA, AA+, AA, AA-, A+ A**

APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY