This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 1, 2026

RATING:
S&P: "SP-1+"
(See "RATING" herein.)

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Participants, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Note Participations is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Note Participations is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Note Participations, is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel to the Participants, under existing statutes, interest on the Note Participations is exempt from State of California personal income. See "TAX MATTERS" herein.

$23,200,000*
SAN DIEGO COUNTY SCHOOL DISTRICTS
TAX AND REVENUE ANTICIPATION NOTE PROGRAM
NOTE PARTICIPATIONS,
SERIES 2026A

Evidencing and Representing Proportionate and Undivided Interests of the Owners Thereof
in 2026-27 Tax and Revenue Anticipation Notes of Certain School Districts within San Diego County
_____% Priced to Yield _____%; CUSIP No.†: 797381___

Dated: Date of Delivery **Maturity Date: September 1, 2027**

The Note Participations (as hereinafter defined) will be delivered as fully registered certificates, without coupons, and when delivered will be registered in the name of The Depository Trust Company, New York, New York ("DTC"), or its nominee. DTC will act as securities depository for the Note Participations. Individual purchases of beneficial interests in the Note Participations will be made in book-entry form only and in the principal amount of $5,000 or any integral multiple thereof. Purchasers of such beneficial interests will not receive physical delivery of the Note Participations. Principal of and interest on the Notes (as herein defined) represented by the Note Participations will be payable on the maturity date set forth above by the Trustee to DTC. DTC will in turn remit such principal and interest to the DTC Participants (as hereinafter defined), who will in turn remit such principal and interest to the Beneficial Owners (as hereinafter defined) of the Note Participations. See "DESCRIPTION OF THE NOTE PARTICIPATIONS – Book-Entry System" herein.

The Note Participations will not be subject to prepayment prior to maturity.

The Note Participations are being issued pursuant to the terms of a Trust Agreement, dated as of September 1, 2026 (the "Trust Agreement"), by and among the County of San Diego (the "County"), the Participants identified herein under "THE PARTICIPANTS" (the "Participants") and UMB Bank, National Association (the "Trustee"). The Note Participations mature on the maturity date set forth above and evidence and represent a proportionate and undivided interest in the 2026-27 Tax and Revenue Anticipation Notes (individually, a "Note" and collectively, the "Notes") issued by the County on behalf of all Participants and debt service payments on the Notes to be made by the Participants.

The Notes are being issued to provide operating cash for the Participants' working capital expenditures and the investment and reinvestment of funds for the Participants prior to the receipt of anticipated tax payments and other revenues, identified in the Trust Agreement, provided for or attributable to Fiscal Year 2026-27. Each Participant has pledged certain Unrestricted Revenues as described herein for the payment of the principal of and interest on its respective Note, provided that no Participant has any obligation to pay the principal of or interest on the Note of any other Participant. The Notes are general obligations of the respective Participants and, to the extent the Notes are not paid from revenues pledged for the payment of the Notes, the Notes shall be paid with interest thereon from any other moneys of the Participants lawfully available therefor.

Payments by a Participant of the principal of and interest on its Note shall fully discharge the obligation of such Participant to the Owners of the Note Participations, notwithstanding nonpayment by one or more other Participants. **The obligation of each Participant is a several and not a joint obligation and is strictly limited to such Participant's repayment obligation under its applicable Note Resolution and Note.**

THE NOTE PARTICIPATIONS ARE LIMITED OBLIGATIONS OF EACH PARTICIPANT PAYABLE SOLELY FROM CERTAIN FUNDS PLEDGED UNDER THE TRUST AGREEMENT. THE OBLIGATION OF EACH PARTICIPANT TO PAY PRINCIPAL OF AND INTEREST ON THE NOTE PARTICIPATIONS DOES NOT CONSTITUTE A DEBT OF THE PARTICIPANT, THE COUNTY OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

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

Bids for the purchase of the Note Participations will be received by the County, on behalf of the Participants, at 8:35 a.m. Pacific Time on September 9, 2026*, as provided in the Notice Inviting Bids dated September 1, 2026, unless postponed as set forth in the Notice Inviting Bids. See "SALE OF THE NOTE PARTICIPATIONS" herein.

The Note Participations will be offered in book-entry form when, and if executed and delivered, subject to approval as to their legality by Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel to the Participants, and certain other conditions. Certain legal matters will be passed upon for the County by Hawkins Delafield & Wood LLP, Los Angeles, California, Disclosure Counsel to the County. It is anticipated that the Note Participations, in book-entry form, will be available for delivery through the facilities of DTC on or about September 23, 2026.*

Dated: _____, 2026.

* Preliminary, subject to change.
† Copyright, 2026, American Bankers Association.

PARTICIPANTS

Carlsbad Unified School District
Coronado Unified School District
San Dieguito Union High School District

COUNTY OF SAN DIEGO
BOARD OF SUPERVISORS

Terra Lawson-Remer, Chair	Third District
Paloma Aguirre, Chair Pro Tem	First District
Monica Montgomery Steppe, Vice Chair	Fourth District
Joel Anderson	Second District
Jim Desmond	Fifth District

*****

COUNTY OFFICIALS

Ebony N. Shelton, *Chief Administrative Officer*
Larry Cohen, *Treasurer – Tax Collector*
Joan Bracci, *Assistant Chief Administrative Officer/Chief Financial Officer*
Damon M. Brown, *County Counsel*

******

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel
Hawkins Delafield & Wood LLP
Los Angeles, California

Public Finance Consultant to School District Participants
Government Financial Services Joint Powers Authority
Sacramento, California

Trustee
UMB Bank, National Association
Costa Mesa, California

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representation other than those contained in this Official Statement in connection with the offers made hereby and, if given or made, such information or representation must not be relied upon as having been authorized by the Participants. This Official Statement does not constitute an offer to sell the Note Participations in any state or other jurisdiction to any person to whom it is unlawful to make such an offer in such state or jurisdiction.

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

The information set forth herein has been provided by the Participants and other sources that are believed by the Participants to be reliable.

The information and expression of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Participants since the date hereof. This Official Statement is submitted with respect to the sale of the Note Participations referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the County. All summaries of the Note Participations, the Notes, the Note Resolutions, the Trust Agreement, the Investment Agreement, if any (each as defined herein), and other documents, are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Preparation of this Official Statement and its distribution have been duly authorized and approved by the Participants.

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

CUSIP is copyrighted 2026, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau, managed on behalf of the American Bankers Association by Standard & Poor's. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the Participants and are included solely for the convenience of the registered owners of the applicable Note Participations. Neither the Participants nor the Underwriters are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Note Participations or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Note Participations as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance and other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Note Participations.

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$23,200,000*
SAN DIEGO COUNTY SCHOOL DISTRICTS
TAX AND REVENUE ANTICIPATION NOTE PROGRAM
NOTE PARTICIPATIONS,
SERIES 2026A

Evidencing and Representing Proportionate and Undivided Interests of the Owners Thereof
in 2026-27 Tax and Revenue Anticipation Notes of Certain School Districts within San Diego County

INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of and is qualified by a more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents described herein. References to and summaries of provisions of the Constitution and laws of the State of California and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions.

This Official Statement, including the cover page, table of contents and appendices, sets forth certain information concerning the $23,200,000* aggregate principal amount of the San Diego County School Districts Tax and Revenue Anticipation Note Program Note Participations, Series 2026A (the "Note Participations"), comprised of Note Participations maturing on September 1, 2027. The Note Participations evidence and represent proportionate and undivided interests of the owners thereof in the 2026-27 Tax and Revenue Anticipation Notes (individually, a "Note" and collectively, the "Notes"), as identified in the Trust Agreement (as herein defined), issued by the County of San Diego (the "County") on behalf of the various school districts, as further described under the "THE PARTICIPANTS" herein (the "Participants") located in San Diego County, California, and the debt service payments on the Notes to be made by the Participants. Each Note is issued pursuant to Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the "Government Code") and in accordance with a resolution adopted by the Board of Supervisors of the County (the "Board") on behalf of each Participant and a resolution adopted by each Participant (each a "Note Resolution").

The Note Participations are being issued pursuant to the terms of a Trust Agreement, dated as of September 1, 2026 (the " Trust Agreement"), by and among the County, the Participants identified herein under "THE PARTICIPANTS" (the " Participants"), and UMB Bank, National Association (the "Trustee"). See APPENDICES A and B for a summary description of certain information respecting each Participant.

The Note Participations will be executed and delivered in an aggregate principal amount equal to the aggregate principal amount of the Notes. The Notes represented by the Note Participations are being issued to provide operating cash for the current working capital expenditures, capital expenditures and the investment and reinvestment of funds prior to the receipt of anticipated tax payments and other revenues for the respective Participants. Imbalances in the Participants' cash flows, resulting from the timing of expenditures and receipts, require that the Participants borrow funds to meet all scheduled disbursements, including current expenses, capital expenditures, and the discharge of other obligations or indebtedness of the Participants.

Each Participant has pledged, pursuant to Section 53856 of the Government Code and its respective Note Resolution for the payment of principal of and interest on its respective Note, certain Unrestricted Revenues (as hereinafter defined, the "Pledged Revenues") which are received, accrued or held by the Participant and are attributable to the 2026-27 Fiscal Year, and the principal of its Note and the interest

* Preliminary, subject to change.

thereon shall constitute a first lien and charge thereon and shall be payable from the first moneys received by the Participant from such Pledged Revenues and, to the extent not so paid, shall be paid from any other taxes, income, revenue, cash receipts and other moneys of the Participant provided for or attributable to the 2026-27 Fiscal Year and available therefor (all as provided for in Sections 53856 and 53857 of the Government Code). The term "Unrestricted Revenues" shall mean all taxes, income, revenue (including, but not limited to, revenue from the State and federal governments), cash receipts, and other moneys, which are generally available for the payment of current expenses and other obligations of the Participant. The Owners (as defined below) shall have a first lien and charge on such Unrestricted Revenues as provided in the Trust Agreement which are received, accrued or held by the Participant and are attributable to the 2026-27 Fiscal Year. Notwithstanding the foregoing, the terms "Unrestricted Revenues" and "Pledged Revenues" shall exclude moneys which, when received by the Participant, will be encumbered for a special purpose unless an equivalent amount of the proceeds of the related Participant's Note is set aside and used for said special purpose. **Notwithstanding the foregoing, Unrestricted Revenues pledged by the Participants to the payment of the Notes represented by their respective Note Participations as Pledged Revenues shall not include any amounts pledged by the Participants to the payment of any temporary transfer of funds by the Treasurer-Tax Collector of the County (the "Treasurer-Tax Collector") pursuant to Section 6 of Article XVI of the California Constitution (the "Temporary Transfers"), which transfers are referred to as Treasurer's Loans from time to time.**

Each Participant has agreed pursuant to its respective Note Resolution to cause to be deposited with the Trustee an amount, together with interest earnings thereon, equal to the principal amount of and interest due on its respective Note from Pledged Revenues received by the Participant in certain sequentially numbered Repayment Dates (as defined in the respective Note Resolutions). See "SOURCES OF PAYMENT FOR THE NOTE PARTICIPATIONS" herein.

No Participant has any obligation to pay the principal of or interest on the Note of any other Participant. The Notes are general obligations of the respective Participants and, to the extent the Notes are not paid from such Pledged Revenues, the Notes shall be paid, with interest thereon, from any other moneys of the respective Participants lawfully available therefor pursuant to Section 53857 of the Government Code. The obligation of each Participant is a several and not a joint obligation and is strictly limited to such Participant's repayment obligation under its applicable Note Resolution and Note. See "SOURCES OF PAYMENT FOR THE NOTE PARTICIPATIONS" herein.

The Participants may issue, upon satisfaction of certain conditions in the Participant's respective authorizing resolutions, additional notes secured by a pledge of Pledged Revenues on a parity with or subordinate to the pledge of Pledged Revenues for the Notes. See "SOURCES OF PAYMENT FOR THE NOTE PARTICIPATIONS – Additional Notes" herein.

All quotations from and summaries and explanations of provisions of the laws of the State of California (the "State") and acts and proceedings of the Participants contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Note Participations, the Notes, the Note Resolutions and the proceedings of the Participants relating thereto, are qualified in their entirety by reference to the definitive forms of the Note Participations, the Notes and such proceedings. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement and, where the context indicates, the respective Note Resolution.

THE TRANSACTION

On the date of issuance of the Notes and the execution and delivery of the Note Participations (the "Closing Date") the following transactions shall occur simultaneously in accordance with the Trust Agreement: (a) the County shall deposit each respective Note, on behalf of each Participant, in trust with the Trustee, who shall hold such Notes in trust until their maturity; (b) the Trustee shall execute and deliver the related Note Participations, registered in the name of The Depository Trust Company, New York, New York ("DTC"), or its nominee, for the benefit of the beneficial owners of interests in the Note Participations described herein ("Beneficial Owners"); and (c) the proceeds of the Note Participations shall be deposited and disbursed as set forth in the Trust Agreement.

The purchase price for the Notes shall be derived solely from the proceeds received from the sale of the Note Participations, which shall be an amount equal to the principal amount of the Notes, less any underwriters' discount and original issue discount and plus any original issue premium. The Note Participations shall represent undivided, proportionate interests in the Notes and the debt service payments to be made by the Participants under the Notes. Principal and interest payments made by the Participants to the Trustee shall be remitted by wire transfer to DTC or its nominee which in turn will remit such payments to participants in DTC ("DTC Participants") for subsequent disbursement to the Beneficial Owners. See "DESCRIPTION OF THE NOTE PARTICIPATIONS – Book-Entry System" herein. Pursuant to the Trust Agreement, the Trustee agrees to transfer all such debt service payments as may be received from the related Participants to DTC, as Registered Owner of the Note Participations (the "Owner"), and the Trustee agrees to hold the Notes until their maturity for the benefit of the Beneficial Owners. Neither the Trustee nor the Participants shall have any further liability with respect to payments of principal of and interest on the Notes represented by the Note Participations or any fiduciary responsibility to the Owners or the Beneficial Owners except as expressly set forth in the Trust Agreement or the terms of the Note Participations. See "SUMMARY OF THE TRUST AGREEMENT" herein.

DESCRIPTION OF THE NOTE PARTICIPATIONS

The Note Participations

The Note Participations will be executed and delivered as fully registered certificates, without coupons. The Note Participations will be dated, will mature and will have an interest component calculated at the rates per annum, all as shown on the cover page hereof. Principal with respect to the Notes will be payable on the Maturity Date (as defined in each Participant's Note). Principal and interest with respect to the Notes will be payable on their respective Maturity Dates (as defined in each Participant's Note). Principal of and interest due on the Notes represented by the Note Participations will be payable by the Trustee to DTC, which will in turn remit such principal and interest to the DTC Participants. It is the responsibility of the DTC Participants to remit such principal and interest to the Beneficial Owners. See "Book-Entry System" below. The Note Participations and the Notes evidenced thereby are not subject to redemption prior to maturity.

Book-Entry System

The information hereunder concerning DTC and DTC's book-entry only system has been obtained from DTC and the Participants take no responsibility for the completeness or accuracy thereof. The Participants, the Trustee and the Underwriters cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Note Participations, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Note Participations, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Note Participations,

or that they will do so on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The Participants, the Trustee and the Underwriters are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Note Participations or an error or delay relating thereto. 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.

1. DTC will act as securities depository for the Note Participations. The Note Participations 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 certificate will be issued for each maturity of the Note Participations 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 S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") 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. Information on this website is not incorporated herein.

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

4. To facilitate subsequent transfers, all Note Participations 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 the Note Participations 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 Note Participations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Note Participations 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 the Note Participations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Note Participations, such as redemptions, defaults, and proposed amendments to the financing documents.

6. Redemption notices shall be sent to DTC. If less than all of the Note Participations 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 Note Participations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee 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 Note Participations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds on the Note Participations 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 Participants 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 Participants or the Trustee, 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 Participants 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.

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

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

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

NEITHER THE PARTICIPANTS, THE COUNTY, THE TRUSTEE NOR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON NOTE PARTICIPATIONS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS UNDER THE TERMS OF THE TRUST AGREEMENT; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE NOTE PARTICIPATIONS.

SOURCES OF PAYMENT FOR THE NOTE PARTICIPATIONS

The Notes

The Note Participations evidence and represent proportionate and undivided interests in the Notes and in debt service payments attributable to the Note Participations to be made thereon by the respective Participants. The Notes are general obligations of the respective Participants and, to the extent not paid as identified in the Trust Agreement from the pledged moneys herein described, shall be paid from any other moneys of the Participants lawfully available therefor. However, except for the Pledged Revenues described herein, the Participants are not prohibited from pledging, encumbering and utilizing other moneys for other purposes and there can be no assurance that such other moneys will be available for the payment of the principal of and interest on the Notes represented by the Note Participations and the Notes evidenced thereby. **No Participant has any obligation to pay the principal of or interest on the Note of any other Participant.**

The Notes represented by the Note Participations are secured by the Pledged Revenues as identified in the Trust Agreement and as described herein of the Participants. See APPENDIX A – "INFORMATION REGARDING THE PARTICIPANTS" for more information on the Participants.

Pledged Revenues

As security for the Notes, the Participants have each pledged certain Unrestricted Revenues (as hereinafter defined, the "Pledged Revenues") which are received, accrued or held by the Participant and are attributable to the 2026-27 Fiscal Year, and the principal of the Notes and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the first moneys received by the Participant from such Pledged Revenues, and, to the extent not so paid, shall be paid from any other taxes, income, revenue, cash receipts and other moneys of the Participant provided for or attributable to the 2026-27 Fiscal Year and available therefor (all as provided for in Sections 53856 and 53857 of the Government Code). The term "Unrestricted Revenues" shall mean all taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts, and other moneys, which are generally available for the payment of current expenses and other obligations of the Participant. The Owners shall have a first lien and charge on such Unrestricted Revenues as provided in the Trust Agreement which are received, accrued or held by the Participant and are attributable to the 2026-27 Fiscal Year. Notwithstanding the foregoing, the terms "Unrestricted Revenues" and "Pledged Revenues" shall exclude moneys which, when received by a Participant, will be encumbered for a special purpose unless an equivalent amount of the proceeds of its Note is set aside and used for said special purpose. **Notwithstanding the foregoing, Unrestricted Revenues pledged by the Participants to the payment of the Notes represented by the**

Note Participations as Pledged Revenues shall not include any amounts pledged by the Participants to the payment of any Treasurer Temporary Transfers.

To effect the pledge referred to in the preceding paragraph, each Participant has agreed pursuant to its respective Note Resolution to the establishment and maintenance by the Trustee of a Payment Account as a special fund of such Participant (each, a "Payment Account") within the Note Participation Payment Fund under the Trust Agreement. Each Participant has agreed to cause to be deposited directly in its Payment Account on the Repayment Dates (as defined in such Participant's Note Resolution) Pledged Revenues until the amount on deposit in such account is equal on the respective Repayment Dates to the percentages of the principal of the Note due at maturity and interest due on the Note on the Repayment Dates. Any such deposit may take into consideration anticipated investment earnings on amounts invested in a Permitted Investment, as defined in the Trust Agreement, with a fixed rate of return through the Maturity Date. In the event that on each such Repayment Date, such Participant has not received an amount sufficient to deposit into its Payment Account the full amount of Pledged Revenues, then the amount of any deficiency will be satisfied and made up from any other moneys of such Participant lawfully available for the payment of the principal of its Note and the interest thereon, as and when such other moneys are received or are otherwise legally available. The schedule of Pledged Revenue deposits, including the percentage of aggregate principal and interest to be set aside on the applicable Repayment Dates, is set forth in APPENDIX C – "SCHEDULE OF PLEDGED REVENUE DEPOSITS" attached hereto.

On each Repayment Date, the moneys in the respective Payment Accounts shall be transferred by the Trustee, to the extent necessary, to pay the interest on, or principal of and interest on, the Notes, as applicable. In the event that moneys in any Payment Account are insufficient to pay the interest on, or the principal of and interest on, the related Note in full on the applicable Repayment Date, moneys in such Payment Account shall be applied first to pay interest on the related Note and second to pay principal of the related Note. See APPENDIX E – "PARTICIPANT NOTE AMOUNTS AND COVERAGE ANALYSIS" attached hereto.

Payment Accounts

In accordance with the provisions of the Trust Agreement, all principal and interest payments on the Notes received by the Trustee shall be held in trust by the Trustee under the terms of the Trust Agreement and shall be deposited by it, as and when received, in the appropriate Payment Account within the Note Participation Payment Fund established thereunder, and all money in such fund shall be held in trust by the Trustee for the benefit of the Participant submitting such money until deposited for the payment of principal and interest in connection with the Note Participations, whereupon such money shall be held in trust in such accounts by the Trustee for the benefit and security of the Owners as set forth in the Trust Agreement. Pursuant to each Note Resolution, each Participant is required to deposit amounts with the Trustee on the dates identified as such Participant's Repayment Dates until the amount on deposit in such Participant's Payment Account, taking into consideration anticipated investment earnings thereon to be received by the Maturity Date, is equal on the respective Repayment Dates identified in the Pricing Confirmation to the percentages of the interest, or the principal and interest, as applicable, due on such Participant's Note on each Repayment Date. Pursuant to each Participant's Note Resolution, the maximum number of Repayment Dates for each Participant shall be six. If any Participant fails to make the required deposits, the Trustee shall as soon as practical (but in any event within five Business Days) notify such Participant of such failure. If the Trustee receives Payment Account deposits from a Participant in excess of the amounts required to pay the principal of and interest due on such Participant's Note on the Principal Payment Date, such excess amounts shall remain in the appropriate Participant's Payment Account in the Note Participation Payment Fund and shall be transferred to such Participant following payment of the amount of Note Participations evidencing and representing such Participant's Note. **The Participants, to the extent they have any interest in such fund, pledge, transfer, assign and grant a lien on and a**

security interest in the Note Participation Payment Fund and their respective Payment Account therein to the Trustee for the benefit of the Owners. Moneys in any Participant's Payment Account will neither be available nor used in any manner (directly or indirectly) to make up any deficiency in the Payment Account of another Participant or for payment of principal of and interest on any other Participant's Note.

Expedited Procedure for Deposits into Payment Accounts

Each Participant has covenanted to cause its funds, to the extent available, to be transferred by the Treasurer-Tax Collector from its general fund at the Treasurer-Tax Collector's office, or from the Participant's Proceeds Subaccount (as hereinafter defined) held by the Trustee, for deposit and credit to such Participant's Payment Account under the Trust Agreement, in an amount equal to the principal and interest due on the Participant's Note on each Repayment Date. Unless otherwise instructed by the Participant, the Trustee shall first cause the respective Participant's funds, to the extent available, to be transferred from the Participants' general fund at the Treasurer-Tax Collector's office to the Participant's Payment Account. The Trustee shall cause the balance, if any, required to be transferred on each Repayment Date to be deposited into each Participant's respective Proceeds Subaccount.

Additional Notes

Each Participant may at any time during the 2026-27 Fiscal Year issue or provide for the issuance of an additional note secured by a pledge of Pledged Revenues on a parity with the pledge of Pledged Revenues for the Notes (the "Parity Note"); provided that (i) such Participant shall have received confirmation from each rating agency rating its outstanding Note or Note Participations related to the Note, that the issuance of such Parity Note (or related series of note participation if sold into a pool) will not cause a reduction or withdrawal of such rating agency's rating on the outstanding Note or Note Participations related to the Note, (ii) the maturity date of any such Parity Note shall be later than the Participant's outstanding Note and (iii) such Participant shall have received the written consent of the credit provider, if any, to the issuance of the Parity Note.

Each Participant may also issue, upon satisfaction of certain conditions in the Participant's respective authorizing resolution, additional notes secured by a pledge of Pledged Revenues subordinate to the pledge of Pledged Revenues for the Notes.

SUMMARY OF THE NOTE RESOLUTIONS

Covenants of the Participants

In its respective Note Resolution, each Participant has approved and authorized, on its behalf, the execution of the Trust Agreement and its respective Note and has represented or covenanted, among other things, the following:

(A) The Participant has (or will have prior to the issuance of its Note) duly, regularly and properly adopted a preliminary budget for Fiscal Year 2026-27 setting forth expected revenues and expenditures and has complied with all statutory and regulatory requirements with respect to the adoption of such budget. The Participant will (i) duly, regularly and properly prepare and adopt its final budget for the Repayment Fiscal Year, (ii) provide to the public finance consultant to the Participants and the Underwriters (or owner of the Note Participations in the event of a private placement), promptly upon adoption, copies of such final budget and of any subsequent revisions, modifications or amendments thereto and (iii) comply with all applicable law pertaining to its budget.

(B) The sum of the principal amount of the Participant's Note and any outstanding note payable from Unrestricted Revenues that are provided for or attributable to the Repayment Fiscal Year, plus the interest payable thereon, on the date of its issuance, will not exceed eighty-five percent (85%) of the estimated amounts of such Participant's uncollected taxes, income, revenue (including, but not limited to, revenue from the State and federal governments), cash receipts, and other moneys to be received or accrued by such Participant for the general fund of such Participant and provided for or attributable to Fiscal Year 2025-26, all of which will be legally available to pay principal of and interest on such outstanding note and the Note (exclusive of any moneys required to be used to repay a treasurer's loan, if any).

(C) The County has experienced an *ad valorem* property tax collection rate of not less than eighty-five percent (85%) of the average aggregate amount of *ad valorem* property taxes levied within the Participant's boundaries in each of the last five fiscal years for which information is available, and such Participant, as of the date of adoption of its Note Resolution and on the date of issuance of its Note, reasonably expects the County to collect at least eighty-five percent (85%) of such amount for Fiscal Year 2026-27.

(D) The Participant is not currently in default, on any debt obligation and, to the best knowledge of such Participant, has never defaulted on any debt obligation.

(E) The Participant and its appropriate officials have duly taken, or will take, all proceedings necessary to be taken by them, if any, for the levy, receipt, collection and enforcement of the Pledged Revenues in accordance with law for carrying out the provisions of its Note Resolution and its Note.

(F) Except for a Parity Note, if any, the Participant shall not incur any indebtedness secured by a pledge of its Unrestricted Revenues unless such pledge is subordinate in all respects to the pledge of Unrestricted Revenues under its Note Resolution.

(G) The Participant will maintain a positive general fund balance in Fiscal Year 2026-27.

(H) Each of the Participants has funded its Reserve for Economic Uncertainties for Fiscal Year 2025-26 in at least the minimum amount recommended, and will budget to fund its Reserve for Economic Uncertainties for Fiscal Year 2026-27 in at least the minimum amount recommended by the State Superintendent of Public Instruction.

Events of Default

Pursuant to each respective Participant's Note Resolution, if any of the following events occurs, it is defined as and declared to be and to constitute an "Event of Default" under such Note Resolution:

(A) Failure by the Participant to make or cause to be made the deposits to its Payment Account or any other payment required to be paid under its Note Resolution on or before the date on which such deposit or other payment is due and payable;

(B) Failure by the Participant to observe and perform any covenant, condition or agreement on its part to be observed or performed under its Note Resolution, for a period of 15 days after written notice, specifying such failure and requesting that it be remedied, is given to the Participant by the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration;

(C) Any warranty, representation or other statement by or on behalf of the Participant contained in its Note Resolution or the Purchase Contract (including its Pricing Confirmation), or in any instrument

furnished in compliance with or in reference to its Note Resolution or the Purchase Contract or in connection with its Note, is false or misleading in any material respect;

(D) A petition is filed against the Participant under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect and is not dismissed within 30 days after such filing, but the Trustee shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect its and the Owners' interests;

(E) The Participant files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law;

(F) The Participant admits insolvency or bankruptcy or is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including without limitation a receiver, liquidator or trustee) of the Participant or any of its property is appointed by court order or takes possession thereof and such order remains in effect or such possession continues for more than 30 days, but the Trustee shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect its and the Owners' interests; and

(G) An "Event of Default" under the terms of the resolution of the County providing for the issuance of the Notes.

Remedies

Whenever any Event of Default under any Note Resolution shall have happened and be continuing, the Trustee shall, in addition to any other remedies provided under the applicable Note Resolution or by law or under the Trust Agreement, have the right, at its option without any further demand or notice, to take one or any combination of the following remedial steps:

(1) Without declaring the affected Note to be immediately due and payable, require the related Participant to pay to the Trustee, for deposit into the Payment Account of the Participant in the Note Participation Payment Fund under the related Trust Agreement, an amount equal to the principal of its Note and interest thereon to maturity, plus all other amounts due under the related Note Resolution, and upon notice to the Participant the same shall become immediately due and payable by the Participant without further notice or demand; and

(2) Take whatever other action at law or in equity (except for acceleration of payment on the Note) which may appear necessary or desirable to collect the amounts then due and thereafter to become due under the related Note Resolution or to enforce any other of its rights under the related Note Resolution.

SUMMARY OF THE TRUST AGREEMENT

General

Pursuant to the Trust Agreement, the Trustee is appointed to act as trustee with respect to the Note Participations, with the duty to hold the Notes in trust until maturity for the benefit of the Owners of the Note Participations. The payments on the Notes shall be used for the punctual payment of the interest and principal evidenced and represented by the related Note Participations, and the Notes or payments thereon shall not be used for any other purpose while any of the related Note Participations remain Outstanding.

Deposit of the Notes, Note Proceeds and Note Payments

Pursuant to the Trust Agreement, the Notes, as evidenced and represented by the Note Participations, shall be irrevocably deposited with and pledged and transferred to the Trustee, which is the registered owner of each Note for the benefit of the Owners of the Note Participations and the payments on the Notes shall be used for the punctual payment of the interest and principal evidenced and represented by the Note Participations, and the Notes shall not be used for any other purpose while the respective Note Participations remain Outstanding. This deposit, transfer and pledge shall constitute a first and exclusive lien on the principal and interest payments of the Notes for the foregoing purpose in accordance with the terms of the Trust Agreement.

The Trustee shall execute and deliver the Note Participations evidencing and representing the aggregate principal amount of the Notes. The obligation of each Participant to Owners is a several and not a joint obligation and is strictly limited to the Participant's repayment obligation under its Resolution and its Note. The net proceeds from the sale of the Note Participations will be deposited with the Trustee for the payment of certain costs of issuance and for deposit into the Proceeds Fund and credited to subaccounts of that Fund (the "Proceeds Subaccounts"), one of which shall be established for each of the Participants under the Trust Agreement. All money in the Proceeds Fund shall be held by the Trustee in trust. Moneys in the Proceeds Subaccount of each Participant shall be disbursed to that Participant from time to time, as soon as practical, pursuant to a requisition of the Participant, for any purpose for which the Participant is authorized to expend moneys.

All principal and interest payments on the Notes shall be paid directly by the Participants to the Trustee. All principal and interest payments on the Notes received by the Trustee shall be held in trust by the Trustee under the terms of the Trust Agreement and shall be deposited by it, as and when received, in the appropriate Payment Account within the Note Participation Payment Fund established under the Trust Agreement, which fund the Trustee shall maintain so long as any Note Participations are Outstanding, and all money in such fund shall be held in trust by the Trustee for the benefit of the Participant submitting such money until deposited in the Interest Fund and Principal Fund established under the Trust Agreement in accordance with the Trust Agreement, whereupon such money shall be held in trust in such funds by the Trustee for the benefit and security of the Owners to the extent provided in the Trust Agreement. Pursuant to each Participant's Note Resolution, each Participant is required to deposit amounts with the Trustee on the dates identified as such Participant's Repayment Dates. Any such deposit may take into consideration anticipated investment earnings on amounts deposited or in an investment agreement through the Maturity Date. If any Participant fails to make the required deposits, the Trustee shall as soon as practical (but in any event within five Business Days) notify such Participant and S&P of such failure.

Upon written instruction from any Authorized District Representative, to the extent that the Trustee holds moneys and/or securities in a Participant's Proceeds Subaccount, there shall be transferred to such Participant's Payment Account in the Note Participation Payment Fund, under the Trust Agreement, from the Proceeds Subaccount of such Participant on any Repayment Date, the amount stated in such instruction,

but not more than an amount equal to the percentages of the principal of and interest due on such Participant's Note at maturity for the corresponding Repayment Date designated on the face of each such Participant's Note.

Investments

Any money held by the Trustee in the Note Participation Payment Fund and the Proceeds Fund under the Trust Agreement may, to the fullest extent practicable, be invested under one or more investment agreement(s) meeting the requirements of the Trust Agreement (the "Investment Agreements"); provided that, upon the request of any Participant, moneys held by the Trustee with respect to such Participant's Proceeds Subaccount or Payment Account of such Participant, shall be invested, by the Trustee in any of the other Permitted Investments as described in and under the terms of the Trust Agreement. The amounts held in the several Payment Accounts and Proceeds Subaccounts will be accounted for separately by the Trustee. See "INVESTMENT OF PARTICIPANT FUNDS" herein.

The Trustee may act as principal or agent in the acquisition or disposition of any such deposit or investment and may at its sole discretion, for the purpose of any such deposit or investment, commingle any of the moneys held by it under the Trust Agreement. The Trustee shall not be liable or responsible for any loss suffered in connection with any such deposit or investment made by it under the terms of and in accordance with the Trust Agreement. The Trustee may present for redemption or sell any such deposit or investment whenever it shall be necessary in order to provide money to meet any payment of the money so deposited or invested, and the Trustee shall not be liable or responsible for any losses resulting from any such deposit or investment presented for redemption or sold. Any interest or profits on such deposits and investments received by the Trustee shall be credited to the fund or account from which such investment was made.

Moneys held by the Trustee in the Costs of Issuance Fund, Principal Fund and the Interest Fund shall be invested in Permitted Investments as directed by the County, as representative of the Participants, in writing. "Permitted Investments" include each of the following to the extent then permitted by law:

(1) United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations for which the full faith and credit of the United States of America are pledged for the payment of interest and principal;

(2) Any obligations which are then legal investments for moneys of the Participants under the laws of the State of California; *provided*, that if such investments are not fully insured by the Federal Deposit Insurance Corporation, such investments shall be, or shall be issued by entities the debt securities of which are, rated in the highest short-term or one of the two highest long-term rating categories by Moody's Investors Service ("Moody's") and S&P, including any fund for which the Trustee, or any of its affiliates provides management, advisory, or sponsorship service;

(3) Units of a money-market fund portfolio composed of obligations either issued by United States government sponsored enterprises or guaranteed by the full faith and credit of the United States of America rated in one of the two highest rating categories by Moody's and S&P; including any fund for which the Trustee or any of its affiliates provides management, advisory or sponsorship services;

(4) An investment agreement, including a repurchase agreement, with a financial entity, or with a financial entity whose obligations are guaranteed or insured by a financial entity, whose senior debt or investment contracts or obligations under its investment contracts are rated in one of the two highest long-term rating categories by Moody's and S&P or whose commercial paper rating is in the highest rating category of each such rating agencies or is collateralized by investments listed in subsection (1) hereof as required by S&P and Moody's to be rated in one of the two highest rating categories;

(5) The San Diego County Investment Pool;

(6) Any securities required or permitted to be used to collateralize an investment agreement, to the extent such securities are used to collateralize an investment agreement; or

(7) Any other investment rated in one of the two highest rating categories by Moody's and S&P approved by the County.

Events of Default

If any default in the payment of principal of or interest on a Note or any other "Event of Default" defined in a Note Resolution shall occur and be continuing, or if any default shall be made by a Participant in the performance or observance of any other of the covenants, agreements or conditions on its part contained in the Trust Agreement and such default shall have continued for a period of thirty (30) days after written notice thereof shall have been given to such Participant by the Trustee or the Owners of not less than a majority in aggregate principal amount evidenced and represented by the Note Participations at the time Outstanding, then such default shall constitute an "Event of Default" under the Trust Agreement, and in each and every such case during the continuance of such Event of Default the Trustee or the Owners of not less than a majority in aggregate principal amount evidenced and represented by the Note Participations at the time Outstanding shall be entitled, upon notice in writing to such Participant, to exercise the remedies provided to the owner of the Note then in default or under the Note Resolution pursuant to which it was issued; provided, that nothing contained in the Trust Agreement shall affect or impair the right of action of any Owner to institute suit directly against the respective Participant to enforce payment of the obligation evidenced and represented by such Owner's Note Participation.

The Owners of Note Participations, for purposes of the Trust Agreement and the Note Resolutions, to the extent of their interests, shall be treated as owners of the Notes and shall be entitled to all rights and security of the owners of Notes pursuant to each Note and Note Resolution and the Trust Agreement, and shall be treated for all purposes as owners of the Notes. The Trustee shall have the right: (a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights under the Trust Agreement against any Participant that is a party to the Trust Agreement or any trustee, member, officer or employee thereof, and to compel such Participant or any such trustee, member, officer or employee thereof to observe or perform its or their duties under applicable law and the agreements, conditions, covenants and terms contained in the Trust Agreement, or in the applicable Note and Note Resolution, required to be observed or performed by it or them; (b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee; or (c) by suit in equity upon the happening of any default under the Trust Agreement to require any Participant and any trustee, member, officer and employee thereof to account as the trustee of any express trust.

Application of Funds Upon Event of Default

All moneys received by the Trustee pursuant to any right given or action taken upon the occurrence of an Event of Default pursuant to the Trust Agreement shall be deposited into the segregated Payment Account of the Note Participation Payment Fund relating to the defaulting Participant's Note and be applied by the Trustee after payment of its costs in accordance with the Trust Agreement in the following order; *provided* that the Trustee shall obtain and follow the instructions contained in an Opinion of Counsel and rebate or set aside for rebate from the specified funds held under the Trust Agreement any amount pursuant to such instructions required to be paid to the United States of America under the Internal Revenue Code of 1986, as amended, and the regulations issued or applicable thereunder:

First, Costs and Expenses: to the payment of the fees, costs and expenses of the Trustee including any expenses incurred in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel;

Second: to the payment of the costs and expenses of the Owners in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel;

Third, Interest: to the payment to the persons entitled thereto of all payments of interest evidenced and represented by the Note Participations then due in the order of the due date of such payments, and, if the amount available shall not be sufficient to pay in full any payment or payments coming due on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Fourth, Principal: to the payment to the persons entitled thereto of the unpaid principal evidenced and represented by any Note Participations which shall have become due, in the order of their due dates, with interest on the overdue principal and interest represented by the Note Participations at a rate equal to the Default Rate and, if the amount available shall not be sufficient to pay in full all the amounts due with respect to the Note Participations on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference.

INVESTMENT OF PARTICIPANT FUNDS

Pursuant to the Education Code, the Participants' operating funds are generally deposited into the County Treasury to the credit of the proper fund of the respective Participant. In the case of the Note Participations, the net proceeds attributable to such Participant will be initially credited to subaccounts of the Proceeds Fund, one of which shall be established for each Participant, and subsequently transferred to the County Treasury to the credit of the general fund of the respective Participant. See also "SUMMARY OF THE TRUST AGREEMENT – Investments" herein and APPENDIX A – "INFORMATION REGARDING THE PARTICIPANTS – San Diego County Investment Pool" attached hereto.

THE PARTICIPANTS

The Participants and the principal amount of the Notes issued by each such Participant are set forth below:

Participants	Principal Amounts*
Carlsbad Unified School District	$14,000,000
Coronado Unified School District	4,200,000
San Dieguito Union High School District	5,000,000

LIMITATIONS ON REMEDIES

The source of repayment of the Note Participations is debt service payments on the Notes. A Participant is liable on its Note (even in the event that such Note becomes a Defaulted Note) only to the extent of its available revenues provided for or attributable to Fiscal Year 2026-27. If such available revenues are not sufficient to pay its Note or Defaulted Note, as the case may be, such Participant is not obligated to pay such Note or Defaulted Note from any other sources (including subsequent fiscal years' revenues). **The obligation of a Participant to make payments on or in respect of its Note is a several and not a joint obligation and is strictly limited to such Participant's repayment obligation under its Note Resolution and its Note, and to its Pledged Revenues.**

The rights of the Owners of the Note Participations are subject to certain limitations in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the Owners of the Note Participations, and the obligations incurred by the Participants, respectively, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, and the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the Owners of the Note Participations to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

On January 24, 1996, the United States Bankruptcy Court for the Central District of California held in the case of *County of Orange v. Merrill Lynch* that a State statute providing for a priority of distribution of property held in trust conflicted with, and was preempted by, federal bankruptcy law. In that case, the court addressed the priority of the disposition of moneys held in a county investment pool upon bankruptcy of the county, but was not required to directly address the State statute that provides for the lien in favor of holders of tax and revenue anticipation notes. The Participants are in possession of the taxes and other revenues that will be set aside and pledged to repay the Notes evidenced by the Note Participations and, following payment of these funds to the Trustee, these funds will be invested in the name of the Trustee for a period of time in the San Diego County Investment Pool or in an Investment Agreement. In the event of a petition for the adjustment of debts of any of the Participants under Chapter 9 of the federal bankruptcy code, a court might hold that the Owners of the Notes evidenced by the Note Participations do not have a valid and/or prior lien on the Pledged Revenues where such amounts are deposited in the San Diego County

* Preliminary, subject to change.

Investment Pool or in an Investment Agreement and may not provide the Owners of the Notes evidenced by the Note Participations with a priority interest in such amounts. In that circumstance, unless the Owners could "trace" the funds from the Repayment Fund that have been deposited in the San Diego County Investment Pool or in an Investment Agreement, the Owners would be unsecured (rather than secured) creditors of the Participants. There can be no assurance that the Owners could successfully so "trace" the Pledged Revenues.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Participants, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Note Participations designated as and comprising interest with respect to the Certificates is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Note Participations designated as and comprising interest with respect to the Certificates is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest designated as and comprising interest with respect to the Certificates is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Participants and others in connection with the Note Participations, and Bond Counsel has assumed compliance by the Participants with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Note Participations from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Participants, under existing statutes, interest on the Note Participations designated as and comprising interest with respect to the Certificates is exempt from personal income taxes imposed by the State of California.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Note Participations or the Certificates, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the date of execution and delivery, and assumes no obligation to update, revise or supplement its opinion after the date of execution and delivery to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or in interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including without limitation, exclusion from gross income for federal income tax purposes of interest on the Note Participations.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Note Participations in order that interest on the Note Participations designated as and comprising interest with respect to the Certificates be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Note Participations and Certificates, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest

on the Note Participations and the Certificates to become included in gross income for federal income tax purposes retroactive to their date of execution and delivery, irrespective of the date on which such noncompliance occurs or is discovered. The Participants has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Note Participations which is designated as and comprises interest with respect to the Certificates from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Certificates. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Certificates. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Certificates.

Prospective owners of the Certificates should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Note Participations designated as and comprising interest with respect to the Certificates may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

"Original issue discount" (in this section, "OID") is the excess of the sum of all amounts payable at the stated maturity of a Note Participation (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity (a note with the same maturity date, interest rate, and credit terms) means the first price at which at least 10% of such maturity was sold to the public, *i.e.*, a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Note Participations. In general, the issue price for each maturity of the Note Participations is expected to be the initial public offering price set forth on the inside cover page of this Official Statement. Bond Counsel further is of the opinion that, for any Note Participations having OID (in this section, a "Discount Note Participation"), OID that has accrued and is properly allocable to the owners of the Discount Note Participations under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Note Participations.

In general, under Section 1288 of the Code, OID on a Discount Note Participation accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Note Participation. An owner's adjusted basis in a Discount Note Participation is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Note Participation even though there will not be a corresponding cash payment.

Owners of any Discount Note Participations should consult their own tax advisors with respect to the treatment of OID for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Note Participations.

Bond Premium

In general, if an owner acquires a bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable with respect to the bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that bond (a "Premium Certificate"). In general, under Section 171 of the Code, an owner of a Premium Certificate must amortize the bond premium over the remaining term of the Premium Certificate, based on the owner's yield over the remaining term of the Premium Certificate, determined based on constant yield principles (in certain cases involving a Premium Certificate callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Premium Certificate). An owner of a Premium Certificate must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Certificate, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Certificate may realize a taxable gain upon disposition of the Premium Certificate even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Note Participations should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Note Participations.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Note Participations. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Certificate through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest with respect to the Note Participations from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Note Participations designated as and comprising interest with respect to the Note Participations under federal or state law or otherwise prevent beneficial owners of the Note Participations designated as and comprising interest with respect to the Note Participations from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Note Participations.

Prospective purchasers of the Note Participations should consult their own tax advisors regarding the foregoing matters.

LITIGATION

There is no litigation now pending or to the knowledge of the respective Participants threatened (1) to restrain or enjoin the issuance or sale of the Note Participations or the execution and delivery of the Notes Participations; (2) questioning or affecting the validity of the Notes or the Note Participations or the Note Resolutions; or (3) questioning or affecting the validity of any of the proceedings for the authorization, sale, execution or delivery of the Notes or the Note Participations.

RATING

S&P has rated the Note Participations "SP-1+". The rating reflects only the views of the rating agency and any explanation of the significance of such rating and any ratings on any of the Participants' outstanding obligations may be obtained only from such rating agency as follows: S&P Global Ratings, Public Finance Department, 55 Water Street, New York, New York 10041. There is no assurance that the rating will remain in effect for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of a rating may have an adverse effect on the trading value and the market price of the Note Participations. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

LEGAL MATTERS

Legal matters incident to the delivery of the Note Participations are subject to the approving opinion of Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel. The proposed form of opinion of Bond Counsel is contained in APPENDIX D. As Bond Counsel, Hawkins Delafield & Wood LLP undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the County by Hawkins Delafield & Wood LLP, Los Angeles, California, Disclosure Counsel to the County.

SALE OF THE NOTE PARTICIPATIONS

The Note Participations are scheduled to be sold at competitive bid on September 9, 2026*, as provided in the Notice Inviting Bids, dated September 1, 2026 (the "Notice Inviting Bids"). The Notice Inviting Bids provides that the obligation to purchase the Note Participations is subject to certain terms and conditions set forth in the Notice Inviting Bids, the approval of certain legal matters by Bond Counsel and certain other conditions. The Purchaser will represent to the County and the Participants that the Note Participations have been reoffered to the public at the prices or yields to be stated on the inside cover page hereof.

* Preliminary, subject to change.

PUBLIC FINANCE CONSULTANT

Government Financial Services Joint Powers Authority, Sacramento, California, serves as the Public Finance Consultant to the Participants in connection with the execution and delivery of the Note Participations. The Public Finance Consultant to the Participants has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

CONTINUING DISCLOSURE

Pursuant to the Trust Agreement and in compliance with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule"), each Participant has agreed to give, or cause to be given, through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA"), notice of the occurrence of any of the following Listed Events with respect to its Note and the Note Participations not later than ten (10) business days after the occurrence of the event: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB), other material notices or determinations by the Internal Revenue Service with respect to the tax status of its Note and the Note Participations, or other material events affecting the tax status of its Note and the Note Participations; (7) modifications to rights of Note Participation holders, if material; tender offers; (8) optional, unscheduled or contingent Note Participation calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Note Participation, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of such Participant; (13) the consummation of a merger, consolidation, or acquisition involving such Participant or the sale of all or substantially all of the assets of such Participant, 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, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a Financial Obligation (as defined in the Rule) of such Participant, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of such Participant, any of which affect Note Participation holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of such Participant, any of which reflect financial difficulties.

The undertakings described above and set forth in the Trust Agreement may be amended and any provision of such undertakings may be waived, *provided* the following conditions are satisfied: (a) if the amendment or waiver relates to events described in the preceding paragraph, 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 any of the Participants or type of business conducted thereby; (b) the undertakings, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel or counsel expert in federal securities laws addressed to the Participants and the Trustee, have complied with the requirements of the Rule at the time of the primary offering of the Note Participations, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; (c) the proposed amendment or waiver either (i) is approved by the Owners in the manner provided in the Trust Agreement for amendments thereto with the consent of Owners, or (ii) does not, in the opinion of the nationally recognized bond counsel or counsel expert in federal securities laws addressed to the Participants and the Trustee, materially impair the interests of Owners or beneficial owners of the

Note Participations; and (d) the applicable Participant shall have delivered copies of such opinions and amendment to EMMA.

The Participants' obligations under the Trust Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes and the Note Participations. The undertakings in the Trust Agreement relating to continuing disclosure shall inure solely to the benefit of the Participants, the Trustee, the Dissemination Agent, the Underwriters and the Owners and beneficial owners, from time to time of the Note Participations, and shall create no rights in any other person or entity.

In the past five years, Carlsbad Unified School District did not timely file the annual report for fiscal year 2023-24 in connection with its 2006 Election General Obligation Bonds, 2011 Series C and its 2006 Election General Obligation Bonds, 2011 Series D, Qualified School Construction Bonds (Taxable District Subsidy Bonds), as required by its prior continuing disclosure obligations under the Rule.

In the past five years, Coronado Unified School District and San Dieguito Union High School District have complied in all material respects with their continuing disclosure obligations under the Rule.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Participants and the purchasers or Owners of any of the Note Participations. This Official Statement speaks only as of its date, and the information contained herein is subject to change. The Participants have not entered into any contractual arrangement to provide information on a continuing basis to investors or any other party. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in affairs in the Participants since the date hereof. The delivery of this Official Statement has been duly authorized by the Participants.

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APPENDIX A

INFORMATION REGARDING THE PARTICIPANTS

APPENDIX A

INFORMATION REGARDING THE PARTICIPANTS

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STATE AND FEDERAL FUNDING OF EDUCATION

Major Revenues

General. The principal revenues of Carlsbad Unified School District ("Carlsbad USD"), Coronado Unified School District ("Coronado USD"), and San Dieguito Union High School District ("SDUHSD") (together, the "Participants") consist of guaranteed State moneys, *ad valorem* property taxes and funds received from the State and federal government in the form of categorical aid under ongoing programs of local assistance. Categorical funds provided by the State and federal government are to be used for specific programs, such as student transportation, class-size reduction and special education, and typically cannot be used for any other purpose. The amount of categorical funding appropriated to a school district may vary significantly from other school districts and yearly.

The Participants also receive revenues from the State attributable to temporary tax increases that are scheduled to expire in Fiscal Year 2030 and from local sources other than property taxes, such as interest income, donations and sales of property. The California lottery is another source of funding for school districts. Every school receives the same amount of lottery funds per pupil from the State; however, these are not categorical funds as they are not for particular programs or children. The initiative authorizing the lottery requires the funds to be used exclusively for the education of pupils and students and no funds are to be spent for acquisition of real property, construction of facilities, financing of research, or any other non-instructional purpose.

State funding of school districts, including the Participants, is required by Article XVI of the State Constitution, which requires that from all State revenues, there first be set apart the moneys to be applied by the State for support of the public school system and public institutions of higher education. The State Legislature and the Governor approve the State's authorized appropriations for school districts each fiscal year in connection with the adoption of the State budget act. Proposition 98 (as defined herein) provides the minimum funding formula for school districts. However, the actual appropriations and the timing of such appropriations are subject to, among other things, the estimated amount of State General Fund revenues during the fiscal year and subsequent changes in State law. See "– State Budget Process Related to Funding of Education– Aggregate State Education Funding" herein.

Local Control Funding Formula. As part of the 2013-14 State budget, State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97") was enacted to establish a new system for funding school districts, charter schools and county offices of education by the implementation of the Local Control Funding Formula (the "Local Control Funding Formula" or "LCFF") to replace the revenue limit funding system for determining State apportionments and the majority of categorical program funding. Subsequently, AB 97 was amended and clarified by Senate Bill 91 (Stats. 2013, Chapter 49). The LCFF consists primarily of base grant, supplemental grant and concentration grant funding that focuses resources based on a school's student demographics. Each school district and charter school will receive a per pupil base grant to support the basic costs of instruction and operations. The implementation of the LCFF began in Fiscal Year 2013-14 and has now been fully implemented.

The LCFF includes the following components:

- A uniform base grant for each local education agency based on four different grade spans of pupils, transitional kindergarten ("TK")/kindergarten ("K")-3, 4-6, 7-8, and 9-12, per unit of average daily attendance ("ADA"). The Fiscal Year 2026-27 adjusted base grant amounts for each grade span are as noted in the table below. These amounts include an adjustment of 10.4% to the base grant to support lowering class sizes in grades TK/K3, and an adjustment of 2.6% to reflect the cost of operating career technical education programs

in high schools. Unless otherwise collectively bargained for, school districts must maintain an average class enrollment of 24 or fewer students in grades TK/K-3 at each school site so as to continue receiving its adjustment to the TK/K-3 base grant. Additional add-ons are also provided to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during Fiscal Year 2012-13.

- A 20% supplemental grant for students classified as English learners ("EL"), those eligible to receive a free or reduced price meal ("FRPM") and foster youth, to reflect increased costs associated with educating those students.

- An additional concentration grant equal to 65% of an LEA's base grant, based on the number of EL, FRPM, and foster youth served by an LEA, which provides additional funding for districts with unduplicated counts greater than 55% of enrollment.

- An economic recovery target ("ERT") to ensure that almost every LEA receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF.

- An add-on to the LCFF entitlement equal to the TK add-on rate multiplied by a district's current year TK ADA. The Fiscal Year 2026-27 TK add-on per ADA is $5,704.

Base grants are to be adjusted for cost-of-living increases by applying the implicit price deflator for government goods and services. The provision of cost-of-living adjustments ("COLAs") will be subject to appropriation for such adjustment in the annual State budget. The differences among base grants are linked to differentials in Statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels.

The amounts below reflect funding levels used in the LCFF Entitlement calculations.

California School District and Charter School LCFF Entitlement
Base Grant Funding, Education Code Section 42238.02(d)

Grade Span	A 2025-26 Base Grant per ADA	B 2026-27 Base Grant Adjustment (A*1.44%)	C 2026-27 COLA (A*2.87%)	D 2026-27 Base Grant per ADA before Grade Span Adjustments (A+B+C)	E Grade Span Adjustments (TK-3: D*10.4% 9-12:D*2.6%)	F 2026-27 Base/Adjusted Base Grant per ADA (D+E)
TK/K–3	$10,256	$148	$294	$10,698	$1,113	$11,811
4–6	10,411	150	299	10,860	N/A	10,860
7–8	10,719	154	308	11,181	N/A	11,181
9–12	12,423	179	357	12,959	$337	13,296

Source: California Department of Education

Local Control and Accountability Plan. As part of the LCFF, school districts, county offices of education, and charter schools are required to develop, adopt and annually update a three-year Local Control and Accountability Plan ("LCAP") beginning on July 1, 2014, using a template adopted by the California State Board of Education ("SBE"). The SBE is required to adopt evaluation rubrics to assist school districts and oversight entities in evaluating strengths, weaknesses, areas that require improvement, technical assistance needs, and where interventions are warranted. Subsequent revisions to the template or evaluation

rubrics are required to be approved by the SBE by January 31 before the Fiscal Year when the template or rubric would be used. The LCAP is required to identify goals and measure progress for student subgroups across multiple performance indicators.

Ad Valorem Property Taxes

Taxes are levied for each Fiscal Year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a "floating lien date"). For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

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

Property taxes on the secured roll are due in semi-annual installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll secured by the assessee's fee ownership of land with respect to which taxes are delinquent is declared tax defaulted on or about June 30. Those properties on the secured roll that become tax-defaulted on June 30 of the Fiscal Year that are not secured by the assessee's fee ownership of land are transferred to the unsecured roll and are then subject to the Treasurer's enforcement procedures (i.e., seizures of money and property, liens and judgments). Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and redemption penalty of one and one half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax defaulted property is subject to sale by the Treasurer.

Property taxes on the unsecured roll are currently due as of the January 1 lien date prior to the commencement of the Fiscal Year and become delinquent, if unpaid, on August 31 (or June 30). A ten percent penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of one and one half percent per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements, bank accounts or possessory interests belonging or assessed to the taxpayer.

Federal Revenues

The federal government provides funding for several Participants' programs, including programs that benefit educationally disadvantaged students and students with limited English skills, and that provide other specialized services to students and administration.

On January 27, 2025, the Office of Management and Budget ("OMB") issued a memorandum directing federal agencies to temporarily pause all activities related to the obligation or disbursement of federal financial assistance, and other relevant activities, that may be implicated by recent executive orders issued under the Trump Administration. On January 29, 2025, OMB rescinded the memorandum. Following the rescission, the White House press secretary noted that the rescission of the memorandum was "[not] a rescission of the federal funding freeze." The U.S. Department of Education released a letter, dated February 14, 2025, notifying schools and colleges to eliminate diversity, equity, and inclusion programs and initiatives by the end of the month or risk losing federal funding. In connection with the funding freeze, the various county offices of education lost funding due to the recent termination of a grant program for teacher training. Certain of the Participants would have received a portion of such funds.

Certain of the Participants have also been impacted by the U.S. Department of Agriculture's recent cancellation of the Local Food for Schools Cooperative Agreement Program for 2025. Federal funding may be further impacted by the executive order signed by President Trump on March 20, 2025 to begin dismantling the U.S. Department of Education. No representation can be made that the Participants will continue to receive or be eligible for federal funding of education programs, including as a result of current efforts and proposals to reduce the size of the federal workforce, eliminate government programs and/or eliminate or merge governmental agencies. The Participants are unable to predict the extent of such impact at this time and whether any such impact will materially affect its finances and operations.

Further, the Participants cannot predict what actions will be taken in the future by the federal government or the President to address federal budgetary deficits, if any, or its cash management practices, or the amount of debt that can be issued by the United States Treasury. Future federal budgets will be affected by national and international economic conditions, including economic downturns, and other factors over which the Participants will have no control. To the extent that the federal budget process results in reduced revenues, deferred revenues, or increased expenses for the Participants, the Participants will be required to make adjustments to their respective budget and cash management practices. In such event, the Participants will be required to generate additional revenues, curtail programs or services, or use their respective reserve funds to ensure a balanced budget.

State Budget Process Related to Funding of Education

General. As is true for all school districts in California, operating income of each Participant consists primarily of two components: a State portion funded from the State General Fund (including amounts funded from the EPA within the State General Fund) and a local portion derived from each Participant's share of the 1% local *ad valorem* property tax authorized by the State Constitution. School districts may be eligible for other special categorical funding, including for State and federal programs. As a result, decreases in State revenues or in State legislative appropriations made to fund education, may significantly affect the operations of the Participants.

According to the State Constitution, the Governor of the State is required to propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted by a two-thirds vote of each house of the State Legislature no later than June 15 of each year, although this deadline is routinely breached. The State's budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. On May 29, 2002, the State Court of Appeal held in *White v. Davis* (also referred to as *Jarvis v. Connell*) that the State Controller cannot disburse State funds after the beginning of the Fiscal Year until the adoption of the budget bill or an emergency appropriation, unless the expenditure is: (1) authorized by a continuing appropriation found in statute, (2) mandated by the Constitution (such as appropriations for salaries of elected State officers), or (3) mandated by federal law (such as payments to State workers at no more than minimum wage). The court specifically held that the State Constitution does not mandate or otherwise provide for appropriations for school districts without an adopted budget.

Nevertheless, the Controller believes that statutory implementation of the constitutional school funding formula provides for a continuing appropriation of State funding for schools, and has indicated that payment of such amounts would continue during a budget impasse. Special and categorical funds would not be appropriated until a budget or emergency appropriation is adopted. The Controller has posted guidance as to what can and cannot be paid during a budget impasse at its website: www.sco.ca.gov. Should the State Legislature fail to pass the budget or emergency appropriation before the start of any Fiscal Year, the Participants might experience delays in receiving certain expected revenues. The Participants are authorized to borrow temporary funds to cover their respective annual cash flow deficits, and as a result of the *White* decision, the Participants might find it necessary to increase the size or frequency of their cash flow borrowings, or to borrow earlier in the Fiscal Year.

State income tax, sales tax, and other receipts can fluctuate significantly from year to year, depending on economic conditions in the State and the nation. Because funding for education is closely related to overall State income, as described in this section, funding levels can also vary significantly from year to year, even in the absence of significant education policy changes. Brief descriptions of the adopted State Budget for Fiscal Year 2026-27 are included below. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of adopted budgets may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget". An impartial analysis of the budget is posted by the State's Legislative Analyst's Office ("LAO") at www.lao.ca.gov. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts within the State, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information contained in the websites referred to herein is prepared by the respective State agency maintaining each website and not by the Participants. The Participants have not independently reviewed the information in these websites and the Participants take no responsibility for the continued accuracy of the internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by those references.

General. Under Proposition 98 amended Article XVI of the State Constitution and provided specific procedures to determine a minimum guarantee for annual K-14 funding by linking 14 funding formulas to growth factors that are also used to compute the State appropriations limit ("SAL"). Proposition 111 (Senate Constitutional Amendment 1), adopted in June 1990, among other things, modified certain school funding provisions of Proposition 98 relating to the treatment of revenues in excess of the State spending limit and added a third funding "test" to calculate the annual funding guarantee.

Calculating Minimum Funding Guarantee. There are currently three tests which determine the minimum level of K-14 funding. Test 1 guarantees that K-14 education will receive at least the same funding share of the State general fund budget it received in 1986-87. Initially, that share was just over 40%. Because of the major shifts of property tax from local government to community colleges and K-12 which began in 1992-93 and increased in 1993-94, the percentage dropped to 33.0%.

Since 1989, each segment of public education (K-12 districts, community college districts, and direct elementary and secondary level instructional services provided by the State of California) has separately calculated amounts under the Proposition 98 tests. The base year for the separate calculations is 1989-90. Each year, each segment is entitled to the greater of the amounts separately computed for each under Test 1 or 2. Should the calculated amount of Proposition 98 guarantee (K-14 aggregated) be less than the sum of the separate calculations, then the Proposition 98 guarantee amount shall be prorated to the three segments in proportion to the amount calculated for each. From 1992-93 to 2007-08 this statutory split was suspended.

Test 2 provides that K-14 education will receive as a minimum, its prior-year total funding (including State general fund and local revenues) adjusted for enrollment growth (ADA) and per-capita personal income COLA.

A third formula established pursuant to Proposition 111 as "Test 3," provides an alternative calculation of the funding base in years in which State per-capita general fund revenues grow more slowly than per-capita personal income. When this condition exists, K-14 minimum funding is determined based on the prior-year funding level, adjusted for changes in enrollment and COLA where the COLA is measured by the annual increase in per-capita general fund revenues, instead of the higher per-capita personal income factor. The total allocation, however, is increased by an amount equal to one-half of one percent of the prior-year funding level as a funding supplement.

In order to make up for the lower funding level under Test 3, in subsequent years K-14 education receives a maintenance allowance equal to the difference between what should have been provided if the revenue conditions had not been weak and what was actually received under the Test 3 formula. This maintenance allowance is paid in subsequent years when the growth in per-capita State tax revenue out paces the growth in per-capita personal income.

The enabling legislation to Proposition 111, Chapter 60, Statutes of 1990, (SB 98, Garamendi), further provides that K-14 education shall receive a supplemental appropriation in a Test 3 year if the annual growth rate in non-Proposition 98 per-capita appropriations exceeds the annual growth rate in per-pupil total spending.

State Budget for Fiscal Year 2026-27. On June 29, 2026, Governor Newsom signed into law the Fiscal Year 2026-27 State Budget (the "2026-27 Budget"). The 2026-27 Budget totals approximately $351.7 billion, including $251.5 billion of general fund spending.

The 2026-27 Budget acknowledges major events and factors that have impacted the State within the last seven years: the global COVID-19 pandemic, severe drought, numerous devastating wildfires and other extreme weather events, and Federal policy decisions.

The 2026-27 Budget aims to balance the budget in fiscal years 2026-27 and 2027-28, and to significantly reduce the projected structural deficits in 2028-29 and 2029-30. California is required to adopt a balanced budget for each fiscal year, measured by maintaining a positive balance in the State's discretionary reserve account, the Special Fund For Economic Uncertainties ("SFEU"). The 2026-27 Budget projects a positive balance of $4.5 billion in 2026-27 and a positive balance of $403 million in the SFEU in 2027-28. To assist in providing for a positive SFEU in 2027-28 and more prudently manage the State's resources, the 2026-27 Budget includes a transfer of $6.4 billion into the Project Surplus Temporary Holding Account (the "Surplus Holding Account") in 2026-27. The 2026-27 Budget allocates these funds from the Surplus Holding Account in the following fiscal year, 2027-28.

Established in 2024, the Surplus Holding Account allows the State to set aside a portion of anticipated surplus funds for allocation in a subsequent fiscal year. The Surplus Holding Account was created to provide fiscal protection against overcommitting projected resources until revenues are realized and expenditures are finalized.

The 2026-27 Budget includes total funding of $151.4 billion ($91.1 billion General Fund and $60.3 billion other funds) for all TK-12 education programs. The 2026-27 Budget reflects significant Proposition 98 funding that enables increased support for core programs such as the LCFF, special education, educator workforce, and preschool.

Proposition 98. At budget enactment, the revised Proposition 98 guarantee for TK-14 schools is calculated to be $124.9 billion in 2024-25, $125.3 billion in 2025-26 and $128.1 billion in 2026-27. These revised Proposition 98 levels represent an increase of approximately $29.2 billion over the three-year period relative to the 2025 Budget Act, and an increase of approximately $1.2 billion from the Governor's May revision to the proposed budget.

The Guarantee is in a Test 1 for all years 2024-25 through 2026-27. This means that the funding level of the Guarantee in these years is equal to roughly 40 percent of General Fund revenues, plus local property tax revenues. Pursuant to the Proposition 98 formula, this percentage of General Fund revenues is not reduced to reflect enrollment adjustments, which further increases per pupil funding.

In addition, the Proposition 98 formula requires an $8.3 billion maintenance factor payment in 2024-25, which will be paid in addition to the Guarantee level and accounts for much of the increase in the Guarantee in that fiscal year. This payment will fully retire the Proposition 98 maintenance factor balance.

To mitigate against potential future reductions in revenues and manage General Fund resources, the 2026-27 Budget maintains a $3.9 billion settle-up amount in fiscal year 2025-26. In spring 2027, if revenues remain at the same or higher levels for fiscal year 2025-26, the Legislature is statutorily required to pay this amount back to TK-14 schools and will need to schedule its payment in the 2027 Budget Act, either from funds available in that budget or scheduled across multiple budget years. To augment this statutory requirement, the 2026-27 Budget includes language that allocates 33 percent of new General Fund revenues over 2026-27 Budget projections, as calculated at the 2027 May Revision, to pay down any settle-up balance that remains for fiscal year 2025-26.

Finally, the 2026-27 Budget also maintains a settle-up payment of $1.9 billion in 2024-25—completely paying off the settle-up owed to the Guarantee in that fiscal year.

Proposition 98 Rainy Day Fund. The 2026-27 Budget projects mandatory Proposition 98 Rainy Day Fund deposits across the three-year budget window totaling $8.7 billion. To provide additional long-term budget stability, the 2026-27 Budget includes a discretionary deposit of $500 million in 2025-26, leaving the final balance in the Fund at $9.2 billion. The balance of $9.2 billion in 2025-26 triggers school district reserve caps beginning in 2026-27.

Rebench for Non-Local Educational Agency State Preschool Program. Historically, California State Preschool Program contractors that are not local educational agencies have received non-Proposition 98 General Fund and local educational agency contractors have received Proposition 98 General Fund. To reduce programmatic complexity, the 2026-27 Budget changes the funding source for non-local educational agency State preschool providers to Proposition 98 General Fund. To allow for this transition without negatively impacting Proposition 98 General Fund supported programs, the 2026-27 Budget "rebenches" Proposition 98 by expanding it in proportion to the size of the incoming program. Specifically, the 2026-27 Budget shifts $813 million from the General Fund to the Proposition 98 General Fund and increases the Proposition 98 Guarantee Test 1 percentage from 39.3 percent to 39.6 percent.

LCFF. The 2026-27 Budget includes a statutory LCFF COLA of 2.87 percent, which, when combined with population growth adjustments, will result in an increase of approximately $1.1 billion in discretionary funds for local educational agencies as compared to the 2025 Budget Act.

Additionally, the 2026-27 Budget includes $1.1 billion to further increase funding for the LCFF. This discretionary investment, commonly referred to as a "super COLA," results in a total (statutory plus discretionary) COLA of 4.31 percent. These additional funds will help local educational agencies manage

rising costs and help offset funding reductions related to declining enrollment, as well as fund a new requirement to provide paid pregnancy disability leave, as described below.

Finally, the 2026-27 Budget includes an ongoing increase of $31.3 million Proposition 98 General Fund to provide a 20-percent increase in LCFF funding for Necessary Small Schools, which is the funding formula for the smallest schools in the State. These schools are the most heavily impacted by enrollment declines and attendance fluctuations; this additional funding will help them maintain instructional programming when student population fluctuates.

State Education Governance. For over 100 years, every major study and legislative review of California's governance system has regularly identified the same structural flaw in the governance of California's TK-12 education system. According to the Legislature's 2002 report, California's Master Plan for Education (the "2002 Master Plan"), "California's TK-12 education system is governed by a fragmented set of entities with overlapping roles that sometimes operate in conflict with one another, to the detriment of educational services offered to students." This concern was reinforced in a December 2025 report, "TK-12 Education Governance in California," from Policy Analysis for California Education (PACE), an independent, non-partisan research center led by faculty directors at Stanford University, the University of California Berkeley, the University of California, Davis, the University of California, Los Angeles, and the University of Southern California.

The 2026-27 Budget implements the 2002 Master Plan recommendation to move oversight authority of the management of the California Department of Education and support of local educational agencies under the State Board of Education. The 2026-27 Budget further provides the State Superintendent of Public Instruction the ability to strengthen coordination and alignment among the bodies setting policy from early childhood through postsecondary education. These changes are intended to strengthen governance of California's education system to provide coherence and meaningful accountability to address the needs of students, parents, teachers, school staff, and administrators.

Further, the 2026-27 Budget reflects the addition of two new State Board of Education appointees, one appointed by each house of the Legislature, as well as the replacement of one gubernatorial appointee with the Superintendent of Public Instruction, bringing the total number of State Board of Education members to 13. The 2026-27 Budget also requires the new Education Commissioner, who will be appointed by the Governor and confirmed by the State Senate, to oversee the Department of Education, to be confirmed by the State Senate.

Special Education. The 2026-27 Budget reflects the State's ongoing commitment to invest in and improve instruction and services for students with disabilities, providing an unprecedented increase of $2.4 billion in special education funding, or 43 percent over the 2025 Budget Act. These new funds will allow all local educational agencies in the State to receive special education funding at the same rate and will increase the per-student rate to $1,340.

Additionally, the 2026-27 Budget includes an ongoing allocation of $80 million for the special education extraordinary cost pool, which provides reimbursements to special education local plan areas for students with specified high-cost service needs, and the low-incidence disabilities add-on, which provides additional funding to support students with rare, highly specialized needs. The 2026-27 Budget also provides a one-time increase of $30 million for the Supporting Inclusive Practices Project, which provides resources to schools and educators to expand access to the general education environment for students with disabilities.

Further, the 2026-27 Budget includes a one-time increase of $25 million for the Inclusive College Technical Assistance Center. The Center facilitates collaboration between local educational agencies and

institutions of higher education to expand inclusive college opportunities for students with intellectual and developmental disabilities, help those students develop life skills, and model inclusive postsecondary education communities.

Finally, the 2026-27 Budget provides a one-time investment of $10 million to develop resources and provide technical assistance to support the implementation of alternative pathways and alternative means to a high school diploma for students with disabilities.

Student Support and Professional Development Discretionary Block Grant. The 2026-27 Budget provides $5 billion one-time Proposition 98 General Fund for the Student Support and Professional Development Discretionary Block. These funds will provide local educational agencies with additional fiscal support to address rising costs, as well as fund statewide priorities including:

- Professional development for teachers on the English Language Arts/English Language Development ("ELA/ELD") Framework and the Literacy Roadmap, with a focus on strategies to support literacy for English learners;

- Professional development for teachers on the Mathematics Framework;

- Professional development for TK-3 teachers and elementary school site administrators on the principles and guidelines of developmentally appropriate instruction;

- Teacher recruitment and retention strategies;

- Career pathways and dual enrollment expansion efforts consistent with the Master Plan for Career Education;

- Community school and promising neighborhood partnerships; and

- Deferred maintenance of school facilities.

Paid Pregnancy Disability Leave. Comprehensive benefits, including paid pregnancy disability leave, can improve recruitment and retention of employees while prioritizing the health and well-being of workers and their families during pregnancy. To this end, the 2026-27 Budget requires all TK-14 local educational agencies to provide all employees with up to 14 weeks of paid pregnancy disability leave beginning on January 1, 2027. This new benefit will support educators who want to start or expand their families and provide protections when pregnancy results in temporary disability. Costs of the benefit are absorbable within the funding allocated to local educational agencies for the discretionary LCFF "super COLA."

Community Schools. The 2026-27 Budget includes $1 billion ongoing Proposition 98 General Fund to expand the community school model to more school sites that have large concentrations of students from low-income families, English learners, and youth in foster care. Community schools receiving these funds will partner with community-based organizations and Promise Neighborhood lead agencies to provide whole child services in the school setting. The 2026-27 Budget also supports the following investments intended to complement the new ongoing community schools program:

- $50 million to expand on the State's recent work to redesign middle and high schools, in the context of community schools, to better serve the needs of secondary students, improve student outcomes, and better integrate postsecondary college and career opportunities.

- $15 million to the State Transformational Assistance Center and Regional Transformational Assistance Centers to support the statewide transformation of new community schools.

- $13 million to the State Transformational Assistance Center to develop and implement: (1) the ongoing process to certify that community schools are implemented with fidelity and, (2) the long-term accountability structure.

- $6 million for the continued implementation of Transforming Together, an initiative supported by the Children and Youth Behavioral Health Initiative and California Community Schools Partnership Program that aims to strengthen collaboration between county offices of education and community partners to better meet the behavioral health needs of students and families.

Additionally, the 2026-27 Budget includes language signifying the State's intent to provide $20 million in ongoing funding, beginning in 2030-31, for county offices of education to continue regional community schools coordination services, extending existing one-time multi-year funding after it concludes.

Literacy and Math Instruction. Over the past seven years, the State has made many high-leverage investments in evidence-based literacy instruction and professional learning to support the implementation of the ELA/ELD Framework. Of these investments, $715 million has been invested in the Literacy Coaches and Reading Specialists Grant Program. Using evidence-based practices, this program funds high-poverty schools to train and hire literacy and reading specialists and coaches; to support educators in developing their practices; strengthen and expand school literacy programs, including comprehensive English language development and dual language immersion programs, and other programs for multilingual learners; and to design interventions for students with disabilities, including dyslexia, through one-on-one and small group tutoring.

Depending on when participating local educational agencies first received a grant, funding for this program expires on either June 30, 2027, June 30, 2028, or June 30, 2029. To continue this critical support for literacy instruction in the State's neediest communities, the 2026-27 Budget includes a one-time increase of $350 million to extend funding for Literacy Coaches and Reading Specialists Grant Program for all grantees until June 30, 2031.

The State has also made several important investments in mathematics instructional supports in recent years to support the implementation of the new Mathematics Framework. For example, the 2025 Budget Act included $30 million for the Mathematics Professional Learning Partnership. This initiative supports educator training and mathematics coaching across the state, with a prioritization for rural and high-need schools. The 2026-27 Budget builds on this investment by providing an additional $50 million one-time Proposition 98 General Fund to allow the work of the Mathematics Professional Learning Partnership to expand its reach to more local educational agencies and extend its impact beyond its current expiration date of June 30, 2029.

Teacher Preparation and Professional Development. The 2026-27 Budget includes nearly three-quarters of a billion dollars in new investments to accelerate the State's progress in addressing teacher shortages, including:

- An additional $408 million one-time Proposition 98 General Fund for the Student Teacher Stipend Program to extend the program and provide an additional $5,000 stipend for student teachers pursuing a credential in a high-need field.

- $250 million one-time Proposition 98 General Fund to continue educator residency programs through 2029-30. Educator residencies provide high-quality, clinically rich preparation for teachers

and school counselors, with residency program participants having higher program completion and workforce retention rates than non-residency prepared teachers.

- $30 million one-time Proposition 98 General Fund for the statewide teacher residency technical assistance center, extending its ability to support local educational agencies in implementing, expanding, and sustaining teacher residency programs and other teacher recruitment and retention through 2034.

- $16.2 million ongoing federal special education funds and $1.6 million one-time federal Title II funds to continue the Golden State Teacher Grant Program. Additionally, the 2026-27 Budget provides $10 million one-time General Fund for GSTG to support awards for students applying in the 2027-28 year to prepare to each in shortage fields.

- $15 million one-time Proposition 98 General Fund to expand and enhance offerings through the 21st Century California School Leadership Academy (21 CLSA) program for school leaders. 21 CSLA provides no-cost, high-quality professional learning to support California's education leaders and administrators in improving student outcomes and implementing initiatives like universal transitional kindergarten.

- $10 million one-time Proposition 98 General Fund for the Pathways to Bilingual Teaching Program to provide competitive grants up to $600,000 to local educational agencies to create pathways that will increase the number of teachers qualified to teach in bilingual settings.

- $10 million one-time Proposition 98 General Fund for Classified School Employee Teacher Credentialing Program to provide grants up to $24,000 to local educational agencies to support classified employees pursuing teaching credentials.

- The 2026-27 Budget also provides $5 million one-time Proposition 98 General Fund to build and validate a system for statewide college transcript review by the California Commission on Teacher Credentialing. Transcript review allows teacher candidates to use their college coursework to prove their subject matter competency. By creating a free statewide system for reviewing the college transcripts of teacher candidates the 2026-27 Budget creates a viable alternative to examinations, saving teacher candidates hundreds of dollars in examination fees.

- Additionally, to support the expansion in transcript review, the 2026-27 Budget includes a modest increase of $25 in the fee that teachers pay to renew their clear teaching credential, so this change represents an increase of $5 per year. Revenues from this fee increase will support costs to the Commission on Teacher Credentialing related to establishing and maintaining the statewide transcript review process.

Supports for Immigrant Students. The 2026-2027 Budget provides several new investments to support the State's TK-12 immigrant and newcomer students. These investments include:

- $100 million one-time Proposition 98 General Fund for the Department of Education, in consultation with the Department of Social Services, to establish the California's New Americans in Schools (CalNAS) program to provide supportive services for newcomer pupils, English learners, and immigrant families. This program will supplement the existing California Newcomer Education and Well-Being program administered through the Department of Social Services. Allowable uses of funds include: (1) professional development and resources for staff to effectively support immigrant pupils and families; (2) academic and social services supports for newcomer pupils; and (3) contracting with immigration legal service providers to support outreach or

immigration-related legal and other support services. Of the amount allocated, $10 million will be available for one or more local educational agencies to provide statewide technical assistance for CalNAS.

- $75 million one-time Proposition 98 General Fund to establish Dream Resource Centers at high schools serving grades 9-12. Funds are intended to support pupils with social services, state-funded immigration legal services, academic opportunities, and parent and family workshops.

Early Education. To strengthen the State's early education programs, the 2026-27 Budget includes the following investments:

- $250 million one-time Proposition 98 General Fund for the Universal Prekindergarten Planning & Implementation Grant, which supports the expansion of high-quality State Preschool and Transitional Kindergarten programs for two-, three-, and four-year-old students throughout the state.

- $51.4 million ongoing Proposition 98 General Fund to provide increased monthly cost of care plus payments for California State Preschool Program contractors in 2026-27.

- $33.6 million ongoing Proposition 98 General Fund to increase the number of CSPP professional development days from 2 days to 5 days in 2026-27.

- $20 million in additional ongoing Proposition 98 General Fund for the state’s Quality Rating and Improvement System, which provides assessment, technical assistance, and fiscal support for improving the quality of early care and education programs.

Other TK-12 Education Issues. Significant budget adjustments are summarized below:

- **Learning Recovery Emergency Block Grant**—$757.3 million one-time Proposition 98 General Fund to support the Learning Recovery Emergency Block Grant, which provides funds to local educational agencies to establish learning recovery initiatives through the 2027-28 school year. This investment is the final payment to this program, which has received multi-year investments totaling $7.2 billion in past budgets to support schools in learning recovery efforts related to the COVID-19 Pandemic.

- **Kitchen Infrastructure and Training**—$500 million one-time Proposition 98 General Fund for specialized kitchen equipment, infrastructure, and training to support schools in providing more freshly prepared meals made with locally grown ingredients.

- **Support for Students Experiencing Homelessness**—$116 million one-time Proposition 98 General Fund to provide three-year grants to local educational agencies to increase identification of and improve educational outcomes for students experiencing homelessness. These funds will supplement existing federal McKinney Vento Children and Youth grant program funds to expand access to the program.

- **Dual Enrollment**—$100 million one-time Proposition 98 General Fund to increase access to college and career pathways for high school students, including expanding access to dual enrollment and dual credit opportunities.

- **Reading Difficulties Risk Screening**—$40 million one-time Proposition 98 General Fund to support continued implementation of student reading difficulties screenings. The 2023 Budget Act

required local educational agencies to begin screening students in kindergarten through second grade, for risk of reading difficulties, including dyslexia, beginning in the 2025-2026 school year.

- **Holocaust and Genocide Education**—$10 million one-time Proposition 98 General Fund for the Holocaust and Genocide Education Grant Program to support professional development and provide resources on Holocaust and genocide education.

- **Charter School Accountability**—The 2026-27 Budget includes new requirements for charter schools to ensure that public funds are properly utilized, address fraud and malfeasance, and improve accountability and oversight. It also provides for the use of verified data in the charter school renewal process until June 30, 2028.

Changes in State Budget. The 2026-27 State Budget may be affected by subsequent legislative actions. The Participants cannot provide any assurances that there will not be any changes in the State budget for Fiscal Year 2026-27. The Participants cannot predict the impact that any subsequent legislative actions will have on their finances and operations. The 2026-27 State Budget may be affected by national and State economic conditions and other factors which the Participants cannot predict.

Future State Budgets. The Participants cannot predict what actions will be taken in the future by the State Legislature and the Governor to address the State's current or future budget deficits. Future State budgets will be affected by national and State economic conditions and other factors over which the Participants will have no control. To the extent that the State budget process results in reduced revenues or increased expenses for the Participants, the Participants will be required to make adjustments to their respective budgets. In the event a revision to the 2026-27 State Budget includes decreases in a Participant's revenues or increases in required expenditures by such Participant from the levels assumed by such Participant, such Participant will be required to generate additional revenues, curtail programs and/or services, or spend down its reserve to ensure a balanced budget.

No prediction can be made by the Participants as to whether the State will encounter budgetary problems in this or in any future Fiscal Years, and if it were to do so, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the Participants cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on its finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors, including the current economic downturn, over which the Participants have no control.

SAN DIEGO COUNTY INVESTMENT POOL

The following information concerning the Treasury Pool of San Diego County (the "Treasury Pool") has been provided by the Treasurer-Tax Collector. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date.

In accordance with Government Code Section 53600 *et seq*., the Treasurer-Tax Collector manages funds deposited with it by the Participants. The County is required to invest funds in accordance with California Government Code Sections 53635 *et seq*. In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code.

All investments in the Treasurer-Tax Collector's investment portfolio conform to the statutory requirements of Government Code Section 53635 *et seq*., authorities delegated by the County Board of Supervisors and the Treasurer-Tax Collector's investment policy.

General

Pursuant to a resolution adopted July 8, 1958, the Board of Supervisors delegated to the Treasurer-Tax Collector the authority to invest and reinvest funds of the County. Applicable law limits this delegation of authority to a one-year period and must be renewed annually by action of the Board of Supervisors. In addition to funds of the County funds of certain local agencies within the County, including school districts in the County, are required under state law to be deposited into County Treasury ("Involuntary Depositors"). In addition, certain agencies, such as cities and special districts, invest certain of their funds in the County Treasury on a voluntary basis ("Voluntary Depositors" and together with the Involuntary Depositors, the "Depositors"). Deposits made by the County and the various local agencies are commingled in a pooled investment fund (the "Treasury Pool" or the "Pool"). No particular deposits are segregated for separate investment.

Under State law, Depositors in the Pool are permitted to withdraw funds which they have deposited on 30 days' notice. The County does not expect that the Pool will encounter liquidity shortfalls based on its current portfolio and investment guidelines or realize any losses that may be required to be allocated among all Depositors in the Pool.

The County has established an Oversight Committee pursuant to State law. The members of the Oversight Committee include the Treasurer-Tax Collector, the County Auditor–Controller, the County Superintendent of Schools or designee, a representative from the special districts, a representative from the school districts and community college districts in the County, and members of the public. The role of the Oversight Committee is to review and approve the Investment Policy that is prepared by the Treasurer-Tax Collector.

The Treasury Pool's Portfolio

As of July 31, 2026, the securities in the Treasury Pool had a market value of $14,611,453,421 and a book value of $14,664,531,457, for a net unrealized loss of $53,078,037.

The effective duration for the Treasury Pool was 1.16 years as of July 31, 2026. "Duration" is a measure of the price volatility of the portfolio and reflects an estimate of the projected increase or decrease in the value of the portfolio based upon a decrease or increase in interest. A duration of 1.16 means that for every one percent increase in interest rates the market value of the portfolio would decrease by 1.16%.

As of July 31, 2026, approximately 5.35% of the total funds in the Pool were deposited by Voluntary Depositors, such as cities and fire districts, 12.43% by community colleges, 26.46% by the County, 0.94% by Non-County investment funds and 54.82% by K-12 school districts.

Fitch Ratings maintains ratings of "AAAf" (highest underlying credit quality) and "S1" (very low sensitivity to market risk) on the Pool. The ratings reflect only the view of the rating agency and any explanation of the significance of such ratings may be obtained from such rating agency as follows: Fitch Ratings, Inc., 33 Whitehall Street, New York, New York 10004.

Investments of the Treasury Pool

Authorized Investments. Investments of the Pool are placed in those securities authorized by various sections of the California Government Code, which include obligations of the United States Treasury, Agencies of the United States Government, local and State bond issues, bankers acceptances, commercial paper of prime quality, certificates of deposit (both collateralized and negotiable), repurchase and reverse repurchase agreements, medium term corporate notes, shares of beneficial interest in diversified management companies (mutual funds), asset backed (including mortgage related), pass-through securities, and specific Supranational debt securities.

Legislation which would modify the currently authorized investments and place restrictions on the ability of municipalities to invest in various securities is considered from time to time by the California State Legislature. At all times, the Pool's investments will comply with California Government Code and the County's Investment Policy (the "Investment Policy").

The Investment Policy. The Investment Policy, which was last updated in January 2021, currently states the primary goals of the Treasurer-Tax Collector when investing public funds to be as follows: the primary objective is to safeguard the principal of the funds under the Treasurer-Tax Collector's control, the secondary objective is to meet the liquidity needs of the Pool participants, and the third objective is to achieve an investment return on the funds under the control of the Treasurer-Tax Collector within the parameters of prudent risk management. The Investment Policy contains a goal that 35% of the Pool should be invested in securities maturing in one year or less, with the remainder of the portfolio being invested in debt securities with maturities spread over more than one year to five years. Furthermore, at least 15% of the securities must mature within 90 days. The maximum effective duration for the Pool shall be 2.0 years.

Certain Information Relating to Pool

The following table reflects information with respect to the Pool as of the close of business July 31, 2026. As described above, a wide range of investments is authorized by state law. Investments mature and trading activity is constant. Therefore, there can be no assurances that the investments in the Pool will not vary significantly from the investments described below. In addition, the value of the various investments in the Pool 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 Pool will not vary significantly from the values described below. In addition, the values specified in the following table were based upon estimates of market values provided to the County by a third party. Accordingly, there can be no assurance that if these securities had been sold on July 31, 2026, the Pool necessarily would have received the values specified.

TREASURER-TAX COLLECTOR
SAN DIEGO COUNTY PORTFOLIO STATISTICS [1]
(As of July 31, 2026)

	Par Value	Book Value	Market Value	Percent of Portfolio	Market Price	Weighted Average Maturity[2]	Yield to Maturity[3]	Accrued Interest	Unrealized Gain/Loss
ABS	$364,466,024	$364,436,453	$365,716,902	2.50%	100.34	883	4.97%	$733,807	$1,280,449
Bank Deposit	1,772,840,000	1,771,823,016	1,761,129,152	12.06	99.34	697	3.64	12,529,050	(10,693,864)
Commercial Paper	668,492,334	668,492,334	668,492,334	4.58	100.00	--	3.25	--	--
Corporate	2,544,000,000	2,512,420,565	2,512,199,249	17.19	98.75	113	4.00	--	(221,316)
Federal Agency	125,000,000	124,680,725	123,897,505	0.85	99.12	602	4.28	1,456,042	(783,220)
Local Gov Investment Pool	387,480,130	387,480,130	387,480,130	2.65	100.00	--	3.80	--	--
Money Market Fund FI	333,400,000	333,400,000	333,400,000	2.28	100.00	--	3.60	--	--
Municipal Bonds	386,145,000	388,526,888	387,545,034	2.65	100.36	683	4.40	6,425,971	(981,854)
Negotiable CD	2,935,000,000	2,935,000,000	2,934,562,748	20.08	99.99	124	3.99	29,135,371	(437,253)
Supranationals	2,062,080,000	2,051,963,006	2,043,575,798	13.99	99.10	891	4.39	15,495,259	(8,387,208)
Trade Payables/Receivables	272,149	272,149	272,149	--	--	--	--	--	--
US Treasury	$3,125,000,000	$3,126,036,192	$3,093,182,420	21.17%	98.98	982	3.89%	$13,445,559	($32,853,772)
Total for July 2026	**$14,704,175,637**	**$14,664,531,457**	**$14,611,453,421**	**100%**	**99.37**	**507**	**3.98%**	**$79,221,059**	**($53,078,037)**
Total for June 2026	($16,707,560,387)	$16,664,730,040	$16,631,996,416	100%	99.55	464	3.93%	125,267,229	($32,733,624)
Change from Prior Month	($2,003,384,750)	($2,000,198,583)	($2,020,542,995)		(0.18)	43	0.05%	($46,046,170)	($20,344,413)
Portfolio Effective Duration	1.16 years								

Source: The County.

(1) Yields for the portfolio are aggregated based on the book value of each security. Monthly Investment Returns are reported gross of fees. Administration fees since 2017-18 have averaged approximately seven basis points per annum.

(2) Weighted Average Maturity (WAM) is average time it takes for securities in a portfolio to mature, weighted in proportion to the dollar amount that is invested in the portfolio.

(3) Yield to maturity (YTM) is the estimated rate of return on a bond given its purchase price, assuming all coupon payments are made on a timely basis and reinvested at this same rate of return to the maturity date.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING PARTICIPANT REVENUES AND APPROPRIATIONS

Limitations on Revenues

Article XIIIA of the California Constitution. Article XIIIA of the State Constitution, adopted and known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIIIA limits the maximum *ad valorem* tax on real property to one percent of "full cash value," and provides that such tax shall be collected by the counties and apportioned according to State law. Section 1(b) of Article XIIIA provides that the one-percent limitation does not apply to *ad valorem* taxes levied to pay interest and redemption charges on (1) indebtedness approved by the voters prior to July 1, 1978, or (2) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast on the proposition, or (3) 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 bond proposition.

Section 2 of Article XIIIA defines "full cash value" to mean the county assessor's valuation of real property as shown on the Fiscal Year 1975-76 tax bill, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. 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 restored value of the damaged property. The California courts have upheld the constitutionality of this procedure. Legislation enacted by the State Legislature to implement Article XIIIA provides that, notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except the 1% base tax levied by each county and taxes to pay debt service on indebtedness approved by the voters as described above.

Since its adoption, Article XIIIA has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the Participants.

Article XIIIC and Article XIIID of the California Constitution. On November 5, 1996, the voters of the State approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the State Constitution, 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. 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. Article XIIIC also 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 XIIIC also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. The State Constitution and the laws of the State impose a duty on the county treasurer-tax collector to levy a property tax sufficient to pay debt service on school bonds coming due in each year. The initiative power cannot be used to reduce or repeal the authority and obligation to levy such taxes which are pledged as security for payment of general obligation bonds or to otherwise interfere with performance of the duty of the respective Participants and the County with respect to such taxes. Legislation adopted in 1997 provides that Article XIIIC shall not be construed to mean that any owner or Beneficial Owner of a municipal security assumes the risk of or consents to any initiative measure which would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

Article XIIID deals with assessments and property-related fees and charges. Article XIIID explicitly provides that nothing in Article XIIIC or XIIID shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; however it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by the Participants.

The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination.

Expenditures and Appropriations

Article XIIIB of the California Constitution. In addition to the limits Article XIIIA imposes on property taxes that may be collected by local governments, certain other revenues of the State and local governments are subject to an annual "appropriations limit" or "Gann Limit" imposed by Article XIIIB of the State Constitution, which effectively limits the amount of such revenues that government entities are permitted to spend. Article XIIIB, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to "proceeds of taxes," which consist of tax revenues, State subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed "the cost reasonably borne by such entity in providing the regulation, product or service." "Proceeds of taxes" excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not "proceeds of taxes," such as reasonable user charges or fees, and certain other non-tax funds.

Article XIIIB also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. The appropriations limit may also be exceeded in cases of emergency; however, the appropriations limit for the three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity has its own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Each school district is required to establish an appropriations limit each year. In the event that a school district's revenues exceed

its spending limit, the district may increase its appropriations limit to equal its spending by taking appropriations limit from the State.

Proposition 111 requires that each agency's actual appropriations be tested against its limit every two years. If the aggregate "proceeds of taxes" for the preceding two-year period exceeds the aggregate limit, the excess must be returned to the agency's taxpayers through tax rate or fee reductions over the following two years. If the State's aggregate "proceeds of taxes" for the preceding two-year period exceeds the aggregate limit, 50% of the excess is transferred to fund the State's contribution to school and college districts.

Proposition 30 and Proposition 55

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"). Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,001 for single filers (over $500,000 but less than $600,001 for joint filers and over $340,000 but less than $408,001 for head-of-household filers), (ii) 2% for taxable income over $300,000 but less than $500,001 for single filers (over $600,000 but less than $1,000,001 for joint filers and over $408,000 but less than $680,001 for head-of-household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for head-of-household filers).

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

Limitations on School District Reserves

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

from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

SDUHSD maintains a reserve for economic uncertainty in an amount equal to 2% of its general fund expenditure and other financing uses. SDHUSD maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses.

SB 751. Senate Bill 751 ("SB 751"), enacted on October 11, 2017, modifies the reserve requirements set forth under SB 858. Under SB 751, in a fiscal year immediately after a fiscal year in which the amount of moneys in the State's Public School System Stabilization Account is equal to or exceeds 3% of the combined total State general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised cannot have an assigned or unassigned ending fund balance that exceeds 10% of those funds. SB 751 excludes from the requirements of those provisions basic aid school districts (also known as community funded districts) and small school districts having fewer than 2,501 units of average daily attendance. Participants are not basic aid school districts.

The Note Participations are payable from taxes, income, revenue, cash receipts and other moneys which are received or accrued by the respective Participants for the general fund of such Participant and are provided for or attributable to the Fiscal Year ending June 30, 2027 pursuant to the State Constitution and other State law. Accordingly, the Participants do not expect SB 858 or SB 751 to adversely affect their ability to pay the principal of and interest on the Notes as and when due.

Future Initiatives.

Articles XIIIA, XIIIB, XIIIC, and XIIID, and Propositions 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 the revenues of the Participants.

STATISTICAL AND FINANCIAL INFORMATION REGARDING THE PARTICIPANTS

In connection with the offering of the Note Participations, each of the Participants has provided the following information and the summary of financial information of the Participants provided under "SUMMARY OF FINANCIAL INFORMATION" herein.

Average Daily Attendance

The following sets forth the audited average daily attendance (second period data) for the Fiscal Years ended June 30, 2023 through 2025, unaudited average daily attendance (second period data) for the Fiscal Year ended June 30, 2026, and projections for the Fiscal Year ending June 30, 2027 for each Participant.

AVERAGE DAILY ATTENDANCE[(1)]
Fiscal Years 2022-23 through 2026-27

Participant	2022-23	2023-24	2024-25	2025-26	2026-27
Carlsbad USD	10,238	10,230	10,086	10,214	9,781
Coronado USD	2,636	2,601	2,622	2,542	2,430
SDUHSD	11,950	11,941	11,491	11,269	11,152

Source: Data for Fiscal Years 2022-23 through 2024-25 are ADAs at P-2, as set forth in the supplemental information section of each respective Participant's audit report, data for Fiscal Year 2025-26 are ADAs at P-2 (unaudited), and data for Fiscal Year 2026-27 are ADAs at P-2 as set forth in each Participant's current budget. Data excludes information for charter schools.

(1) Excludes adults enrolled in adult education programs.

Local Control Funding Formula

The following table sets forth the unrestricted general fund LCFF amount for Fiscal Year 2025-26 and the projected LCFF amount for Fiscal Year 2026-27 for each Participant:

LOCAL CONTROL FUNDING FORMULA
Fiscal Year 2025-26 through 2026-27

Participant	Target Amount	Base Grant	Grade-Based Adjustments	Supplemental and Concentration Grants, and Additional Funding[(1)]	Fiscal Year 2025-26 Local Control Funding Formula Funding	Fiscal Year 2026-27 Local Control Funding Formula Funding	Change in Funding from Prior Fiscal Year
Carlsbad USD	$130,828,191	$118,479,267	$4,391,111	$11,624,247	$132,713,871	$136,385,267	$3,671,396
Coronado USD	33,293,361	30,232,917	1,090,231	1,970,213	32,347,361	33,293,361	946,000
SDUHSD	169,181,109	143,727,301	2,720,871	5,318,997	162,707,647	169,181,109	6,473,462

Source: The Participants, based on the Fiscal Crisis and Management Assistance Team calculator.

(1) Includes add-ons, excess taxes, excess EPA and any additional State aid.

See "STATE AND FEDERAL FUNDING OF EDUCATION – Major Revenues – Local Control Funding Formula" for a description of the allocation of State funding.

Employees

The following table sets forth the number of full-time equivalent certificated and classified employees and management/other employees for each Participant as of June 30, 2026.

FULL-TIME EQUIVALENT EMPLOYEES
(As of June 30, 2026)

Participant	Certificated Employees	Classified Employees	Management/ Other Employees
Carlsbad USD	677	527	48
Coronado USD[(1)]	210	145	40
SDUHSD	601	442	82

(1) Management/Other Employees are included in the counts for Certificated Employees and Classified Employees for Coronado USD.
Source: The Participants, respectively.

The following table sets forth the collective bargaining units representing employees of each Participant and the expiration date of the collective bargaining agreements under which the respective Participant and such collective bargaining units are currently operating:

COLLECTIVE BARGAINING AGREEMENTS

Participants	Collective Bargaining Units	Agreement Expiration Date
Carlsbad USD	Laborer's International Union of North America - LIUNA Local 777	June 30, 2027
	Carlsbad Unified Teachers Association	June 30, 2028
Coronado USD	Association of Coronado Teachers	June 30, 2027
	California School Employees Association Coronado Chapter 3860	June 30, 2027
SDUHSD	San Dieguito Faculty Association	June 30, 2027
	California School Employees Association Chapter 241	June 30, 2027

Depending on the outcome of negotiations relating to new and existing labor agreements referenced in the footnote above, the Participant may be required to pay increased amounts in compensation to its employees.

None of the Participants are aware of any labor disputes which may materially adversely affect the finances or operations of the respective Participant.

Outstanding Obligations

The following table sets forth the long-term outstanding obligations of each Participant as of June 30, 2025.

LONG-TERM OUTSTANDING OBLIGATIONS[(1)]
(As of June 30, 2025)

Participant	General Obligation Bonds[(1)]	Lease Obligations[(2)]	Total OPEB Liability	Net Pension Liability	Compensated Absences	Subscription Liability
Carlsbad USD	$365,232,848	$52,330,000	$24,412,993	$106,458,395	$8,481539	--
Coronado USD	2,545,521	14,639,345	5,280,735	36,803,550	2,725,424	--
SDUHSD	409,869,181	13,072,051	26,224,482	127,950,810	3,052,902	$342,467

Source: Audited financial statements for each respective Participant.
(1) Excludes bond and certificates of participation premium, accreted interest, obligations of assessment districts, special districts, community facilities districts and community service districts and special tax bonds, and other long-term liabilities not specifically listed.
(2) Lease obligations include capital leases, certificates of participation and lease revenue bonds.

Property-Related Information

Assessed Valuation and Appeals. The assessed valuation of property in each Participant is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full cash value of the property, as defined in Article XIIIA of the California Constitution. The following table sets forth the total assessed valuation of property in each Participant for the past five Fiscal Years.

ASSESSED VALUE OF TAXABLE PROPERTY[(1)]
Fiscal Years 2021-22 through 2025-26
($ in thousands)

Participant	2021-22	2022-23	2023-24	2024-25	2025-26
Carlsbad USD	$27,631,840	$29,982,688	$31,795,752	$33,260,535	$34,767,721
Coronado USD	10,358,784	11,221,628	12,041,401	12,816,568	13,503,613
SDUHSD	75,501,680	81,240,761	86,210,949	91,081,439	95,509,092

Source: County of San Diego Auditor-Controller
(1) Includes secured, unsecured, utility and homeowner's exemption.

Property Tax Collections. The following table sets forth the tax levies, collections, delinquencies and delinquencies as a percentage of total tax levies for property taxes in each Participant for the last five Fiscal Years.

PROPERTY TAX COLLECTIONS
Fiscal Years 2021-22 through 2025-26

Participant; Fiscal Year	Total Tax Amount[(1)]	Total Tax Amount Collected	Delinquent Tax Amount[(2)]	Delinquent Tax Amount as Percentage of Total Tax Amount
Carlsbad USD				
Fiscal Year 2025-26	$125,449,388.28	$125,130,353.96	$319,034.32	0.3%
Fiscal Year 2024-25	119,930,163.81	119,647,080.69	283,083.12	0.2
Fiscal Year 2023-24	115,282,170.23	114,988,130.64	294,039.59	0.3
Fiscal Year 2022-23	107,717,231.09	107,501,198.09	216,033.00	0.2
Fiscal Year 2021-22	98,716,671.09	98,542,007.33	174,663.76	0.2
Coronado USD				
Fiscal Year 2025-26	$3,193,726.99	$3,187,612.55	$6,114.44	0.2%
Fiscal Year 2024-25	3,182,953.67	3,176,224.23	6,729.44	0.2
Fiscal Year 2023-24	3,183,360.19	3,175,631.00	7,729.19	0.2
Fiscal Year 2022-23	3,178,908.62	3,172,150.66	6,757.96	0.2
Fiscal Year 2021-22	3,217,061.61	3,211,919.24	5,142.37	0.2
SDUHSD				
Fiscal Year 2025-26	$160,844,412.62	$160,552,360.43	$292,052.19	0.2%
Fiscal Year 2024-25	152,802,070.94	152,347,031.09	455,039.85	0.3
Fiscal Year 2023-24	144,599,735.63	144,330,963.05	268,772.58	0.2
Fiscal Year 2022-23	136,121,478.00	136,001,074.67	120,403.33	0.1
Fiscal Year 2021-22	126,408,752.77	126,020,855.47	387,897.30	0.3

Source: County of San Diego Auditor-Controller

(1) Total Tax Amount includes local secured, unsecured and State unitary 1% tax.

(2) For informational purposes only. The County implemented the alternative method of apportionment commonly referred as the Teeter Plan in Fiscal Year 1993-94, pursuant to which the County advances to various taxing entities cash in an amount equal to the current year's delinquent secured property taxes and receives, in exchange, all penalty and interest revenues on such delinquent amounts. Delinquent Tax Amount represents the tax due for delinquencies in the year shown that had not been collected as of June 30 of that year.

Largest Taxpayers. The following table sets forth the principal secured taxpayers in each Participant based on such Participant's Fiscal Year 2025-26 assessed value.

PRINCIPAL SECURED TAXPAYERS
Fiscal Year 2025-26

Taxpayer	Nature of Business	2025-26 Assessed Value	Percentage of Net Local Secured Assessed Value
Carlsbad USD			
1. Channelside Water Resources LP	Seawater Desalination Plant	$454,717,594	1.40%
2. Grand Pacific Carlsbad Hotel LP	Resort/Timeshare	429,350,113	1.32
3. Legoland California LLC	Theme Park	356,513,335	1.10
4. LC Investment 2010 LLC	Hotel	263,050,851	0.81
5. Levine Investments LP	Industrial	260,880,898	0.80
Coronado USD			
1. BSK Del Partners LLC	Hotel	$886,313,620	6.67%
2. PR III/Broadstone Coronado LLC	Apartments	195,525,243	1.47
3. Host Hotels & Resorts LP	Hotel	106,928,017	0.80
4. HDC South Beach Development LLC	Commercial	69,529,603	0.52
5. El Cordova Coronado LLC	Hotel	46,818,000	0.35
SDUHSD			
1. Kilroy Realty LP	Office Building	$490,634,594	0.52%
2. Gemdale Aperture Phase I LLC	Industrial	348,995,489	0.37
3. Continuing Life Communities LLC	Rest Home	342,518,357	0.36
4. Torrey View Owner LLC	Industrial	294,730,707	0.31
5. KR One Paseo Residential LLC	Apartments	286,226,753	0.30

Source: California Municipal Statistics, Inc.

Financial Statements

The Participants' financial statements are prepared on a modified accrual basis of accounting in accordance with generally accepted accounting principles as set forth by the National Council on Governmental Accounting.

Funds and Accounting Groups used by the Participants are categorized as follows:

Government Funds	Fiduciary Funds
General Funds	Trust and Agency Funds
Special Revenue Funds	
Debt Service Funds	
Proprietary Funds	Accounting Groups
Internal Service Funds	General Long-Term Debt Amount
Enterprise Funds	

The General Fund of each Participant, as shown in Appendices B and C, is a combined fund comprised of moneys which are unrestricted and available to finance the legally authorized activities of

each Participant not otherwise financed by restricted funds and moneys which are restricted to specific types of programs or purposes. General Fund revenues shown therein are derived from such sources as taxes, aid from other government agencies, charges for current services and other revenue.

The summaries of the financial statements included herein were prepared by the Participants using information from the Annual Financial Reports which are prepared by the directors of accounting for the Participants and audited by independent certified public accountants each year. Certain information, such as the General Fund Cash Flow Analyses and projected Fiscal Year 2026-27 budgets, was developed by each Participant's staff for use in this Official Statement. The projected budgets and estimates and timing of receipts and disbursements in such Cash Flow Analyses are based on certain assumptions and should not be construed as statements of fact. The Participants' audited financial statements for the fiscal year ended June 30, 2025 are available from each Participant upon request to the respective Participant, and are summarized in this Appendix A under "Summary of Financial Information."

The summary general fund statements included in this Appendix A for the Participants do not purport to be complete and present only extracts from each respective Participant's financial statements.

Budgets of Participants

The Fiscal Year for all California school districts begins on the first day of July of each year and ends on the 30th day of June of the following year. On or before July 1 of each year, the governing board of each school district, including the Participants, is required to file an adopted budget with the County Superintendent of Schools. On or before September 15 of each year, the County Superintendent of Schools is required to examine and approve, conditionally approve or disapprove the adopted budget for each school district. If an adopted budget is disapproved, then on or before October 8 of such year, such school district and the County Superintendent of Schools must make certain revisions to the budget, adopt the revised budget, and file the revised budget with the County Superintendent of Schools.

If the revised budget of a school district is disapproved, the County Superintendent of Schools is empowered by law to oversee the management of such school district for that Fiscal Year, with the authority to monitor and review the operation of such district, to develop and adopt a fiscal plan and budget for such district, and to stay and rescind actions that are inconsistent with that budget.

The County school service fund (the "Service Fund") of the County Office of Education is employed by the County Superintendent of Schools to pay such charges against the Service Fund as are permitted by the California Education Code, including expenses of the County Superintendent of Schools and the County Board of Education. The County Superintendent of Schools must submit to the State Superintendent of Public Instruction (1) a tentative budget, on or before June 30 of each year, and (2) a final budget, on or before September 8 of each year (collectively, the "Service Fund Budget"), which outlines anticipated revenues to and expenditures from the Service Fund for the succeeding Fiscal Year, including the anticipated revenues and expenditures of the County Office of Education of the County Superintendent of Schools. The Service Fund Budget is subject to review and approval by the County Board of Education. The County Board of Education must hold a public hearing on the proposed Service Fund Budget and, following such public hearing, the final Service Fund Budget must be adopted by the Board of Education before being filed with the Superintendent of Public Instruction. The final Service Fund Budget is subject to review and approval by the Superintendent of Public Instruction. See Appendix B attached hereto for a summary of the Participants' projected receipts and disbursements for Fiscal Year 2025-26.

The California State Department of Education imposes a uniform budgeting format for each school district in the State. The Participants are required by provisions of the California Education Code to

maintain a balanced budget each year, where the sum of expenditures plus the ending fund balance cannot exceed the revenues plus the carry-over fund balance from the previous year.

The following table sets forth the Fiscal Year 2026-27 General Fund (unrestricted) adopted budgets for the Participants, all of which are subject to approval by the San Diego County Office of Education.

General Fund Budgets
Fiscal Year 2026-27

Description	Carlsbad USD	Coronado USD	SDUHSD
Revenues			
LCFF Sources	$137,210,963	$33,293,361	$169,181,109
Federal Revenue	--	3,112,723	675,000
Other State Revenue	4,251,020	1,087,820	5,517,398
Other Local Revenue	2,690,000	3,744,695	3,883,332
Total Revenues	144,151,983	41,238,599	179,256,839
Expenditures			
Certificated Salaries	52,224,273	16,732,714	73,594,659
Classified Salaries	16,158,707	5,766,048	22,942,274
Employee Benefits	31,369,877	9,566,514	34,606,790
Books and Supplies	1,660,760	1,648,905	7,365,109
Services and Other Operating Expenditures	11,662,880	6,020,310	17,167,189
Capital Outlay	187,600	6,190	1,765,000
Other Outgo (excluding Transfers of Indirect Costs)	50,256	--	844,861
Other Outgo (Transfers of Indirect Costs)	(95,239)	(204,965)	(425,260)
Total Expenditures	113,219,114	39,535,715	157,860,622
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources and Uses	30,932,869	1,702,882	21,396,217
Other Financing Sources/Uses	--	--	--
Interfund Transfers	--	--	--
Transfers In	--	8,745,664	--
Transfers Out	--	(600,000)	(1,100,000)
Other Sources/Uses	--	--	--
Sources	--	--	--
Uses	--	--	--
Contributions	(30,989,803)	(9,798,548)	(22,569,056)
Total Other Financing Sources/Uses	(30,989,803)	(1,652,883)	(23,669,056)
Net Increase (Decrease) in Fund Balance	(56,934)	50,000	(2,272,839)
Fund Balance, Reserves			
1) Beginning Fund Balance			
a) As of July 1 – Unaudited	12,562,812	2,150,000	34,120,206
b) Audit Adjustments	--	--	--
c) As of July 1 – Audited	12,562,812	2,150,000	34,120,206
d) Other Restatements	--	--	--
e) Adjusted Beginning Balance	12,562,812	2,150,000	34,120,206
2) Ending Balance, June 30	$12,505,878	$2,200,000	$31,847,367

Source: Each Participant's respective adopted budget for Fiscal Year 2026-27.

Fiscal Status Reports and Interim Certifications

The Education Code of the State of California (Section 42133 *et seq.*) requires each school district to report and certify two times during the Fiscal Year whether it is able to meet its financial obligations for the remainder of such Fiscal Year and, based on current forecasts, for the subsequent two Fiscal Years. The first report covers the period ending October 31 and the second report covers the period ending January 31. Such certifications are based on the governing board's assessment based on standards and criteria for fiscal stability adopted by the State Board of Education and the State Superintendent of Public Instruction. Each certification is required to be classified as positive, qualified, or negative on the basis of a review of the respective report against such criteria, but may include additional financial information known by the governing board to exist at the time of each certification. Such certifications are to be filed with the County Superintendent of Schools within 45 days after the close of the period being reported and, in the event of a negative or qualified certification, to the State Controller and the State Superintendent of Public Instruction. The County Superintendent of Schools must review each report and must approve or revise the certification if necessary. A negative certification is to be assigned to any school district that likely will be unable to meet its financial obligations for the remainder of the Fiscal Year or for which existing expenditure practices jeopardize the ability of the district to meet its multi-year financial commitments. A qualified certification is to be assigned to any school district that may not meet its obligations for the current Fiscal Year or two subsequent Fiscal Years. Any school district that has a qualified or negative certification in any Fiscal Year may not issue, in that Fiscal Year or in the next fiscal succeeding year, certificates of participation, tax anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the district, unless the County Superintendent of Schools determines that the district's repayment of indebtedness is probable.

Each Participant was most recently assigned a positive certification.

Copies of the reports and certifications of each of the Participants may be obtained upon request from the San Diego County Office of Education, Executive Director, District Financial Services, 6401 Linda Vista Road, San Diego, California 92111, telephone: 858-292-3537.

Insurance

Each Participant maintains insurance or self-insurance in such amounts and with such retentions and other terms providing coverage for property damage, fire and theft, general public liability and worker's compensation with respect to its respective facilities, personnel and operations, as are adequate, customary and comparable with such insurance maintained by similarly situated school districts. In addition, based upon prior claims experience, each Participant believes that the recorded liabilities for its self-insured claims are adequate.

Retirement

Each of the Participants participates in retirement plans with the California State Teachers' Retirement System ("CalSTRS"), which covers all full-time certificated employees of each Participant, and the California Public Employees' Retirement System ("CalPERS"), which covers certain classified employees. Classified school personnel who are employed four or more hours per day may participate in CalPERS.

CalSTRS. CalSTRS is a defined benefit plan that covers all full-time certificated employees of each Participant and some classified employees of each Participant, which are employees employed in a position that does not require a teaching credential from the State. Benefit provisions are established by State legislation in accordance with the State Teachers' Retirement Law. CalSTRS is operated on a

Statewide basis and, based on publicly available information, has substantial unfunded liabilities. Additional funding of CalSTRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282.

CalSTRS provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service. The State Teachers' Retirement Plan ("STRP") holds assets for the exclusive purpose of providing benefits to members and beneficiaries of its programs. CalSTRS also uses plan assets to defray reasonable expenses of administering STRP.

As part of the 2014-15 State Budget, the Legislature enacted AB 1469 (Chapter 47, Statutes of 2014) ("AB 1469"), a comprehensive funding solution intended to eliminate the projected CalSTRS unfunded liability on the CalSTRS Defined Benefit Program by 2046. Under AB 1469, the funding plan began in Fiscal Year 2014-15 and will be phased in over several years. The employer contribution rate increased by 1.85% of covered payroll annually beginning July 1, 2015 and will continue to increase until the employer contribution rate is 19.10% of covered payroll. Beginning in Fiscal Year 2021-22 through Fiscal Year 2045-46, AB 1469 authorizes the CalSTRS Board to adjust the employer contribution up or down 1 percentage point each year, but no higher than 20.25% total and no lower than 8.25%, to eliminate the remaining unfunded obligation that existed on July 1, 2014.

In addition, the CalSTRS Board is authorized to modify the percentages paid by employers and employees for Fiscal Year 2021-22 and each Fiscal Year thereafter in order to eliminate CalSTRS' unfunded liability by June 30, 2046 based upon actuarial recommendations. The CalSTRS Board would also have the authority to reduce employer and State contributions if they are no longer necessary.

In January 2024, the CalSTRS Board adopted a new set of actuarial assumptions based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2007, through June 30, 2022) (the "2024 Experience Analysis"), which established several changes to demographic and economic assumptions, including: (i) decreasing the payroll growth assumption from 3.50% to 3.25% and (ii) changing mortality assumptions, including an update in the mortality improvement scale used to project future life expectancies to reflect more current trends. The 2024 Experience Analysis projects that such changes would contribute to a 1.1% increase in the funded ratio as of June 30, 2023, an increase in the unconstrained employer contribution rate and a decrease in the unconstrained State contribution rate, as compared to prior assumptions. Unconstrained contribution rates are the actuarially calculated rates before any limits to changes are applied and do not reflect the CalSTRS Board's ability to maintain State and employer contribution rates that are greater than the actuarially calculated rates. The 2024 Experience Analysis does not expect any impact on member contribution rates as a result of adopting such new assumptions. The assumptions and methods that remain unchanged in the 2024 Experience Analysis include: use of the "Entry Age Cost Method" to measure accruing costs of benefits with future accruals; a 7.00% investment rate of return (net of investment and administrative expenses); a 3.00% interest on member accounts; and a projected 3.50% general wage growth, of which 2.75% is due to inflation and 0.75% is due to expected gains in productivity. The assumptions and methods set forth in the 2024 Experience Analysis are reflected in the CalSTRS Defined Benefit Program Actuarial Valuation, as of June 30, 2024 (the "2024 CalSTRS Actuarial Valuation").

Defined Benefit Plan Actuarial Valuation. The Defined Benefit Program is the largest component of STRP, the plan in which the Participants are members. The 2024 CalSTRS Actuarial Valuation reports that the unfunded actuarial obligation increased by approximately $2.08 billion since the CalSTRS Defined

Benefit Program Actuarial Valuation as of June 30, 2023 (the "2023 CalSTRS Actuarial Valuation") and the funded ratio increased by 0.8% to 76.7% over such time period. The increase in the funded ratio is primarily due to the expected year-to-year change as a result of contributions to pay down the unfunded actuarial obligation and other factors, partially offset by the impact of greater-than-assumed salary increases.

According to the 2024 CalSTRS Actuarial Valuation, the future revenues from contributions and appropriations for the CalSTRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations, and the unfunded actuarial obligation is projected to be amortized before June 30, 2046. This finding assumes that the CalSTRS Board continues its practice of maintaining State and employer contribution rates at the current level until the associated unfunded actuarial obligation is paid off, a 7.00% investment rate of return and the future recognition of the currently deferred asset gains.

The actuary for the CalSTRS Defined Benefit Program notes in the 2024 CalSTRS Actuarial Valuation that the increase in unfunded actuarial obligation represents a net actuarial loss of $3.089 billion since the unfunded actuarial obligation was expected to be $85.580 billion based on the 2023 CalSTRS Actuarial Valuation. Although the 2024 CalSTRS Actuarial Valuation notes that the current assumptions underlying the results of the actuarial valuation provide a reasonable estimate of future expectations, future experience can differ from such assumptions to some extent. There are a number of factors that affect future valuation results, and differences between actual experience and assumption for these factors will likely cause increases or decreases in the plan's future funding level and calculated supplemental contribution rates. Of such factors, the one with the greatest potential risk is future investment returns, while payroll variation can also have a significant impact on valuation results.

On July 29, 2022, CalSTRS reported a negative 1.3% net return on investments for Fiscal Year 2021-22, which was CalSTRS' first negative return on investments since Fiscal Year 2008-09. The negative 1.3% net return on investments was less than the assumed annual rate of return on investments of 7.00%. As noted in the CalSTRS 2023 Review of Funding Levels and Risks, presented to the CalSTRS Board on November 2, 2023, CalSTRS earned just below its assumed rate of return of 7.00% for Fiscal Year 2022-23 with a 6.3% time-weighted investment return. On July 30, 2024, CalSTRS reported an 8.4% net return on investments for Fiscal Year 2023-24, on July 30, 2025, CalSTRS reported an 8.5% net return on investments for Fiscal Year 2024-25, and on July 30, 2026, CalSTRS reported a 13.9% net return of investments for Fiscal Year 2025-26, exceeding its benchmark goal of 7.00% average return on investment. However, persistent negative returns on investments may result in increased employer contribution rates above the current level of expected increases. The Participant cannot predict the impact of State, national, and international events on investment returns and employer contribution rates or the amount the Participant will be required to pay for pension related costs. Accordingly, there can be no assurances that the Participant's required contributions to CalSTRS will not significantly increase in the future.

The employer contribution rate for Fiscal Year 2025-26 was 19.10%. The contribution rate for Fiscal Year 2026-27 will remain at 19.10%.

The unfunded actuarial obligation and funded status of the CalSTRS pension fund as of valuation dates June 30, 2020 through June 30, 2025 are set forth below. The individual funding progress for each Participant is not provided in the actuarial report from CalSTRS.

Actuarial Value of State Teachers' Retirement Fund Defined Benefit Program
Valuation Dates June 30, 2020 through June 30, 2025
($ in millions)

Valuation Date (June 30)	Actuarial Obligation	Actuarial Value of Assets[(1)]	Unfunded Actuarial Obligation	Funded Ratio (Actuarial Value)	Funded Ratio (Fair Market Value)	Covered Payroll
2020	$322,127	$216,252	$105,875	67.1%	67.0%	$33,811
2021	332,082	242,363	89,719	73.0	81.9	34,590
2022	346,089	257,537	88,552	74.4	75.2	37,191
2023	359,741	273,155	86,586	75.9	76.2	38,916
2024	380,507	291,838	88,669	76.7	77.5	42,234
2025	395,525	313,533	81,992	79.3	81.0	43,591

(1) Actuarial Value of Assets does not include amounts allocable to the CalSTRS Supplemental Benefits Maintenance Account.
Sources: California State Teachers' Retirement System Defined Benefit Program Actuarial Valuations as of June 30, 2020 through June 30, 2025.

Net Pension Liability. CalSTRS became subject to the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 67 ("GASB 67"), Financial Reporting for Pension Plans, beginning with the year ended June 30, 2014, and CalSTRS' participating employers, including the Participant, became subject to the provisions of GASB Statement No. 68 ("GASB 68"), Accounting and Financial Reporting for Pensions, beginning with the year ended June 30, 2015. These standards require governments to recognize their long-term obligation for pension benefits as a liability on their balance sheets, to recognize their annual pension expense as a comprehensive measurement of the annual cost of pension benefits, and expands note disclosures and required supplementary information for pension plans and their participating employers.

Pursuant to GASB 67 and GASB 68, the funded status and unfunded UAAL of the Benefit Plan are no longer presented in the notes or required supplementary information. UAAL was determined by subtracting the excess of the actuarial accrued liability (discounted at the pension plan's assumed rate of return) from the actuarial value of assets (determined by smoothing values over a certain number of years to reduce volatility), and represented the costs allocated to date for current CalSTRS members that are not covered by the actuarial value of assets. Pursuant to GASB 67, the UAAL has been replaced by the net pension liability ("NPL") for financial reporting purposes, which represents the excess of the total pension liability (using an entry age cost method, discounted at a discount rate that reflects the expected return on plan assets) over fiduciary net position (valued at fair value).

Pursuant to GASB 67, CalSTRS' actuary determined that CalSTRS' net pension position for STRP, which includes the Defined Benefit Program (being the largest portion of STRP), the Defined Benefit Supplement Program, the Cash Balance Benefit Program and the Replacement Benefit Program, increased from $316.9 billion as of June 30, 2023 to $341.0 billion as of June 30, 2024. Based on a total pension liability of $408.2 billion, the NPL of the STRP for participating employers (including the Participants) and the State (a non-employer contributing entity) as of June 30, 2024 was $67.2 billion (compared to $76.2 billion as of June 30, 2023), resulting in the STRP fiduciary net position as a percentage of the total pension liability of 143.97% (compared to 178.98% as of June 30, 2023). The total pension liability for the STRP was determined by an actuarial valuation as of the valuation date, calculated based on a discount rate of 7.10% and other actuarial assumptions and methods. Compared to Fiscal Year 2022-23, total contributions for Fiscal Year 2023-24 increased by approximately $1.49 billion (9.5%).

Participants' Proportionate Shares of DB Plan. The following table sets forth each Participant's proportionate share of the Defined Benefit Plan ("DB Plan") net pension liabilities and the total employer contributions as of June 30, 2025.

Participants' Proportionate Shares of DB Plan
as of June 30, 2025

Participant	Proportionate Share of DB Plan	Proportionate Share of Net Pension Liability
Carlsbad USD	0.106%	$71,313,449
Coronado USD	0.032	21,281,183
SDUHSD	0.128	85,601,047

Source: Audited financial statements for each respective Participant, except where indicated.

CalPERS. CalPERS is a defined benefit plan that covers classified personnel who work four or more hours per day. Benefit provisions are established by State legislation in accordance with the Public Employees' Retirement Law. The contribution requirements of the plan members are established by State statute. The actuarial methods and assumptions used for determining the rates are based on those adopted by Board of Administration of CalPERS (the "CalPERS Board").

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 55 with benefits equal to 2.0% of final compensation for each year of service credit. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 62 with benefits equal to 2.0% of final compensation for each year of service credit. All members are eligible for non-duty disability benefits after 5 years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive so-called 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Active plan miscellaneous members hired on or before December 31, 2012 are required to contribute 7.0% of their monthly salary and those hired on or after January 1, 2013 are required to contribute 8.0% of their monthly salary (effective July 1, 2022). The required contribution rate is the difference between the actuarially determined rate and the contribution rate of employees. The actuarial methods and assumptions used for determining the rates are based on those adopted by the CalPERS Board. School districts are currently required to contribute to CalPERS at an actuarially determined rate, which was 11.847%, 13.888% and 15.531% of eligible salary expenditures for Fiscal Years 2015-16, 2016-17 and 2017-18 respectively, 18.062% of eligible salary expenditures for Fiscal Year 2018-19 and 19.721% of eligible salary for Fiscal Year 2019-20. The Fiscal Year 2020-21 State Budget redirected State funding paid to CalPERS in Fiscal Year 2019-20 towards long-term unfunded liabilities to reduce employer contribution rates in Fiscal Years 2020-21 and 2021-22. As a result, the CalPERS employer contribution rate was 20.7% in Fiscal Year 2020-21 and 22.91% in Fiscal Year 2021-22. The State's supplanting payments made under this redirection of funding expired at the end of Fiscal Year 2021-22. The CalPERS employer contribution rates were 25.37% for Fiscal Year 2022-23, 26.68% for Fiscal Year 2023-24, 27.05% for Fiscal Year 2024-25, 26.81% for Fiscal Year 2025-26 and will be 26.40% for Fiscal Year 2026-27.

Schools Pool Plan Actuarial Valuation. According to the CalPERS Schools Pool Actuarial Valuation as of June 30, 2024 (the "2024 CalPERS Schools Pool Actuarial Valuation") for the CalPERS Schools Pool Plan, the actuarial funding method used was the "Entry Age Actuarial Cost Method." The 2024 CalPERS Schools Pool Actuarial Valuation assumed, among other things, 2.30% inflation and payroll growth of 2.80% compounded annually. The 2024 CalPERS Schools Pool Actuarial Valuation reflected a discount rate of 6.80% compounded annually (net of investment and administrative expenses) as of June 30, 2024.

According to the 2024 CalPERS Schools Pool Actuarial Valuation, the funded ratio was 69.6% on a market value of assets basis, demonstrating an increase of 2.1% from the funded ratio of 67.5% reported in the CalPERS Schools Pool Actuarial Valuation as of June 30, 2023. This increase was mainly due to employer contributions to the unfunded accrued liability and an investment gain, partially offset by a non-investment loss. In the 2024 CalPERS Schools Pool Actuarial Valuation, the contribution rate for Fiscal Year 2026-27 was projected to be 26.9%, the contribution rate for Fiscal Year 2027-28 was projected to be 27.8%, the contribution rate for Fiscal Year for Fiscal Year 2028-29 was projected to be 27.4%, the contribution rate for Fiscal Year 2029-30 was projected to be 27.0%, and the contribution rate for Fiscal Year 2030-31 was projected to be 26.2%. The projected contribution rates in the 2024 CalPERS Schools Pool Actuarial Valuation assumed an investment return of 6.80% each year, net of investment and administrative expenses. The projections assumed that all actuarial assumptions would be realized and that no further changes to assumptions, contributions, benefits or funding would occur during the projection period.

The CalPERS Schools Pool Actuarial Valuation as of June 30, 2025 (the "2025 CalPERS Schools Pool Actuarial Valuation"), which is expected to be released in full later this year, was presented in summary form to the Finance and Administration Committee of the CalPERS Board on April 13, 2026. The summary reports an actuarial accrued liability of approximately $141.2 billion with the market value of assets at approximately $105.5 billion, and a funded ratio of approximately 74.7%. From June 30, 2024 to June 30, 2025, the funded ratio of the CalPERS Schools Pool increased by 5.1%, and the unfunded accrued liability decreased by approximately $5 billion, primarily due to investment return greater than expected. Employer contribution rates for Fiscal Years 2026-27 through 2031-32, respectively, are projected to be as follows: 26.40%, 26.8%, 25.9%, 25.1%, 24.0% and 23.8%. These projections assume an investment return rate of 6.8%, and actual contribution requirements will differ if actual investment return differs.

The 2022 CalPERS Schools Pool Actuarial Valuation noted that the investment return for Fiscal Year 2021-22 was approximately negative 6.1% reduced for administrative expenses, which was lower than the assumed annual rate of return on investments of 6.8% and was CalPERS' first negative return on investments since Fiscal Year 2008-09. This negative return led to an investment loss, in part generating new unfunded liability and increasing the unfunded liability component of the required employer contribution rate to be amortized over the next 20 years. The summary of the 2025 CalPERS Schools Pool Actuarial Valuation notes that based on final June 30, 2024 assets, the money-weighted investment return for Fiscal Year 2024-25 was 12.0%, generating an actuarial investment gain of $4.9 billion, which will be amortized over 20 years with a five-year ramp, decreasing the employer contribution rate in Fiscal Year 2026-27 by 0.49% of pay. Due to the five-year ramp, this impact will escalate each year until it reaches an estimated reduction of 2.16% of pay in Fiscal Year 2030-31.

The following table sets forth the actuarial accrued liabilities, market value of assets, funded status (based on market value of assets), unfunded liabilities (based on market value of assets), projected payroll for determining contributions and unfunded liabilities as a percentage of covered payroll as of June 30, 2017 through 2025.

Actuarial Value of Schools Portion of CalPERS
Historical Funding Status
Valuation Dates June 30, 2017 through June 30, 2025
($ in millions)

Valuation Date (June 30)	Actuarial Accrued Liabilities	Market Value of Assets (MVA)	Funded Status (MVA)	Unfunded Liabilities/ (Surplus) (MVA)	Projected Payroll for Determining Contributions	Unfunded Liabilities/ (Surplus) as a % of Payroll
2017	$84,416	$60,865	72.1%	$23,551	$13,683	172.1%
2018	92,071	64,846	70.4	27,225	14,235	191.3
2019	99,528	68,177	68.5	31,351	14,844	211.2
2020	104,062	71,400	68.6	32,662	15,295	213.6
2021	110,507	86,519	78.3	23,988	15,181	158.0
2022	116,982	79,386	67.9	37,596	16,731	224.7
2023	124,924	84,292	67.5	40,632	19,055	213.2
2024	133,978	93,187	69.6	40,791	21,450	190.2
2025	141,195	105,542	74.7	35,743	22,946	155.8

Source: CalPERS Schools Pool Actuarial Valuations as of June 30, 2017 through June 30, 2025.

CalPERS issues a comprehensive annual financial report and actuarial valuations that include financial statements and required supplementary information. Copies of the CalPERS CAFR and actuarial valuations may be obtained from the CalPERS Financial Services Division, P.O. Box 942703, Sacramento, California 94229-2703. The information set forth therein is not incorporated by reference in this Official Statement.

Net Pension Liability. CalPERS became subject to the provisions of GASB 67 beginning with the year ended June 30, 2014, and PERS' participating employers, including the Participants, became subject to the provisions of GASB 68 beginning with the year ended June 30, 2015. See "California State Teachers' Retirement System – Defined Benefit Plan – Net Pension Liability" above for a description of GASB 67 and GASB 68.

The GASB 68 Accounting Valuation Report for the Schools Pool Plan for the measurement period June 30, 2024 to June 30, 2025 (the "2025 GASB 68 Accounting Valuation Report") reflects a total pension liability of $138.5 billion (compared to $128.9 billion as of June 30, 2024), a fiduciary net position of $105.6 billion (compared to $93.2 billion as of June 30, 2024) and a net pension liability of $33.0 billion (compared to $35.7 billion as of June 30, 2024). The total pension liabilities were determined using standard actuarial techniques.

Participants' Proportionate Shares of the Schools Pool Plan. The following table sets forth each Participant's proportionate share of the School Pool Plan net pension liabilities and the total employer contributions as of June 30, 2025.

Participants' Proportionate Shares of Schools Pool Plan
as of June 30, 2025

Participant	Proportionate Share of Schools Pool Plan	Proportionate Share of Net Pension Liability
Carlsbad USD	0.098%	$35,144,946
Coronado USD	0.043	15,522,367
SDUHSD	0.119	42,349,763

Source: Audited financial statements for each respective Participant.

CalPERS issues a comprehensive annual financial report and actuarial valuations that include financial statements and required supplementary information. Copies of the CalPERS CAFR and actuarial valuations may be obtained from the CalPERS Financial Services Division, P.O. Box 942703, Sacramento, California 94229-2703. The information set forth therein is not incorporated by reference in this Official Statement.

Supplemental Retirement Programs. Certain Participants participate in supplemental retirement programs for employees not currently covered by CalSTRS or CalPERS. See the table entitled "Long-Term Outstanding Obligations" for liability relating to any early retirement incentive program.

Post-Retirement Health Care. In addition to employee health care costs, many of the Participants provide post-employment health care benefits in accordance with collective bargaining agreements. Some of these arrangements place limits on these benefits, such as an aggregate limit on the respective Participant's costs or a termination of the health care benefits upon the retiree reaching age 65. Most Participants providing post-employment health care benefits do so on a pay-as-you-go basis, paying an amount in each Fiscal Year equal to the benefits distributed or disbursed in that Fiscal Year.

Previously, the Participants reported financial information related to their OPEB plans pursuant to Governmental Accounting Standards Board ("GASB") Statement No. 45 ("Statement No. 45"), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Statement No. 45 established standards for measuring, recognizing and disclosing post-employment healthcare as well as other forms of post-employment benefits, such as life insurance, when provided separately from a pension plan expense or expenditures and related liabilities in the financial reports of state and local governments (such other post-employment benefits are referred to herein as "OPEB"). Under Statement No. 45, governments were required to: (i) measure the cost of benefits, and recognize other post-employment benefits expense, on the accrual basis of accounting in periods that approximate employees' years of service; (ii) provide information about the actuarial liabilities for promised benefits associated with past services and whether, or to what extent, those benefits have been funded; and (iii) provide information useful in assessing potential demands on the employer's future cash flows. The Participants' post-employment health benefits fall under Statement No. 45.

The core requirement of Statement No. 45 was that at least biennially an actuarial analysis must be prepared with respect to projected benefits ("Plan Liabilities"); against this would be measured the actuarially determined value of the related assets (the "Plan Assets"). To the extent that Plan Liabilities exceeded Plan Assets, then similar to the actuarial and accounting practices for pension plan liabilities, the difference would be amortized over a period which could be up to 30 years. The method of financial

reporting for OPEB costs would be similar to financial reporting for pension plan normal costs and unfunded actuarial accrued liability.

In June 2015, the GASB issued GASB Statement No. 75 ("Statement No. 75"), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of Statement No. 45. Statement No. 75 became effective for Fiscal Years beginning after June 15, 2017 and included a number of changes from Statement No. 45. Among other things, Statement No. 75 (i) provides that the unfunded actuarial accrued liability for OPEB plans (referred to as "Net OPEB Liability" as a result of Statement No. 75) is to be recognized on a Participant's balance sheet as a liability and (ii) provides for additional OPEB-related disclosures and supplementary information in a Participant's financial statements. The core requirement of biennial actuarial analysis, as it applies to the Participants, remains unchanged. The requirements that Statement No. 75 impose on the Participants only affect the Participants' financial statements and do not impose any requirements regarding the funding of any OPEB plans.

The Participants have determined their Total OPEB Liability, which represents the costs and obligations incurred as a consequence of receiving services of current employees and retirees, for which benefits are owed in exchange. The following table sets forth each Participant's Total OPEB Liability and Net OPEB Liability as calculated in their most recent OPEB actuarial valuation.

OTHER POST-EMPLOYMENT BENEFITS LIABILITY

Participant	As of Date of Valuation	Total OPEB Liability	Net OPEB Liability
Carlsbad USD	June 30, 2026	$26,760,990	$26,760,990
Coronado USD	June 30, 2025	5,280,735	5,280,735
SDUHSD	June 30, 2026	26,170,611	22,871,970

Source: Each respective Participant.

Temporary Transfers

Certain Participants may receive from time to time temporary transfers of funds from the Treasurer-Tax Collector of the County (each, a "Temporary Transfer" and collectively, the "Temporary Transfers"; such transfer is also referred to as a Treasurer's Loan from time to time). A Temporary Transfer must be repaid from the Treasury Pool participant's first revenues received thereafter before any other obligation and thus, in the case of the aforementioned Participants, would have a priority over such Participants' general fund debt obligations. Each Participant may require the County to provide such Participant with a Temporary Transfer even after the Note Participations are issued, to the extent that there are revenues available therefor. None of the Participants has an outstanding Temporary Transfer.

Continuing Disclosure

In the past five years, Carlsbad Unified School District did not timely file the annual report for fiscal year 2023-24 in connection with its 2006 Election General Obligation Bonds, 2011 Series C and its 2006 Election General Obligation Bonds, 2011 Series D, Qualified School Construction Bonds (Taxable District Subsidy Bonds), as required by its prior continuing disclosure obligations under Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule").

In the past five years, Coronado USD and SDUHSD have not failed to comply in any material respects with their continuing disclosure obligations under the Rule. See "Continuing Disclosure" in the forepart of this Official Statement.

Cybersecurity

Each of the Participants have implemented cybersecurity measures and procedures to improve network and system security, including but not limited to the following: using multifactor authentication for all staff accounts; data backups are replicated off site to other school locations and to the cloud; providing red herring staff training; an advanced and continuously updated firewall, security protocols and procedures; and implementing recommendations as advised by the San Diego County Office of Education. Additionally, each Participant maintains cyber insurance.

There can be no assurance that the Participants' additional security measures will be successful in thwarting future breaches. Successful breaches could result in, for example, unauthorized access to, disclosure, modification, misuse, theft, loss, or destruction of student or other third-party data; the loss of access to critical data or systems through ransomware, destructive attacks or other means; unauthorized transfers of Participants' funds; and delays, service or system disruptions or denials of service.

Litigation and Other Matters

General. Pending lawsuits, other claims and personnel investigations against the Participants are incidental to the ordinary course of operations of the Participants. In the opinion of each Participant, the aggregate amount of the uninsured liabilities of each Participant under these lawsuits and claims will not materially affect the finances of each Participant, except as described below.

The Participants are not aware of any litigation pending or threatened questioning the political existence of each Participant or contesting their ability to receive *ad valorem* property taxes or to collect other revenues or contesting the Participant's ability to issue and retire the Notes.

AB 218. Pursuant to Assembly Bill 218 ("AB 218"), which became effective on January 1, 2020, certain changes have been made to the claim prerequisites, available damages and the applicable statute of limitations periods for claims of childhood sexual assault, including claims against public entities like the Participants. With respect to claims that otherwise would have been barred as of January 1, 2020, AB 218 revived such claims for a period of three years, which period expired on December 31, 2022. Thereafter, the statute of limitations was extended to the day on which the alleged victim reaches 40 years of age.

Carlsbad USD. There are currently three AB 218 lawsuits pending against Carlsbad USD in various stages of litigation. Carlsbad USD believes it has adequate insurance for each of the pending claims. Carlsbad USD does not expect that any expenses or liabilities incurred in defending the AB 218 claims, including those resulting from any final court decision or settlement agreement, will have a materially adverse effect on Carlsbad USD's ability to repay its Note.

Coronado USD. There is currently one AB 218 lawsuit pending against Coronado USD in the appeals process. Coronado USD believes it has adequate insurance coverage for this claim. Coronado USD does not expect that any expenses or liabilities incurred in defending the AB 218 claims, including those resulting from any final court decision or settlement agreement, will have a materially adverse effect on Coronado USD's ability to repay its Note.

SDUHSD. There are currently two AB 218 lawsuits pending against SDUHSD in different stages of litigation. SDUHSD believes it has adequate insurance coverage for this claim. SDUHSD does not expect that any expenses or liabilities incurred in defending the AB 218 claims, including those resulting from any final court decision or settlement agreement, will have a materially adverse effect on SDUHSD's ability to repay its Note.

SUMMARY OF FINANCIAL INFORMATION

	Carlsbad Unified School District				
	6/30/23 Audited	6/30/24 Audited	6/30/25 Audited	6/30/26 Estimated	6/30/27 Budgeted
INCOME STATEMENT					
Total Revenues	$ 172,111,055	$ 162,785,089	$ 168,108,032	$ 174,680,526	$ 179,263,891
Total Expenditures	162,073,192	169,507,221	178,631,329	181,134,361	179,283,118
Total Other Financing Sources	0	0	0	0	0
Net Income	10,037,863	(6,722,132)	(10,523,297)	(6,453,835)	(19,227)
Beginning Fund Balance	31,713,154	41,751,017	35,028,885	24,505,588	18,051,753
Adjustments + Transfers	0	0	0	0	0
Ending Fund Balance	41,751,017	35,028,885	24,505,588	18,051,753	18,032,526
BALANCE SHEET					
Total Assets	54,422,894	42,837,196	32,770,308		
Total Liabilities	12,671,877	7,808,311	8,264,720		
Deferred Inflows of Resources	0	0	0		
Total Fund Equity	41,751,017	35,028,885	24,505,588		
Total Liabilities and Fund Equity	54,422,894	42,837,196	32,770,308	0	0

	Coronado Unified School District				
	6/30/23 Audited	6/30/24 Audited	6/30/25 Audited	6/30/26 Estimated[1]	6/30/27 Budgeted[1]
INCOME STATEMENT					
Total Revenues	$ 48,339,925	$ 48,283,771	$ 47,498,429	$ 48,594,319	$ 50,939,206
Total Expenditures	50,036,153	54,671,689	53,327,999	56,253,930	59,073,247
Total Other Financing Sources	2,675,391	6,120,430	6,100,583	5,225,917	8,145,664
Net Income	979,163	(267,488)	271,013	(2,433,694)	11,623
Beginning Fund Balance	9,046,507	10,025,670	9,758,182	5,290,742	2,857,048
Adjustments + Transfers	0	0	0	0	0
Ending Fund Balance	10,025,670	9,758,182	10,029,195	2,857,048	2,868,671
BALANCE SHEET					
Total Assets	18,279,028	22,166,584	19,630,439		
Total Liabilities	6,164,131	10,362,741	7,604,215		
Deferred Inflows of Resources	2,089,227	2,045,661	1,997,029		
Total Fund Equity	10,025,670	9,758,182	10,029,195		
Total Liabilities and Fund Equity	18,279,028	22,166,584	19,630,439	0	0

	San Dieguito Union High School District				
	6/30/23 Audited	6/30/24 Audited	6/30/25 Audited	6/30/26 Estimated	6/30/27 Budgeted
INCOME STATEMENT					
Total Revenues	$ 190,549,672	$ 198,600,165	$ 197,463,661	$ 209,961,295	$ 206,963,296
Total Expenditures	183,756,417	191,806,862	200,038,116	212,811,884	209,182,977
Total Other Financing Sources	483,171	(3,938,825)	(752,037)	(1,100,000)	(1,100,000)
Net Income	7,276,426	2,854,478	(3,326,492)	(3,950,589)	(3,319,681)
Beginning Fund Balance	36,604,803	43,831,824	46,686,301	43,359,809	39,409,220
Adjustments + Transfers	(49,405)	(1)	0	0	0
Ending Fund Balance	43,831,824	46,686,301	43,359,809	39,409,220	36,089,539
BALANCE SHEET					
Total Assets	52,364,850	54,783,574	52,104,916		
Total Liabilities	8,533,026	8,097,273	8,745,107		
Deferred Inflows of Resources	0	0	0		
Total Fund Equity	43,831,824	46,686,301	43,359,809		
Total Liabilities and Fund Equity	52,364,850	54,783,574	52,104,916	0	0

[1] The District has implemented *Government Accounting Standard Board Statement No. 54, Fund Balance Reporting and Government Type Definitions* ("GASB 54"), the effect of which was to reclassify and restate certain other funds as General Fund activities. However, the District's General Fund estimated actuals for the fiscal year ending June 30, 2026 and adopted budget for the fiscal year ending June 30, 2027 do not reflect the implementation of GASB 54.

APPENDIX B

2026-27 CASH FLOW PROJECTIONS OF THE PARTICIPANTS

The cash flow projections on the following pages represent the best estimate of each Participant based on information available as of the date of the projections. As a result of the uncertainties associated with the State budgeting process as described in Appendix A attached hereto, these projections are subject to change and may vary considerably from actual cash flows experienced by each Participant.

See APPENDIX A – 'INFORMATION REGARDING THE PARTICIPANTS – State and Federal Funding of Education" attached hereto.

Carlsbad Unified School District

2025-2026 GENERAL FUND CASH FLOW (ACTUAL)

	Jul (Act)	Aug (Act)	Sep (Act)	Oct (Act)	Nov (Act)	Dec (Act)	Jan (Act)	Feb (Act)	Mar (Act)	Apr (Act)	May (Act)	Jun (Act)	Total
Beginning Cash Balance	$ 22,973,791	$ 20,571,022	$ 19,486,049	$ 10,880,905	$ 3,863,757	$ 3,495,394	$ 22,589,285	$ 27,350,676	$ 17,916,052	$ 8,055,845	$ 34,898,575	$ 23,171,679	$ 22,973,791
Receipts													
State Aid Apportionment	136,842	136,842	654,719	136,842	-	517,876	54,737	62,035	90,309	61,965	62,035	505,216	2,419,418
Property Taxes	360,508	3,691,415	1,990,625	918,207	11,414,990	35,486,324	19,836,244	3,674,466	1,972,187	41,269,135	3,695,889	7,256,192	131,566,183
Other Revenue Limit Sources	-	-	-	440,309	-	-	-	-	(1,005,917)	-	(196,027)	(1,602,873)	(2,364,507)
Federal	11,974	(11,974)	155,882	1,312,526	-	430,958	25,246	362	(749,477)	128,315	207,242	411,784	1,922,838
Other State	1,066,012	1,066,012	1,066,012	5,264,320	822,710	-	1,360,663	1,298,918	722,318	509,512	509,512	570,501	14,256,489
Other Local	571,105	344,239	1,243,932	1,114,182	1,140,001	1,103,527	1,476,002	1,129,836	759,126	1,884,263	1,031,371	341,953	12,139,538
Transfers In	-	-	-	-	-	-	-	-	(10,505)	-	-	-	(10,505)
Prior Year Receivables	-	1,821,885	-	3,016,066	131,418	-	96,912	-	3,211,835	-	-	156,510	8,434,627
Temporary Loan Inflows	-	-	-	-	2,128,500	-	-	-	-	-	-	-	2,128,500
Other Cash Inflows	2,816,549	(1,050,785)	249,288	(813,746)	(20,688)	101,941	(90,931)	263,362	33,813	124,406	(213,525)	24,272	1,423,958
2025A TRANs Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	4,962,990	5,997,636	5,360,458	11,388,707	15,616,930	37,640,625	22,758,875	6,428,980	5,023,689	43,977,596	5,096,498	7,663,555	171,916,539
Disbursements													
Salaries & Benefits	3,007,729	3,161,137	12,921,815	12,832,588	12,833,685	13,197,990	13,578,378	13,102,511	13,343,125	13,447,014	13,260,981	12,553,359	137,240,312
Commercial Warrant Exp	2,922,256	(212,124)	2,673,624	4,727,668	2,864,619	2,916,673	4,381,319	2,769,109	1,579,961	3,631,779	3,470,620	3,993,478	35,718,982
Transfers Out	4,065	2,630	4,065	10,738	-	-	111,605	426	426	148,782	12,061	10,289	305,087
Prior Year Payables	(32,278)	4,504,586	(361,967)	(3,539)	161,292	296,161	137,701	(109,337)	(104,644)	46,790	22,106	228,888	4,785,758
Other Cash Outflows	1,463,989	(373,622)	(1,271,935)	838,400	125,698	7,411	(211,520)	100,894	65,028	(139,499)	57,626	211,325	873,796
Temporary Loan Outflows	-	-	-	-	-	2,128,500	-	-	-	-	-	231	2,128,731
2025A TRANs Disb.	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements	7,365,760	7,082,608	13,965,602	18,405,855	15,985,293	18,546,735	17,997,484	15,863,604	14,883,896	17,134,866	16,823,395	16,997,570	181,052,667
Ending Cash Balance	$ 20,571,022	$ 19,486,049	$ 10,880,905	$ 3,863,757	$ 3,495,394	$ 22,589,285	$ 27,350,676	$ 17,916,052	$ 8,055,845	$ 34,898,575	$ 23,171,679	$ 13,837,664	$ 13,837,664

2026-2027 GENERAL FUND CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	$ 13,837,664	$ 15,157,625	$ 12,481,934	$ 15,855,554	$ 9,121,427	$ 4,681,391	$ 29,169,087	$ 30,350,427	$ 22,322,782	$ 11,734,232	$ 32,053,491	$ 24,049,567	$ 13,837,664
Receipts													
State Aid Apportionment	136,842	136,842	643,796	136,842	-	506,954	54,737	62,035	568,989	62,035	62,035	568,989	2,940,098
Property Taxes	647,384	2,316,246	776,062	1,966,941	10,304,489	35,832,550	21,778,908	3,993,355	3,336,565	40,597,444	6,387,088	9,387,368	137,324,399
Other Revenue Limit Sources	-	(183,212)	(366,424)	(244,283)	(244,283)	(244,283)	37,348	(244,283)	(213,747)	41,306	(213,747)	(148,165)	(2,023,773)
Federal	3,459	2,980	331,885	17,244	-	299,047	122,838	27,942	342,849	43,856	(3,566)	516,143	1,704,678
Other State	1,285,496	1,033,706	1,268,269	7,843,987	557,704	153,106	1,157,666	2,782,966	657,965	1,179,811	1,140,938	10,070,141	29,131,755
Other Local	540,438	744,279	1,616,339	1,273,414	1,371,666	1,349,017	1,466,728	1,265,439	1,278,837	1,320,945	1,174,524	1,860,374	15,261,996
Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-
Prior Year Receivables	2,599,082	-	1,025,299	-	-	2,501,874	-	-	-	-	-	-	6,126,256
Temporary Loan Inflows	6,377	-	-	-	-	-	-	-	-	-	-	-	6,377
Other Cash Inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
2026A TRANs Receipts	-	-	14,000,000	-	-	-	-	-	-	-	-	-	14,000,000
Total Receipts	5,219,079	4,050,841	19,295,227	10,994,145	11,989,576	40,398,265	24,618,224	7,887,454	5,971,458	43,245,396	8,547,271	22,254,849	204,471,786
Disbursements													
Salaries & Benefits	1,491,644	3,636,684	13,170,777	14,966,532	13,399,379	13,459,480	13,577,800	13,513,728	13,891,885	13,063,484	13,724,690	21,131,579	149,027,662
Commercial Warrant Exp	754,558	1,759,682	2,413,351	2,768,636	2,988,015	2,456,137	2,563,103	2,356,406	2,663,823	2,599,654	2,809,501	4,716,637	30,849,501
Transfers Out	(10,901)	(888)	4,716	(14,286)	42,219	(5,048)	33,093	44,965	4,300	111	17,004	129,014	244,296
Prior Year Payables	1,663,817	1,331,054	332,763	-	-	-	-	-	-	-	-	-	3,327,634
Other Cash Outflows	-	-	-	-	-	-	-	-	-	-	-	-	-
Temporary Loan Outflows	-	-	-	7,391	-	-	-	-	-	-	-	7,391	14,781
2026A TRANs Disb.	-	-	-	-	-	-	7,262,889	-	-	7,262,889	-	-	14,525,778
Total Disbursements	3,899,118	6,726,531	15,921,607	17,728,273	16,429,613	15,910,569	23,436,885	15,915,098	16,560,008	22,926,137	16,551,195	25,984,619	197,989,653
Ending Cash Balance	$ 15,157,625	$ 12,481,934	$ 15,855,554	$ 9,121,427	$ 4,681,391	$ 29,169,087	$ 30,350,427	$ 22,322,782	$ 11,734,232	$ 32,053,491	$ 24,049,567	$ 20,319,797	$ 20,319,797

2027-2028 GENERAL FUND CASH FLOW THROUGH MATURITY (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	$ 20,319,797	$ 18,910,229	$ 16,407,876										
Receipts													
State Aid Apportionment	142,014	142,014	673,139										
Property Taxes	647,158	2,315,438	775,791										
Other Revenue Limit Sources	-	124,977	249,953										
Federal	3,487	3,004	334,479										
Other State	1,227,161	986,797	1,210,716										
Other Local	496,346	731,397	1,635,508										
Transfers In	-	-	-										
Prior Year Receivables	-	-	979,718										
Temporary Loan Inflows	-	-	-										
Other Cash Inflows	-	-	-										
2026A TRANs Receipts	-	-	-										
Total Receipts	2,516,165	4,303,625	5,859,303										
Disbursements													
Salaries & Benefits	1,542,998	3,700,273	13,369,316										
Commercial Warrant Exp	724,680	1,771,428	2,405,203										
Transfers Out	(10,901)	(888)	4,716										
Prior Year Payables	1,668,956	1,335,165	333,791										
Other Cash Outflows	-	-	-										
Temporary Loan Outflows	-	-	-										
2026A TRANs Disb.	-	-	-										
Total Disbursements	3,925,733	6,805,979	16,113,026										
Ending Cash Balance	$ 18,910,229	$ 16,407,876	$ 6,154,153										

ALTERNATIVE CASH RESOURCES (75% OF CASH BALANCE)

Fund Type	Fund Purpose	Actual as of 6/30/25	Actual as of 6/30/26	Projected as of 1/31/27	Projected as of 4/30/27	Projected as of 9/1/27*
Special Revenue	Cafeteria	$ 4,553,198	$ 5,976,944	$ 5,976,944	$ 5,976,944	$ 5,976,944
Capital Projects	Capital Facilities	6,593,524	6,630,670	5,880,670	5,880,670	$ 5,880,670
Capital Projects	County School Facilities	6,350	6,586	6,586	6,586	$ 6,586
Capital Projects	Capital Project for Blended Component Uses	683	709	709	709	$ 709
Trust and Agency	Self-Insurance Fund	1,756,822	1,895,581	1,895,581	1,895,581	$ 1,895,581
Total		$ 12,910,578	$ 14,510,489	$ 13,760,489	$ 13,760,489	$ 13,760,489

* Represents the maturity date

Coronado Unified School District

2025-2026 GENERAL FUND CASH FLOW (ACTUAL)

	Jul (Act)	Aug (Act)	Sep (Act)	Oct (Act)	Nov (Act)	Dec (Act)	Jan (Act)	Feb (Act)	Mar (Act)	Apr (Act)	May (Act)	Jun (Act)	Total
Beginning Cash Balance	$ 2,069,984	$ 3,260,163	$ 1,937,024	$ 581,087	$ 3,443,753	$ 859,297	$ 2,637,888	$ 11,728,632	$ 8,609,256	$ 11,822,120	$ 11,027,045	$ 7,401,104	$ 2,069,984
Receipts													
State Aid Apportionment	1,954,530	1,954,530	2,363,707	1,954,530	-	409,177	781,812	963,416	5,355,825	963,416	963,416	(4,136,797)	13,527,562
Property Taxes	54,192	50,597	67,421	35,672	323,357	910,172	10,666,268	118,738	67,907	1,131,118	104,518	12,901,693	26,431,653
Other Revenue Limit Sources	-	-	-	-	-	-	-	-	-	-	-	26,578	26,578
Federal	-	-	108,776	-	730,443	1,203,998	5,950	-	580,191	1,277,983	-	713,992	4,621,332
Other State	206,033	206,033	206,033	1,684,301	176,858	6,724	338,080	319,427	453,822	96,604	96,604	279,517	4,070,034
Other Local	87,976	88,375	157,974	199,951	436,375	1,090,185	186,105	156,718	679,893	394,168	192,054	491,670	4,161,443
Transfers In	-	-	-	3,924,861	-	1,452,052	-	-	-	-	-	(3,924,861)	1,452,052
Prior Year Receivables	-	70,714	-	1,871,487	127,861	756,282	640,141	14,053	19,003	-	-	-	3,499,541
Temporary Loan Inflows	-	-	-	248,211	-	619,846	1,568,153	12,826	-	-	-	3,615,832	6,064,868
Other Cash Inflows	1,319,824	298,246	129,226	(1,747,296)	10,316	3,450	(13,766)	(15,685)	526,932	129,403	(15,651)	(624,999)	-
2025A TRANs Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	3,622,555	2,668,495	3,033,137	8,171,716	1,805,209	6,451,887	14,172,743	1,569,493	7,683,573	3,992,692	1,340,941	9,342,624	63,855,065
Disbursements													
Salaries & Benefits	778,027	2,837,525	3,867,193	3,693,939	4,102,401	3,746,685	3,805,319	3,888,646	3,807,955	3,774,666	3,958,355	3,833,075	42,093,785
Commercial Warrant Exp	475,678	743,763	599,237	1,409,730	611,726	472,271	964,804	697,103	569,937	860,235	856,956	1,013,666	9,275,107
Transfers Out	-	-	-	1,853	-	-	71	-	-	-	-	36	1,960
Prior Year Payables	611,506	558,283	(69,890)	375,846	(332,882)	367,390	358,314	72,535	26,574	43,420	(941)	49,984	2,060,138
Other Cash Outflows	567,164	(167,936)	(16,146)	(172,318)	8,420	86,951	(46,509)	30,584	66,243	109,445	(26,632)	99,159	538,427
Temporary Loan Outflows	-	20,000	8,680	-	-	-	-	-	-	-	179,143	-	207,823
2025A TRANs Disb.	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements	2,432,375	3,991,635	4,389,074	5,309,050	4,389,666	4,673,296	5,081,999	4,688,869	4,470,709	4,787,766	4,966,882	4,995,920	54,177,241
Ending Cash Balance	$ 3,260,163	$ 1,937,024	$ 581,087	$ 3,443,753	$ 859,297	$ 2,637,888	$ 11,728,632	$ 8,609,256	$ 11,822,120	$ 11,027,045	$ 7,401,104	$ 11,747,808	$ 11,747,808

2026-2027 GENERAL FUND CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	$ 11,747,808	$ 5,528,420	$ 1,993,324	$ 7,628,257	$ 6,294,420	$ 3,530,026	$ 7,529,009	$ 8,775,786	$ 7,057,499	$ 5,939,213	$ 2,535,617	$ 735,080	$ 11,747,808
Receipts													
State Aid Apportionment	646,649	646,649	3,080,246	1,163,969	1,163,969	3,080,246	1,163,969	1,163,969	3,080,246	1,163,969	1,163,969	3,080,246	20,598,095
Property Taxes	16,251	58,145	19,481	49,376	258,674	899,504	5,170,722	100,245	83,758	1,019,117	160,335	4,859,657	12,695,266
Other Revenue Limit Sources	-	-	-	-	52,296	-	-	-	52,296	-	-	104,591	209,182
Federal	-	-	64,776	378,031	-	1,080,327	372,326	526,934	64,776	44,634	582,854	884,255	3,998,913
Other State	76,101	76,101	120,676	1,900,457	384,627	100,293	437,570	650,553	109,507	334,397	192,995	3,024,572	7,407,849
Other Local	224,599	338,300	475,536	394,543	276,558	732,533	1,099,338	569,768	296,027	859,085	493,837	990,699	6,750,823
Transfers In	-	-	-	-	-	1,875,070	-	-	-	-	1,000,000	2,343,467	5,218,538
Prior Year Receivables	3,714,030	-	2,676,583	-	-	643,698	-	-	-	-	-	-	7,034,311
Temporary Loan Inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
2026A TRANs Receipts	-	-	4,200,000	-	-	-	-	-	-	-	-	-	4,200,000
Total Receipts	4,677,631	1,119,196	10,637,298	3,886,377	2,136,123	8,411,671	8,243,925	3,011,469	3,686,609	3,421,202	3,593,990	15,287,487	68,112,977
Disbursements													
Salaries & Benefits	724,755	2,954,030	4,031,788	4,169,000	4,072,625	3,901,010	3,950,054	4,032,644	3,984,184	3,973,767	4,385,294	6,532,747	46,711,898
Commercial Warrant Exp	283,683	796,394	744,610	1,051,213	827,892	511,679	963,814	697,112	820,711	672,164	1,108,384	2,441,089	10,918,745
Transfers Out	-	-	-	-	-	-	(95,587)	-	-	-	(99,151)	(410,101)	(604,838)
Prior Year Payables	1,129,834	903,867	225,967	-	-	-	-	-	-	-	-	-	2,259,668
Other Cash Outflows	5,642,590	-	-	-	-	-	-	-	-	-	-	-	5,642,590
Temporary Loan Outflows	3,116,158	-	-	-	-	-	-	-	-	-	-	-	3,116,158
2026A TRANs Disb.	-	-	-	-	-	-	2,178,867	-	-	2,178,867	-	-	4,357,733
Total Disbursements	10,897,019	4,654,291	5,002,365	5,220,213	4,900,517	4,412,688	6,997,148	4,729,757	4,804,895	6,824,797	5,394,526	8,563,736	72,401,954
Ending Cash Balance	$ 5,528,420	$ 1,993,324	$ 7,628,257	$ 6,294,420	$ 3,530,026	$ 7,529,009	$ 8,775,786	$ 7,057,499	$ 5,939,213	$ 2,535,617	$ 735,080	$ 7,458,832	$ 7,458,832

2027-2028 GENERAL FUND CASH FLOW THROUGH MATURITY (PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	$ 7,458,832	$ 6,255,253	$ 2,649,527										
Receipts													
State Aid Apportionment	807,158	807,158	2,127,678										
Property Taxes	22,150	79,248	26,552										
Other Revenue Limit Sources	-	-	-										
Federal	-	-	61,463										
Other State	67,634	67,634	107,248										
Other Local	227,442	265,668	433,352										
Transfers In	-	-	-										
Prior Year Receivables	-	-	979,718										
Temporary Loan Inflows	-	-	-										
Other Cash Inflows	-	-	-										
2026A TRANs Receipts	-	-	-										
Total Receipts	1,124,382	1,219,708	3,736,011										
Disbursements													
Salaries & Benefits	734,877	2,999,944	4,106,011										
Commercial Warrant Exp	269,363	766,513	725,050										
Transfers Out	-	-	-										
Prior Year Payables	1,323,721	1,058,977	264,744										
Other Cash Outflows	-	-	-										
Temporary Loan Outflows	-	-	-										
2026A TRANs Disb.	-	-	-										
Total Disbursements	2,327,961	4,825,434	5,095,805										
Ending Cash Balance	$ 6,255,253	$ 2,649,527	$ 1,289,733										

ALTERNATIVE CASH RESOURCES (75% OF CASH BALANCE)						
Fund Type	**Fund Purpose**	**Actual as of 6/30/25**	**Actual as of 6/30/26**	**Projected as of 1/31/27**	**Projected as of 4/30/27**	**Projected as of 9/1/27***
Special Revenue	Adult Education	$ 115,748	$ 149,553	$ 149,553	$ 149,553	$ 149,553
Special Revenue	Child Development	475,217	21,878	21,878	21,878	$ 21,878
Special Revenue	Cafeteria	1,100,807	703,042	703,042	703,042	$ 703,042
Special Revenue	Deferred Maintenance	171,441	90,795	90,795	90,795	$ 90,795
Special Revenue	Special Reserve for Non-Capital Outlay	1,072,071	17,013	17,013	17,013	$ 17,013
Capital Projects	Capital Facilities	250,178	472,873	472,873	472,873	$ 472,873
Capital Projects	Special Reserve for Capital Outlay	5,068,615	1,837,488	937,488	487,488	$ 187,488
Capital Projects	Capital Project for Blended Component Uses	1,172,439	2,483,368	2,483,368	2,483,368	$ 2,483,368
Total		$ 9,426,514	$ 5,776,010	$ 4,876,010	$ 4,426,010	$ 4,126,010

* Represents the maturity date

San Dieguito Union High School District

2025-2026 GENERAL FUND CASH FLOW (ACTUAL)

	Jul (Act)	Aug (Act)	Sep (Act)	Oct (Act)	Nov (Act)	Dec (Act)	Jan (Act)	Feb (Act)	Mar (Act)	Apr (Act)	May (Act)	Jun (Act)	Total
Beginning Cash Balance	$ 44,180,679	$ 37,877,046	$ 25,798,342	$ 24,287,742	$ 15,482,744	$ 16,164,352	$ 47,627,690	$ 50,791,367	$ 41,898,345	$ 30,965,624	$ 66,430,596	$ 55,236,528	$ 44,180,679
Receipts													
State Aid Apportionment	52,998	52,998	655,058	52,998	-	602,059	21,199	24,025	586,499	24,025	24,025	591,363	2,687,247
Property Taxes	420,479	2,169,338	1,736,388	1,185,967	15,297,402	46,430,402	22,141,255	4,592,186	2,567,806	53,984,209	4,887,791	4,655,804	160,069,025
Other Revenue Limit Sources	-	-	-	-	-	-	-	-	759	139,683	(108,913)	(370,350)	(338,821)
Federal	28,803	25,367	(1,304)	78,285	339,724	216,539	26,091	23,251	143,225	88,673	341,376	264,266	1,574,295
Other State	692,011	3,392,442	695,515	3,159,801	966,350	219,404	1,131,561	1,297,771	2,487,894	1,079,662	398,667	773,507	16,294,586
Other Local	1,841,657	327,369	952,762	1,499,139	1,224,769	1,206,811	1,721,956	1,257,932	1,143,569	1,660,097	2,890,610	766,317	16,492,988
Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-
Prior Year Receivables	745,436	401,180	2,072,117	3,345,983	-	61,618	150,413	-	-	148,732	-	(313,143)	6,612,335
Temporary Loan Inflows	-	-	208,878	-	-	-	-	-	1,989	-	-	-	210,867
Other Cash Inflows	930,790	753,459	(1,426,872)	(240,771)	95,675	(85,179)	(10,496)	(362)	790	(790)	(3,534)	4,464	17,174
2025A TRANs Receipts	-	-	10,229,500	-	-	-	-	-	-	-	-	-	10,229,500
Total Receipts	4,712,174	7,122,154	15,122,040	9,081,402	17,923,920	48,651,654	25,181,979	7,194,803	6,932,531	57,124,290	8,430,021	6,372,228	213,849,195
Disbursements													
Salaries & Benefits	3,521,880	12,363,001	13,764,790	13,931,588	13,967,044	15,114,315	14,105,668	13,969,728	14,571,576	14,072,016	14,238,319	14,517,900	158,137,824
Commercial Warrant Exp	3,796,667	2,037,461	4,221,939	3,209,606	3,177,749	1,915,300	2,704,276	2,013,705	2,826,527	2,279,904	5,663,898	2,999,314	36,846,346
Transfers Out	10,406	10,406	417,773	1,012,696	4,788	102,580	10,201	4,378	411,135	74,478	90,556	5,492	2,154,891
Prior Year Payables	4,383,771	1,369,198	315,124	(263,565)	108,620	86,204	(155,539)	191,950	18,001	54,279	(326,835)	367,969	6,149,175
Other Cash Outflows	(696,918)	3,420,792	(2,086,987)	(3,924)	(15,889)	(30,083)	122,541	(91,936)	38,014	(50,525)	(41,850)	269,738	832,972
Temporary Loan Outflows	-	-	-	-	-	-	1,989	-	-	-	-	343	2,332
2025A TRANs Disb.	-	-	-	-	-	-	5,229,167	-	-	5,229,167	-	-	10,458,333
Total Disbursements	11,015,807	19,200,857	16,632,639	17,886,401	17,242,312	17,188,315	22,018,302	16,087,825	17,865,252	21,659,318	19,624,088	18,160,756	214,581,873
Ending Cash Balance	$ 37,877,046	$ 25,798,342	$ 24,287,742	$ 15,482,744	$ 16,164,352	$ 47,627,690	$ 50,791,367	$ 41,898,345	$ 30,965,624	$ 66,430,596	$ 55,236,528	$ 43,448,000	$ 43,448,000

2026-2027 GENERAL FUND CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	$ 43,448,000	$ 39,418,522	$ 28,025,738	$ 21,099,980	$ 15,940,873	$ 14,255,419	$ 47,570,961	$ 54,853,644	$ 48,175,432	$ 37,987,969	$ 73,719,957	$ 66,004,706	$ 43,448,000
Receipts													
State Aid Apportionment	52,998	52,998	631,569	52,998	-	578,572	21,199	24,026	602,597	24,026	24,026	602,597	2,667,604
Property Taxes	833,444	2,981,942	999,105	2,532,246	13,266,031	46,130,934	23,479,347	5,141,057	4,295,504	52,265,273	8,222,756	7,526,441	167,674,079
Other Revenue Limit Sources	-	(69,649)	(139,299)	(92,866)	200,349	(92,866)	(92,866)	(92,866)	211,970	(81,250)	(81,235)	342,864	12,286
Federal	18,864	(65,207)	198,135	136,958	-	357,337	53,431	-	226,595	50,051	40,782	593,741	1,610,685
Other State	491,561	785,513	874,728	8,406,971	762,200	6,481	1,275,932	2,845,400	328,298	1,012,619	1,120,939	10,848,472	28,759,114
Other Local	758,099	761,932	1,367,551	1,365,809	1,367,771	1,366,830	1,366,634	1,307,879	1,307,568	1,284,241	1,301,431	29,983	13,585,727
Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-
Prior Year Receivables	390,993	-	2,327,209	-	-	2,037,491	-	-	-	-	-	-	4,755,693
Temporary Loan Inflows	343	-	-	-	-	-	-	-	-	-	-	-	343
Other Cash Inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
2026A TRANs Receipts	-	-	5,000,000	-	-	-	-	-	-	-	-	-	5,000,000
Total Receipts	2,546,302	4,447,527	11,258,998	12,402,115	15,596,350	50,384,779	26,103,676	9,225,496	6,972,532	54,554,959	10,628,699	19,944,098	224,065,531
Disbursements													
Salaries & Benefits	3,528,787	12,605,008	13,692,733	14,659,611	14,242,695	14,938,845	14,096,095	13,924,952	14,596,395	14,195,121	15,714,755	25,564,744	171,759,741
Commercial Warrant Exp	2,086,949	2,433,190	4,168,129	2,895,803	3,032,121	1,944,840	1,992,805	1,954,146	2,288,372	2,024,708	2,578,106	4,338,578	31,737,749
Transfers Out	17,817	48,332	135,448	5,808	6,989	185,552	138,204	24,609	275,227	9,253	51,088	52,762	951,090
Prior Year Payables	942,227	753,782	188,445	-	-	-	-	-	-	-	-	-	1,884,454
Other Cash Outflows	-	-	-	-	-	-	-	-	-	-	-	-	-
Temporary Loan Outflows	-	-	-	-	-	-	-	-	-	-	-	-	-
2026A TRANs Disb.	-	-	-	-	-	-	2,593,889	-	-	2,593,889	-	-	5,187,778
Total Disbursements	6,575,780	15,840,312	18,184,755	17,561,222	17,281,805	17,069,237	18,820,993	15,903,707	17,159,995	18,822,971	18,343,950	29,956,084	211,520,811
Ending Cash Balance	$ 39,418,522	$ 28,025,738	$ 21,099,980	$ 15,940,873	$ 14,255,419	$ 47,570,961	$ 54,853,644	$ 48,175,432	$ 37,987,969	$ 73,719,957	$ 66,004,706	$ 55,992,720	$ 55,992,720

San Dieguito Union High School District

2027-2028 GENERAL FUND CASH FLOW THROUGH MATURITY (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	$ 55,992,720	$ 49,240,767	$ 35,658,723										
Receipts													
State Aid Apportionment	58,031	58,031	705,519										
Property Taxes	869,141	3,109,661	1,041,897										
Other Revenue Limit Sources	-	(53,002)	(106,003)										
Federal	18,864	(65,207)	198,135										
Other State	489,773	782,656	871,547										
Other Local	581,531	549,733	1,110,648										
Transfers In	-	-	-										
Prior Year Receivables	-	-	979,718										
Temporary Loan Inflows	-	-	-										
Other Cash Inflows	-	-	-										
2026A TRANs Receipts	-	-	-										
Total Receipts	2,017,340	4,381,872	4,801,461										
Disbursements													
Salaries & Benefits	3,584,395	12,779,756	13,907,289										
Commercial Warrant Exp	2,194,958	2,757,975	4,443,146										
Transfers Out	17,898	48,551	136,062										
Prior Year Payables	2,972,043	2,377,634	594,409										
Other Cash Outflows	-	-	-										
Temporary Loan Outflows	-	-	-										
2026A TRANs Disb.	-	-	-										
Total Disbursements	8,769,293	17,963,916	19,080,906										
Ending Cash Balance	$ 49,240,767	$ 35,658,723	$ 21,379,278										

ALTERNATIVE CASH RESOURCES (75% OF CASH BALANCE)

Fund Type	Fund Purpose	Actual as of 6/30/25	Actual as of 6/30/26	Projected as of 1/31/27	Projected as of 4/30/27	Projected as of 9/1/27*
Special Revenue	Cafeteria	$ 3,558,081	$ 4,320,287	$ 4,320,287	$ 4,320,287	$ 4,320,287
Capital Projects	Capital Facilities	99,833	100,206	100,206	100,206	$ 100,206
Capital Projects	County School Facilities	3,113,376	97,144	97,144	97,144	$ 97,144
Capital Projects	Special Reserve for Capital Outlay	8,675,542	3,539,160	164,160	164,160	$ 164,160
Capital Projects	Capital Facilities	2,617,515	3,022,461	3,022,461	3,022,461	$ 3,022,461
Special Revenue	Deferred Maintenance	1,808,552	763,692	763,692	763,692	$ 763,692
Total		$ 19,872,900	$ 11,842,951	$ 8,467,951	$ 8,467,951	$ 8,467,951

* Represents the maturity date

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APPENDIX C

SCHEDULE OF PLEDGED REVENUE DEPOSITS

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San Diego County School Districts
Tax and Revenue Anticipation Note Program
Note Participations, Series 2026A

Schedule of Pledged Revenue Deposits

Participant	Note Amount**	Term Months**	*Repayment Pledge Month* Month	Percent	$ Amount*	*Subsequent Repayment Pledge Month* Month	Percent	$ Amount*
Carlsbad Unified School District	$ 14,000,000	11.3	January	50%	$ 7,000,000	April	50%	$ 7,000,000
Coronado Unified School District	4,200,000	11.3	January	50%	2,100,000	April	50%	$ 2,100,000
San Dieguito Union High School District	5,000,000	11.3	January	50%	2,500,000	April	50%	$ 2,500,000
Total Par Amount:	**$ 23,200,000**							

* Exclusive of interest.
** Preliminary. Subject to change.

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APPENDIX D

FORM OF BOND COUNSEL APPROVING OPINION

Upon delivery of the Note Participations, Hawkins Delafield & Wood LLP, Bond Counsel to the County of San Diego, on behalf of various school districts, proposes to issue its approving opinion in substantially the following form:

Participants identified
in the Trust Agreement

Ladies and Gentlemen:

We have acted as Bond Counsel to the County of San Diego (the "County"), on behalf of various school districts (the "Participants"), in connection with the execution and delivery of $_____ aggregate principal amount of the San Diego County School Districts Tax and Revenue Anticipation Note Program, Note Participations, Series 2026A (the "Note Participations"), evidencing and representing proportionate and undivided interests in (i) the tax and revenue anticipation notes (the "Notes") issued by the County on behalf of various school districts identified in the Trust Agreement (as hereinafter defined) and (ii) the debt service payments on the Notes to be made by the Participants. The Note Participations are issued pursuant to a Trust Agreement, dated as of September 1, 2026, among UMB Bank, National Association (the "Trustee"), the County and the Participants (the "Trust Agreement"). Each Note is issued pursuant to and by authority of a resolution of each respective Participant (collectively, the "Resolutions") under and by authority of Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, and designated the respective Participant's "2026-27 Tax and Revenue Anticipation Note."

In our capacity as Bond Counsel, we have examined certain estimates, expectations and assumptions made by or on behalf of the Participants, originals, or copies identified to our satisfaction as being true copies, of such records and proceedings of the County and the Participants, certificates of officials of the Participants and others, including a certificate of each Participant relating to certain federal income tax matters (each a "District Certificate") and others, and such other documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions expressed below.

Certain agreements, requirements and procedures contained or referred to in the Trust Agreement, the District Certificates and other relevant documents may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Note Participation or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof we are of the following opinions:

1. Each Note constitutes the valid and binding obligation of the respective Participant. The principal of and interest on each Note are payable from the Pledged Revenues (as that term is defined in the respective Resolution) of such Participant and, to the extent not so paid, are payable from any other moneys of such Participant lawfully available therefor.

2. The Resolutions have been duly adopted by the Participants and each constitutes a valid and binding obligation of the respective Participant.

3. The Trust Agreement has been duly executed and delivered by, and constitutes the valid and binding obligations of, the Participants.

4. The Note Participations, upon execution and delivery thereof by the Trustee, are entitled to the benefits of the Trust Agreement.

5. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (a) interest on the Note Participations is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (b) interest on the Note Participations is not treated as a preference item in calculating the alternative minimum tax under the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Note Participations in order that, for federal income tax purposes, interest on the Note Participations be not included in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of Note Participation proceeds, restrictions on the investment of Note Participation proceeds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the Note Participations to become subject to Federal income taxation retroactive to their date of issuance, irrespective of the date on which such noncompliance occurs or is ascertained.

In rendering the opinion in this paragraph 5, we have relied upon and assumed (a) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the District Certificates with respect to matters affecting the status of interest paid on the Note Participations, and (b) compliance by the Participants with the procedures and covenants set forth in the respective District Certificates as to such tax matters.

6. Under existing statutes, interest on the Note Participations is exempt from State of California personal income taxes.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Note Participations or the ownership or disposition thereof, except as stated in paragraphs 5 and 6 above. We render this opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Note Participations.

We undertake no responsibility for the accuracy, completeness or fairness of any official statement or other offering materials relating to the Note Participations and express herein no opinion relating thereto.

This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances, or any changes in law or in interpretations thereof, that may hereafter arise or occur, or for any other reason.

The foregoing opinions are qualified to the extent that the enforceability of the Note Participations, the Resolutions and the District Certificates may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditors' rights or remedies and are subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law), and to the limitations on legal remedies

against governmental entities in the State of California (including, but not limited to, rights of indemnification).

Very truly yours,

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APPENDIX E

PARTICIPANT NOTE AMOUNTS AND COVERAGE ANALYSIS

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San Diego County School Districts
Tax and Revenue Anticipation Note Program
Note Participations, Series 2026A

Participant Note Amounts and Coverage Analysis

Participant	Note Amount*	Note Terms (Months)*	Base Amounts (1) Projected Cash Receipts (3)	Base Amounts (1) Cash Balance at Maturity	Base Amounts (1) Alt. Cash at Maturity (4)	TRANS as % of 2026-27 Cash Receipts (3)	Cash Coverage Factors (2) Projected Cash Receipts (3)	Cash Coverage Factors (2) Cash Balance at Maturity	Cash Coverage Factors (2) Cash Balance at Maturity Plus Alt. Cash
Carlsbad Unified School District	$ 14,000,000	11.3	$ 175,906,639	$ 16,407,876	$ 13,760,489	7.96%	13.57 x	2.17 x	3.16 x
Coronado Unified School District	4,200,000	11.3	$ 51,678,852	$ 2,649,527	$ 4,126,010	8.13%	13.30 x	1.63 x	2.61 x
San Dieguito Union High School District	5,000,000	11.3	$ 205,812,704	$ 35,658,723	$ 8,467,951	2.43%	42.16 x	8.13 x	9.83 x
Total Par Amount:	**$23,200,000**				**Averages:**	**6.17%**	**23.01 x**	**3.98 x**	**5.20 x**

(1) Base Amounts exclude Note Amounts.
(2) Note Amounts have been added to each Base Amount to calculate Cash Coverage Factors.
(3) 2026-27 Projected Cash Receipts are receipts received from the delivery date through the end of fiscal year 2026-27 of the respective note.
(4) Represents 75% of the cash available to be borrowed by the General Fund.
* Preliminary. Subject to change.