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 JULY 17, 2014

RATING:
S&P: "___"
(See "RATING" herein.)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Participants, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes paid by the Participants and received by the registered owners of the Note Participations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest on the Notes represented by the Note Participations and excluded from gross income may depend on the taxpayer's election under Internal Revenue Service Notice 94-84. In the further opinion of Bond Counsel, interest on the Notes represented by the Note Participations is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Note Participations. See "TAX MATTERS" herein.

$44,700,000*
COUNTY OF SAN DIEGO AND SAN DIEGO COUNTY SCHOOL DISTRICTS
TAX AND REVENUE ANTICIPATION NOTE PROGRAM
NOTE PARTICIPATIONS, SERIES 2014

Evidencing and Representing Proportionate and Undivided Interests of the Owners Thereof
in 2014-15 Tax and Revenue Anticipation Notes of Certain School Districts within San Diego County

___% Priced to Yield ___%
CUSIP No.†: 797381___

Dated: August 7, 2014 **Due: June 30, 2015**

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 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 August 1, 2014 (the "Trust Agreement"), by and among the County of San Diego (the "County"), the Participants identified herein under "THE PARTICIPANTS" (the "Participants") and Wilmington Trust, N.A. (the "Trustee") (the "Trust Agreement"). The Note Participations mature on the maturity date set forth above, and evidence and represent a proportionate and undivided interest in the 2014-15 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 provided for or attributable to Fiscal Year 2014-15. 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 APPLICABLE 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.

The Note Participations will be offered in book-entry form when, and if executed and delivered, subject to approval as to their legality by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, Los Angeles, California. It is anticipated that the Note Participations, in book-entry form, will be available for delivery through the facilities of DTC on or about August 7, 2014

Citigroup **De La Rosa & Co.**

Wells Fargo Securities

Dated: July __, 2014

* Preliminary, subject to change.
† Copyright, 2014, American Bankers Association.

PARTICIPANTS

Alpine Union School District

Carlsbad Unified School District

Grossmont Union High School District

La Mesa – Spring Valley School District

San Dieguito Union High School District

COUNTY OF SAN DIEGO
BOARD OF SUPERVISORS

Greg Cox, Chairman	First District
Dianne Jacob, Vice Chair	Second District
Dave Roberts	Third District
Ron Roberts	Fourth District
Bill Horn	Fifth District

******

COUNTY OFFICIALS

Helen N. Robbins-Meyer, *Chief Administrative Officer*
Dan McAllister, *Treasurer – Tax Collector*
Donald F. Steuer, *Chief Operating Officer*
Tracy M. Sandoval, *Auditor & Controller*
Thomas E. Montgomery, *County Counsel*

******

SPECIAL SERVICES

Bond Counsel
Orrick, Herrington & Sutcliffe LLP
Los Angeles, California

Financial Advisor to School District Participants
Government Financial Strategies inc.
Sacramento, California

Trustee
Wilmington Trust, N.A.
Los Angeles, 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 Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTE PARTICIPATIONS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE NOTE PARTICIPATIONS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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$44,700,000*
COUNTY OF SAN DIEGO AND SAN DIEGO COUNTY SCHOOL DISTRICTS
TAX AND REVENUE ANTICIPATION NOTE PROGRAM
NOTE PARTICIPATIONS, SERIES 2014

Evidencing and Representing Proportionate and Undivided Interests of the Owners Thereof
in 2014-15 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 $44,700,000* aggregate principal amount of the San Diego County School Districts Tax and Revenue Anticipation Note Program Note Participations, Series 2014 comprised of Note Participations maturing on June 30, 2015 (the "Note Participations"). The Note Participations evidence and represent proportionate and undivided interests of the owners thereof in the 2014-15 Tax and Revenue Anticipation Notes (individually, a "Note" and collectively, the "Notes") 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 resolution adopted by the Board of Supervisors of the County (the "Board") on behalf of each Participant (the "Note Resolution").

The Note Participations are being issued pursuant to the terms of a Trust Agreement, dated as of August 1, 2014 (the "Trust Agreement"), by and among the County, the Participants identified herein under "THE PARTICIPANTS" (the "Participants") and the Wilmington Trust, N.A. (the "Trustee") (the "Trust Agreement"). The Participants will determine the principal amount of their respective Notes upon execution by the County on behalf of all Participants of a Contract of Purchase (the "Purchase Contract"). 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 2014-15 Fiscal Year, and the principal of its Note and

* Preliminary, subject to change.

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 2014-15 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 respective Trust Agreement which are received, accrued or held by the Participant and are attributable to the 2014-15 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 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 Months (as defined in the Trust Agreement and in the respective Notes). 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" 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 respective 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 respective 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 respective 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 discount and plus any 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 applicable 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 applicable 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" herein. 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 Paying Agent 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. The Depository Trust Company 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 Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. 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 CORPORATION, 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 INDENTURE; 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 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 described herein of the Note 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 2014-15 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 2014-15 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 respective Trust Agreement which are received, accrued or held by the Participant and are attributable to the 2014-

15 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 applicable 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) 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 Payment Dates. Any such deposit may take into consideration anticipated investment earnings on amounts invested in a Permitted Investment, as defined in the applicable 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 Payment 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 Payment 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 applicable 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 respective 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 applicable 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 in the respective Repayment Months 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 Payment 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 County Treasurer-Tax Collector from its general fund at the County 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 applicable 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 County Treasurer-Tax Collector's office to the Participant's Payment Account. The Trustee shall cause the balance, if any, required to be transferred in each Repayment Month to be deposited into each Participant's respective Proceeds Subaccount.

Additional Notes

Each Participant may at any time during the 2014-15 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 respective 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 2014-15 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 credit provider, if any, the financial advisor 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 plus the interest payable thereon, on the date of its issuance, will not exceed fifty percent (50%) 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 2014-15, all of which will be legally available to pay principal of and interest on the Note (exclusive of any moneys required to be used to repay a treasurer's loan, if any).

(C) The Participant 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 2014-15.

(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 2014-15.

Each of the Participants will further certify that it has funded its Reserve for Economic Uncertainties for Fiscal Year 2014-15 in at least the minimum amount recommended, and will fund its Reserve for Economic Uncertainties for Fiscal Year 2014-15 in at least the minimum amount recommended by the State Superintendent of Public Instruction.

Events of Default

Pursuant to each respective Participant's 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; and

(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.

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 respective 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 respective 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 respective 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 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 respective 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. 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 applicable Trust Agreement and shall be deposited by it, as and when received, in the appropriate Payment Account within the Note Participation Payment Fund, 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 in accordance with the applicable 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 applicable Trust Agreement. Pursuant to each Participant's Note Resolution, each Participant is required to deposit amounts with the Trustee in the months identified as such Participant's Repayment Months. 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, Standard & Poor's Rating Service ("S&P") and Moody's Investors Service ("Moody's") 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 from the Proceeds Subaccount of such Participant in any Repayment Month, 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 Month 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 may, to the fullest extent practicable, be invested under one or more investment agreement(s) meeting the requirements of the respective Trust Agreements (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 respective 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 applicable 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 applicable 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 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 Credit Provider (as defined in the Trust Agreement) and 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 applicable 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 applicable 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 applicable 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 each respective 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 applicable Trust Agreement against any Participant 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 his duties under applicable law and the agreements, conditions, covenants and terms contained in the applicable Trust Agreement, or in the applicable Note and Note Resolution, required to be observed or performed by it or him; (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 applicable 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 applicable 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 applicable Trust Agreement in the following order; *provided* (i) that all amounts in the Credit Fund shall be applied (without regard to payment of the Trustee's costs in accordance with the applicable Trust Agreement) solely to payment of the principal of and interest evidenced and represented by the Note Participations, and *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 applicable Trust Agreement, subject to the prior payment in full of all amounts applicable to the respective Participant specified in clause (ii) above, 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 costs and expenses of the Trustee and then of the Owners in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel;

Second, 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

Third, 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. 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 participating in the financing herein described and the principal amount of the Note Participations reflecting the principal amount of the Notes issued on behalf of the Participants are set forth below.

Note Participants	Principal Amounts*
Alpine Union School District	$ 1,220,000
Carlsbad Unified School District	6,750,000
Grossmont Union High School District	20,000,000
La Mesa – Spring Valley School District	7,855,000
San Dieguito Union High School District	8,875,000
Total:	$44,700,000

* Preliminary, subject to change.

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 2014-15. 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 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

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

Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the "IRS") is studying whether the amount of the payment at maturity on debt obligations (*i.e.*, debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal tax purposes is (i) the stated interest payable at maturity. or (ii) the difference between the issue price of the short-term debt obligations and the aggregate amount to be paid at maturity of the short-term debt obligations (the "original issue discount"). The Note Participations may be executed as short-term debt obligations. For this purpose, the issue price of the short-term debt obligations is the first price at which a substantial amount of the short-term debt obligations is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, taxpayers may treat either the stated interest payable at maturity or the original issue discount as interest that is excluded from gross income for federal income tax purposes.

However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of the Note Participations if the Note Participations are executed as short-term debt obligations and if the taxpayer elects original issue discount treatment.

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

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

One of the covenants of the Participants referred to above requires each Participant that does not qualify as a "small governmental issuer" under the Code to reasonably and prudently calculate the amount, if any, of excess investment earnings on the proceeds of the Note Participations which must be rebated to the United States, to set aside from lawfully available sources sufficient moneys to pay such amounts and to otherwise do all things necessary and within its power and authority to ensure that interest on the Notes represented by the Note Participations is excluded from gross income for federal income tax purposes. Under the Code, if each Participant spends 100% of its pro rata share of the proceeds of the Note Participations within six months after initial delivery, there is no requirement that there be a rebate of investment profits in order for interest on the Notes represented by the Note Participations to be excluded from gross income for federal income tax purposes. The Code also provides that such proceeds are not deemed spent until all other available moneys (less a reasonable working capital reserve) are spent. The Participants expect to satisfy this expenditure test or, if they fail to do so, to make any required rebate payment from moneys received or accrued during the 2014-2015 Fiscal Year. To the extent that any rebate cannot be paid from such moneys, the law of California is unclear as to whether such covenant would require the Participants to pay any such rebate. This would be an issue only if it were determined that the Participants' calculations of expenditures of Notes proceeds or of rebatable arbitrage profits, if any, were incorrect.

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

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

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

Bond Counsel's engagement with respect to the Note Participations ends with the issuance of the Note Participations, and, unless separately engaged, Bond Counsel is not obligated to defend the Participants or the Beneficial Owners regarding the tax-exempt status of the Note Participations in the event of an audit examination by the IRS. Under current procedures, parties other than the Participants and their appointed counsels, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Participants legitimately disagree, may not be practicable. Any action of the IRS, including but not limited to selection of the Note Participations for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Note Participations, and may cause the Participants or the Beneficial Owners to incur significant expense.

The form of proposed opinion of Bond Counsel is set forth in APPENDIX D of this Official Statement. Bond Counsel expresses no opinion therein on the accuracy, completeness or sufficiency of this Official Statement or other offering material related to the Note Participations.

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 Notes or the execution and delivery of the Note 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

Standard & Poor's has rated the Note Participations "___." The ratings reflect only the views of the rating agencies and any explanation of the significance of such ratings and any ratings on any of the Participants' outstanding obligations may be obtained only from such rating agency as follows: Standard & Poor's Ratings Services, 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 Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel. A complete copy of the proposed form of opinion of Bond Counsel is contained in APPENDIX D. As Bond Counsel, Orrick, Herrington & Sutcliffe LLP undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, Los Angeles, California.

UNDERWRITING

Citigroup Global Markets Inc. ("Citigroup"), E. J. De La Rosa & Co., Inc. ("De La Rosa") and Wells Fargo Bank, National Association ("Wells Fargo" and, together with Citigroup and De La Rosa, the "Underwriters") have jointly and severally agreed, subject to certain conditions, to purchase the Note Participations. The aggregate purchase price for the Notes shall be $________________ (consisting of the $________________ aggregate principal amount of the Notes, plus a premium of $________________, less $________________ of Underwriters' discount). The Purchase Contract provides that the Underwriters will purchase all the Note Participations if any are purchased. The Note Participations may be offered and sold by the Underwriters to certain dealers and others at prices lower than such public offering price, and such public offering price may be changed, from time to time, by the Underwriters.

The following three sentences have been provided by Citigroup, one of the Underwriters for the Note Participations: Citigroup Global Markets Inc., an underwriter of the Note Participations, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. ("TMC") and UBS Financial Services Inc. ("UBSFS"). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Note Participations.

The following sentence has been provided by De La Rosa, one of the Underwriters for the Note Participations: On April 1, 2014, De La Rosa was acquired by Stifel Financial Corp.

The following two paragraphs have been provided by Wells Fargo, one of the Underwriters for the Note Participations:

Wells Fargo Bank, National Association ("WFBNA"), one of the underwriters of the Note Participations, has entered into an agreement (the "Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the Note Participations. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Note Participations with WFA. WFBNA also utilizes the distribution capabilities of its affiliates, Wells Fargo Securities, LLC ("WFSLLC") and Wells Fargo Institutional Securities, LLC ("WFIS"), for the distribution of municipal securities offerings, including the Note Participations. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, WFIS, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association.

The following two paragraphs have been provided by the Underwriters:

Certain of the Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Further, certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the County or the Participants for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, certain of the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. In the ordinary course of their various business activities, certain of the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt securities for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the County or the Participants.

FINANCIAL ADVISOR

Government Financial Strategies inc., Sacramento, California, serves as the Financial Advisor to the Participants in connection with the execution and delivery of the Note Participations. The Financial Advisor 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 respective Trust Agreements and in compliance with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule"), the Participants have 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 the Notes not later than ten (10) business days after the occurrence of the event: (1) principal and interest payment delinquencies; (2) unscheduled draws on debt service reserves reflecting financial difficulties; (3) unscheduled draws on credit enhancements reflecting financial difficulties; (4) substitution of credit or liquidity providers, or their failure to perform; (5) issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB); (6) tender offers; (7) defeasances; (8) rating changes; or (9) bankruptcy, insolvency, receivership or similar event of an obligated person, as defined in the Rule. In addition, the Participants have agreed to provide, or cause to be provided, to EMMA notice of the occurrence of any of the following Listed Events with respect to the Notes, if material, no later than ten (10) business days after the occurrence of the event: (i) unless described in (5) above, adverse tax opinions or 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; (ii) modifications to rights of Note Participation holders; (iii) optional, unscheduled or contingent Note Participation calls; (iv) release, substitution, or sale of property securing repayment of the Note Participation; (v) non-payment related defaults; (vi) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or (vii) appointment of a successor or additional trustee or the change of name of a trustee.

The undertakings described above and set forth in the respective Trust Agreements 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 applicable 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 applicable 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 applicable 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.

These covenants have been made in order to assist the Underwriters in complying with the Rule. The Participants have complied in all material respects in the last five years with each of its previous undertakings with regard to the Rule to provide annual reports or notices of material events, except as otherwise indicated in Appendix A attached hereto.

Copies of the Participants' Annual Reports and notices of material event filings are filed with the Municipal Securities Rulemaking Board. The information presented there is not incorporated by reference in this Official Statement and should not be relied upon in making an investment decision with respect to the Note Participations.

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.

APPENDIX A

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STATE AND FEDERAL FUNDING OF EDUCATION

Major Revenues

Local Funding Sources and Former Revenue Limit Funding Model. The Districts' principal revenues 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. Historically, the majority of the funding that the Districts received was determined by the State revenue limit formula. This apportionment formula was funded by State general fund moneys, including amounts from the Education Protection Account (the "EPA") created in the State general fund to receive and disburse revenues derived from the incremental increases in taxes resulting from the herein described Proposition 30, and local *ad valorem* property taxes, and was allocated to the school districts based on the average daily attendance ("ADA") of the school districts for either the current or preceding school year. All State apportionment of revenue limit aid ("State Aid") was subject to the appropriation of funds in the State's annual budget, and was based on the amount of the school district's revenue limit remaining after taking into account its EPA entitlement and local property tax allocation. State revenue limit was based on an amount of support per pupil and revenue limit calculations were adjusted annually by a legislatively determined cost of living adjustment in accordance with a number of factors, primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type (*i.e.*, all unified school districts, all high school districts or all elementary school districts). The per-pupil amount was multiplied by the respective school district average daily attendance to determine the total revenue limit. Decreases in State revenues affected appropriations made by the State Legislature to school districts, including the Districts. See "State and Federal Funding of Education - Recent State Budgets" herein.

Each District received a portion of the local *ad valorem* property taxes that were collected within its district boundaries. This amount, together with amounts allocated to a District from the EPA, was compared to the total revenue limit; the balance was received in the form of State aid. Therefore, State aid received by a District consisted of EPA funds and the portion of State apportionment of funds after the offset from local property taxes. Districts that have local property tax collections that equal or exceed their respective revenue limits (the "Basic Aid" districts) were permitted to keep all of their property tax revenues and receive only certain constitutionally guaranteed basic aid funding from the State in the form of categorical funding. The implication for Basic Aid districts was that the legislatively determined annual cost of living adjustment and other politically determined factors are less significant in determining such districts primary funding sources. Rather, property tax growth and the local economy became the determining factors. Carlsbad Unified School District and San Dieguito Union High School District are each "Basic Aid" districts; none of the other Districts are "Basic Aid" districts.

A small part of a school district's budget was from local sources other than property taxes, such as interest income, donations and sales of property. A significant portion of a school district's budget came from categorical funds provided exclusively by the State and federal government. These funds were to be used for specific programs and typically cannot be used for any other purpose. The California lottery was another source of funding for school districts, providing approximately 2% of a school district's budget. Every school district 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.

The State revenue limit was first instituted in Fiscal Year 1973-74 to provide a mechanism to calculate the amount of general purpose revenue a school district was entitled to receive from State and local sources. Prior to Fiscal Year 1973-74, taxpayers in districts with low property values per pupil paid higher tax rates than taxpayers in districts with high property values per pupil. However, despite higher tax rates, less was spent per pupil in districts with low property values per pupil than districts with high property values per pupil. By disconnecting the amount of revenue to be spent per ADA from the tax rate needed to generate it, the State revenue limit helps to alleviate the inequities derived from varying property values among districts.

The State revenue limit was calculated three times a year for each school district. The first calculation was performed for the February 20th First Principal Apportionment, the second calculation for the June 25th Second Principal Apportionment, and the final calculation for the end of the year Annual Principal Apportionment. Calculations were reviewed by the appropriate county and submitted to the State Department of Education to review the calculations for accuracy, calculate the amount of State aid owed to such school districts and notify the State Controller of the amount, who then distributes the State aid. See "State and Federal Funding of Education — Recent State Budgets" and " - State Cash Management Plan" herein for information regarding the deferred apportionments during Fiscal Years 2012-13 and 2013-14.

The calculation of the amount of State aid a school district was entitled to receive each year was basically a five-step process. First, the prior year State revenue limit per ADA was established, with recalculations as were necessary for adjustments for equalization or other factors. Second, the adjusted prior year State revenue limit per ADA was adjusted according to formulas based on the implicit price deflator for government goods and services and the statewide average State revenue limit per ADA for the school districts. Third, the current year's State revenue limit per ADA for each school district was multiplied by such school district's ADA for either the current or prior year. Fourth, revenue limit adjustments were calculated for each school district that qualifies for the adjustments. Adjustments include the necessary small school district adjustments and meals for needy pupils and were added to the State revenue limit for each qualifying school district. Finally, local property tax revenues and EPA funds were deducted from the State revenue limit to arrive at the amount of State aid, based on the State revenue limit, to which each school district was entitled for the current year.

Local Control Funding Formula. Beginning with Fiscal Year 2013-14, the State replaced the revenue limit formula for State aid to school districts with the Local Control Funding Formula (the "Local Control Funding Formula"). The State expects the Local Control Funding Formula to be fully phased in by the Fiscal Year ending June 30, 2021. The Local Control Funding Formula allocates State aid to school districts through base grants (the "Base Grant"), supplemental grants (the "Supplemental Grant") and concentration grants (the "Concentration Grant"). In connection with the Local Control Funding Formula, funding for most State categorical programs has been eliminated.

For Fiscal Year 2013-14, the Local Control Funding Formula provides to school districts and charter schools: (a) a Base Grant for each local educational agency, as defined under the federal No Child Left Behind Act of 2001 (an "LEA"), equivalent to $7,643 per ADA; (b) an adjustment of 10.4% on the Base Grant amount for kindergarten through grade 3; (c) an adjustment of 2.6% on the Base Grant amount for grades 9 through 12; (d) a Supplemental Grant equal to 20% of the adjusted Base Grant for students classified as English learners ("EL Students"), students eligible to receive a free or reduced-price meal ("FRPM Students"), foster youth ("Foster Youth") or any combination of these factors (collectively, "Targeted Disadvantaged Students"); (e) a Concentration Grant equal to 50% of the adjusted Base Grant for Targeted Disadvantaged Students exceeding 55% of an LEA's enrollment; and (f) an additional funding amount based on an "economic recovery target" to ensure that virtually all districts are at least restored to their State funding levels for Fiscal Year 2007-08 (adjusted for inflation) and a minimum amount of State aid to LEAs. Pursuant to the Local Control Funding Formula, LEAs are required to progress toward an average class enrollment of no more than 24 pupils in kindergarten through grade 3 unless the LEA has collectively bargained an annual alternative average class enrollment in those grades for each school site. Pursuant to the Local Control Funding Formula, school districts, county offices of education and charter schools are required to develop, adopt and annually update a three-year Local Control and Accounting Plan beginning July 1, 2014 that will identify goals and measure progress for student subgroups across multiple performance indicators.

The following table sets forth the funding a LEA pursuant to the Local Control Funding Formula for Fiscal Year 2013-14.

ESTIMATED LOCAL CONTROL FUNDING FORMULA(1)
Fiscal Years 2013-14

Grade Span	Base Grant	K–3 Class Size Reduction and Grades 9-12 Adjustments	Average Assuming 0% Unduplicated FRPM Students, EL Students, Foster Youth	Average Assuming 25% Unduplicated FRPM Students, EL Students, Foster Youth	Average Assuming 50% Unduplicated FRPM Students, EL Students, Foster Youth	Average Assuming 100% Unduplicated FRPM Students, EL Students, Foster Youth
K–3	$6,845	$712	$7,557	$7,935	$8,313	$10,769
4–6	6,947	--	6,947	7,294	7,642	9,899
7–8	7,154	--	7,154	7,512	7,869	10,194
9–12	8,289	216	8,505	8,930	9,355	12,119

(1) Information reflects funding of the Local Control Funding Formula at full implementation.

Source: California Department of Education.

Economic Recovery Target. During the period in which Local Control Funding Formula is phased in, the State will provide additional funding to certain LEAs ("Economic Recovery Target"). The Economic Recovery Target for Fiscal Year 2013-14 is based on the greater of such LEA's target amount pursuant to the Local Control Funding Formula target amount and such LEA's revenue limit allocation during Fiscal Year 2012-13 per ADA inclusive of any adjustments due to the deficit factor, basic aid fair share reductions, charter school general purpose funding and any applicable categorical program funding. To the extent that the revenue limit allocation would be greater than the allocation pursuant to the Local Control Funding Formula, the State provides the additional allocation to the LEA. The Economic Recovery Target is expected to ensure that funding to most LEAs is restored to the levels allocated by the State in Fiscal Year 2007-08 adjusted for inflation. School districts and charter schools that are above the 90th percentile of per-pupil funding rates under the revenue limit formula for State Aid will not be eligible for payments of the Economic Recovery Target.

Federal Revenues

The federal government provides funding for several Districts' programs, including programs that benefit educationally disadvantaged students and students with limited English skills, and that provide other specialized services to students and administration. See "– Recent State Budgets - State Budget for Fiscal Year 2013-14" herein for a description of additional federal funding for which certain of the Districts may be eligible.

State Budget Process Related to Funding of Education

General. As is true for all school districts in California, operating income of each District consists primarily of two components: a State portion funded from the State's general fund (including amounts funded from the EPA within the State general fund) and a local portion derived from each Districts' 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 Districts.

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 Districts might experience delays in receiving certain expected revenues. The Districts are authorized to borrow temporary funds to cover their respective annual cash flow deficits, and as a result of the *White* decision, the Districts 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 2013-14, the proposed State budget for Fiscal Year 2014-15 and the May Revision to the proposed State budget for Fiscal Year 2014-15 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 Districts. The Districts have not independently reviewed the information in these websites and the Districts 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.

Aggregate State Education Funding. Under Proposition 98, a constitutional and statutory amendment adopted by the State's voters in 1988 and amended by Proposition 111 in 1990 (now found at Article XVI, Sections 8 and 8.5 of the Constitution) ("Proposition 98"), a minimum level of funding is guaranteed (the "Proposition 98 Guarantee") to school districts, community college districts, and other State agencies that provide direct elementary and secondary instructional programs for kindergarten through grade 14 (K through 14).

The guaranteed funding amount for K through 14 education is based on prior-year funding, as adjusted through various formulas and tests that take into account State proceeds of taxes, local property tax proceeds, school enrollment, per-capita personal income, and other factors. The State's share of the guaranteed amount is based on State General Fund tax proceeds and is not based on the State General Fund in total or on the State budget. The local share of the guaranteed amount is funded from local property taxes. The total guaranteed amount varies from year to year and throughout the stages of any given Fiscal Year's budget, from the Governor's initial budget proposal to actual expenditures, as the various factors change. Over the long run, the guaranteed amount will increase as enrollment and per-capita personal income grow. On average, about 40 percent of State General Fund tax proceeds are spent on the State's share of Proposition 98 funding.

The Proposition 98 Guarantee may be suspended for one year at a time by enactment of an urgency statute. In subsequent years in which State General Fund revenues are growing faster than personal income (or sooner, as the State Legislature may determine), the funding level must be restored to the guaranteed amount. However, the amount of underfunding during suspension of Proposition 98 Guarantee will result in permanent savings to the State.

When State General Fund revenues have failed to reach budgeted levels, the State has implemented a number of retroactive funding adjustments and deferrals within and across fiscal years, distorting funding over many years, making cross-year comparisons difficult, and making short- and long-term budgeting difficult for school and community college districts. In several years in the early 1990s, as the State's economy was sliding into a recession, the State's budgeted allocations for school and community college districts proved to be more than the Proposition 98 Guarantee would have required. The excess amounts were later treated by the State as advances to K through 14 education against subsequent years' Proposition 98 Guarantee, resulting in aggregate funding reductions of over $1 billion in those subsequent years. In Fiscal Years 2003-04, 2004-05 and 2008-09, the worsening State financial position again resulted in retroactive adjustments as well as current-year cuts. LAO reported that legislative actions in mid-Fiscal Year 2002-03 eliminated $2.5 billion from budgeted Proposition 98 funding through a combination of deferral of expenditures to Fiscal Year 2003-04, use of one-time funds, captured program savings, and other cuts. In general, deferral of education expenditures and reductions in the components of Proposition 98 funding have the effect of reducing the base from which the Proposition 98 Guarantee is calculated in the future. Legislation enacted in March 2003 permanently defers the apportionment of Proposition 98 funds, scheduled each year for June, to each July 2, and thereby deferring apportionment from one Fiscal Year to the next. These and other techniques significantly reduced the amount of the Proposition 98 Guarantee for Fiscal Years 2003-04 and subsequent fiscal years. See "State and Federal Funding of Education - Recent State Budgets - State Cash Management Plan" herein for information regarding additional deferred apportionments.

State Budget for Fiscal Year 2013-14

On June 28, 2013, the Governor approved the State Budget Act for Fiscal Year 2013-14 (the "Fiscal Year 2013-14 State Budget Act"), which projects Fiscal Year 2012-13 general fund revenues and transfers of $98.20 billion, total expenditures of $95.67 billion and a year-end surplus of $872 million (net of the $1.66 billion deficit from fiscal year 2011-12), of which $618 million would be reserved for the liquidation of encumbrances and $254 million would be deposited in a reserve for economic uncertainties. The Fiscal Year 2013-14 State Budget Act projects Fiscal Year 2013-14 general fund revenues and transfers of $97.10 billion, total expenditures of $96.28 billion and a year-end surplus of $1.69 billion (inclusive of the projected $872 million State General Fund balance as of June 30, 2013 which would be available for Fiscal Year 2013-14), of which $618 million would be reserved for the liquidation of encumbrances and $1.07 billion would be deposited in a reserve for economic uncertainties. The Fiscal Year 2013-14 State Budget Act states that the State's budget is projected to remain balanced for the foreseeable futures, but cautions that substantial risks, uncertainties and liabilities remain. The Fiscal Year 2013-14 State Budget Act dedicates several billion dollars to the repayment of previous budgetary borrowing and projects that outstanding budgetary borrowing will be reduced to approximately $4.7 billion as of June 30, 2017 from $26.9 billion as of June 30, 2013.

Features of the Fiscal Year 2013-14 State Budget Act affecting school districts in general include, but are not limited to, the following:

1. The Fiscal Year 2013-14 State Budget Act proposed to fully fund the Proposition 98 at $55.3 billion, of which $36.8 billion would come from the State General Fund. The 2012-13 State Budget Act proposed Proposition 98 expenditures assumed passage of Proposition 30, which would increase Proposition 98 funding by $2.9 billion in Fiscal Year 2012-13 and increase Proposition 98 funding by more than $17 billion over a four-year period.

2. The Fiscal Year 2013-14 State Budget Act approves the Local Control Funding Formula, which includes (i) a base grant for each LEA equivalent to $7,643 per unit of ADA and an adjustment of 10.4% to the base grant to support lowering class sizes in kindergarten through grades 3 and an adjustment of 2.6% to reflect the cost of operating career technical education programs in high schools; (ii) a 20% supplemental grant for English learners, students from low-income families, and foster youth to reflect increased costs associated with educating those students; (iii) an additional concentration grant of up to 22.5% of an LEAs base grant, based on the number of English learners, students from low-income families, and foster youth served by the local agency that comprise more than 55% of enrollment. The Local Control Funding Formula will also include an Economic Recovery Target (defined herein) to ensure that almost every LEA receives at least their prerecession funding level, adjusted for inflation, at full implementation of the Local Control Funding Formula.

3. In connection with the Local Control Funding Formula, the Fiscal Year 2013-14 State Budget approves the requirement that all school districts, county offices of education and charter schools develop and adopt Local Control and Accountability Plans to identify local goals in areas that are priorities for the State including, among other things, pupil achievement, parent engagement, and school climate.

4. The Fiscal Year 2013-14 State Budget creates the California Collaborative for Education Excellence to, among other things, advise and assist LEAs in achieving the goals identified in their Local Control and Accountability Plans. The State Superintendent of Public Instruction will have authority to direct the Collaborative to provide additional assistance to any school district, county office of education, or charter school. If an LEA is unable to progress toward its stated goals and the Collaborative indicates that additional intervention is needed, the State Superintendent of Public Instruction will have authority to make changes to such LEA's Local Control and Accountability Plan.

5. The Fiscal Year 2013-14 State Budget increases Proposition 98 General Fund by $2.1 billion for school districts and charter schools and by $32 million for county offices of education to support first year funding through the Local Control Funding Formula.

6. In August 2010, the State Board of Education approved the Common Core State Standards (the "Common Core") which are standards for the State and LEAs to evaluate student achievement in English-language arts and math in K-12 schools. The Fiscal Year 2013-14 State Budget provides $1.0 billion of Proposition 98 General Fund in Fiscal Year 2012-13 and $250 million of Proposition 98 General Fund in Fiscal Year 2013-14 to support the implementation of the Common Core. The State will allocate funding to LEAs based on enrollment. In addition, the State will require LEAs to develop a two-year spending plan with respect to Common Core funding and hold a public hearing in connection therewith.

7. The Fiscal Year 2013-14 State Budget increases the Proposition 98 General Fund by $250 million to support the Career Technical Education Pathways Grant Program for K-12 school districts and community colleges. The Career Technical Education Pathways Grant Program supports programs focused on work-based learning and will require K-12 schools and community colleges to secure a portion of the funding themselves and obtain funding commitments from program partners to support ongoing program costs.

8. The Fiscal Year 2013-14 State Budget increases the Proposition 98 General Fund by $50 million to reflect the inclusion of a mandate with respect to graduation requirements within the block grant program. The State will distribute funding to school districts, county offices of education and charter schools with enrollment in grades 9 through 12.

9. The Fiscal Year 2013-14 State Budget increases the Proposition 98 General Fund by $1.6 billion in Fiscal Year 2012-13 and increases the Proposition 98 General Fund by $242.3 million in Fiscal Year 2013-14 for the repayment of inter-year budgetary deferrals. The State projects that total funding over the two-year period will reduce inter-year deferrals for K-12 education to $5.6 billion by June 30, 2014.

10. The Fiscal Year 2013-14 State Budget allocates $381 million of Proposition 98 General Fund to LEAs to support energy efficiency projects approved by the California Energy Commission in connection with the California Clean Energy Jobs Act of 2012. The State will distribute 85% of such funds based on the ADA of the LEA and will distribute 15% of such funds based on free and reduced-price meal eligibility. The Fiscal Year 2013-14 State Budget provides $28 million for interest-free revolving loans to assist eligible energy projects at schools and community colleges.

11. The Fiscal Year 2013-14 State Budget includes several consolidations for various special education programs in an effort to simplify special education finance and provide Special Education Local Plan Areas with additional funding flexibility.

12. In connection with the State's plan to shift responsibility for adult education to community colleges from K-12 school districts, K-12 school districts that currently receive funding for adult education will be required to maintain Fiscal Year 2012-13 funding levels for these programs through Fiscal Year 2014-15. The Fiscal Year 2013-14 State Budget Act provides $25 million for two-year planning and implementation grants to help districts for regional partnerships and develop plans to integrate programs into the regional partnership program.

State Budget for Fiscal Year 2014-15

Fiscal Year 2014-15 State Budget Act. On June 20, 2014, the Governor approved the State Budget Act for Fiscal Year 2014-15 (the "Fiscal Year 2014-15 State Budget Act"), which projects Fiscal Year 2013-14 State General Fund revenues and transfers of $102.2 billion, total expenditures of $100.7 billion and a year-end surplus of $3.90 billion (inclusive of the $2.4 billion fund balance in the State's General Fund from Fiscal Year 2012-13), of which $955 million would be reserved for the liquidation of encumbrances and $2.95 billion would be deposited in a reserve for economic uncertainties. The Fiscal Year 2014-15 State Budget Act projects Fiscal Year 2014-15 State General Fund revenues and transfers of $105.5 billion, total expenditures of $108.0 billion and a year-end surplus of $1.40 billion (inclusive of the projected $3.90 million State General Fund balance as of June 30, 2014 which would be available for Fiscal Year 2014-15), of which $955 million would be reserved for the liquidation of encumbrances and $449 million would be deposited in a reserve for economic uncertainties. The Fiscal Year 2014-15 State Budget Act projects that the State's multi-year budget will be balanced for the foreseeable future, but cautions that the unprecedented level of debts, deferrals, and budgetary obligations accumulated over the prior decade contribute to the State's fiscal challenges.

The Fiscal Year 2014-15 State Budget includes the constitutional amendment placed by the State Legislature on the November 2014 ballot proposing to change the formula by which the Rainy Day Fund is funded and to establish certain accounts therein. The Governor expects that the amendment, if approved by voters, will help the State minimize the volatility of future budgetary surplus and deficit cycles. If this constitutional amendment is approved, the State would, among other things, establish a Public School System Stabilization Account in the Rainy Day Fund. The State may deposit amounts into the Public School System Stabilization Account only after it has paid all amounts owing to school districts relating to the Proposition 98 maintenance factor for fiscal years prior to Fiscal Year 2014-15. Further, the State may not transfer funds to the Public School System Stabilization Account unless the State is in a Test 1 year under Proposition 98 or in any year in which a maintenance factor is created.

Features of the Fiscal Year 2014-15 State Budget Act affecting school districts in general include, but are not limited to, the following:

1. The Fiscal Year 2014-15 State Budget Act includes Proposition 98 funding for education in the amount of $60.9 billion for Fiscal Year 2014-15 which reflects an increase of $5.6 billion compared to the expected funding set forth in the Fiscal Year 2013-14 State Budget Act.

2. The Fiscal Year 2014-15 State Budget Act allocates an additional $4.75 billion of Proposition 98 General Fund to address the projected deficit in funding for implementation of the Local Control Funding Formula. The additional funding for the Local Control Funding Formula is expected to reduce the LCFF Gap Funding from 28.06% to 29.59% for Fiscal Year 2014-15.

3. The Fiscal Year 2014-15 State Budget Act allocates approximately $4.7 billion of Proposition 98 General Fund to reduce outstanding deferrals to K-12 school districts. The Fiscal Year 2014-15 State Budget estimates that the outstanding deferrals as of June 30, 2015 will be approximately $900 million. In addition, the Fiscal Year 2014-15 State Budget Act requires the State to appropriate any additional funding resources attributable to Fiscal Year 2013-14 and Fiscal Year 2014-15 determined to be available after the enactment of the Fiscal Year 2014-15 State Budget Act to reduce outstanding deferrals.

4. The Fiscal Year 2014-15 State Budget Act increases Proposition 98 General Fund by approximately $400.5 million to reimburse LEAs for the costs of State-mandated programs. The

Governor expects that these funds will provide school districts, county offices of education and charter schools with discretionary resources for expenditures such as implementation of the Common Core.

5. The Fiscal Year 2014-15 State Budget Act increases the Proposition 98 General Fund by approximately $26.7 million for funding the K-12 High Speed Network. The Governor expects that this allocation will be used for technical assistance and grants to LEAs to address technical requirements necessary for implementation of the Common Core.

6. The Fiscal Year 2014-15 State Budget Act includes an increase of approximately $250 million in the Proposition 98 General Fund for grants related to the Career Technical Education Pathways Program. Participating LEAs are eligible to receive grant awards to improve career technical programs and linkages between employers, schools and community colleges.

7. AB 1469, which was improved in conjunction with the Fiscal Year 2014-15 State Budget Act, implements a new funding strategy for CalSTRS pursuant to which the District's employer contribution rate for Fiscal Year 2014-15 has increased from 8.25% of covered payroll to 8.88% of covered payroll. Beginning in Fiscal Year 2015-16, the District's employer contribution rate will increase by 1.85% of covered payroll annually until the employer contribution rate is 19.10% of covered payroll. Pursuant to AB 1469, employee contributions for employees who joined CalSTRS prior to PEPRA will increase from 8.00% to 10.25% of covered payroll from Fiscal Year 2013-14 to Fiscal Year 2016-17. Pursuant to AB 1469, employee contributions for employees who joined CalSTRS after PEPRA will increase from 8.00% to 9.205% of covered payroll from Fiscal Year 2013-14 to Fiscal Year 2016-17. Pursuant to AB 1469, the State Teachers Retirement Board will have the authority 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.

Proposed Limitations on School District Reserves. On June 15, 2014, the State Legislature approved Senate Bill 858 ("SB 858"), an education omnibus bill. SB 858 was approved by the Governor on June 21, 2014. SB 858 amends the Education Code to limit school district reserves subject to voter approval in November 2014 of the proposed constitutional amendment with respect to the Rainy Day Fund. In addition to the conditions described herein, additional conditions must be satisfied before the reserve limitations are operative.

If the constitutional amendment is approved, in any fiscal year following a year in which the State has made a transfer into the Public School System Stabilization Account and all other applicable conditions have been satisfied, the combined unassigned and assigned ending fund balance in any budget adopted or revised by a school district may not be (i) more than two times the amount of the minimum recommended reserve specified under the Education Code for school districts with an ADA of less than 400,000 or (ii) more than three times the amount of the minimum recommended reserve specified under the Education Code for school districts with an ADA of 400,000 or greater. Further, a county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive fiscal years within a three-year period if certain extraordinary fiscal circumstances exist.

The Districts cannot predict whether the proposed amendment to the Rainy Day Fund will be approved by voters or the extent to which the State will fund the Public School System Stabilization Account. In addition, the Districts cannot predict what steps it will implement, if any, to adjust its budgeted reserves to comply with the amended Education Code. Further, the Districts cannot predict whether the limitations on reserves in the Education Code, as amended, will apply solely to fund balances in the District's General Fund or if it will apply to other funds of the District. However, the Districts do not expect the limitations on reserves in the Education Code, as amended, to adversely affect its ability to pay the principal of and interest on the Note Participations described in the forepart of this Official Statement.

Future State Budgets. The Districts 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 Districts will have no control. To the extent that the State budget process results in reduced revenues or increased expenses for the Districts, the Districts will be required to make adjustments to their respective budgets. In the event of revision to the Fiscal Year 2014-15 State Budget Act includes decreases in a District's revenues or increases in required expenditures by such District from the levels assumed by such District, such District 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 Districts 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 Districts 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 Districts have no control.

SAN DIEGO COUNTY INVESTMENT POOL

General

Funds of the Districts are required under state law to be deposited into Treasury Pool of San Diego County (the "Treasury Pool"). In addition, pursuant to the Trust Agreements, moneys held by the Trustee in the Costs of Issuance Fund, Principal Fund and the Interest Fund shall be invested in Permitted Investments, which includes the Treasury Pool.

The following information concerning the Treasury Pool has been provided by the Treasurer of the County (the "Treasurer"). 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.

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'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's investment policy. Pursuant to a resolution adopted July 8, 1958, the Board of Supervisors delegated to the County Treasurer 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 (and the various departments in the County, such as Public Works and Public Administration), 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, including community college 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 11 members of the Oversight Committee include the County Treasurer, the Auditor and Controller, members of the public, and a representative from a special district and a school district. The role of the Oversight Committee is to review and monitor the Investment Policy that is prepared by the County Treasurer.

Treasury Pool's Portfolio

As of June 30, 2014, the securities in the Treasury Pool had a market value of $7,262,364,905 and a book value of $7,261,566,614 for a net unrealized gain of $798,291.

The effective duration for the Treasury Pool was 0.78 years as of June 30, 2014. The 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 rates. A duration of 0.78 means that for every one percent increase in interest rates the market value of the portfolio would decrease by 0.78%.

As of June 30, 2014, approximately 8.31% of the total funds in the Pool were deposited by Voluntary Depositors, such as cities and fire districts, 11.11% by community colleges, 36.74% by the County, 3.53% by the Non-County and 40.42% by K-12 school districts.

Standard & Poor's Rating Group maintains ratings of "AAAf" (extremely strong protection against losses and credit defaults) and "S-1" (low sensitivity to changing market conditions) 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: Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, 55 Water Street, New York, New York 10041.

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), and asset backed (including mortgage related) and pass-through securities. Generally, investments in repurchase agreements cannot exceed a term of one year and the security underlying the agreement shall be valued at 102% or greater of the funds borrowed against the security and the value of the repurchase agreement shall be adjusted no less than quarterly. In addition, reverse repurchase agreement generally may not exceed 20% of the base value of the portfolio and the term of the agreement may not exceed 92 days. Securities lending transactions are considered reverse repurchase agreements for purposes of this limitation. Base Value is defined as the total cash balance excluding any amounts borrowed (*i.e.*, amounts obtained through selling securities by way of reverse repurchase agreements or other similar borrowing methods).

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. Monies in the Pool will be invested in compliance with California Government Code and the County's Investment Policy (the "Investment Policy").

The Investment Policy

The Investment Policy currently states the primary goals of the County Treasurer when investing public funds to be as follows: the primary objective is to safeguard the principal of the funds under the County Treasurer'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 County Treasurer within the parameters of prudent risk management. The Investment Policy contains a goal that 50% 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 25% of the securities must mature within 90 days. The maximum effective duration for the Pool shall be 1.50 years.

With respect to reverse repurchase agreements, the Investment Policy provides for a maximum maturity of 92 days (unless the reverse repurchase agreement includes a written guarantee of a minimum earning or spread for the entire period of such agreement) and a limitation on the total amount of reverse repurchase agreements and/or securities lending agreements to 20% of the total investments in the Pool. The Investment Policy states that the purpose of reverse repurchase agreements shall be to invest the proceeds from the agreement into permissible securities that have the highest short-term credit ratings; to supplement the yield on securities owned by the Pool; or to provide funds for the immediate payment of an obligation. The maturity of the reverse repurchase agreement and the maturity of the security purchased shall be the same.

The County from time to time has engaged in securities lending transactions. Generally, these transactions involve the transfer by the governmental entity, through an agent, of securities to certain broker-dealers and financial institutions or other entities in exchange for collateral, and this collateral may be cash or securities. Most commonly, these transactions provide for the simultaneous return of the collateral to the securities borrower upon receipt of the same securities at a later date. Presently, the County has suspended its securities lending transactions program, but may decide to enter into a securities lending agreement in the future. Any such securities lending transactions are considered reverse repurchase agreements under the Investment Policy and, accordingly, the total principal amount of reverse repurchase agreements and securities lending agreements may not exceed 20% of the Pool. Since the inception of the County's securities lending program in 1987, there has not been any loss of principal to the Pool resulting from these securities lending transactions or the investment of the related collateral.

The Investment Policy also authorizes investments in covered call options and put options, which are options that the Treasurer sells to a third party the right to buy an existing security in the Pool or sell a security to the Pool, both at a specific price within a specific time period. Under the Investment Policy, securities subject to covered calls are not to be used for reverse repurchase agreements; cash sufficient to pay for outstanding puts are to be invested in securities maturing on or before the expiration date of the option; the maximum maturity of a covered call option/put option is to be 90 days and not more than 10% of the total investments in the Pool could have options written against them at any given time.

Certain Information Relating to Pool

The following table reflects information with respect to the Pool as of the close of business June 30, 2014. 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 June 30, 2014, the Pool necessarily would have received the values specified.

TREASURER-TAX COLLECTOR
SAN DIEGO COUNTY PORTFOLIO STATISTICS[1]
(As of June 30, 2014)

	Percent of Portfolio	Weighted Average Maturity	Weighted Average Coupon	Yield to Maturity[2]	Current Par/Share	Book Value	Market Price	Market Value	Accrued Interest	Yield to Worst[3]	Unrealized Gain/Loss
Certificates of Deposit	0.89%	180	180	0.24%	$ 64,363,000	$ 64,363,000	1.000	$ 64,363,000	$ 2,135	0.24%	$ 0
Commercial Paper	18.9	80	80	0.18	1,373,000,000	1,372,412,301	0.999	1,371,989,930	0	0.18	(422,371)
Fannie Mae	13.98	1,002	794	0.86	1,014,613,000	1,014,976,535	0.999	1,013,301,522	2,326,700	0.84	(1,675,013)
Federal Farm Credit Bank Notes	1.86	1,191	203	1.25	135,000,000	135,002,383	1.003	135,367,900	252,789	1.25	365,517
Federal Home Loan Bank Notes	14.86	402	208	0.52	1,078,550,000	1,079,879,120	1.002	1,081,195,628	1,946,467	0.48	1,316,508
Federal Home Loan Mortgage Corp Notes	8.93	679	464	0.8	644,093,000	648,664,084	1.008	649,292,708	2,848,887	0.8	628,624
Money Market Funds	7.6	1	1	0.04	551,600,000	551,600,000	1.000	551,740,140	12,244	0.04	140,140
Negotiable CD	27.05	70	70	0.18	1,964,000,000	1,964,006,917	1.000	1,964,006,860	899,319	0.18	(57)
Repurchase Agreements	0.01	1		0.02	807,527	807,527	1.000	807,527	0	0.02	0
U.S. Treasury Notes	5.92	815	815	0.87	427,000,000	429,854,747	1.008	430,299,690	1,222,193	0.87	444,943
Totals for June 2014	100.00%	366	264	0.43%	$ 7,253,026,527	$ 7,261,566,614	1.001	$ 7,262,364,905	$ 9,510,734	0.42%	$ 798,291
Totals for May 2014	100.00%	352	256	0.42%	$ 7,838,426,183	$ 7,848,345,119	1.002	$ 7,850,976,406	$10,859,836	0.42%	$ 2,631,287
Change From Prior Month		14	8	0.01	$ (585,399,656)	$ (586,778,506)	(0.001)	$ (588,611,501)	$(1,349,102)	0.00	$ (1,832,995)
Portfolio Effective Duration	0.78 years										

	June Return	Annualized	Fiscal Year to Date Return	Annualized	Calendar Year to Date Return	Annualized
Book Value	0.0.39%	0.473%	0.039%	0.473%	0.216%	0.435%
Market Value	0.0.39%	0.473%	0.039%	0.473%	0.216%	0.435%

Source: The County.

(1) 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.

(2) Yield to call (YTC) 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 call date.

(3) Yield to worst (YTW) is the lesser of yield to maturity or yield to call, reflecting the optionality of the bond issuer.

(4) Yields for the portfolio are aggregated based on the book value of each security.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT 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 District.

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

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 Districts 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 Districts.

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.

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 Districts.

STATISTICAL AND FINANCIAL INFORMATION REGARDING THE DISTRICTS

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

Average Daily Attendance

The following sets forth the average daily attendance (second period) for the Fiscal Years ended June 30, 2010 through 2014 and projections for the Fiscal Year ending June 30, 2014 for each of the Districts:

AVERAGE DAILY ATTENDANCE
Second Principal Apportionment[1]
Fiscal Years 2009-10 through 2013-14

District	2009-10	2010-11	2011-12	2012-13	2013-14[2]
Alpine Union School District	1,975	1,965	1,939	1,784	1,703[4]
Carlsbad Unified School District[3]	10,417	10,593	10,619	10,512[5]	10,569[4]
Grossmont Union High School District	19,035	18,378	17,659	17,032[6]	16,810[4]
La Mesa - Spring Valley School District	12,038	11,874	11,905	11,511	11,562[4]
San Dieguito Union High School District[3]	12,150	11,964	12,019	11,832	12,005

Source: Data for Fiscal Years 2009-10 through 2012-13 are ADAs at P-2, as set forth in the supplemental information section of each respective District's audit report, and data for Fiscal Year 2013-14 are ADAs at P-2, as set forth in the second interim financial reports of each respective District, unless otherwise noted.

(1) Excludes adults enrolled in adult education programs.
(2) Projected.
(3) Basic Aid District. See "STATE AND FEDERAL FUNDING OF EDUCATION - Major Revenues" herein.
(4) California Department of Education principal apportionment report or otherwise provided by the referenced District.
(5) Amended.
(6) Revised.

Local Control Funding Formula; Base Revenue Limit

The following table sets forth the actual base revenue limit per ADA for Fiscal Years 2011-12 and 2012-13 for each of the Districts:

BASE REVENUE LIMIT PER ADA
Fiscal Years 2012-13 and 2013-14

District	2011-12 (Actual)[1]	2012-13 (Actual)[2]
Alpine Union School District[3]	$6,215.68	$6,418.68
Carlsbad Unified School District[3]	6,492.88	6,705.16
Grossmont Union High School District	7,525.34	7,769.06
La Mesa - Spring Valley School District	6,228.40	6,422.05
San Dieguito Union High School District[3]	7,462.65	7,705.93

Source: Second interim financial reports of each respective District; District reports.
(1) Amounts are prior to application of the deficit factor, which was 0.79398 for Fiscal Year 2011-12, and other adjustments pursuant to the Fiscal Year 2011-12 State Budget Act.
(2) Amounts are prior to the application of the deficit factor, which is 0.77728 for Fiscal Year 2012-13, and other adjustments pursuant to the Fiscal Year 2013-14 State Budget Act and SB 81 (defined herein).
(3) Basic Aid District. See "STATE AND FEDERAL FUNDING OF EDUCATION - Major Revenues" herein.

The following table sets forth the projected unrestricted general fund LCFF/revenue limit sources for Fiscal Year 2013-14 for each of the Districts:

LOCAL CONTROL FUNDING FORMULA/REVENUE LIMIT SOURCES
Fiscal Year 2013-14

District	Target Amount	Base Grant	Grade-Based Adjustments	Supplemental and Concentration Grants[a]	Revenue Limit Funding[b]	LCFF Funding	Change in Funding
Alpine Union School District[f]	$14,416,529	$12,604,737	$530,198	$821,106	$9,151,185[c]	$11,182,198	$2,021,013
Carlsbad Unified School District[f]	86,677,581	79,074,180	2,933,028	3,427,164	912,282[d]	59,991,004	6,104,663[d]
Grossmont Union High School District	165,360,120	144,475,597	3,758,185	17,126,338	129,335,217	133,924,381	4,589,164
La Mesa - Spring Valley School District	100,962,919	81,518,465	3,948,498	13,598,689	58,154,340	62,083,715	3,929,375
San Dieguito Union High School District[f]	103,521,666	97,749,069	1,812,264	2,235,318	--[e]	--[e]	--[e]

Source: The Districts, based on the LCFF calculator.
(a) None of the Districts reported additional funding based on the economic recovery target.
(b) Reflects funding calculated under the revenue limit formulation, as set forth in the District's Fiscal Year 2013-14 budget.
(c) Excludes $1,727,514 of Fiscal Year 2012-13 categorical funding that is included in the LCFF.
(d) Revenue limit funding amount reflects the District, a basic aid district, being "held harmless" such that State funding remains the same as in the prior fiscal year. The change in funding amount includes $2,100,000 in the Education Protection Account (Proposition 30) funding and $4,000,000 in excess taxes.
(e) The District is a basic aid district that receives $320,093 in State funding pursuant to the "held harmless" formula.
(f) Basic Aid District. See "STATE AND FEDERAL FUNDING OF EDUCATION – Major Revenues" herein.

See "STATE AND FEDERAL FUNDING OF EDUCATION – Major Revenues – Local Control Funding Formula" for a description of the allocation of State and beginning with Fiscal Year 2013-14.

Voters within the jurisdiction of the Alpine Union School District have submitted a petition seeking reorganization of the district and separation from the Grossmont Union High School District. The petition has been verified by the Registrar of Voters and two public hearings were held in April and May 2014. The Board of Education of the San Diego County Office of Education is scheduled to make a finding on August 2014 and the State Board of Education is expected to review the matter thereafter. The proposed reorganization, if successful, is not expected to impact the finances of the Alpine Union School District within the next two fiscal years.

Employees

The following table sets forth the number of full-time equivalent certificated and classified employees and management/other employees for each of the Districts as of July 1, 2013:

FULL-TIME EQUIVALENT EMPLOYEES
(As of July 1, 2013)

District	Certificated Employees	Classified Employees	Management/ Other Employees
Alpine Union School District	85.3	70.47	15.0
Carlsbad Unified School District	439.4	278.7	37.5
Grossmont Union High School District	846.8	800.7	92.0
La Mesa - Spring Valley School District(1)	575.2	369.1	45.0
San Dieguito Union High School District(1)	551.8	345.1	54.2

Source: The Districts, respectively.
(1) Management employees included in the Certificated and Classified employee counts.

The following table sets forth the collective bargaining unit representing employees of each of the Districts and the expiration date of the collective bargaining agreement under which the respective District and such collective bargaining unit are currently operating:

COLLECTIVE BARGAINING AGREEMENTS

Collective Bargaining Units	Agreement Expiration Date
Alpine Union School District	
1. Alpine Teachers Association/California Teachers Association	June 30, 2015
2. California School Employees Association	June 30, 2015
Carlsbad Unified School District	
1. Federation of Unified School Employees/Laborers' International Union of North America Local 777(1)	June 30, 2013
2. Carlsbad Unified Teachers Association/California Teachers Association/National Education Teachers Association(1)	June 30, 2013
Grossmont Union High School District	
1. California School Employees Association, Chapter 443	June 30, 2015
2. Service Employees International Union, Local 22	June 30, 2015
3. Grossmont Education Association	June 30, 2015
La Mesa - Spring Valley School District	
1. La Mesa - Spring Valley Teachers Association	May 31, 2015
2. California School Employee Association, Chapter 419	June 30, 2016
San Dieguito Union High School District	
1. San Dieguito Faculty Association	June 30, 2015
2. California School Employees Association	June 30, 2015

(1) This District is in the process of negotiating extensions of its existing agreements or terms of a new agreement. Terms of the expired or expiring agreement continue to apply until a new agreement is finalized.

Pursuant to one of its collective bargaining agreements and subject to board approval, Carlsbad Unified School District will increase certain employee base pay retroactive to July 1, 2013. Pursuant to its existing collective bargaining agreements, the La Mesa-Spring Valley School District has included a full salary restoration in its Fiscal Year 2014-15 budget projection. Also, depending on the outcome of negotiations relating to new and existing labor agreements referenced in the footnotes above, as applicable, certain of the Districts may be required to pay increased amounts in compensation to their respective employees. Other than such Districts, none of the Districts has any employee collective bargaining arrangements currently under negotiation.

Except as set forth below, none of the Districts or their respective staffs are aware of any labor disputes which may materially adversely affect the finances or operations of the District. Alpine Union School District experienced a three-day teachers' strike in February 2014, which ended with a negotiated settlement that includes a salary reduction from January 2014 through March 2014 and a salary increase and an increase in certain healthcare funding effective April 1, 2014.

Outstanding Obligations

The following table sets forth the long-term outstanding obligations of each District as of June 30, 2013.

LONG-TERM OUTSTANDING OBLIGATIONS[1]
(As of June 30, 2013)

District	General Obligation Bonds	Lease Obligations	Net OPEB Obligations	Compensated Absences
Alpine Union School District	$ 16,026,498	$ 5,226,148	$ 1,146,537	$ 362,825
Carlsbad Unified School District	194,846,034	52,689,296	10,150,126	315,556
Grossmont Union High School District	439,223,300	57,285	15,400,930	2,660,556
La Mesa - Spring Valley School District[2]	36,094,848	54,653	8,899,945	821,663
San Dieguito Union High School District[3]	160,000,000	15,515,000	6,924,169	1,018,643

Source: Audited financial statements for each respective District and the Districts, respectively.
(1) Excludes bond and certificates of participation premium, accreted interest, other long-term liabilities and obligations of assessment districts, special districts, community facilities districts and community service districts and special tax bonds. Lease obligations include capital leases and lease revenue bonds.
(2) Excludes $1,012,012 in other long-term debt accrued in connection with an early retirement incentive. Subsequent to June 30, 2013, the District entered into two lease purchase agreements that provide for aggregate annual payments of $360,062 through 2017.
(3) Excludes $2,400,000 principal amount State loan.

Property-Related Information

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

Total assessed valuation of property in each District for the past five Fiscal Years is set forth below.

ASSESSED VALUE OF TAXABLE PROPERTY[1]
Fiscal Years 2009-10 through 2013-14
($ in thousands)

District	2009-10	2010-11	2011-12	2012-13	2013-14
Alpine Union School District	$ 2,225,596	$ 2,177,243	$ 2,163,339	$ 2,118,574	$ 2,152,354
Carlsbad Unified School District	16,066,036	15,942,061	15,777,488	15,684,310	16,027,983
Grossmont Union High School District	36,226,604	35,724,830	35,927,641	36,040,846	37,069,315
La Mesa - Spring Valley School District	10,150,189	10,021,008	10,106,352	10,159,711	10,501,430
San Dieguito Union High School District	47,622,252	47,112,546	47,530,328	47,578,669	49,360,826

Source: San Diego County Office of Education.
(1) Includes secured, utility and homeowner's exemption.

Property Tax Collections. The table below sets forth the tax levies, collections and percent of collections and levies for property taxes in each District for the last five Fiscal Years.

PROPERTY TAX COLLECTIONS
Fiscal Years 2009-10 through 2013-14

District; Fiscal Year	Total Tax Amount(1)	Total Tax Amount Collected	Delinquent Tax Amount(2)	Delinquent Tax Amount as Percentage of Total Tax Amount
Alpine Union School District				
Fiscal Year 2013-14	$4,063,909.76	$3,984,516.81	$79,392.95	2.0%
Fiscal Year 2012-13	4,009,787.63	3,987,660.57	22,127.06	0.6
Fiscal Year 2011-12	4,086,001.59	4,024,484.83	61,516.76	1.5
Fiscal Year 2010-11	4,112,754.23	4,061,009.02	51,745.21	1.3
Fiscal Year 2009-10	4,196,610.05	4,150,640.46	45,969,59	1.1
Carlsbad Unified School District				
Fiscal Year 2013-14	$62,067,999.89	$60,857,903.28	$1,210,096.61	1.9%
Fiscal Year 2012-13	60,995,572.20	59,288,278.94	333,560.74	0.5
Fiscal Year 2011-12	61,050,011.75	60,139,268.97	910,742.78	1.5
Fiscal Year 2010-11	61,500,004.48	60,733,021.60	766,982.88	1.2
Fiscal Year 2009-10	62,048,999.92	61,375,291.01	673,708.91	1.1
Grossmont Union High School District				
Fiscal Year 2013-14	$82,544,794.30	$80,935,654.42	$1,609,139.88	1.9%
Fiscal Year 2012-13	80,529,491.58	78,262,118.80	442,984.16	0.6
Fiscal Year 2011-12	80,330,647.65	79,125,443.56	1,205,204.09	1.5
Fiscal Year 2010-11	79,806,289.83	78,805,860.77	1,000,429.06	1.3
Fiscal Year 2009-10	80,929,986.35	79,929,286.48	1,000,699.87	1.2
La Mesa - Spring Valley School District				
Fiscal Year 2013-14	$24,281,542.35	$23,807,854.99	$473,687.36	2.0%
Fiscal Year 2012-13	23,584,940.48	22,920,509.10	129,812.19	0.6
Fiscal Year 2011-12	23,400,177.99	23,048,959.01	351,218.98	1.5
Fiscal Year 2010-11	23,222,904.73	22,931,669.20	291,235.53	1.3
Fiscal Year 2009-10	23,545,781.15	23,288,699.70	257,081.45	1.1
San Dieguito Union High School District				
Fiscal Year 2013-14	$83,913,269.48	$82,261,492.71	$1,651,776.77	2.0%
Fiscal Year 2012-13	81,125,109.60	78,820,919.96	450,179.04	0.6
Fiscal Year 2011-12	80,868,046.46	79,644,284.06	1,223,762.40	1.5
Fiscal Year 2010-11	80,119,083.15	79,105,196.45	1,013,886.70	1.3
Fiscal Year 2009-10	81,004,699.18	80,113,330.55	891,368.63	1.1

Source: San Diego County Office of Education.
(1) Total Tax Amount includes local secured and unsecured state unitary 1% tax, debt service tax and special assessments.
(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 property taxes and receives, in exchange, all penalty and interest revenues on such delinquent amounts. Delinquent Tax Amount represents the dollar value of 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 District based on such District's 2013-14 assessed value.

PRINCIPAL SECURED TAXPAYERS
Fiscal Year 2013-14

	Taxpayer	Nature of Business	2013-14 Assessed Value	Percentage of Total Assessed Value
	Alpine Union School District			
1.	Essex JMS Acquisition LP	Apartments	$33,684,803	1.57%
2.	ABS CA-O LLC	Shopping Center	16,350,000	0.76
3.	Alpine Creekside Inc.	Apartments	15,190,000	0.71
4.	Summit at Alpine Apartment Homes	Apartments	11,675,730	0.54
5.	Alpine Wood Inc.	Apartments	11,045,730	0.51
	Carlsbad Unified School District			
1.	LegoLand	Theme Park	$157,724,945	0.98%
2.	LC Investment 2010 Inc.	Hotel/Resort	141,736,415	0.88
3.	Ruby's Diner LF	Commercial Building	119,247,590	0.74
4.	Cabrillo Power LLC	Power Plant	116,800,000	0.72
5.	Aviara Resort Associates SPE LL	Hotel/Resort	109,000,000	0.68
	Grossmont Union High School District			
1.	Parkway Plaza LP	Shopping Center	$226,181,216	0.61%
2.	Prebys Conrad Trust 12-17-82	Apartments	164,478,816	0.44
3.	Fairfield Grossmont Trolley	Apartments	101,949,225	0.28
4.	Rainbow Investment Co	Shopping Center	96,299,326	0.26
5.	San Diego Forest Park	Apartments	70,390,000	0.19
	La Mesa - Spring Valley School District			
1.	Fairfield Grossmont Trolley	Apartments	$101,949,225	0.97%
2.	Rainbow Investment Co	Shopping Center	96,299,326	0.92
3.	VSCRE Holdings	Convalescent Home	47,241,965	0.45
4.	ASN La Mesa LLC	Apartments	45,338,464	0.43
5.	Prebys Conrad Trust 12-17-82	Apartments	22,166,122	0.21
	San Dieguito Union High School District			
1.	Kilroy Realty LP	Office Building	$380,602,112	0.77%
2.	Continuing Life Communities LLC	Assisted Living Facilities	237,951,989	0.48
3.	Irvine Co LLC	Apartments	187,311,663	0.38
4.	T-C Forum at Carlsbad LLC	Shopping Center	183,294,000	0.37
5.	Arden Realty LTD Partnership	Office Building	158,004,000	0.32

Source: San Diego County Office of Education unless otherwise noted.

Financial Statements

The Districts' 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 Districts are categorized as follows:

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

The General Fund of each District, 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 District 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 Districts using information from the Annual Financial Reports which are prepared by the directors of accounting for the Districts and audited by independent certified public accountants each year. Certain information, such as the General Fund Cash Flow Analyses and projected Fiscal Year 2014-15 budgets, was developed by each District'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 Districts' audited financial statements for the fiscal year ended June 30, 2013 are available from each District upon request to the respective District, and are summarized in this Appendix B under "Summary of Financial Information".

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

Budgets of Districts

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 Districts, is required to file an adopted budget with the County Superintendent of Schools. On or before August 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 September 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.

The California State Department of Education imposes a uniform budgeting format for each school district in the State. The Districts 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. See " - Recent State Budgets - Potential Impact of the 2014-15 Proposed State Budget and May Revision to the 2014-15 Proposed State Budget on the Districts" herein.

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.

Alpine Union School District filed a qualified certification in connection with its Fiscal Year 2013-14 first interim financial report. However, the District expects to be able to meet its debt obligations in the current and next succeeding two fiscal years based upon budget revisions to be made in connection with future submissions of its financial reports. Except for the aforementioned Districts, each of the Districts have filed positive certifications with the County Superintendent of Schools for each

Fiscal Year 2013-14 reporting period for which a certificate has been filed and the County Superintendent of Schools has not made any qualified or negative determination with respect to any such certifications.

Copies of the reports and certifications of each of the Districts 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 District 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 District believes that the recorded liabilities for its self-insured claims are adequate.

Retirement

Each of the Districts participates in retirement plans with the California State Teachers' Retirement System ("CalSTRS"), which covers all full-time certificated District employees, 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. Historically, the Districts' contributions to CalSTRS have been made based on a fixed percentage of the payroll of covered employees. The State has paid all amounts owing to CalSTRS in any year that is in addition to the fixed contribution rate. As such, the Districts have not historically been responsible for any unfunded liability, and the Districts' contribution rate has not fluctuated from year to year. Active CalSTRS plan members are required to contribute 8% of creditable compensation, and the Districts are required to contribute at an actuarially determined rate, which was 8.25% of creditable compensation for the applicable fiscal year. The Districts have not received notice from CalSTRS of any change to the rates currently in effect or of any proposed changes in State law with respect to contribution rates. The actuarial methods and assumptions used for determining the contribution rates are those adopted by the CalSTRS retirement board. The contribution requirements of the plan members are established by State statute.

CalSTRS is operated on a Statewide basis and, based on publicly available information, has substantial unfunded liabilities. In February 2013, the CalSTRS staff members presented a report (the "2013 CalSTRS Funding Report") to the Teachers' Retirement Board and the State Legislature with respect to the unfunded liability of CalSTRS defined benefit program (the "Defined Benefit Program"). In order to improve the funded status of the Defined Benefit Program, the 2013 CalSTRS Funding Report proposed that the State Legislature increase investment returns by increasing the risk of the investment portfolio, reduce benefits offered to plan members, and increase contributions. In addition, the 2013 CalSTRS Funding Report stated that the State Legislature must decide the financial objective that the State Legislature and Governor wish to achieve with respect to the Defined Benefit Program and consider having sufficient funds on hand to generate assets to pay liabilities, establish a funding target, increase contributions to avoid full depletion of assets, increase contributions to delay the full depletion of assets. Further, the 2013 CalSTRS Funding Report recommended the State Legislature determine the period of time in which it expects to achieve the funding objective, determine when contribution rate increases should begin, and establish the speed of contribution rate increases.

Pursuant to the CalSTRS' comprehensive annual financial report for the Fiscal Year ended June 30, 2013 (the "2013 CalSTRS CAFR"), absent corrective action, the CalSTRS fund will be depleted in 2043, and the State will be obligated to pay the difference between the benefits paid and the contributions received. The Districts are unable to predict what the amount of State funding toward pension liabilities will be in the future, or the amount of the contributions which the District and its employees may be required to make to CalSTRS. There can be no assurances that the District's required contributions to CalSTRS will not significantly increase in the future above current levels.

The unfunded actuarial accrued liabilities and funded status of the CalSTRS pension fund as of June 30 of Fiscal Years June 30, 2009 through June 30, 2013 are set forth in the following table. The individual funding progress for the Districts are not provided in the actuarial report from CalSTRS.

Actuarial Value of California State Teachers' Retirement Fund Defined Benefit Program
Valuation Dates June 30, 2009 through June 30, 2013
($ in billions)

Valuation Date (June 30)	Accrued Liability	Actuarial Value of Assets(1)	Unfunded Liability	Funded Ratio (Actuarial Value)	Funded Ratio (Fair Market Value)
2009	$185.683	$145.142	$40.541	78.0%	58.0%
2010	196.315	140.291	56.024	71.5	59.7
2011	208.405	143.930	64.475	69.1	67.2
2012	215.189	144.232	70.957	67.0	62.7
2013	222.281	148.614	73.667	66.9	66.5

(1) Actuarial Value of Assets does are 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, 2009 through June 30, 2013.

The actuarial assumptions set forth in the California State Teachers' Retirement System Defined Benefit Program Actuarial Valuation as of June 30, 2013 (the "2013 CalSTRS Actuarial Valuation") use the "Entry Age Normal Cost Method" and, among other things, an assumed 7.50% investment rate of return, 4.50% interest on accounts, projected 3.00% inflation rate and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases. The actuarial assumptions and methods used in the 2013 CalSTRS Actuarial Valuation were based on the Experience Analysis July 1, 2006 – June 30, 2010 adopted by the Teacher's Retirement Board in February 2012. The amounts of CalSTRS' unfunded liability will vary from time to time depending upon actuarial assumptions, and actual rates of return on investment, salary scales and levels of contribution.

The 2013 CalSTRS Actuarial Valuation, which assumes all members hired on or after January 1, 2013 are subject to the provisions of the California Public Employees' Pension Reform Act of 2013 (as described in the 2013 CalSTRS CAFR, "PEPRA"), states that the aggregate contribution rate as of June 30, 2013, inclusive of contributions from members, employers and the State, is equivalent to 19.497%. The 2013 CalSTRS Actuarial Valuation projects that a level contribution rate of 32.879% beginning June 30, 2013 would be needed to amortize the unfunded actuarial obligation over a 30-year period which would be an increase of 13.382% from the present contribution rate. The CalSTRS actuarial consultant states that the projected shortfall is due to, among other things, an investment rate of return of approximately 4.5% since 2000, as compared to the 7.50% long-term assumed rate of return, and that the lower level of benefits offered to employees under PEPRA is expected to reduce the normal costs related thereto and the amount of additional revenue needed. The CalSTRS actuarial consultant projects that, absent corrective action, the Defined Benefit plan would be depleted by 2046.

The fair market value of the CalSTRS pension fund as of June 30, 2012 and June 30, 2013 was \$143.1 billion and \$157.2 billion, respectively, based on total system assets. CalSTRS produces a comprehensive annual financial report which includes financial statements and required supplementary information. Copies of the CalSTRS' comprehensive annual financial report may be obtained from CalSTRS, P.O. Box 15275, Sacramento, California 95851. The information presented in these reports is not incorporated by reference in this Official Statement.

CalPERS. All qualifying classified employees of K through 12 school districts and community college districts in the State are members in CalPERS, and all of such districts participate in the same plan. As such, all such districts share the same contribution rate in each year. However, unlike school districts' participation in CalSTRS, the school districts' contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability.

Active plan members are required to contribute 7% (miscellaneous) or 9% (safety) of their monthly salary and the Districts are required to contribute based on an actuarially determined rate. The actuarial methods and assumptions used for determining the rates are based on those adopted by Board of Administration of CalPERS. The required employer contribution rates for Fiscal Year 2012-13 were 11.417% for miscellaneous and 33.233% for safety members. The required employer contribution rates for Fiscal Year 2013-14 are 11.442% for miscellaneous and 31.821% for safety members.

In February 2014, the CalPERS Board of Administration adopted new actuarial assumptions based on the CalPERS Experience Study and Review of Actuarial Assumptions dated January 2014. Based on the new actuarial assumptions and an assumed investment rate of return of 7.5%, CalPERS projects that the required contribution rate for miscellaneous members will be 11.7% for Fiscal Year 2014-15 and 12.6% for Fiscal Year 2015-16. In addition, CalPERS projects additional annual increases to the contribution rates of school employers resulting in contribution rates of 15.0% in Fiscal Year 2016-17, 16.6% in Fiscal Year 2017-18, 18.2% in Fiscal Year 2018-19, 19.9% in Fiscal Year 2019-20 and 20.4% in Fiscal Year 2020-21. The District pays the employee's contribution of 9% for most of the safety members and certain percentages for employees covered under other collective bargaining units. To the extent that future experience differs from CalPERS' current assumptions, the required employer contribution rates are expected to vary in the future.

CalPERS is operated on a Statewide basis and, based on publicly available information, has unfunded liabilities. The amounts of the pension/award benefit obligation or unfunded actuarially accrued liability will vary from time to time depending upon actuarial assumptions, and actual rates of return on investments, salary scales, and levels of contribution.

Unlike typical defined benefit programs such as those administered by CalPERS, neither the CalPERS employer nor the State contribution rate varies annually to make up funding shortfalls or assess credits for actuarial surpluses. The State does pay a surcharge when the teacher and school district contributions are not sufficient to fully fund the basic defined benefit pension (generally consisting of 2% of salary for each year of service at age 60 referred to as "pre-enhancement benefits") within a 30-year period. However, this surcharge does not apply to the system-wide unfunded liability resulting from recent benefit enhancements. As indicated above, there is presently no required contribution from teachers, school districts or the State to fund this unfunded liability. Historically, the school district employer contribution rate has remained at 8.25%. However, the Districts are unable to predict what the amount of liabilities will be in the future or the amount of contributions which the Districts may be required to make.

The market value of the CalPERS pension fund as of June 30, 2012 and June 30, 2013 was $241.8 billion and $237.0 billion, respectively. The unfunded actuarial accrued liabilities and funded status of CalPERS as of June 30 of Fiscal Years June 30, 2008 through June 30, 2012 are set forth in the following table.

Actuarial Value of Schools Portion of CalPERS
Historical Funding Status
Valuation Dates June 30, 2008 through June 30, 2012
($ in millions)

Valuation Date (June 30)	Actuarial Accrued Liabilities	Market Value of Assets (MVA)	Funded Status (MVA)	Unfunded Liabilities/ (Surplus) (MVA)	Projected Payroll for Contribution	Unfunded/ (Surplus) as a % of Payroll
2008	$48,537.68	$45,547.90	93.8%	$2,989.78	$11,137.70	26.80%
2009	52,493.08	34,146.45	65.0	18,346.63	11,109.76	165.10
2010	55,306.96	38,435.17	69.5	16,871.79	11,283.40	149.50
2011	58,358.41	45,900.99	78.7	12,457.42	10,540.43	118.2
2012	59,439.13	44,853.80	75.5	14,585.33	10,242.25	142.4

Sources: CalPERS State & Schools Actuarial Valuations as of June 30, 2007 through June 30, 2011.

In April 2013, the CalPERS Board of Administration adopted changes to the asset smoothing method. Prior to this change, CalPERS employed an amortization and smoothing policy which spread investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period. After April 2013 change, CalPERS will employ an amortization and smoothing policy that will pay on an actuarial basis for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period. CalPERS will apply the new amortization and smoothing policy for actuarial valuations for the Fiscal Year ended June 30, 2013 actuarial valuations which will be performed in the fall of 2014. CalPERS expects to use these valuations to set employer contribution rates for the Fiscal Year 2015-16. Under the previous asset smoothing method, gains and losses were amortized on a rolling 30-year amortization period, with the exception of gains and losses in Fiscal Years 2008-09, 2009-10, and 2010-11 which are isolated and amortized over fixed and declining 30-year periods.

The actuarial funding method used in the CalPERS State & Schools Actuarial Valuation as of June 30, 2012 (the “2012 CalPERS Valuation”) is the “Individual Entry Age Normal Cost Method”. The CalPERS State & Schools Actuarial Valuation as of June 30, 2012 assumes, among other things, a 7.50% investment rate of return (net of administrative expenses), projected 2.75% inflation and projected 2.00% or 3.00% post-retirement benefit increases, and projected payroll growth of 3.00%.

Actuarial information and assumptions for CalPERS members that are subject to PEPRA are not reflected in the 2012 CalPERS Valuation. PEPRA mandates new benefit formulas and new member contributions for new members. These new members will be reflected in CalPERS actuarial valuations beginning with the actuarial valuation for year ended June 30, 2013.

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 Districts participate in supplemental retirement programs for employees not currently covered by CalSTRS or CalPERS. Alpine Union School District provides certain health coverage to employees up to age 65, provided they have worked in such District at least 10 years and is at least 55 years of age at retirement. Carlsbad Unified School District provides a pre-tax retirement program known as the "3121 Plan/Social Security Alternative" through the Fringe Benefits Consortium (the "FBC") to permanent part-time employees and temporary or substitute workers. See table entitled "Long-Term Outstanding Obligations" for liability relating to any early retirement incentive program.

Pension Accounting and Financial Reporting Standards. In 2012, the Governmental Accounting Standards Board issued Statement No. 68, Accounting and Financial Reporting for Pensions ("GASB 68"), which revises and establishes new financial reporting requirements for most public employers, such as the Districts, that provide their employees with pension benefits and cost-sharing, multiple-employer plans, including CalSTRS and CalPERS. GASB 68, among other things, requires public employers providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability and provides greater guidance on measuring the annual costs of pension benefits, including through guidelines on projecting benefit payments, use of discount rates and use of the "entry age" actuarial cost allocation method. GASB 68 also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions in GASB 68 becomes effective for plan employers in Fiscal Year 2014-15.

Pursuant to GASB 68, CalSTRS and CalPERS will use a new blended rate that reflects a long-term rate of return on plan assets, which reflects a pension fund's long-term investment strategy, and a high-quality, non-taxable municipal bond index rate, to account for the potential need to borrow funds to pay pension benefits after net assets have been fully depleted. CalSTRS has cautioned that use of the new, blended discount rate may cause the financial statements of plans, such as CalSTRS, to reflect an increased unfunded liability. However, CalSTRS has stated that it does not expect that its current, actual shortfall of approximately $70 billion to change significantly as a result of the new standards although the liability may be reported on a financial balance sheet as a new, significantly higher amount.

Post-Retirement Health Care. In addition to employee health care costs, many of the Districts 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 District's costs or a termination of the health care benefits upon the retiree reaching age 65. Most Districts 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.

On June 21, 2004, the Governmental Accounting Standards Board ("GASB") released its Governmental Accounting Standards Board Statement No. 45 ("Statement No. 45"), Accounting and *Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Statement No. 45 establishes 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 will be 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 Districts' post-employment health benefits fall under Statement No. 45.

The core requirement of Statement No. 45 is 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. The requirements that Statement No. 45 impose on the Districts only affect the Districts' financial statements and would not impose any requirements regarding the funding of any OPEB plans.

The Districts that provide post-employment health care benefits have determined their accrued actuarial liability for OPEB, 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 District's accrued actuarial liability for OPEB and the unfunded portion thereof.

OTHER POST-EMPLOYMENT BENEFITS LIABILITY

District	As of Date of Valuation	Accrued Actuarial Liability	Unfunded Accrued Actuarial Liability
Alpine Union School District	July 1, 2011	$ 2,846,694	$ 2,846,694
Carlsbad Unified School District	July 1, 2012	22,467,207	22,467,207
Grossmont Union High School District	July 1, 2012	50,826,599	50,826,599
La Mesa - Spring Valley School District	July 1, 2013	31,952,016	31,952,016
San Dieguito Union High School District	July 1, 2013	16,153,467	16,153,467

Source: The Districts, respectively.

Temporary Transfers and Use of One-Time Revenues

Temporary Transfer. Certain Districts have received 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) for Fiscal Year 2013-14. 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 Districts, would have a priority over such Districts' general fund debt obligations. Each District may require the County to provide such District with a Temporary Transfer even after the Note Participations are issued, to the extent that there are revenues available therefor.

The following table sets forth the Temporary Transfers outstanding as of June 30, 2014, which will be repaid in July 2014 from receipts of deferred State revenues.

TEMPORARY TRANSFERS

District	Outstanding as June 30, 2014(1)
Alpine Union School District	$ 962,815
La Mesa - Spring Valley School District	6,959,568

Source: San Diego County Office of Education.

(1) All Temporary Transfers outstanding as of June 30, 2014 will be repaid in July 2014 from receipts of deferred State revenues.

Use of One-Time Revenues. Certain Districts have used in Fiscal Year 2013-14 and/or will use in Fiscal Year 2014-15 one-time revenues on on-going expenditures. Alpine Union School District elected to use in Fiscal Year 2013-14 approximately $663,000 in unrestricted reserves to address a reduction in funding resulting from a decline in enrollment ADA and additional costs associated with a previously negotiated salary reinstatement. Carlsbad Unified School District has elected to use certain one-time resources in the form of excess reserve amounts and Education Protection Account (Proposition 30) funding in Fiscal Years 2013-14 and 2014-15.

Continuing Disclosure

Pursuant to the respective Trust Agreements, the Districts have agreed to give, or cause to be given, to the Municipal Securities Rulemaking Board, notice of the occurrence of certain listed events in accordance with Rule 15c2-12(b)(5) (the "Rule") promulgated by the Securities and Exchange Commission. See "Continuing Disclosure" in the forepart of this Official Statement. Except as set forth below, the Districts have in the last five years complied with in all material respects with their respective undertakings pursuant to the Rule.

Alpine Union School District did not timely file its annual report, including audited financial statements, operating data and related budget, for the Fiscal Year ended 2008-09 and its 2010 budget accordance with its continuing disclosure undertakings for certain of its general obligation bonds. Also, the District did not, on or before the dates specified in the related continuing disclosure undertakings, submit notices of late filings in accordance with the continuing disclosure undertakings. The District subsequently filed the referenced annual report and budget, and filed notices with respect to the late filings.

Carlsbad Unified School District previously entered into a continuing disclosure undertaking pursuant to the Rule in connection with the Community Facilities District No. 1 (AVIARA), 1998 Special Tax Refunding Bonds (CFD No. 1) (the "Special Tax Bonds"), and various continuing disclosure undertakings pursuant to the Rule in connection with its certificates of participation and general obligation bonds. When filing its Fiscal Year 2008-09 annual report, the District failed to properly associate the identifying CUSIPs for is General Obligation Bonds (1997 Election) with the filing. Also, the District did not timely file its audited financial statements for Fiscal Years 2008-09, 2009-10, 2010-11 and 2012-13 pursuant to its continuing disclosure undertaking for the Special Tax Bonds. In addition, within the past five years, the District failed to timely file certain notices of enumerated events as required by its existing continuing disclosure undertakings. Further, the District did not, on or before the dates specified in the related continuing disclosure undertakings, submit notices of late filings in accordance with the continuing disclosure undertakings. The District subsequently filed the referenced annual report, audited financials and event notices, and filed notices with respect to the late filings.

Grossmont Union High School District did not timely file its annual reports, including audited financial statements and operating, for Fiscal Years 2010-11 through 2012-13. The District had not filed, prior to 2010, an event notice in connection with downgrades of three series of insured general obligation bonds issued in 2004, 2006 and 2008, respectively, and the upgrade of one series of general obligation bonds issued 2009. In addition, the District had not filed notices of rating changes in 2010, 2013 and 2014. Further, the District did not, on or before the dates specified in the related continuing disclosure undertakings, submit notices of late filings in accordance with the continuing disclosure undertakings. The District subsequently filed the such annual reports and event notice, and filed notices with respect to the late filings.

La Mesa-Spring Valley School District did not timely file its audited financial statements for Fiscal Years 2004-05 through 2008-09 and Fiscal Years 2010-11 through 2011-12 and did not timely file its operating data for Fiscal Years 2004-05 through 2012-13 in accordance with the continuing disclosure certificate executed in connection with its general obligation bonds. For the annual reports for fiscal years 2004-05 through 2011-12, the annual reports erroneously reported the total outstanding general obligation bond debt of the District. Specifically, the audited financial statements for such fiscal years failed to report one outstanding maturity (CUSIP Number 503678-NU4) from the District's Election of 2002 General Obligation Bonds, Series A. This error has been corrected in the District's financial statements for fiscal year 2012-13. In addition, in connection with the annual reports for fiscal years 2008-09 through 2011-12, the District failed to properly associate the identifying CUSIPs for its Series A Bonds in connection with such filings. Within the past five years the District has also failed to file certain material event notices with respect to rating downgrades of municipal bond insurers that have insured certain of its outstanding obligations, as required by its then-existing continuing disclosure obligations. Further, the District did not, on or before the dates specified in the related continuing disclosure undertakings, submit notices of late filings in accordance with the continuing disclosure undertakings. The District subsequently filed such reports and notices of the occurrence of listed events, and is currently in material compliance with its previous undertakings for the past five years. The District also subsequently filed notices reporting their late fillings.

San Dieguito Union High School District did not timely file certain budget information with respect to Fiscal Years 2010-11 through 2012-13 in accordance with its continuing disclosure undertakings. In addition, the District did not, on or before the dates specified in the related continuing disclosure undertakings, submit notices of late filings in accordance with the continuing disclosure undertakings. The District subsequently filed the budget information and filed notices with respect to the late filings.

Litigation; Audit

Pending lawsuits and other claims against the Districts are incidental to the ordinary course of operations of the Districts and are largely covered by the Districts' self-insurance programs. Except as set forth below, there are no claims or lawsuits (with any potential loss exceeding $2,000,000) pending against any of the Districts.

The office of the State Controller is conducting an audit of the San Dieguito Union High School Districts' supplemental targeted adjustment for retirees program for Fiscal Years 1997-98 through 2002-03. The potential liability to the District is unknown at this time, as the audit is ongoing. The state currently owes a backlog of mandated cost claims to all districts in the state. In the event that money is due back to the state, the District would request that those funds be deducted from future District mandate payments. The state has allowed this in the past for other Districts. If that request was denied, the District set aside mandated cost funds when they were last received, in the Special Reserve fund. Those funds would be used to repay, if the state disallowed deferral of payment from current amounts owed.

The availability of insurance compensation or the likelihood of the District being found at fault are unknown until the audit is complete.

SUMMARY OF FINANCIAL INFORMATION

The following tables provide a summary of certain financial information of the Districts.

	Alpine School District					Carlsbad Unified School District				
	6/30/11 Audited	6/30/12 Audited	6/30/13 Audited	6/30/14 Budgeted	6/30/15 Budgeted	6/30/11 Audited	6/30/12 Audited	6/30/13 Audited	6/30/14 Budgeted	6/30/15 Budgeted
INCOME STATEMENT										
Total Revenues	15,758,085	14,747,327	14,224,515	14,409,558	14,437,505	80,181,955	74,334,517	82,820,230	82,890,763	80,662,899
Total Expenditures	15,730,552	15,294,631	14,217,515	14,735,521	14,786,888	84,219,552	80,192,115	77,791,795	81,832,320	85,220,039
Total Other Financing Sources	0	0	(7,081)	0	0	2,372,394	520,508	0	0	0
Net Income	27,533	(547,304)	(81)	(325,963)	(349,383)	(1,665,203)	(5,337,090)	5,028,435	1,058,443	(4,557,140)
Beginning Fund Balance	2,026,315	2,053,848	1,506,544	1,506,463	1,180,500	16,712,892	15,047,690	9,710,600	14,739,035	15,797,478
Adjustments + Transfers	0	0	0	0		0	0	0	0	0
Ending Fund Balance	2,053,848	1,506,544	1,506,463	1,180,500	831,117	15,047,689	9,710,600	14,739,035	15,797,478	11,240,338
BALANCE SHEET										
Total Assets	3,829,794	4,098,914	3,275,578			17,100,247	11,553,162	18,540,500		
Total Liabilities	1,775,946	2,592,370	1,769,115			2,052,558	1,842,562	3,801,465		
Total Fund Equity	2,053,848	1,506,544	1,506,463			15,047,689	9,710,600	14,739,035		
Total Liabilities and Fund Equity	3,829,794	4,098,914	3,275,578			17,100,247	11,553,162	18,540,500		

	Grossmont Union High School District					La Mesa-Spring Valley School District				
	6/30/11 Audited[1]	6/30/12 Audited	6/30/13 Audited	6/30/14 Budgeted[1]	6/30/15 Budgeted[1]	6/30/11 Audited[1]	6/30/12 Audited	6/30/13 Audited	6/30/14 Budgeted[1]	6/30/15 Budgeted[1]
INCOME STATEMENT										
Total Revenues	204,052,793	178,580,460	174,561,913	178,314,915	174,801,763	99,369,870	92,078,911	92,365,905	93,203,757	97,727,554
Total Expenditures	187,622,248	183,701,714	181,054,466	181,730,908	181,209,416	95,320,118	94,329,641	94,242,309	98,494,354	98,482,983
Total Other Financing Sources	(7,971,896)	(2,354,187)	95,117	50,000	50,000	307,273	800,209	399,953	(88,465)	(88,975)
Net Income	8,458,649	(7,475,441)	(6,397,436)	(3,365,993)	(6,357,653)	4,357,025	(1,450,521)	(1,476,451)	(5,379,062)	(844,404)
Beginning Fund Balance	22,726,003	36,293,749	28,818,308	22,420,872	18,951,574	8,560,158	14,866,531	13,416,010	11,939,559	5,504,121
Adjustments + Transfers	5,109,097	0	0	(103,305)		1,949,348	0	0	(1,056,376)	0
Ending Fund Balance	36,293,749	28,818,308	22,420,872	18,951,574	12,593,921	14,866,531	13,416,010	11,939,559	5,504,121	4,659,717
BALANCE SHEET										
Total Assets	48,874,753	39,706,892	28,452,520			26,773,008	26,248,737	23,324,282		
Total Liabilities	12,581,004	10,888,584	6,031,648			11,906,477	12,832,727	11,384,723		
Total Fund Equity	36,293,749	28,818,308	22,420,872			14,866,531	13,416,010	11,939,559		
Total Liabilities and Fund Equity	48,874,753	39,706,892	28,452,520			26,773,008	26,248,737	23,324,282		

[1] The District implemented *Government Accounting Standard Board Statement No. 54, Fund Balance Reporting and Government Type Definitions* ("GASB 54") during the fiscal year ending June 30, 2011, the effect of which was to reclassify and restate certain other funds as General Fund activities. However, the District's General Fund budgets for the fiscal year ending June 30, 2014 and June 30, 2015 do not reflect the implementation of GASB 54.

	San Dieguito Union High School District				
	6/30/11 Audited[1]	6/30/12 Audited	6/30/13 Audited	6/30/14 Budgeted[1]	6/30/15 Budgeted[1]
INCOME STATEMENT					
Total Revenues	98,349,308	100,580,593	102,434,072	107,111,689	103,844,686
Total Expenditures	99,866,478	101,826,369	102,602,536	108,339,198	106,200,850
Total Other Financing Sources	317,189	(326,531)	647,596	1,240,333	745,588
Net Income	(1,199,981)	(1,572,307)	479,132	12,824	(1,610,576)
Beginning Fund Balance	16,527,171	17,737,928	16,165,621	16,644,752	14,210,594
Adjustments + Transfers	2,410,738	0	(1)	(2,446,982)	0
Ending Fund Balance	17,737,928	16,165,621	16,644,752	14,210,594	12,600,018
BALANCE SHEET					
Total Assets	20,604,904	18,701,715	19,461,022		
Total Liabilities	2,866,976	2,536,094	2,816,270		
Total Fund Equity	17,737,928	16,165,621	16,644,752		
Total Liabilities and Fund Equity	20,604,904	18,701,715	19,461,022		

[1] The District implemented *Government Accounting Standard Board Statement No. 54, Fund Balance Reporting and Government Type Definitions* ("GASB 54") during the fiscal year ending June 30, 2011, the effect of which was to reclassify and restate certain other funds as General Fund activities. However, the District's General Fund budgets for the fiscal year ending June 30, 2014 and June 30, 2015 do not reflect the implementation of GASB 54.

APPENDIX B

2014-15 CASH FLOW PROJECTIONS OF THE PARTICIPANTS

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APPENDIX B

CASH FLOW PROJECTIONS OF THE PARTICIPANTS

The cash flow projections on the following pages represent the current 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.

In addition, the cash flow projections set forth in this Appendix B include the following assumptions:

- State funding levels will be as set forth in the May Revision to the Fiscal Year 2014-15 Proposed State Budget.
- Deferrals of fiscal year 2014-15 State funding for K-12 school districts outstanding as of June 30, 2015 will total approximately $900 million.
- Expenditure reductions which require concessions from a Participant's bargaining units are not included in the projections.

See Appendix A "INFORMATION REGARDING THE PARTICIPANTS - State and Federal Funding of Education" attached hereto.

Alpine Union School District

2013-2014 GENERAL FUND CASH FLOW (ACTUAL AND PROJECTED)													
	Jul (Act)	Aug (Act)	Sep (Act)	Oct (Act)	Nov (Act)	Dec (Act)	Jan (Act)	Feb (Act)	Mar (Act)	Apr (Actj)	May (Act)	Jun (Proj)	Total
Beginning Cash Balance	849,407	699,261	1,154,120	1,501,709	833,095	602,588	1,527,699	1,773,955	1,191,021	970,536	1,980,773	1,010,382	849,407
Receipts													
State Aid Apportionment	333,374	333,374	1,224,903	600,073	600,073	1,093,364	600,073	500,375	847,189	301,160	-	670,814	7,104,772
Property Taxes	8,663	58,596	(80,161)	41,085	118,895	959,854	615,959	58,207	109,213	807,961	467,967	54,050	3,220,288
Other Revenue Limit Sources	-	49,218	-	-	-	-	13,251	-	(12,157)	18,860	-	8,706	77,878
Federal	-	-	38,168	-	-	45,023	-	59,159	51,136	8,325	37,593	294,951	534,355
Other State	-	-	248,507	16,381	188,093	-	53,015	-	-	86,956	3,642	108,000	704,594
Other Local	52,212	66,305	152,132	127,929	153,441	104,133	127,424	125,797	131,294	239,347	49,634	60,015	1,389,664
Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferrals - Principal Apportionment	1,723,150	1,214,867	-	-	-	-	-	-	-	-	-	-	2,938,017
Deferrals - Other State Revenues	196,189	-	-	-	-	-	-	-	-	-	-	-	196,189
Other Prior Year Receivables	(1,898,015)	816,819	17,757	77,242	-	-	220,880	-	-	396	-	-	(764,921)
Temporary Loan Inflows	-	-	-	-	36,392	-	-	-	-	1,244,957	-	-	1,281,349
Other Cash Inflows	1,559,266	(1,548,561)	0	(0)	0	(0)	0	(12,656)	20,794	(8,138)	1,619	-	12,323
TRANs Related Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	1,974,838	990,618	1,601,306	862,710	1,096,893	2,202,374	1,630,602	730,883	1,147,468	2,699,825	560,454	1,196,536	16,694,507
Disbursements													
Salaries & Benefits	326,892	346,849	1,183,266	1,217,217	1,198,017	1,182,966	1,124,122	1,086,048	1,177,566	1,174,424	1,109,256	1,100,028	12,226,652
Commercial Warrant Exp	80,054	50,442	146,729	259,140	125,966	121,462	208,689	164,892	246,934	176,396	132,064	187,029	1,899,796
Transfers Out	114,781	-	-	35,702	-	-	-	-	-	343,939	-	-	494,422
Prior Year Payables	(8,645)	243,459	1,349	(247)	93	(16,750)	16,599	(544)	1,275	1,369	(443)	-	237,514
Other Cash Outflows	86,017	(104,990)	(77,628)	19,512	3,323	(10,600)	34,935	63,422	(57,822)	(6,542)	7,827	-	(42,545)
Temporary Loan Outflows	1,525,885	-	-	-	-	186	-	-	-	-	282,142	-	1,808,213
TRANs Related Disbursements	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements	2,124,985	535,759	1,253,716	1,531,324	1,327,400	1,277,263	1,384,346	1,313,817	1,367,953	1,689,587	1,530,846	1,287,057	16,624,053
Ending Cash Balance	699,261	1,154,120	1,501,709	833,095	602,588	1,527,699	1,773,955	1,191,021	970,536	1,980,773	1,010,382	919,861	919,861

2014-2015 GENERAL FUND CASH FLOW (PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	919,861	1,185,789	1,848,431	1,696,421	1,110,273	662,213	1,790,798	1,235,150	877,867	970,616	783,833	552,111	919,861
Receipts													
State Aid Apportionment	327,257	327,257	1,078,602	589,063	589,063	1,078,602	589,063	589,063	1,078,602	589,063	589,063	842,977	8,267,670
Property Taxes	8,156	8,380	(15,469)	8,497	84,432	1,191,461	501,619	19,557	97,668	972,331	348,322	202,045	3,427,000
Other Revenue Limit Sources	-	-	-	-	-	-	15,589	-	-	14,118	-	27,293	57,000
Federal	-	-	9,670	19,207	13,446	66,152	3,865	178,151	55,981	1,980	1,971	144,602	495,025
Other State	-	-	-	-	5,000	-	69,360	-	-	69,360	-	-	143,720
Other Local	58,749	62,816	149,737	187,647	125,539	92,399	215,629	140,021	166,108	143,746	126,821	145,948	1,615,160
Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferrals - Principal Apportionment	1,180,452	-	-	-	-	-	-	-	-	-	-	-	1,180,452
Other Prior Year Receivables	99,487	-	24,301	76,208	24,301	-	-	-	24,301	-	-	-	248,600
Temporary Loan Inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
TRANs Related Receipts	-	1,220,000	-	-	-	-	-	-	-	-	-	-	1,220,000
Total Receipts	1,674,101	1,618,453	1,246,841	880,622	841,781	2,428,613	1,395,125	926,791	1,422,660	1,790,598	1,066,177	1,362,865	16,654,627
Disbursements													
Salaries & Benefits	338,059	309,291	1,134,725	1,144,842	1,142,582	1,137,857	1,145,384	1,148,585	1,150,095	1,144,900	1,131,099	1,127,031	12,054,452
Commercial Warrant Exp	46,185	160,008	228,034	321,927	143,404	158,456	195,390	127,834	176,018	214,968	162,943	292,738	2,227,906
Transfers Out	3,789	457,850	7,428	-	3,856	3,714	-	7,654	3,798	7,512	3,856	5,008	504,467
Prior Year Payables	57,325	28,663	28,663	-	-	-	-	-	-	-	-	-	114,651
Other Cash Outflows	-	-	-	-	-	-	-	-	-	-	-	-	-
Temporary Loan Outflows	962,815	-	-	-	-	-	-	-	-	-	-	-	962,815
TRANs Related Disbursements	-	-	-	-	-	-	610,000	-	-	610,000	-	-	1,220,000
Total Disbursements	1,408,173	955,812	1,398,851	1,466,770	1,289,842	1,300,027	1,950,774	1,284,073	1,329,911	1,977,381	1,297,899	1,424,778	17,084,291
Ending Cash Balance	1,185,789	1,848,431	1,696,421	1,110,273	662,213	1,790,798	1,235,150	877,867	970,616	783,833	552,111	490,198	490,198

ALTERNATIVE CASH RESOUCES (75% OF CASH BALANCE)				
Fund Type	Fund Purpose	Actual as of 6/30/13	Projected as of 6/30/14	Projected as of 06/30/15*
Special Revenue	Cafeteria	21,860	7,500	7,500
Capital Projects	Capital Facilities	16,418	204,000	204,000
Total		38,278	211,500	211,500

* Represents the maturity date

Carlsbad Unified School District

2013-2014 GENERAL FUND CASH FLOW (ACTUAL AND PROJECTED)

	Jul (Act)	Aug (Act)	Sep (Act)	Oct (Act)	Nov (Act)	Dec (Act)	Jan (Act)	Feb (Act)	Mar Act)	Apr (Actj)	May (Act)	Jun (Proj)	Total
Beginning Cash Balance	11,561,678	20,505,050	20,439,755	17,004,589	11,156,727	7,475,082	22,934,185	23,821,992	18,702,792	13,878,824	18,884,783	20,344,281	11,561,678
Receipts													
State Aid Apportionment	134,683	134,683	665,636	134,683	-	530,952	53,874	61,057	591,298	35,285	-	530,241	2,872,392
Property Taxes	14,160	1,696,024	695,825	943,104	1,771,489	20,679,798	10,343,656	1,551,496	1,427,520	15,145,442	7,737,078	1,064,057	63,069,649
Other Revenue Limit Sources	-	-	-	-	-	-	77,991	-	52	223,911	8,832	29,871	340,657
Federal	-	3,747	277,598	8,895	13,165	280,543	46,642	13,866	224,432	119,778	290,213	1,175,994	2,454,873
Other State	-	-	1,749,101	78,447	834,163	324,099	408,000	-	138,577	494,957	4,423	75,368	4,107,137
Other Local	297,963	385,310	585,387	573,313	473,847	576,994	743,862	702,093	587,454	1,180,477	420,737	648,186	7,175,623
Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferrals - Principal Apportionment	1,879,947	978,155	-	-	-	-	-	-	-	-	-	-	2,858,102
Deferrals - Other State Revenues	1,351,030	-	-	-	-	-	-	-	-	-	-	-	1,351,030
Other Prior Year Receivables	(3,170,264)	1,679,375	1,585,704	444,789	653,840	47,520	962,264	35,859	35,577	14,248	23,541	-	2,312,453
Temporary Loan Inflows	-	-	-	-	-	-	-	-	-	-	7,000	-	7,000
Other Cash Inflows	2,196,759	(1,890,939)	98,831	(2,525)	(17,048)	8,888	(68,763)	9,287	(24,296)	17,796	(643,822)	-	(315,832)
TRANs Related Receipts	9,342,068	-	-	-	-	-	-	-	-	-	-	-	9,342,068
Total Receipts	12,046,347	2,986,356	5,658,080	2,180,707	3,729,457	22,448,794	12,567,526	2,373,657	2,980,614	17,231,895	7,848,002	3,523,717	95,575,153
Disbursements													
Salaries & Benefits	1,500,937	2,091,426	6,420,147	6,458,310	6,275,894	6,290,961	6,256,792	6,408,959	6,397,442	6,452,579	5,683,144	7,133,357	67,369,949
Commercial Warrant Exp	284,423	805,643	962,016	1,522,437	1,054,002	618,855	861,872	1,081,528	1,356,186	993,852	701,289	2,261,065	12,503,167
Transfers Out	-	-	(20,007)	-	59,057	85,000	(196,843)	0	135,949	-	-	(702,539)	(639,383)
Prior Year Payables	1,269,747	483,277	120,169	(29,465)	33,375	46,689	3,419	(430)	(72,919)	73,221	(16,422)	-	1,910,661
Other Cash Outflows	47,867	(328,695)	1,604,161	77,287	(11,225)	(51,814)	57,736	2,800	(12,076)	2,541	20,493	-	1,409,075
Temporary Loan Outflows	-	-	6,760	-	-	-	-	-	-	7,000	-	-	13,760
TRANs Related Disbursements	-	-	-	-	-	-	4,696,743	-	-	4,696,743	-	-	9,393,487
Total Disbursements	3,102,974	3,051,651	9,093,246	8,028,569	7,411,103	6,989,691	11,679,719	7,492,857	7,804,581	12,225,936	6,388,504	8,691,883	91,960,716
Ending Cash Balance	20,505,050	20,439,755	17,004,589	11,156,727	7,475,082	22,934,185	23,821,992	18,702,792	13,878,824	18,884,783	20,344,281	15,176,114	15,176,114

2014-2015 GENERAL FUND CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	15,176,114	14,127,268	19,049,380	13,889,020	7,951,853	3,172,684	18,144,018	16,356,282	11,035,271	6,810,072	13,952,528	13,012,952	15,176,114
Receipts													
State Aid Apportionment	229,354	229,354	757,788	229,354	-	528,434	91,742	103,974	632,408	103,974	103,974	632,408	3,642,763
Property Taxes	36,187	1,578,052	1,313,413	1,008,752	1,819,959	21,273,727	8,137,197	903,780	1,871,298	17,417,673	5,955,012	2,709,261	64,024,311
Other Revenue Limit Sources	-	-	-	-	-	-	97,246	-	-	88,069	-	170,258	355,573
Federal	136	1,359	43,032	13,637	6,390	284,206	19,552	777,777	298,070	7,667	8,147	702,698	2,162,671
Other State	-	-	-	-	384,603	-	429,384	-	-	429,384	-	-	1,243,371
Other Local	348,451	265,741	612,893	622,484	603,796	396,314	617,744	621,555	615,149	542,743	714,807	929,012	6,890,689
Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferrals - Principal Apportionment	933,332	-	-	-	-	-	-	-	-	-	-	-	933,332
Other Prior Year Receivables	694,748	-	243,032	390,945	243,032	-	-	-	243,032	-	-	-	1,814,791
Temporary Loan Inflows	55,674	-	-	-	-	-	-	-	-	-	-	-	55,674
Other Cash Inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
TRANs Related Receipts	-	6,750,000	-	-	-	-	-	-	-	-	-	-	6,750,000
Total Receipts	2,297,883	8,824,506	2,970,159	2,265,172	3,057,781	22,482,680	9,392,864	2,407,087	3,659,958	18,589,509	6,781,940	5,143,636	87,873,175
Disbursements													
Salaries & Benefits	1,780,285	2,334,631	6,430,674	6,620,854	6,683,143	6,647,389	6,572,940	6,706,482	6,749,045	6,762,176	6,691,404	7,337,509	71,316,532
Commercial Warrant Exp	620,009	972,530	1,211,117	1,524,992	1,126,355	863,957	1,226,278	958,805	1,154,030	1,308,476	988,473	2,385,000	14,340,021
Transfers Out	-	122,016	15,510	56,492	27,452	-	6,382	62,812	(17,919)	1,401	41,638	(16,383)	299,402
Prior Year Payables	946,436	473,218	473,218	-	-	-	-	-	-	-	-	-	1,892,872
Other Cash Outflows	-	-	-	-	-	-	-	-	-	-	-	-	-
Temporary Loan Outflows	-	-	-	-	-	-	-	-	-	-	-	-	-
TRANs Related Disbursements	-	-	-	-	-	-	3,375,000	-	-	3,375,000	-	-	6,750,000
Total Disbursements	3,346,729	3,902,394	8,130,519	8,202,338	7,836,950	7,511,346	11,180,600	7,728,099	7,885,156	11,447,054	7,721,516	9,706,126	94,598,827
Ending Cash Balance	14,127,268	19,049,380	13,889,020	7,951,853	3,172,684	18,144,018	16,356,282	11,035,271	6,810,072	13,952,528	13,012,952	8,450,462	8,450,462

ALTERNATIVE CASH RESOUCES (75% OF CASH BALANCE)

Fund Type	Fund Purpose	Actual as of 6/30/13	Projected as of 6/30/14	Projected as of 06/30/15*
Special Revenue	Cafeteria	77,714	28,713	28,713
Capital Projects	Capital Facilities	2,285,854	2,500,689	2,500,689
Capital Projects	County School Facilities	20,672,192	19,221	19,221
Capital Projects	Capital Project for Blended Component Uses	4,974,189	3,773,132	3,773,132
Total		28,009,948	6,321,755	6,321,755

* Represents the maturity date

Grossmont Union High School District

2013-2014 GENERAL FUND CASH FLOW (ACTUAL AND PROJECTED)													
	Jul (Act)	Aug (Act)	Sep (Act)	Oct (Act)	Nov (Act)	Dec (Act)	Jan (Act)	Feb (Act)	Mar Act)	Apr (Act)	May (Act)	Jun (Proj)	Total
Beginning Cash Balance	8,521,172	27,158,702	21,481,972	21,643,268	13,284,209	7,157,566	23,005,599	27,550,680	20,610,590	17,025,903	6,863,811	6,850,660	8,521,172
Receipts													
State Aid Apportionment	2,802,542	4,346,016	9,849,654	5,044,576	5,044,576	9,849,653	3,501,102	5,041,551	9,542,393	2,913,525	-	7,716,991	65,652,579
Property Taxes	(866,861)	403,980	(1,018,818)	(292,652)	1,142,700	21,352,162	13,709,538	1,018,658	548,709	15,609,674	7,853,119	3,839,752	63,299,960
Other Revenue Limit Sources	17,121	125,880	50,853	79,183	-	-	1,728,600	(3,659,215)	(823,917)	(442,834)	(751,017)	60,470	(3,614,876)
Federal	-	14,834	752,199	48,339	426,421	1,365,124	489,196	357,563	929,406	391,007	806,320	4,510,550	10,090,958
Other State	-	206,617	2,797,740	124,053	2,842,562	35,604	885,461	-	57,000	1,498,493	99,694	349,848	8,897,072
Other Local	743,283	613,932	1,844,503	1,412,720	1,479,234	2,257,411	3,467,779	2,403,541	1,833,195	1,981,656	2,066,284	15,253	20,118,792
Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferrals - Principal Apportionment	24,763,647	7,736,315	-	-	-	-	-	-	-	-	-	-	32,499,962
Deferrals - Other State Revenues	461,716	-	-	-	-	-	-	-	-	-	-	-	461,716
Other Prior Year Receivables	(17,466,928)	(5,653,025)	2,475,024	1,057,999	134,532	(650,176)	2,303,043	407,688	32,315	(21,448)	36,492	-	(17,344,483)
Temporary Loan Inflows	-	-	484,168	-	-	-	400,000	2,800,000	100,000	-	27,955	-	3,812,123
Other Cash Inflows	143,483	(29,560)	45,676	(1,895)	(15,777)	(201,428)	72,996	29,122	26,624	101,142	146,062	-	316,444
TRANs Related Receipts	15,176,122	-	-	-	-	-	-	-	-	-	-	-	15,176,122
Total Receipts	25,774,125	7,764,990	17,280,998	7,472,322	11,054,248	34,008,349	26,557,716	8,398,908	12,245,724	22,031,215	10,284,909	16,492,865	199,366,369
Disbursements													
Salaries & Benefits	2,931,246	11,175,312	12,922,051	13,153,850	13,486,576	13,342,933	13,165,168	13,248,896	13,377,118	13,455,075	13,435,443	12,710,467	146,404,136
Commercial Warrant Exp	605,491	1,580,829	2,167,193	3,814,592	2,210,740	2,428,558	2,488,947	2,069,969	2,413,142	3,299,273	3,595,012	5,106,261	31,780,007
Transfers Out	245,496	68,572	(18,122)	24,414	(40,096)	(31,051)	47,199	(32,045)	24,465	(34,315)	5,222	(555,944)	(296,205)
Prior Year Payables	5,082,523	982,729	(37,671)	(722,179)	606,414	1,361,055	(523,823)	691,587	(1,721,320)	1,337,127	(28,049)	-	7,028,391
Other Cash Outflows	(1,739,784)	(1,365,722)	2,086,252	(439,296)	917,258	558,820	(789,439)	(639,410)	1,737,006	6,511,563	(6,709,568)	(1,285,892)	(1,158,211)
Temporary Loan Outflows	11,623	1,000,000	-	-	-	500,000	-	-	-	-	-	-	1,511,623
TRANs Related Disbursements	-	-	-	-	-	-	7,624,583	-	-	7,624,583	-	-	15,249,167
Total Disbursements	7,136,595	13,441,720	17,119,702	15,831,381	17,180,892	18,160,316	22,012,635	15,338,998	15,830,411	32,193,306	10,298,060	15,974,892	200,518,907
Ending Cash Balance	27,158,702	21,481,972	21,643,268	13,284,209	7,157,566	23,005,599	27,550,680	20,610,590	17,025,903	6,863,811	6,850,660	7,368,633	7,368,633

2014-2015 GENERAL FUND CASH FLOW (PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	7,368,633	12,722,370	23,548,225	20,827,552	10,892,209	6,164,733	26,390,056	19,092,396	12,664,247	13,850,008	14,436,196	10,676,729	7,368,633
Receipts													
State Aid Apportionment	3,053,362	3,053,362	10,301,130	5,496,052	5,496,052	10,301,130	5,496,052	5,496,052	10,301,130	5,496,052	5,496,052	8,102,707	78,089,130
Property Taxes	114,858	112,802	(917,375)	(387,114)	92,280	22,667,500	11,279,886	(307,238)	1,036,267	18,215,830	6,132,386	5,264,667	63,304,747
Other Revenue Limit Sources	(69,534)	(102,366)	(954,259)	(968,662)	(96,626)	(95,754)	(1,427,052)	(353,174)	(94,902)	(931,707)	(883,296)	(609,978)	(6,587,309)
Federal	29,658	33,045	433,148	9,396	235,394	1,266,657	200,892	2,162,253	1,633,440	28,858	42,944	2,626,227	8,701,911
Other State	-	-	-	-	834,053	-	823,946	-	-	823,946	-	-	2,481,944
Other Local	537,625	809,605	1,716,757	2,015,994	2,062,259	1,315,814	1,871,421	1,801,504	2,290,948	2,727,331	2,037,267	2,455,630	21,642,156
Transfers In	-	-	-	-	-	-	-	-	-	-	-	50,000	50,000
Deferrals - Principal Apportionment	4,702,329	-	-	-	-	-	-	-	-	-	-	-	4,702,329
Other Prior Year Receivables	3,047,460	-	2,246,220	319,571	2,246,220	-	-	-	2,246,220	-	-	-	10,105,691
Temporary Loan Inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
TRANs Related Receipts	-	20,000,000	-	-	-	-	-	-	-	-	-	-	20,000,000
Total Receipts	11,415,758	23,906,448	12,825,620	6,485,236	10,869,631	35,455,346	18,245,145	8,799,396	17,413,103	26,360,308	12,825,352	17,889,253	202,490,598
Disbursements													
Salaries & Benefits	4,125,481	10,725,489	12,613,205	13,641,783	13,618,150	13,437,519	13,511,276	13,191,399	13,695,680	13,598,234	13,836,062	12,617,614	148,611,892
Commercial Warrant Exp	141,537	1,465,256	2,048,487	2,857,649	2,002,691	1,837,658	2,050,217	2,042,794	2,530,812	2,208,278	2,800,535	4,789,410	26,775,324
Transfers Out	(1,770)	(8,538)	(13,787)	(78,853)	(23,735)	(45,154)	(18,688)	(6,648)	850	(32,392)	(51,778)	(43,846)	(324,337)
Prior Year Payables	1,796,773	898,387	898,387	-	-	-	-	-	-	-	-	-	3,593,547
Other Cash Outflows	-	-	-	-	-	-	-	-	-	-	-	-	-
Temporary Loan Outflows	-	-	-	-	-	-	-	-	-	-	-	-	-
TRANs Related Disbursements	-	-	-	-	-	-	10,000,000	-	-	10,000,000	-	-	20,000,000
Total Disbursements	6,062,021	13,080,593	15,546,293	16,420,580	15,597,107	15,230,023	25,542,806	15,227,545	16,227,342	25,774,120	16,584,819	17,363,177	198,656,426
Ending Cash Balance	12,722,370	23,548,225	20,827,552	10,892,209	6,164,733	26,390,056	19,092,396	12,664,247	13,850,008	14,436,196	10,676,729	11,202,805	11,202,805

ALTERNATIVE CASH RESOUCES (75% OF CASH BALANCE)				
Fund Type	Fund Purpose	Actual as of 6/30/13	Projected as of 6/30/14	Projected as of 06/30/15*
Special Revenue	Adult Education	711,109	213,342	213,342
Special Revenue	Deferred Maintanence	347,034	277,622	259,622
Special Revenue	Special Reserve for Non-Capital Outlay	77,438	77,671	77,671
Capital Projects	Capital Facilities	2,463,970	1,342,208	17,210
Capital Projects	Special Reserve for Capital Outlay	5,072,166	2,514,920	641,990
Trust and Agency	Self-Insurance Fund	1,223,392	1,169,572	1,169,572
Special Revenue	Self-Insurance Fund	2,279,706	1,751,392	251,392
Special Revenue	Cafeteria	213,020	389,785	389,785
Capital Projects	County School Facilities	43,643,514	54,774,272	20,790,722
Total		56,031,350	62,510,781	23,811,304

* Represents the maturity date

La Mesa-Spring Valley School District

2013-2014 GENERAL FUND CASH FLOW (ACTUAL AND PROJECTED)													
	Jul (Act)	Aug (Act)	Sep (Act)	Oct (Act)	Nov (Act)	Dec (Act)	Jan (Act)	Feb (Act)	Mar Act)	Apr (Act)	May (Act)	Jun (Proj)	Total
Beginning Cash Balance	6,850,431	8,694,902	7,483,991	8,802,994	5,899,575	5,652,388	12,659,115	8,355,285	5,158,535	5,369,479	13,831,066	7,161,195	6,850,431
Receipts													
State Aid Apportionment	2,058,550	2,058,550	6,398,979	3,705,392	3,705,392	6,398,980	3,705,392	3,524,587	6,187,121	2,036,868	-	4,312,663	44,092,474
Property Taxes	52,130	344,388	186,970	241,439	702,984	6,666,315	4,076,605	642,710	645,456	4,916,167	2,768,665	804,030	22,047,860
Other Revenue Limit Sources	-	-	-	-	-	-	85,519	-	-	245,523	9,903	32,536	373,481
Federal	-	81,068	334,638	43,771	28,140	861,474	18,563	84,195	613,184	(46,250)	550,089	2,076,758	4,645,630
Other State	43,132	43,132	1,347,880	178,361	1,618,562	242,677	493,795	69,173	74,809	588,461	23,589	68,077	4,791,647
Other Local	304,679	333,160	603,682	571,704	1,343,316	574,237	606,205	651,278	954,126	324,135	83,937	118,094	6,468,555
Transfers In	-	-	-	-	-	-	-	-	-	-	-	9,820	9,820
Deferrals - Principal Apportionment	11,056,885	6,906,821	-	-	-	-	-	-	-	-	-	-	17,963,706
Deferrals - Other State Revenues	1,526,101	-	-	-	-	-	-	-	-	-	-	-	1,526,101
Other Prior Year Receivables	(12,494,645)	5,236,034	383,998	521,488	(138)	900	1,462,136	(85,913)	(85,013)	161,311	8,783	(3,285)	(4,894,343)
Temporary Loan Inflows	-	-	-	622,551	-	-	-	-	-	8,947,307	-	148,832	9,718,690
Other Cash Inflows	8,863,734	(8,865,314)	(31,290)	(8,034)	1,993	(6,886)	22,166	15,858	(17,309)	3,523	50,674	211,711	240,826
TRANs Related Receipts	6,529,437	-	-	-	-	-	-	-	-	-	-	-	6,529,437
Total Receipts	17,940,004	6,137,839	9,224,858	5,876,672	7,400,249	14,737,698	10,470,381	4,901,888	8,372,373	17,177,045	3,495,640	7,779,237	113,513,884
Disbursements													
Salaries & Benefits	5,704,673	6,195,311	6,860,551	7,034,973	6,972,025	6,950,531	7,299,901	7,230,292	7,087,821	7,200,220	7,009,158	7,137,779	82,683,236
Commercial Warrant Exp	308,490	667,796	835,093	1,368,412	648,914	769,225	918,467	868,858	1,006,982	1,504,195	1,165,604	2,670,772	12,732,809
Transfers Out	700	7,014	311,568	350	350	7,014	7,014	350	49,195	6,269	-	-	389,826
Prior Year Payables	690,708	941,801	(664)	21,904	28,472	1,330	2,210	4,139	1,305	1,704	(686)	27,717	1,719,940
Other Cash Outflows	103,408	(751,268)	(100,694)	354,452	(2,325)	2,871	(19,098)	(5,001)	16,126	3,070	3,695	-	(394,764)
Temporary Loan Outflows	9,287,553	288,095	-	-	-	-	-	-	-	-	1,987,739	-	11,563,387
TRANs Related Disbursements	-	-	-	-	-	-	6,565,717	-	-	-	-	-	6,565,717
Total Disbursements	16,095,533	7,348,749	7,905,854	8,780,092	7,647,436	7,730,972	14,774,211	8,098,638	8,161,429	8,715,458	10,165,510	9,836,268	115,260,150
Ending Cash Balance	8,694,902	7,483,991	8,802,994	5,899,575	5,652,388	12,659,115	8,355,285	5,158,535	5,369,479	13,831,066	7,161,195	5,104,164	5,104,164

2014-2015 GENERAL FUND CASH FLOW (PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	5,104,164	4,047,332	7,181,881	6,482,382	3,748,345	2,848,373	10,247,219	6,983,413	4,277,310	7,277,175	6,248,157	5,425,567	5,104,164
Receipts													
State Aid Apportionment	2,447,480	2,447,480	7,059,821	4,405,465	4,405,465	7,059,821	4,405,465	4,405,465	7,059,821	4,405,465	4,405,465	5,297,636	57,804,848
Property Taxes	46,709	228,657	281,886	286,870	717,250	6,879,283	3,204,051	352,043	755,017	5,621,564	2,170,844	1,503,685	22,047,860
Other Revenue Limit Sources	-	-	-	-	-	-	101,202	-	-	91,652	-	177,184	370,038
Federal	2	11,379	39,508	21,137	17,348	759,176	15,514	10,388	2,003,013	12,986	9,234	1,396,436	4,296,122
Other State	40,690	40,690	73,242	73,242	395,548	73,242	525,890	73,242	73,242	525,890	73,242	73,242	2,041,401
Other Local	288,277	303,195	539,919	558,320	1,327,141	508,150	559,392	549,804	849,120	543,424	560,259	638,727	7,225,728
Transfers In	-	-	-	13,372	-	2,225	(1)	5	4,249	-	-	12,893	32,743
Deferrals - Principal Apportionment	10,284,532	-	-	-	-	-	-	-	-	-	-	-	10,284,532
Other Prior Year Receivables	827,345	-	358,907	373,136	358,907	-	-	-	358,907	-	-	-	2,277,204
Temporary Loan Inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Inflows	-	-	-	-	-	-	-	-	-	-	-	43,650	43,650
TRANs Related Receipts	-	7,855,000	-	-	-	-	-	-	-	-	-	-	7,855,000
Total Receipts	13,935,036	10,886,402	8,353,283	5,731,541	7,221,659	15,281,897	8,811,513	5,390,947	11,103,370	11,200,981	7,219,043	9,143,453	114,279,124
Disbursements													
Salaries & Benefits	6,224,901	6,249,893	7,145,851	7,275,365	7,164,073	7,208,455	7,242,977	7,251,942	7,274,505	7,398,333	7,234,159	7,309,799	84,980,254
Commercial Warrant Exp	399,735	788,948	1,189,292	1,186,106	940,732	674,206	898,161	841,015	827,877	939,776	795,899	584,970	10,066,716
Transfers Out	-	9,180	13,807	4,107	16,826	390	6,681	4,092	1,123	(35,609)	11,576	378,123	410,295
Prior Year Payables	1,407,664	703,832	703,832	-	-	-	-	-	-	-	-	-	2,815,327
Other Cash Outflows	-	-	-	-	-	-	-	-	-	-	-	-	-
Temporary Loan Outflows	6,959,568	-	-	-	-	-	-	-	-	-	-	-	6,959,568
TRANs Related Disbursements	-	-	-	-	-	-	3,927,500	-	-	3,927,500	-	-	7,855,000
Total Disbursements	14,991,868	7,751,853	9,052,782	8,465,578	8,121,631	7,883,051	12,075,320	8,097,050	8,103,505	12,229,999	8,041,633	8,272,891	113,087,160
Ending Cash Balance	4,047,332	7,181,881	6,482,382	3,748,345	2,848,373	10,247,219	6,983,413	4,277,310	7,277,175	6,248,157	5,425,567	6,296,128	6,296,128

ALTERNATIVE CASH RESOUCES (75% OF CASH BALANCE)				
Fund Type	Fund Purpose	Actual as of 6/30/13	Projected as of 6/30/14	Projected as of 06/30/15*
Special Revenue	Child Development	58,612	73,223	73,223
Special Revenue	Cafeteria	176,642	468,601	468,601
Special Revenue	Special Reserve for Non-Capital Outlay	718,005	793,472	793,472
Capital Projects	Capital Facilities	349,184	416,531	416,531
Capital Projects	Special Reserve for Capital Outlay	18,871	18,916	18,916
Enterprise	Other Enterprise	631,647	571,912	571,912
Total		1,952,960	2,342,654	2,342,654

* Represents the maturity date

San Dieguito Union High School District

2013-2014 GENERAL FUND CASH FLOW (ACTUAL AND PROJECTED)

	Jul (Act)	Aug (Act)	Sep (Act)	Oct (Act)	Nov (Act)	Dec (Act)	Jan (Act)	Feb (Act)	Mar Act)	Apr (Act)	May (Act)	Jun (Proj)	Total
Beginning Cash Balance	11,140,171	11,868,509	18,634,256	14,573,249	7,090,049	3,555,917	25,143,033	25,094,616	19,304,830	12,836,981	18,825,982	21,877,457	11,140,171
Receipts													
State Aid Apportionment	42,365	42,365	643,558	42,365	-	601,193	16,946	19,205	629,628	11,099	1,490	610,423	2,660,637
Property Taxes	19,052	1,082,585	641,355	783,416	2,411,753	28,372,763	13,089,326	2,113,511	1,952,767	20,515,900	10,302,986	1,690,392	82,975,804
Other Revenue Limit Sources	-	-	-	-	-	-	87,854	-	-	252,227	63,163	23,282	426,526
Federal	-	-	434,580	-	338,354	257,675	25,547	29,546	214,777	98,493	578,517	2,001,707	3,979,195
Other State	33,285	50,327	1,660,436	327,077	1,892,805	640,619	604,467	29,856	84,556	770,626	179,108	235,171	6,508,333
Other Local	188,859	241,737	742,673	597,271	518,413	476,534	815,789	518,633	647,218	1,907,266	1,302,984	1,812,131	9,769,509
Transfers In	-	-	-	-	-	-	-	-	-	-	539,409	226,179	765,588
Deferrals - Principal Apportionment	799,617	1,091,395	-	-	-	-	-	-	-	-	-	-	1,891,012
Deferrals - Other State Revenues	298,245	-	-	-	-	-	-	-	-	-	-	-	298,245
Other Prior Year Receivables	(951,028)	(82,651)	1,958,926	653,227	10,124	57,192	1,449,078	-	26,745	-	2,490	-	3,124,104
Temporary Loan Inflows	-	-	-	210,000	-	-	-	40,000	-	-	-	-	250,000
Other Cash Inflows	1,754,826	(35,737)	(1,719,707)	(6)	(47,396)	47,390	(139,891)	29,933	(48,166)	26,902	(1,037,269)	-	(1,169,121)
TRANs Related Receipts	13,403,790	-	-	-	-	-	-	-	-	-	-	-	13,403,790
Total Receipts	15,589,011	2,390,021	4,361,821	2,613,349	5,124,053	30,453,366	15,949,116	2,780,684	3,507,525	23,582,512	11,932,878	6,599,285	124,883,621
Disbursements													
Salaries & Benefits	1,221,480	6,126,500	7,612,975	7,671,035	7,594,057	8,010,673	7,923,501	7,673,072	8,541,757	7,816,652	7,717,637	8,803,319	86,712,657
Commercial Warrant Exp	393,595	846,453	758,627	1,760,389	1,038,051	806,082	1,302,279	853,308	1,383,383	1,730,487	1,129,444	1,197,723	13,199,820
Transfers Out	79,941	(79,941)	-	11,427	-	98,159	14,688	411,089	100,972	(1,112,020)	2,353,368	424,580	2,302,264
Prior Year Payables	1,035,229	1,420,911	7,690	(724)	25,667	191	23,171	(1,139)	(682)	(691)	52,257	-	2,561,880
Other Cash Outflows	12,090,428	(12,689,650)	43,536	654,422	411	(48,855)	(1,154)	(365,861)	(50,056)	2,424,035	(2,371,303)	-	(314,046)
Temporary Loan Outflows	40,000	-	-	-	-	-	-	-	-	-	-	-	40,000
TRANs Related Disbursements	-	-	-	-	-	-	6,735,049	-	-	6,735,049	-	-	13,470,097
Total Disbursements	14,860,673	(4,375,727)	8,422,828	10,096,549	8,658,185	8,866,249	15,997,533	8,570,470	9,975,374	17,593,511	8,881,404	10,425,622	117,972,672
Ending Cash Balance	11,868,509	18,634,256	14,573,249	7,090,049	3,555,917	25,143,033	25,094,616	19,304,830	12,836,981	18,825,982	21,877,457	18,051,120	18,051,120

2014-2015 GENERAL FUND CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	18,051,120	17,487,202	20,104,183	13,765,003	6,301,550	1,661,612	23,673,059	21,362,011	15,596,130	11,286,913	22,068,123	21,548,027	18,051,120
Receipts													
State Aid Apportionment	42,129	42,129	647,277	42,129	-	605,148	16,851	19,098	624,246	19,098	19,098	624,246	2,701,449
Property Taxes	78,049	784,817	906,031	1,050,558	2,537,260	29,590,179	10,412,517	1,270,911	2,659,464	24,083,760	8,012,274	3,101,002	84,486,823
Other Revenue Limit Sources	-	-	-	-	-	-	109,865	-	-	99,497	-	192,351	401,714
Federal	-	27,467	124,621	7,821	(46,749)	332,938	27,928	1,050,996	361,390	18,026	368	1,351,174	3,255,981
Other State	-	-	-	-	564,312	-	469,670	-	-	469,670	-	-	1,503,652
Other Local	286,416	695,204	968,061	932,467	701,613	451,096	636,621	839,431	918,191	823,055	1,074,256	1,187,021	9,513,432
Transfers In	-	6,270	-	48,926	-	333,868	-	-	-	-	-	376,524	765,588
Deferrals - Principal Apportionment	925,011	-	-	-	-	-	-	-	-	-	-	-	925,011
Other Prior Year Receivables	1,155,207	-	685,537	303,859	685,537	-	-	-	685,537	-	-	-	3,515,679
Temporary Loan Inflows	226,983	-	-	-	-	-	-	-	-	-	-	-	226,983
Other Cash Inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
TRANs Related Receipts	-	8,875,000	-	-	-	-	-	-	-	-	-	-	8,875,000
Total Receipts	2,713,795	10,430,887	3,331,526	2,385,759	4,441,975	31,313,229	11,673,452	3,180,437	5,248,829	25,513,107	9,105,996	6,832,320	116,171,312
Disbursements													
Salaries & Benefits	1,476,612	6,267,291	7,891,216	7,893,031	7,924,968	8,347,539	8,149,140	7,872,655	8,203,833	7,955,438	7,867,271	8,372,885	88,221,879
Commercial Warrant Exp	515,212	903,669	1,092,565	1,783,128	1,156,606	954,243	1,397,860	1,058,859	1,346,837	1,397,178	1,754,268	1,727,444	15,087,869
Transfers Out	-	-	43,982	173,053	338	-	-	14,804	7,375	941,781	4,553	974,625	2,160,512
Prior Year Payables	1,285,889	642,945	642,945	-	-	-	-	-	-	-	-	-	2,571,779
Other Cash Outflows	-	-	-	-	-	-	-	-	-	-	-	-	-
Temporary Loan Outflows	-	-	-	-	-	-	-	-	-	-	-	-	-
TRANs Related Disbursements	-	-	-	-	-	-	4,437,500	-	-	4,437,500	-	-	8,875,000
Total Disbursements	3,277,713	7,813,905	9,670,707	9,849,212	9,081,913	9,301,782	13,984,500	8,946,318	9,558,046	14,731,898	9,626,093	11,074,953	116,917,039
Ending Cash Balance	17,487,202	20,104,183	13,765,003	6,301,550	1,661,612	23,673,059	21,362,011	15,596,130	11,286,913	22,068,123	21,548,027	17,305,393	17,305,393

ALTERNATIVE CASH RESOUCES (75% OF CASH BALANCE)

Fund Type	Fund Purpose	Actual as of 6/30/13	Projected as of 6/30/14	Projected as of 06/30/15*
Special Revenue	Adult Education	10,021	31,873	31,873
Special Revenue	Cafeteria	608,311	478,960	478,960
Special Revenue	Deferred Maintanence	2,351	2,356	2,356
Special Revenue	Pupil Transportation Equipment	36,635	2,370	2,370
Special Revenue	Special Reserve for Non-Capital Outlay	1,833,786	1,838,131	1,838,131
Capital Projects	Capital Facilities	205,406	480,606	480,606
Capital Projects	County School Facilities	798,675	800,567	800,567
Capital Projects	Special Reserve for Capital Outlay	20,076	20,124	20,124
Capital Projects	Capital Facilities	755,636	704,374	704,374
Total		4,270,896	4,359,363	4,359,363

* Represents the maturity date

APPENDIX C

SCHEDULE OF PLEDGED REVENUE DEPOSITS

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County of San Diego and San Diego County School Districts
Tax and Revenue Anticipation Note Program
Note Participations, Series 2014

Schedule of Pledged Revenue Deposits

		Term	*First Repayment Pledge Month*			*Subsequent Repayment Pledge Month(s)*		
Participant	Note Amount**	Months**	Month	Percent	$ Amount*	Month	Percent	$ Amount*
Alpine Union School District	$ 1,220,000	10.8	January	50%	$ 610,000	April	50%	$ 610,000
Carlsbad Unified School District	6,750,000	10.8	January	50%	3,375,000	April	50%	3,375,000
Grossmont Union High School District	20,000,000	10.8	January	50%	10,000,000	April	50%	10,000,000
La Mesa-Spring Valley School District	7,855,000	10.8	January	50%	3,927,500	April	50%	3,927,500
San Dieguito Union High School District	8,875,000	10.8	January	50%	4,437,500	April	50%	4,437,500
Total Par Amount:	**$ 44,700,000**							

*Exclusive of interest. Actual amounts deposited in the Payment Accounts may be reduced by the anticipated investment earning to be received under an investment agreement, if any, through the Maturity Date of such investment agreement, if any.
** Preliminary. Subject to change.

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APPENDIX D

FORM OF BOND COUNSEL APPROVING OPINION

July __, 2014

Participants identified
in the Trust Agreement

County of San Diego and San Diego County School Districts
Tax and Revenue Anticipation Note Program, Note Participations
Series 2014
(Final Opinion)

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 County of San Diego and San Diego County School Districts Tax and Revenue Anticipation Note Program, Note Participations, Series 2014 (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 identified in the Official Statement, dated July __, 2014 (the "Official Statement"), relating to the Note Participations, 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 August 1, 2014, between Wilmington Trust, N.A. (the "Trustee") and the Participants which are a party to the trust agreement (the "Trust Agreement"). Each Note is issued pursuant to and by authority of a resolution of each respective Participant, each passed and adopted (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 "2014-2015 Tax and Revenue Anticipation Note."

In such connection, we have reviewed the Trust Agreement, the Resolution, the Notes, opinions of counsel to the Participants, the Trustee, certificates of the Participants regarding tax and other matters (the "Certificates"), certificates of the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Note Participations has concluded with their execution and delivery, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Participants. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolutions, the Trust Agreement and the Certificates, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest evidenced and represented by the Note Participations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Resolutions, the Notes, the Trust Agreement, the Certificates, and evidenced and represented by the Note Participations, and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities such as the Participants in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Notes or the Note Participations and express no opinion with respect thereto.

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 issuing 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 the issuing 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 respective Participants which are a party thereto.

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

5. Interest on the Notes paid by the Participants and received by the registered owners of the Note Participations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest on the Notes represented by the Note Participations and excluded from gross income may depend on the taxpayer's election under Internal Revenue Service Notice 94-84. Interest on the Note Participations is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of such interest represented by, the Note Participations.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

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APPENDIX E

PARTICIPANT NOTE AMOUNTS AND COVERAGE ANALYSIS

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County of San Diego and San Diego County School Districts
Tax and Revenue Anticipation Note Program
Note Participations, Series 2014

Note Amounts and Coverage Analysis

			Base Amounts (1)				Cash Coverage Factors (2)		
Participant	Note Amount	Note Terms (Months)*	2014-15 Projected Cash Receipts (3)	2014-15 Cash Balance at Maturity	2014-15 Alt. Cash at Maturity	TRANS as % of 2014-15 Cash Receipts	2014-15 Projected Cash Receipts (3)	2014-15 Cash Balance at Maturity	2014-15 & Alt. Cash
Alpine Union School District	$ 1,220,000	10.8	$ 15,434,627	$ 490,198	$ 211,500	7.904%	13.65 x	1.40 x	1.58 x
Carlsbad Unified School District	6,750,000	10.8	81,123,175	8,450,462	6,321,755	8.321%	13.02 x	2.25 x	3.19 x
Grossmont Union High School District	20,000,000	10.8	182,490,598	11,202,805	23,811,304	10.959%	10.13 x	1.56 x	2.75 x
La Mesa-Spring Valley School District	7,855,000	10.8	106,424,124	6,296,128	2,342,654	7.381%	14.55 x	1.80 x	2.10 x
San Dieguito Union High School District	8,875,000	10.8	107,296,312	17,305,393	4,359,363	8.271%	13.09 x	2.95 x	3.44 x
Total Par Amount:	**$44,700,000**				**Averages:**	**8.567%**	**12.89 x**	**1.99 x**	**2.61 x**

(1) Base Amounts exclude Note Amounts.
(2) Note Amounts have been added to each Base Amount to calculate Cash Coverage Factors.
(3) 2014-15 Projected Cash Receipts are receipts received through the Maturity date of the respective note.
* Preliminary. Subject to change.

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