students operated by the Riverside County Office of Education. The District is the fiscal agent for the transportation cooperative, and as such, they have entered into a number of capital lease agreements on behalf of the transportation cooperative, which are included in the District's general long-term liabilities. A transportation committee, comprised of a delegate from each member district, is responsible for formulating policies and taking actions to carry out the terms of the agreement. Condensed unaudited financial information for the transportation cooperative for the fiscal year ended June 30, 2014, is as follows:

Total Revenues	$1,090,332
Total Expenditures	$1,090,332
Net Increase (Decrease) in Fund Balance	$ —

District Debt Structure

The following table demonstrates the schedule of long-term debt, and the corresponding changes thereto, for the Fiscal Year ended June 30, 2014:

LAKE ELSINORE UNIFIED SCHOOL DISTRICT
Changes in Long-Term Debt
Fiscal Year 2013-14

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
1999 Certificate of Participation	$ 4,675,000	$ —	$ 4,675,000	$ —
2010 Certificate of Participation	31,490,000	—	—	31,490,000
Discount on Certificate of Participation	(690,184)	—	(23,937)	(666,247)
Lake Elsinore School Financing Authority Bonds	46,765,000	—	4,425,000	42,340,000
Capital Leases	2,217,415	234,641	528,751	1,923,305
2014 Lease Refinancing	—	3,967,477	622,812	3,344,665
Supplemental Early Retirement Plan (SERP)	5,555,454	—	2,004,933	3,550,521
Accumulated Vacation - Net	758,866	11,111	—	769,977
Other postemployment benefits (OPEB)	4,293,921	2,055,512	1,144,421	5,205,012
Claims liability	4,536,000	2,745,235	1,767,235	5,514,000
	$99,601,472	$9,013,976	$15,144,215	$93,471,233

Source: Lake Elsinore Unified School District Audited Financial Report for fiscal year 2013-14

2010 Certificates of Participation. In May 2010, the Lake Elsinore Unified School District, pursuant to a lease/purchase agreement with the Lake Elsinore Schools Financing Corporation, issued $31,490,000 in Certificates of Participation. The certificates were issued to finance a portion of the costs of the design, acquisition, installation, construction, and improvement of school facilities, fund a reserve for the certificates and pay costs of issuance incurred in connection with the execution and delivery of the certificates. The interest rates of the certificates range from 3.00 to 5.00 percent and the certificates have a final maturity to occur on June 1, 2042. At June 30, 2014, the principal balance outstanding was $31,490,000.

Repayment requirements are as follows:

LAKE ELSINORE UNIFIED SCHOOL DISTRICT
2010 Certificates of Participation
Repayment Schedule

Year Ending June 30,	Principal	Interest	Total
2015	$ 15,000	$ 1,539,281	$ 1,554,281
2016	45,000	1,538,831	1,583,831
2017	50,000	1,537,031	1,587,031
2018	100,000	1,537,031	1,637,031
2019	150,000	1,531,031	1,681,031
2020-2024	1,685,000	7,516,806	9,201,806
2025-2029	3,680,000	6,984,856	10,664,856
2030-2034	6,515,000	5,853,888	12,368,888
2035-2039	10,480,000	3,856,500	14,336,500
2040-2042	8,770,000	900,500	9,670,500
Total	$ 31,490,000	$ 32,795,755	$ 64,285,755

Source: Lake Elsinore Unified School District Audited Financial Report for fiscal year 2013-14

Lake Elsinore School Financing Authority Bonds. The Lake Elsinore School Financing Authority ("SFA") was created to refinance the Community Facilities Districts ("CFD") debt. SFA 2007 refinanced the debt for CFD 99-1, 2000-1, 2001-1, 2001-2, 2001-3, 2002-1, 2003-1A, and 2003-1B. The interest rates of the certificates range from 3.50 to 4.50 percent and the certificates have a final maturity to occur on October 1, 2037. SFA 2012 refinanced the debt for CFD 88-1, 90-1, SFA 1997, and SFA 1998. The interest rates of the bonds range from 2.00 to 3.00 percent and the bonds have a final maturity to occur on September 1, 2027.

The outstanding debt incurred through bonds issued in connection with the SFA at June 30, 2014 is as follows:

LAKE ELSINORE UNIFIED SCHOOL DISTRICT
Lake Elsinore School Financing Authority Bonds
Repayment Schedule

Year Ending June 30,	Principal	Interest	Total
2015	$ 4,640,000	$ 1,658,050	$ 6,298,050
2016	2,225,000	1,570,650	3,795,650
2017	2,330,000	1,498,250	3,828,250
2018	1,255,000	1,435,863	2,690,863
2019	1,310,000	1,388,838	2,698,838
2020-2024	6,305,000	6,174,497	12,479,497
2025-2029	7,985,000	4,567,806	12,552,806
2030-2034	9,820,000	2,550,797	12,370,797
2035-2038	6,470,000	522,450	6,992,450
Total	$ 42,340,000	$ 21,367,201	$ 63,707,201

Source: Lake Elsinore Unified School District Audited Financial Report for fiscal year 2013-14

2014 Lease Refinancing. On December 11, 2013, the District, pursuant to a lease/purchase agreement with the Lake Elsinore Unified School District Financing Corporation, entered into a lease agreement with Capital One Public Funding LLC to advance funds of $3,967,476. The lease refinancing has a final maturity of February 1, 2020, with an interest rate of 2.97 percent. The net proceeds from the

lease were used to refinance the District's outstanding 1999 Certificates of Participation. At June 30, 2014, the principal balance outstanding was $3,344,665.

LAKE ELSINORE UNIFIED SCHOOL DISTRICT
2014 Lease Refinancing
Repayment Schedule

Year Ending June 30,	Principal	Interest	Total
2015	$ 629,455	$ 99,337	$ 728,792
2016	649,714	80,642	730,356
2017	668,849	61,345	730,194
2018	687,126	41,480	728,606
2019	709,521	21,073	730,594
Total	$ 3,344,665	$ 303,877	$ 3,648,542

Source: Lake Elsinore Unified School District Audited Financial Report for fiscal year 2013-14

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

LAKE ELSINORE UNIFIED SCHOOL DISTRICT
Capital Leases
Repayment Schedule

Year Ending June 30,	Vehicles	Equipment	Total
Balance, Beginning of Year	$ 668,625	$ 1,791,264	$ 2,459,889
Additions	245,670	-	245,670
Payments	160,571	451,309	611,880
Balance, End of Year	$ 753,724	$ 1,339,955	$ 2,093,679

Source: Lake Elsinore Unified School District Audited Financial Report for fiscal year 2013-14

The capital leases have minimum lease payments as follows:

LAKE ELSINORE UNIFIED SCHOOL DISTRICT
Minimum Lease Payments
Repayment Schedule

Year Ending June 30,	Lease Payment
2015	$ 611,881
2016	611,881
2017	597,909
2018	160,571
2019	111,437
Total	2,093,679
Less: Amount Representing Interest	170,374
Present Value of Minimum Lease Payments	$ 1,923,305

Source: Lake Elsinore Unified School District Audited Financial Report for fiscal year 2013-14

Direct and Overlapping Debt

Set forth below is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc., effective January 14, 2015 for debt issued as of February 1, 2015. The table is included for

general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of the date of the schedule, and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

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

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LAKE ELSINORE UNIFIED SCHOOL DISTRICT
(County of Riverside, California)
Statement of Direct and Overlapping Bonded Debt

2014-15 Assessed Valuation: $9,915,335,252

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 2/1/15
Riverside County Flood Control District, Zone No. 3 Benefit Assessment District	99.205%	$ 1,314,466
Metropolitan Water District	0.412	525,238
Eastern Municipal Water District, I.D. No. U-10	100.	368,000
Lake Elsinore Unified School District Community Facilities District No. 88-1	100.	1,655,000
Lake Elsinore Unified School District Community Facilities District No. 89-1	100.	810,000
Lake Elsinore Unified School District Community Facilities District No. 90-1	100.	490,000
Lake Elsinore Unified School District Community Facilities District No. 99-1	100.	4,561,000
Lake Elsinore Unified School District Community Facilities District No. 2000-1	100.	3,236,939
Lake Elsinore Unified School District Community Facilities District No. 2001-1	100.	7,873,445
Lake Elsinore Unified School District Community Facilities District No. 2001-2	100.	3,511,463
Lake Elsinore Unified School District Community Facilities District No. 2001-3	100.	2,327,618
Lake Elsinore Unified School District Community Facilities District No. 2002-1	100.	3,887,000
Lake Elsinore Unified School District Community Facilities District No. 2003-1	100.	5,361,377
Lake Elsinore Unified School District Community Facilities District No. 2004-2	100.	2,905,000
Lake Elsinore Unified School District Community Facilities District No. 2004-3	100.	9,233,100
Lake Elsinore Unified School District Community Facilities District No. 2004-4	100.	5,870,000
Lake Elsinore Unified School District Community Facilities District No. 2005-1, I.A. A	100.	6,354,200
Lake Elsinore Unified School District Community Facilities District No. 2005-3	100.	6,349,500
Lake Elsinore Unified School District Community Facilities District No. 2005-6, I.A. A	100.	3,815,000
Lake Elsinore Unified School District Community Facilities District No. 2005-7	100.	3,555,000
Lake Elsinore Unified School District Community Facilities District No. 2006-3, I.A. A	100.	5,080,000
Lake Elsinore Unified School District Community Facilities District No. 2006-2, I.A. A	100.	10,330,000
Lake Elsinore Unified School District Community Facilities District No. 2006-4	100.	3,580,000
Lake Elsinore Unified School District Community Facilities District No. 2006-6	100.	1,685,000
City of Lake Elsinore Community Facilities Districts	61.797-100.	157,911,032
Elsinore Valley Municipal Water District Community Facilities Districts	100.	11,635,000
City of Lake Elsinore 1915 Act Bonds	58.053	8,551,207
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$272,775,585
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Riverside County General Fund Obligations	4.392%	$28,861,888
Riverside County Pension Obligation Bonds	4.392	14,691,899
Riverside County Board of Education Certificates of Participation	4.392	80,593
Mount San Jacinto Community College District Certificates of Participation	13.773	1,568,745
Lake Elsinore Unified School District Certificates of Participation	**100.**	**34,950,210** [1]
City of Lake Elsinore General Fund Obligations	95.895	12,610,847
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$92,764,182
Less: Riverside County supported obligations		(370,608)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$92,393,574
OVERLAPPING TAX INCREMENT DEBT:		$92,613,324
GROSS COMBINED TOTAL DEBT		$458,153,091 [2]
NET COMBINED TOTAL DEBT		$457,782,483

[1] Excludes issue to be sold.
[2] Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2014-15 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.75%
Combined Direct Debt ($34,950,210)	**0.35%**
Gross Combined Total Debt	4.62%
Net Combined Total Debt	4.62%

Ratio to Redevelopment Incremental Valuation ($2,255,787,363):

Total Overlapping Tax Increment Debt	4.11%

Source: California Municipal Statistics, Inc.

State Emergency Loan Program

General. The California Education Code provides that a governing board of a school district that determines during a fiscal year that its revenues are less than the amount necessary to meet its current year expenditure obligations may request an emergency apportionment from the State through the State Superintendent of Public Instruction (the "State Superintendent"). The District has not requested such an emergency apportionment from the State, but such option would be available to the District in the event of a continued deterioration of its financial condition. The following summarizes certain provisions related to such emergency apportionment.

As a condition to the making of any such emergency apportionment, the following requirements must be met:

(a) The district requesting the apportionment must submit to the county superintendent of schools having jurisdiction over the district: (i) a report issued by an independent auditor approved by the county superintendent of schools (the "County Superintendent") on the financial conditions and budgetary controls of the district; (ii) a written management review conducted by a qualified management consultant approved by the County Superintendent; and (iii) a fiscal plan adopted by the governing board to resolve the financial problems of the district.

(b) The County Superintendent must review, and provide written comment on, the independent auditor's report, the management review and the district plan. If the County Superintendent disapproves the plan, the governing board must revise the district plan to respond to the concerns expressed by the County Superintendent.

(c) Upon his or her approval of the district plan, the County Superintendent must submit copies of the report, review, plan and written comments to the State Superintendent, the Joint Legislative Audit Committee, the Joint Legislative Budget Committee, the Director of Finance and the State Controller.

(d) The State Superintendent must review the reports and comments submitted to him or her by the County Superintendent and must certify to the Director of Finance that the action taken to correct the financial problems of the district is realistic and will result in placing the district on a sound financial basis.

(e) The district must develop a schedule to repay the emergency loan and submit it to the County Superintendent, who after reviewing and commenting on it submits it to the State Superintendent for approval or disapproval. Upon the approval of the repayment schedule and of the other reports, reviews, plans and the appointment of the trustee (as described below), the State Superintendent must request the State Controller to disburse the proceeds of the emergency loan to the district.

(f) The district requesting the apportionment must reimburse the County Superintendent for the costs incurred by the superintendent in performing such duties.

In addition, the acceptance by the district of the apportionments made pursuant to the Education Code constitutes the agreement by the district to the following conditions:

(a) The State Superintendent shall appoint a trustee who shall have recognized expertise in management and finance. The State Superintendent shall establish the terms and conditions of the employment, including the remuneration of the trustee, and the trustee shall serve at the pleasure of, and report directly to, the State Superintendent until the loan is repaid, the district has adequate fiscal systems

and controls in place, and the State Superintendent has determined that the district's future compliance with the fiscal plan approved for the district is probable. Before the district repays its loan, the recipient of the loan shall select an auditor from a list established by the State Superintendent and the State Controller to conduct an audit of its fiscal systems. If the fiscal systems are deemed to be inadequate, the State Superintendent may retain the trustee until the deficiencies are corrected.

(b) The trustee appointed by the State Superintendent shall monitor and review the operation of the district. During the period of his or her service, the trustee may stay or rescind any action of the local district governing board that, in the judgment of the trustee, may affect the financial condition of the district. The trustee shall approve or reject all reports and other materials required from the district as a condition of receiving the apportionment.

On or before February 15 of each year, the State Department of Education shall report to the Legislature on the status of school districts that have received emergency apportionments. On or before October 31 of the year following receipt of an emergency apportionment, and each year thereafter until the emergency apportionment is repaid, the governing board of the district shall prepare, under the review and with the approval of the trustee, a report on the financial condition of the district which shall be transmitted to the County Superintendent, the State Superintendent and the State Controller. The report shall include all of the following information: (a) specific actions taken to reduce expenditures or increase income, and the cost savings and increased income resulting from those actions; (b) a copy of the adopted budget for the current fiscal year; (c) reserves for economic uncertainties; (d) status of employee contracts; and (e) obstacles to the implementation of the adopted recovery plan.

The emergency apportionment is required to be repaid to the State over a five year period, or less, together with interest at a rate determined in accordance with the Education Code.

The Legislature expressly provides that these provisions of the Education Code are not intended to authorize emergency loans to school districts for the purpose of meeting cash flow requirements pending the receipt of local taxes and other funds. Furthermore, no such emergency apportionment will be made unless funds have been specifically appropriated therefor by the Legislature.

Butt v. State of California. In December 1992, the California Supreme Court, in Butt v. State of California, upheld a lower court's ruling that the State could not refuse to fund education in the Richmond School District ("Richmond") after Richmond decided to terminate classroom instruction six weeks before the scheduled end of the school year due to lack of funds. The Court upheld the lower court's ruling that the State constitution requires the State to ensure a full year's education for children in all school districts. However, because the Court overturned that portion of the original order relating to the source of State funds used to make an emergency loan to Richmond, the decision leaves unclear just where the State must find funds to make any future loans of this kind. No prediction can be made at this time as to what actions ultimately will be taken by the Legislature and the Governor to provide emergency funds to districts under court orders such as that imposed in Butt v. State of California.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Limitations on Revenues

On June 6, 1978, California voters approved Proposition 13 ("Proposition 13"), which added Article XIIIA to the State Constitution ("Article XIIIA"). Article XIIIA limits the amount of any ad valorem tax on real property to 1% of the full cash value thereof, except that additional ad valorem taxes

may be levied to pay debt service on (a) indebtedness approved by the voters prior to July 1, 1978; (b) bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness; and (c) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

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

County of Orange v. Orange County Assessment Appeals Board No. 3. Section 51 of the Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restoration of value of the damaged property. The constitutionality of this procedure was challenged in a lawsuit brought in 2001 in the Orange County Superior Court, and in similar lawsuits brought in other counties, on the basis that the decrease in assessed value creates a new "base year value" for purposes of Proposition 13 and that subsequent increases in the assessed value of a property by more than 2% in a single year violate Article XIIIA. On appeal, the California Court of Appeal upheld the recapture practice in 2004, and the State Supreme Court declined to review the ruling, leaving the recapture law in place.

Legislation Implementing Article XIIIA. Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

Beginning in the 1981-82 fiscal year, assessors in the State no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed as $4 per $100 assessed value. All taxable property is now shown at full market value on the tax rolls. Consequently, the tax rate is expressed as $1 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Article XIIIB of the California Constitution

An initiative to amend the State Constitution entitled "Limitation of Government Appropriations" was approved on September 6, 1979, thereby adding Article XIIIB to the State Constitution ("Article

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

Article XIIIC and Article XIIID
of the California Constitution

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIIIC and XIIID ("Article XIIIC" and "Article XIIID," respectively), 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 1% 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.

Appellate court decisions following the approval of Proposition 62 determined that certain provisions of Proposition 62 were unconstitutional. However, the California Supreme Court upheld Proposition 62 in its decision on September 28, 1995 in *Santa Clara County Transportation Authority v. GuardiNo.* This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Supreme Court's decision, such as whether the decision applies retroactively, what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities.

Proposition 98 and Proposition 111

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). The Accountability Act changed State funding of public education below the university level, and the operation of the State's Appropriations Limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (collectively, "K-14 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, which percentage is equal to 40.9%; or (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for growth in enrollment and inflation.

Since the Accountability Act is unclear in some details, there can be no assurance that the Legislature or a court might not interpret the Accountability Act to require a different percentage of general fund revenues to be allocated to K-14 districts than the 40.9% percentage, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget. In any event, the Governor and other fiscal observers expect the Accountability Act to place increasing pressure on the State's budget over future years, potentially reducing resources available for other State programs, especially to the extent the Article XIIIB spending limit would restrain the State's ability to fund such other programs by raising taxes.

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 districts. Such transfer would be excluded from the Appropriations Limit for K-14 districts and the K-14 school Appropriations Limits 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 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 schools is 4% of the minimum State spending for education mandated by the Accountability Act, as described above.

On June 5, 1990, California voters approved Proposition 111 (Senate Constitutional Amendment 1), which further modified the Constitution to alter the spending limit and education funding provisions of Proposition 98. Most significantly, Proposition 111 (a) liberalized the annual adjustments to the spending limit by measuring the "change in the cost of living" by the change in State per capita personal income rather than the Consumer Price Index, and specified that a portion of the State's spending limit would be adjusted to reflect changes in school attendance; (b) provided that 50% of the "excess" tax revenues, determined based on a two-year cycle, would be transferred to K-14 school districts with the balance returned to taxpayers (rather than the previous 100% but only up to a cap of 4% of the districts' minimum funding level), and that any such transfer to K-14 school districts would not be built into the school districts' base expenditures for calculating their entitlement for State aid in the following year and would not increase the State's appropriations limit; (c) excluded from the calculation of appropriations that are subject to the limit appropriations for certain "qualified capital outlay projects" and certain increases in gasoline taxes, sales and use taxes, and receipts from vehicle weight fees; (d) provided that the Appropriations Limit for each unit of government, including the State, would be recalculated beginning in the 1990-91 fiscal year, based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Senate Constitutional Amendment 1 had been in effect; and (e) adjusted the Proposition 98 formula that guarantees K-14 school districts a certain amount of general fund revenues, as described below.

Under prior law, K-14 school districts were guaranteed the greater of (a) 40.9% of general fund revenues (the "first test"), or (b) 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, school districts would receive the greater of (i) the first test; (ii) the second test; or (iii) a third test, which would replace the second test in any year when growth in per capita general fund revenues from the prior year was less than the annual growth in State per capita personal income. Under the third test, school districts would receive the amount appropriated in the prior year adjusted for change in enrollment and per capita general fund revenues, plus an additional small adjustment factor. If the third test were used in any year, the difference between the third test and the second test would become a "credit" to be paid in future years when general fund revenue growth exceeds personal income growth.

Proposition 2

On November 4, 2014, voters of the State of California approved the Rainy Day Budget Stabilization Fund Act (also known as "Proposition 2") which amends the State constitution to alter the State's existing requirements for the BSA. Proposition 2 will (i) require an annual deposit into the BSA of 1.5% of annual general fund revenues and an additional amount each year whenever capital gains revenues rise to more than 8% of general fund tax revenues; (ii) set the maximum size of the BSA at 10% of State general fund revenues; (iii) require half of each year's deposit into the BSA for the next 15 years be used for supplemental payments to pay fiscal obligations, such as budgetary loans and unfunded state level pensions plans and after that time, at least half of each year's deposit would be saved, with the remainder used for supplemental debt payments or savings; (iv) allow the withdrawal of funds from the BSA only for a disaster or if spending remains at or below the highest level of spending from the past three years and limit the maximum amount that could be withdrawn from the BSA in the first year of a recession to half of the BSA fund balance; (v) require the State to provide a multi-year budget forecast to help better manage the State's longer term finances; and (vi) create a Proposition 98 reserve, whereby spikes in funding would be deposited thereto to smooth school spending and thereby minimize future cuts. This reserve would make no changes to the Proposition 98 calculations, and it would not begin to operate until the existing maintenance factor is fully paid off.

Furthermore, as a result of the passage of Proposition 2, certain additional provisions of SB 858 will go into effect that will cap school district reserve levels. Reserves will be capped in any fiscal year following a State deposit into the Proposition 98 reserve created by Proposition 2. Caps for most school districts will range between three to ten percent of annual general fund expenditures. See "DISTRICT FINANCIAL AND OPERATING INFORMATION—State Funding of Education; State Budget Process —2014-15 State Budget" above.

Applications of Constitutional and Statutory Provisions

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. For a discussion of how the provisions of Proposition 98 have been applied to school funding, see "DISTRICT FINANCIAL AND OPERATING INFORMATION—State Funding of Education; State Budget Process."

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID, as well as Propositions 62, 98, 111 and 218 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.

TAX MATTERS

[BOND COUNSEL TO CONFIRM] [In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. The amount treated as interest on the Notes and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Notice 94-84. Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix A hereto.

Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the "IRS") is studying whether the amount of the payment at maturity on debt obligations such as the Notes that is excluded from gross income for federal income tax purposes is (a) the stated interest payable at maturity, or (b) the difference between the issue price of the Notes and the aggregate amount to be paid at maturity of the Notes (the "original issue discount"). For this purpose, the issue price of the Notes is the first price at which a substantial amount of the Notes is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the IRS provides further guidance, taxpayers may treat either the stated interest payable at maturity or the original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax exempt debt obligations with a term that is not more than one year from the date of issue in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of the Notes if original issue discount treatment is elected.

Notes purchased, whether at original issuance or otherwise, for an amount higher than the principal amount payable at maturity ("Premium Notes") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Note, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Notes will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Notes. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Notes may adversely affect

the value of, or the tax status of interest on, the Notes. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

One of the covenants of the District referred to above requires the District to reasonably and prudently calculate the amount, if any, of excess investment earnings on the proceeds of the Notes which must be rebated to the United States, to set aside from lawfully available sources sufficient moneys to pay such amounts and to otherwise do all things necessary and within its power and authority to ensure that interest on the Notes is excluded from gross income for federal income tax purposes. Under the Code, if the District spends 100% of the proceeds of the Notes within six months after issuance, there is no requirement that there be a rebate of investment profits in order for interest on the Notes to be excluded from gross income for federal income tax purposes. The Code also provides that such proceeds are not deemed spent until all other available moneys (less a reasonable working capital reserve) are spent. The District expects to satisfy this expenditure test or, if it fails to do so, to make any required rebate payments from moneys received or accrued during the 2014-15 Fiscal Year. To the extent that any rebate cannot be paid from such moneys, California law is unclear as to whether such covenant would require the District to pay any such rebate. This would be an issue only if it were determined that the District's calculation of expenditures of Notes proceeds or of rebatable arbitrage profits, if any, was incorrect.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Notes may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, in whole or in part, 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. For example, proposals made in 2014 included one by the then Chair of the House Ways and Means Committee that would subject interest on the Notes to a federal income tax at an effective rate of 10% or more for individuals, trusts, and estates in the highest tax bracket, and another by the Obama Administration that would limit the exclusion from gross income of interest on the Notes to some extent for high-income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Notes in the event of an audit examination by the IRS. Under

current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Notes, and may cause the District or the Beneficial Owners to incur significant expense.]

OTHER LEGAL MATTERS

Legal Opinion

The validity of the Notes and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is set forth in "APPENDIX A—PROPOSED FORM OF OPINION OF BOND COUNSEL." Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

Legality for Investment in the State of California

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

Continuing Disclosure

The District has covenanted for the benefit of the holders and Beneficial Owners of the Notes to provide notices of the occurrence of certain enumerated events ("Notice Events") in a timely manner not in excess of ten business days after the occurrence of such a Notice Event. The notice of material events will be filed by the District with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access system or such other electronic system designated by the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the notices of Notice Events is set forth in "APPENDIX C—FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule"). The District has existing disclosure undertakings made pursuant to the Rule in connection with the issuance of prior obligations of the District.

The District has engaged Dolinka Group, LLC to review previous disclosure filings for the past five years with respect to financings by the District, the Lake Elsinore School Financing Authority (the "Authority") and community facilities districts formed by the District. On occasions during the past five years, the prior continuing disclosure undertakings under the Rule have not been fully complied with.

During the past five years, the District did not file each of its annual reports in a timely manner as required by its undertaking with the Lake Elsinore Schools Financing Corporation entered into on February 15, 1999, in connection with its 1999 Certificates of Participation (the "1999 Certificates"), and did not provide notices relating to the downgrading of the ratings of the municipal insurers of the 1999 Certificates. In addition, the Annual Report for Fiscal Year 2010-11 referenced the filing of the audit but a specific filing with respect to the 1999 Certificates does not appear on the MSRB EMMA System; the

audit was available on the MSRB EMMA system in connection with other obligations by community facilities districts formed by the District. The District has since filed all such annual reports and notices. The 1999 Certificates were prepaid on February 1, 2014, and the notice of prepayment thereof did not specifically mention that the 1999 Certificates had been defeased.

The District also notes that in connection with filings by the Authority, a joint exercise of powers authority organized and existing under the laws of the State, and a Joint Exercise of Powers Agreement, between the District and Community Facilities District No. 88-1 of the Lake Elsinore Unified School District, with respect to the Authority's 1997 and 1998 financings filings were due by December 31 of each year, but the data required to make the filings was not available at the required time so the Authority provided notices that the annual report filings were delayed and provided the filings when the data became available.

The District believes the Authority is current with respect to all filings and notices. In addition, a report was timely filed for Fiscal Year 2012-13 by the Authority in connection with its 2007 Revenue Bonds but the review determined that an incorrect file was attached and the correct report was submitted in July 2014.

The District also notes that annual reports and audits were filed one to five days late in connection with filings with respect to several community facilities districts formed by the District. In addition, in the case of the financial statements for Fiscal Year 2011-12 to be filed with respect to the Series 2009 Special Tax Bonds of Community Facilities District No. 2006-3 and the financial statements for Fiscal Years 2010-11 and 2011-12 and the adopted budget for Fiscal Year 2012-13 with respect to the District's Certificates of Participation (2010 School Facility Funding Program) (the "2010 Certificates"), each annual report references filing the audit report or adopted budget, as applicable, online at http://emma.msrb.org. and a specific filing of the financial statements or adopted budget with respect to the applicable obligations did not appear on the MSRB EMMA System; the financial statements and adopted budget were available on the MSRB EMMA system in connection with obligations by community facilities districts formed by the District. The respective audit reports and adopted budget, as applicable, were later specifically filed with respect to the applicable obligations. With respect to the Authority's 2012 Refunding Revenue Bonds, (i) a file with summary budget information for Fiscal Year 2012-13 was initially filed and the full adopted budget report was subsequently filed and (ii) the Fiscal Year 2013-14 adopted budget was filed late.

No Litigation

No litigation is pending or to the knowledge of the District threatened concerning the validity of the Notes, the District's ability to receive ad valorem taxes and to collect other revenues, or contesting the District's ability to issue and retire the Notes. No litigation is pending or to the knowledge of the District threatened questioning the political existence of the District or contesting the title to their offices of District or County officials who will sign the Notes and other certifications relating to the Notes, or the powers of those offices. A certificate (or certificates) to that effect will be delivered at the time of the original delivery of the Notes.

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

MISCELLANEOUS

Rating

Standard & Poor's Rating Services ("S&P") is expected to assign a rating of "[___]" to the Notes. Generally, a rating agency bases its rating on the information and materials furnished to it, and on investigations, studies, and assumptions of its own. The District has provided certain information to the rating agency which is not included in this Official Statement. The rating issued reflects only the view of such rating agency, and any explanation of the significance of such rating should be obtained from S&P. No assurance can be given that any rating issued by the rating agency will be retained for any given period of time or that the same will not be revised or withdrawn entirely by such rating agency, if in its judgment circumstances so warrant. Any such revision or withdrawal of the rating obtained may have an adverse effect on the market price of the Notes. Neither the Underwriter nor the District has undertaken any responsibility after the offering of the Notes to assure the maintenance of the rating or to oppose any such revision or withdrawal.

Professionals Involved in the Offering

Orrick, Herrington & Sutcliffe LLP is acting as Bond Counsel to the District with respect to the Notes. Kutak Rock LLP is acting as Disclosure Counsel to District with respect to the Notes. Dale Scott & Company Inc. has acted as financial advisor to the District (the "Financial Advisor"). Orrick, Herrington & Sutcliffe LLP, Kutak Rock LLP and the Financial Advisor will receive compensation from the District contingent upon the sale and delivery of the Notes.

Underwriting

The Notes are being purchased by the Underwriter pursuant to a note purchase contract by and among the District, the County and the Underwriter, dated February 10, 2015, at a price of $_____ (consisting of $_____ aggregate principal amount of the Notes, plus an original issue premium of $_____, less an underwriter's discount of $_____). Pursuant to the purchase contract, the Underwriter will purchase all of the Notes if any are purchased, the obligation of the Underwriter to purchase the Notes being subject to certain terms and conditions to be satisfied by the District and the County.

The Underwriter has certified the reoffering price or yield set forth on the cover hereof at which the Notes have been reoffered to the public. The underwriting compensation ("spread") is based on such certification. The Underwriter may offer and sell the Notes to certain dealers and others at prices lower than the public offering price shown on the cover page hereof. The offering price may be changed from time to time by the Underwriter.

The Underwriter and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, entered into an agreement (the "Pershing Agreement") which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to the Underwriter, including the Notes. Under the Pershing Agreement, the Underwriter will share with Pershing LLC a portion of the fee or commission paid to the Underwriter.

The Underwriter has also entered into a distribution agreement (the "Schwab Agreement") with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Schwab Agreement, CS&Co. will purchase Notes from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Notes that CS&Co. sells.

Additional Information

Quotations from and summaries and explanations of the Notes, the Resolutions providing for issuance of the Notes, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete provisions thereof.

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 Notes.

All data contained herein have been taken or constructed from the District's records and other sources, as indicated. This Official Statement and its distribution have been duly authorized and approved by the District.

LAKE ELSINORE UNIFIED SCHOOL DISTRICT

By:_____
Deputy Superintendent, Administrative and Fiscal Support Services

APPENDIX A

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon the delivery of the Notes, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, proposes to render its final approving opinion with respect to the delivery of the Notes in substantially the following form:

APPENDIX B

FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2014

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this "Disclosure Certificate"), dated _____, 2016, is executed and delivered by the Lake Elsinore Unified School District (the "District") in connection with the issuance of $_____ aggregate principal amount of its Lake Elsinore Unified School District 2015-2016 Tax and Revenue Anticipation Notes, Series A (the "Notes") pursuant to a resolution (the "Resolution") adopted by the Board of Supervisors of the County of Riverside on April 28, 2015, at the request of the Board of Trustees of the District by its resolution adopted on April 9, 2015. The District covenants and agrees as follows:

Section 1. Purpose of Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and Beneficial Owners of the Notes and in order to assist the underwriter of the Notes in complying with Securities and Exchange Commission Rule 15c2-12(d)(3).

The Notes have a stated maturity of less than 18 months, and as such the offering of the Notes is exempt from Securities and Exchange Commission Rule 15c2-12(b)(5) (other than paragraph (B)(5)(i)(C) thereof) pursuant to Section (d)(3) of said Rule.

Section 2. Definitions. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Resolution. In addition, the following capitalized terms shall have the following meanings:

"Beneficial Owner" means any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Note or Notes (including persons holding Notes through nominees, depositories or other intermediaries).

"EMMA System" means the MSRB's Electronic Municipal Market Access system, or such other electronic system designated by the MSRB. The Emma System website is currently located at http://emma.msrb.org.

"Listed Event" means any of the events listed in Section 3(a) or 3(b) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board, any successor thereto or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule.

"Owners" means the registered owners of the Notes.

"Participating Underwriter" means the original underwriter of the Notes required to comply with the Rule in connection with the offering of the Notes.

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

Section 3. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section, 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 later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances;
8. Rating changes; or
9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in paragraph (9), above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person 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 obligated person, 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 obligated person.

(b) Pursuant to the provisions of this Section, 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, in a timely manner not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 3(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Notes or other material events affecting the tax status of the Notes;
2. Modifications to rights of Owners;
3. Optional, unscheduled or contingent Note calls;
4. Release, substitution, or sale of property securing repayment of the Notes;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

7. Appointment of a successor or additional paying agent or the change of name of a paying agent.

(c) The District shall determine if the occurrence of a Listed Event described in Section 3(b) would be material under applicable federal securities laws.

(d) Upon the occurrence of a Listed Event described in Section 3(a) hereof, or if the District determines that knowledge of a Listed Event described in Section 3(b) hereof would be material under applicable federal securities laws, the District shall within ten business days of occurrence file a notice of such occurrence with the MSRB through the EMMA System in an electronic format as prescribed by the MSRB. All documents provided by the District to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Section 4. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the final maturity of the Notes, the District shall give notice of such termination in a filing with the MSRB.

Section 5. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a) or 3(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

(b) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Notes.

Section 6. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

Section 7. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Owner or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided, however, that the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance hereunder.

Section 8. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Participating Underwriter and the Owners and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

LAKE ELSINORE UNIFIED SCHOOL DISTRICT

By: _____

APPENDIX D

COUNTY OF RIVERSIDE OFFICE OF THE TREASURER-TAX COLLECTOR STATEMENT OF INVESTMENT POLICY AND MONTHLY TREASURER'S POOLED INVESTMENT FUND REPORT

The following information has been furnished by the Office of the Treasurer-Tax Collector, County of Riverside. It describes (a) the policies applicable to investment of District funds, including bond proceeds and tax levies, and funds of other agencies held in the County treasury; and (b) the composition, carrying amount, market value and other information relating to the investment pool. Further information may be obtained directly from the Riverside County Treasurer-Tax Collector, 4080 Lemon Street, Riverside, California 92501.

Neither the District nor the Underwriter has made an independent investigation of the investments in the Pools and has made no assessment of the current Investment Policy. The value of the various investments in the Pools will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the County Treasurer, with the consent of the Treasury Oversight Committee and the County Board of Supervisors, may change the Investment Policy at any time. Therefore, there can be no assurance that the values of the various investments in the Pools will not vary significantly from the values described herein.

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this APPENDIX has been provided by DTC for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Notes; or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Notes, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC. As used in this Appendix, "Securities" means the Notes, "Issuer" means the District, and "Agent" means the Paying Agent.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes (the "Securities"). The Securities 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 Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com, provided that nothing contained in such website is incorporated into this Official Statement.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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 Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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.

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

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

8. Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, 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 Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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