	Ratings:
Series A Note Participations	**Series B-1 Note Participations**
Fitch: "F1+"	**Series B-2 Note Participations and**
Moody's: "MIG 1"	**Series B-3 Note Participations**
S&P: "SP-1+"	**S&P: "SP-1+"**
	(See "RATINGS" 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 represented by 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 and corporate alternative minimum taxes, nor is it 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 accrual or receipt of interest on, the Note Participations. See "TAX MATTERS" herein.

$264,745,000
COUNTY OF SAN DIEGO AND SAN DIEGO COUNTY SCHOOL DISTRICTS
TAX AND REVENUE ANTICIPATION NOTE PROGRAM
NOTE PARTICIPATIONS, SERIES 2010

Evidencing and Representing Proportionate and Undivided Interests of the Owners Thereof
in 2010-11 Tax and Revenue Anticipation Notes of the County of San Diego, California and
Certain School Districts within San Diego County

$140,000,000	**$22,840,000**	**$98,205,000**	**$3,700,000**
Series A	**Series B-1**	**Series B-2**	**Series B-3**
Interest Rate: 2.00%	**Interest Rate: 2.00%**	**Interest Rate: 2.00%**	**Interest Rate: 2.00%**
Yield: 0.38%	**Yield: 0.73%**	**Yield: 0.90%**	**Yield: 0.95%**
Due: June 30, 2011	**Due: January 31, 2011**	**Due: April 29, 2011**	**Due: April 29, 2011**
CUSIP†: 797381 AZ3	**CUSIP†: 797381 BA7**	**CUSIP†: 797381 BB5**	**CUSIP†: 797381 BC3**

Dated: July 1, 2010

Each Series of 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 applicable 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 of each Series are being issued pursuant to the terms of four separate Trust Agreements, each dated as of July 1, 2010 (each a "Trust Agreement" and collectively the "Trust Agreements"), the first of which is by and between the County of San Diego (the "County" or the "Series A Participant") and Wells Fargo Bank, National Association (the "Trustee") (the "Series A Trust Agreement") with respect to $140,000,000 Series A Note Participations (the "Series A Note Participations"), the second of which is by and among the County, certain of the Districts identified herein under "THE PARTICIPANTS" (the "Series B-1 Participants") and the Trustee (the "Series B-1 Trust Agreement") with respect to $22,840,000 Series B-1 Note Participations (the "Series B-1 Note Participations"), the third of which is by and among the County, certain of the Districts identified herein under "THE PARTICIPANTS" (the "Series B-2 Participants") and the Trustee (the "Series B-2 Trust Agreement") with respect to $98,205,000 Series B-2 Note Participations (the "Series B-2 Note Participations"), and the fourth of which is by and among the County, certain of the Districts identified herein under "THE PARTICIPANTS" (the "Series B-3 Participants" and, together with the Series B-1 Participants and the Series B-2 Participants, the "Series B Participants"; the Series B Participants and the Series A Participant are referred to herein as the "Participants") and the Trustee (the "Series B-3 Trust Agreement" and, together with the Series A Trust Agreement, the Series B-1 Trust Agreement and the Series B-2 Trust Agreement, the "Trust Agreements") with respect to $3,700,000 Series B-3 Note Participations (the "Series B-3 Note Participations" and, together with the Series B-1 Note Participations and the Series B-2 Note Participations, the "Series B Note Participations"; the Series A Note Participations and the Series B Note Participations are referred to herein as the "Note Participations"). Each Series of the Note Participations matures on the applicable maturity date set forth above, and evidences and represents a proportionate and undivided interest in certain designated 2010-11 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 2010-11. 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 July 1, 2010.

RBC Capital Markets **De La Rosa & Co.**

Dated: June 2, 2010

† CUSIP data, American Bankers Association. CUSIP data are set forth for convenience of reference only. Neither the County, the Districts nor the Underwriters assume any responsibility for the accuracy of such data.

SERIES A NOTE PARTICIPANT

County of San Diego

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SERIES B-1 NOTE PARTICIPANTS

Bonsall Union School District
Carlsbad Unified School District
Encinitas Union School District
Fallbrook Union High School District
Sweetwater Union High School District
Vista Unified School District

SERIES B-2 NOTE PARTICIPANTS

Alpine Union School District
Cardiff School District
Chula Vista Elementary School District
Grossmont Union High School District
La Mesa-Spring Valley School District
Oceanside Unified School District
Poway Unified School District
San Dieguito Union High School District
San Ysidro School District

SERIES B-3 NOTE PARTICIPANTS

Santee Elementary School District
Vallecitos School District

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COUNTY OF SAN DIEGO
BOARD OF SUPERVISORS

Greg Cox	First District
Dianne Jacob	Second District
Pam Slater-Price, Chairwoman	Third District
Ron Roberts	Fourth District
Bill Horn, Vice-Chairman	Fifth District

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COUNTY OFFICIALS

Walter F. Ekard, *Chief Administrative Officer*
Dan McAllister, *Treasurer-Tax Collector*
Donald F. Steuer, *Chief Financial Officer*
Tracy M. Sandoval, *Auditor & Controller*
John J. Sansone, *County Counsel*

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SPECIAL SERVICES

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

Financial Advisor to the County of San Diego
Gardner, Underwood & Bacon LLC
Los Angeles, California

Financial Advisor to School District Participants
Greencoast Capital Partners LLC
Los Angeles, California

Trustee
Wells Fargo Bank, National Association
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 Agreements, the Guaranteed Investment Contract, 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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$264,745,000
COUNTY OF SAN DIEGO AND SAN DIEGO COUNTY SCHOOL DISTRICTS
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NOTE PARTICIPATIONS, SERIES 2010

Evidencing and Representing Proportionate and Undivided Interests of the Owners Thereof in 2010-11 Tax and Revenue Anticipation Notes of the County of San Diego, California and Certain School Districts within San Diego County

$140,000,000	**$22,840,000**	**$98,205,000**	**$3,700,000**
SERIES A	**SERIES B-1**	**SERIES B-2**	**SERIES B-3**

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 $264,745,000 aggregate principal amount of the County of San Diego and San Diego County School Districts Tax and Revenue Anticipation Note Program Note Participations, Series 2010 comprised of $140,000,000 Series A Note Participations maturing on June 30, 2011 (the "Series A Note Participations"), $22,840,000 Series B-1 Note Participations maturing on January 31, 2011 (the "Series B-1 Note Participations") $98,205,000 Series B-2 Note Participations maturing on April 29, 2011 (the "Series B-2 Note Participations"), and $3,700,000 Series B-3 Note Participations maturing on April 29, 2011 (the "Series B-3 Note Participations" and, together with the Series B-1 Note Participations and the Series B-2 Note Participations, the "Series B Note Participations"). The Series A Note Participations and the Series B Note Participations are sometimes together referred to as the "Note Participations." Each Series of Note Participations evidences and represents proportionate and undivided interests of the owners thereof in certain 2010-11 Tax and Revenue Anticipation Notes (individually, a "Note" and collectively, the "Notes") issued by the County of San Diego (the "County") on behalf of itself and on behalf of the various school districts, as further described under the "THE PARTICIPANTS" herein (the "Districts" and collectively with the County, 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 separate resolutions adopted by the Board of Supervisors of the County (the "Board") on behalf of each Participant (each, a "Note Resolution" and collectively, the "Note Resolutions").

The Note Participations of each Series are being issued pursuant to the terms of four separate Trust Agreements, each dated as of July 1, 2010 (each a "Trust Agreement" and collectively the "Trust Agreements"), the first of which is by and between the County (the "Series A Participant") and Wells Fargo Bank, National Association (the "Trustee") (the "Series A Trust Agreement") with respect to the Series A Note Participations, the second of which is by and among the County, certain of the Districts identified herein under "THE PARTICIPANTS" (the "Series B-1 Participants") and the Trustee (the "Series B-1 Trust Agreement") with respect to the Series B-1 Note Participations, the third of which is by and among the County, certain of the Districts identified herein under "THE PARTICIPANTS" (the "Series B-2 Participants") and the Trustee (the "Series B-2 Trust Agreement") with respect to the Series B-2 Note Participations, and the fourth of which is by and among the County, certain of the Districts identified herein under "THE PARTICIPANTS" (the "Series B-3 Participants" and, together with the

Series B-1 Participants and the Series B-2 Participants, the "Series B Participants"; the Series B Participants and the Series A Participant are referred to herein as the "Participants"), the Trustee (the "Series B-3 Trust Agreement" and, together with the Series A Trust Agreement, the Series B-1 Trust Agreement and the Series B-2 Trust Agreement, the "Trust Agreements") with respect to the Series B-3 Note Participations. The Participants will determine the principal amount of their respective Notes upon execution by the County on behalf of all Participants of the respective Purchase Agreement. See APPENDIX A – "COUNTY OF SAN DIEGO FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION" and APPENDICES B, C and D 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 Series A Note Participations are being issued to provide operating cash for the County's current working capital expenditures, capital expenditures and the investment and reinvestment of funds prior to the receipt of anticipated tax payments and other revenues. The Notes represented by the Series B 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 Districts. 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 2010-11 Fiscal Year, and the principal of its Note 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 2010-11 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 2010-11 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 respective Trust Agreements and in the respective Notes). See "SOURCES OF PAYMENT FOR THE NOTE PARTICIPATIONS" below.

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."

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 itself and/or 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 AGREEMENTS" herein.

DESCRIPTION OF THE NOTE PARTICIPATIONS

The Note Participations

Each Series of 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 applicable 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 each Series of the Notes represented by the respective Note Participations will be payable by the Trustee to DTC, which will in turn remit such principal and interest to the DTC Participants. It is the responsibility of the DTC Participants to remit such principal and interest to the Beneficial Owners. See "Book-Entry System" below. The Note Participations and the Notes evidenced thereby are not subject to redemption prior to maturity.

Book-Entry System

The information hereunder concerning DTC and DTC's book-entry system has been obtained from DTC and the Participants; the Trustee and the Underwriters 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 and principal with respect to the Note Participations, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Note Participations, or (c) 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 hereunder. The current "Rules" applicable to DTC are on file with the U.S. Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Note Participations. The Note Participations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note Participation certificate will be issued for each series of the Note Participations, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's ("Standard & Poor's") highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of 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.

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.

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, tenders, defaults, and proposed amendments to the Note Participation documents. For example, Beneficial Owners of the Note Participations may wish to ascertain that the nominee holding the Note Participations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 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 Participants as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Note Participations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments 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 Trustee, or the Participants, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest 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.

NEITHER THE PARTICIPANTS NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF NOTE PARTICIPATIONS FOR PREPAYMENT.

The Participants, the Trustee and the Underwriters cannot or do not give any assurances that DTC, the DTC Participants or others will distribute payments of principal or interest on the Note Participations paid to DTC or its nominee as the registered owner, or will distribute any notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The Participants, the Trustee and the Underwriters are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Note Participations or an error or delay relating thereto.

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.

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, Note Participation certificates will be printed and delivered to DTC.

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

SOURCES OF PAYMENT FOR THE NOTE PARTICIPATIONS

The Notes

Each Series of Note Participations evidences and represents proportionate and undivided interests in the Series A Notes or Series B Notes, as appropriate, and in debt service payments attributable to such Series of 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 Series A Note Participations are secured by the Pledged Revenues of the County as described herein. See APPENDIX A – "COUNTY OF SAN DIEGO FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION" for more information on the County.

The Notes represented by the Series B Note Participations are secured by the Pledged Revenues as described herein of the Series B Note Participants. See APPENDIX B – "INFORMATION REGARDING THE DISTRICTS" for more information on the Districts.

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 2010-11 Fiscal Year, and the principal of the respective 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 2010-11 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 2010-11 Fiscal Year. Notwithstanding the foregoing, the terms "Unrestricted Revenue" 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 County to the payment of the Notes represented by the Series A Note Participations as Pledged Revenues shall not include any amounts pledged by the County to the payment of the 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, taking into consideration anticipated investment earnings thereon to be received by the applicable Maturity Date, 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. 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 as described in APPENDIX E – "SCHEDULE OF PLEDGED REVENUE DEPOSITS" herein.

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.

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 applicable Series of 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 applicable 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 2010-11 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"), in an amount not to exceed the respective amount set forth below, secured by a first lien and charge on Pledged Revenues; provided that (i) such Participant shall have received confirmation from each rating agency rating its outstanding Note or Series of 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 Series of 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) the Local Agency 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.

Series A Note Participant	**Remaining Authorized Amount**
County of San Diego	$ 10,000,000
Series B-1 Note Participants	
Bonsall Union School District	$ 2,335,000
Carlsbad Unified School District	5,875,000
Encinitas Union School District	1,500,000
Fallbrook Union High School District	3,060,000
Sweetwater Union High School District	--
Vista Unified School District	9,390,000
Series B-2 Note Participants	
Alpine Union School District	$ 1,835,000
Cardiff School District	2,425,000
Chula Vista Elementary School District	15,325,000
Grossmont Union High School District	2,680,000
La Mesa-Spring Valley School District	9,375,000
Oceanside Unified School District	17,775,000
Poway Unified School District	2,395,000
San Dieguito Union High School District	4,855,000
San Ysidro School District	630,000
Series B-3 Note Participants	
Santee Elementary School District	$11,430,000
Vallecitos School District	20,000

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 2010-11 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 duly, regularly and properly prepare and adopt its final budget for the Repayment Fiscal Year and 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 2010-11 (exclusive of any moneys required to be used to repay a treasurer's loan, if any), all of which will be legally available to pay principal of and interest on the Note.

(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 2010-11.

(D) The Participant (i) has not defaulted within the past 20 years, and is not currently in default, on any debt obligation and (ii) 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, with the exception of the Treasurer Temporary Transfers.

(G) The Participant will maintain a positive general fund balance in Fiscal Year 2010-11.

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 Agreement (including its Pricing Confirmation), or in any instrument furnished in compliance with or in reference to its Note Resolution or the Purchase Agreement 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 AGREEMENTS

General

Pursuant to the respective Trust Agreement, the Trustee is appointed to act as trustee with respect to each Series of the Note Participations, with the duty to hold each Series of Notes in trust until maturity for the benefit of the Owners of the respective 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 of a Series 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, each Series of Notes, as evidenced and represented by the respective Series of 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 each Series of Note Participations, and the Notes shall not be used for any other purpose while any Series of 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 applicable 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 Agreements 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 Districts' 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 AGREEMENTS – Investments" herein and Appendix A – "COUNTY OF SAN DIEGO FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION – San Diego County Investment Pool" attached hereto.

THE PARTICIPANTS

The County and the Districts participating in the financing herein described and the principal amount of the Note Participations of each Series reflecting the principal amount of the Notes issued on behalf of the Participants are set forth below.

Series A Note Participant	Principal Amount
County of San Diego	$ 140,000,000

Series B-1 Note Participants	Principal Amounts
Bonsall Union School District	$ 665,000
Carlsbad Unified School District	6,125,000
Encinitas Union School District	3,500,000
Fallbrook Union High School District	1,940,000
Sweetwater Union High School District	5,000,000
Vista Unified School District	5,610,000
Total:	$ 22,840,000

Series B-2 Note Participants	Principal Amounts
Alpine Union School District	$ 665,000
Cardiff School District	575,000
Chula Vista Elementary School District	14,675,000
Grossmont Union High School District	17,320,000
La Mesa-Spring Valley School District	5,625,000
Oceanside Unified School District	12,225,000
Poway Unified School District	27,605,000
San Dieguito Union High School District	15,145,000
San Ysidro School District	4,370,000
Total:	$ 98,205,000

Series B-3 Note Participations	Principal Amounts
Santee Elementary School District	$ 3,570,000
Vallecitos School District	130,000
Total:	$ 3,700,000

LIMITATIONS ON REMEDIES

The source of repayment of the Note Participations is debt service payments on the respective 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 2010-11. 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 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 represented by 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 and corporate alternative minimum taxes, nor is it 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 F 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 short-term 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 assure 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 2010-11 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 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.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes represented by the Note Participations to be subject, directly or indirectly, to federal income taxation, or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Note Participations. Prospective purchasers of the Note Participations should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

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 F 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.

RATINGS

Fitch Ratings, Moody's and Standard & Poor's have rated the Series A Note Participations "F1+" "MIG 1" and "SP-1+" respectively. Standard & Poor's has rated each of the Series B-1 Note Participations, the Series B-2 Note Participations and the Series B-3 Note Participations "SP-1+." 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 agencies as follows: Fitch Ratings, One State Street Plaza, New York, New York 10004, Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, and Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies, or any of them, if, in their respective 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 respective Note Participations.

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 F. 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 by Hawkins Delafield & Wood LLP, Los Angeles, California, Underwriters' Counsel.

UNDERWRITING

The Underwriters have jointly and severally agreed, subject to certain conditions, to purchase the Note Participations. The aggregate purchase price for the Series A Notes shall be $142,112,555.97 (consisting of the $140,000,000.00 aggregate principal amount of the Series A Notes, plus a premium of $2,252,600.00, less $140,044.03 of Underwriters' discount). The aggregate purchase price for the Series B-1 Notes shall be $22,964,953.01 (consisting of the $22,840,000.00 aggregate principal amount of the Series B-1 Notes, plus a premium of $168,330.80, less $43,377.79 of Underwriters' discount). The aggregate purchase price for the Series B-2 Notes shall be $98,905,279.98 (consisting of the $98,205,000.00 aggregate principal amount of the Series B-2 Notes, plus a premium of $886,791.15, less $186,511.17 of Underwriters' discount). The aggregate purchase price for the Series B-3 Notes shall be $3,724,866.96 (consisting of the $3,700,000.00 aggregate principal amount of the Series B-3 Notes, plus a premium of $31,894.00, less $7,027.04 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.

FINANCIAL ADVISORS

Gardner, Underwood & Bacon LLC, Los Angeles, California, serves as the Financial Advisor to the County in connection with the execution and delivery of the Series A Note Participations. The Financial Advisor to the County 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.

Greencoast Capital Partners LLC, Los Angeles, California, serves as the Financial Advisor to the Districts in connection with the execution and delivery of the Series B Note Participations. The Financial Advisor to the Districts 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, the Participants have agreed to give, or cause to be given, to the Municipal Securities Rulemaking Board, and to each state information depository (the "Repository"), if any, in a timely manner notice of the following "Listed Events" with respect to such Participant's Note and the Note Participations if determined by the Participant to be material: (1) principal and interest payment delinquencies; (2) non-payment related defaults, (3) modification to the rights of the Owners; (4) contingent or unscheduled Note or Note Participation calls; (5) defeasances; (6) rating changes; (7) adverse tax opinions or events adversely affecting the tax-exempt status of the Notes or the Note Participations; (8) unscheduled draws on any debt service reserves reflecting financial difficulties; (9) unscheduled draws on the Credit Instrument (as defined in the Trust Agreement); (10) substitution of the Credit Provider or any failure by the Credit Provider to perform on the Credit Instrument reflecting financial difficulties; and (11) any release, substitution, or sale of property securing repayment of the Notes or Note Participations. These covenants have been made in order to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5). The Participants have complied in all material respects in the last five years with each of its previous undertakings with regard to said Rule to provide annual reports or notices of material events.

The undertakings regarding material event disclosure set forth in the respective Trust Agreements may be amended, and any provision thereof may be waived, by written agreement of the parties thereto, without the consent of the Owners of the Note Participations (except to the extent required under clause (3)(ii) below), if all of the following conditions are satisfied: (1) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Participants or the type of business conducted thereby; (2) the undertakings therein as so 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 Rule 15c2-12 (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; (3) the proposed amendment or waiver either (i) is approved by the Owners in the manner provided in the applicable Trust Agreement for amendments to the Trust Agreements with the consent of the 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 the owners of Note Participations; and (4) the Participants shall have delivered copies of such opinion and amendment to each Repository.

The Participants' obligations under the applicable Trust Agreement shall terminate upon the defeasance 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 Participating 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.

Copies of the County's Annual Reports and notices of material event filings are available at Digital Assurance Certification, L.L.C. website, *www.dacbond.com* and filed at 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. Neither the County nor the other Participants have 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.

COUNTY OF SAN DIEGO, on behalf of itself and each District listed in the inside cover page hereof.

By: /s/ Donald F. Steuer
Chief Financial Officer

APPENDIX A

COUNTY OF SAN DIEGO FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION

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APPENDIX A

COUNTY OF SAN DIEGO FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION

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THE COUNTY

General

The County of San Diego (the "County") is the southernmost major metropolitan area in the State of California (the "State"). The County covers 4,255 square miles, extending 70 miles along the Pacific Coast from the Mexican border to Orange County, and inland 75 miles to Imperial County. Riverside and Orange Counties form the northern boundary. The County is approximately the geographic size of the State of Connecticut. The County's Fiscal Year 2009-10 Adopted Operational Plan (the "2009-10 Adopted Budget") is approximately $5.01 billion, approximately $3.79 billion of which relates to the County's General Fund budget. The County's Fiscal Year 2010-11 Proposed Operational Plan (the "2010-11 Proposed Budget") is approximately $4.86 billion of which $3.65 billion relates to the General Fund.

The County was incorporated on February 18, 1850, and functions under a charter adopted in 1933, as subsequently amended from time to time. The County is governed by a five-member Board of Supervisors (the "Board of Supervisors") elected to four-year terms in district nonpartisan elections. The Board of Supervisors appoints the Chief Administrative Officer (the "CAO") and the County Counsel. The CAO appoints the Chief Financial Officer and the Auditor and Controller. Other elected officials include the Assessor/Recorder/County Clerk, the District Attorney, the Sheriff and the Treasurer-Tax Collector.

Many of the County's functions are required under County ordinances or by State or federal mandate. State and federally mandated programs, primarily in the social and health services areas, are directed to be maintained at certain minimum levels, which may, under some conditions, limit the County's ability to control its budget. However, under designated State and federal programs, eligible costs are subject to reimbursement according to specific guidelines.

The County is the delivery system for federal, State and local programs. The County provides a wide range of services to its residents including: (i) regional services such as district attorney, public defender, probation, medical examiner, jails, elections, public health, welfare, mental health, aging and child welfare; (ii) basic local services such as planning, parks, libraries and Sheriff's patrol to the unincorporated area, and law enforcement and libraries by contract to incorporated cities; and (iii) infrastructure such as roads, waste disposal and flood control to the unincorporated area of the County.

County of San Diego Employees

General. Table 1 below sets forth the number of County employees for the years 2001 through 2010:

TABLE 1

TOTAL COUNTY EMPLOYEES[1]

Year	Total Employees
2000	16,617
2001	17,057
2002	18,208
2003	17,835
2004	16,949
2005	16,418
2006	16,195
2007	16,471
2008	16,484
2009	16,176
2010[2]	15,673

Source: The County.
(1) Excludes temporary employees of the County. Data as of June 30 of the indicated year.
(2) As of May 1, 2010.

County employees are represented by eight unions representing 25 bargaining units. The unions represent approximately 88% of the County's approximately 15,673 employees and include the Deputy Sheriffs' Association of San Diego County; Deputy District Attorneys Association; Service Employees International Union ("SEIU"), Local 221, San Diego Probation Officers' Association; District Attorney Investigators Association; San Diego Deputy County Counsels Association; Public Defender Association of San Diego County, and the San Diego County Supervising Probation Officers' Association. The County has labor agreements with all unions effective through June 16, 2011. The remaining employees are unrepresented.

Negotiated Retirement Amendments. The County's existing retirement system, as described under the caption "San Diego County Employees Retirement Association" herein, has been modified in connection with certain collective bargaining agreements entered into by the County. The SEIU Local 221, CLC, Deputy District Attorneys Association, Public Defenders Association of San Diego County, San Diego County Deputy County Counsels Association and the County negotiated amendments to the County's retirement system. A new "Tier B" retirement benefit was created for newly hired general employees in all bargaining units effective August 28, 2009. The new tier has a benefit formula described as: 2.62% at 62, highest 3 years final average compensation, minimum retirement age of 55 and a 2% maximum cost of living adjustment ("COLA"). The retirement benefit formula for general employees active prior to the implementation of the new tier is described as: 3% at 60, highest 1-year final average compensation, minimum retirement age of 50 and a 3% maximum COLA. For new employees represented by the Deputy Sheriffs' Association of San Diego County, San Diego County Supervising Probation Officers' Association, San Diego Probation Officers' Association and the District Attorney Investigators Association, who are classified as safety, a new tier with the following benefit formula was created: 3% at 55, highest 3 years final average compensation, minimum retirement age of 50 and a 2% maximum COLA. The benefit formula for safety employees active prior to the implementation of the new tier is described as: 3% at age 50, highest 1-year final average compensation, minimum retirement age of 50 and a 3% maximum COLA. Pursuant to State law, exceptions to the aforementioned minimum retirement ages exist for general employees with at least 30 years of service and safety employees with at least 20 years of service.

COUNTY FINANCIAL INFORMATION

The following is a summary of certain financial information with respect to the County, including the County's property tax collections, General Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance, adopted and amended General Fund budgets for Fiscal Years 2008-09 and 2009-10, proposed General Fund budget for Fiscal Year 2010-11, pension plan, risk management program, pending litigation and outstanding indebtedness.

Assessed Valuations

The assessed valuation of property in the County is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported in compliance with the requirements of Proposition 13. Generally, property can only be reappraised to market value upon a change in ownership or completion of new construction. Pursuant to Article XIIIA of the State Constitution, the assessed value of property that has not incurred a change of ownership or new construction shall be adjusted annually to reflect inflation at a rate not to exceed 2% per year as shown in the California consumer price index. In the event of declining property value caused by substantial damage, destruction, economic or other factors, Article XIIIA of the State Constitution allows the assessed value to be reduced temporarily to reflect the lower market value. For the definition of full cash value and more information on property tax limitations and adjustments, see "Constitutional and Statutory Limitations on Taxes, Revenues and Appropriations – Article XIIIA" herein.

The County Assessor determines and enrolls a value for each parcel of taxable real property in the County every year in accordance with Proposition 13. Annually, property owners may appeal the assessed value of their property. Additionally, under the provisions of Proposition 8, property owners may apply for a temporary reduction in the assessed value when the market value of the real property, as of January 1 of the applicable tax year, falls below its assessed value. Once reduced, the County Assessor must annually review the value of the property until the factored Proposition 13 value is fully restored (adjusted with the annual consumer price index, not to exceed 2%). For Fiscal Year 2009-10, the County Assessor has received 21,535 appeals, including appeals relating to real property, business personal property, boats and airplanes. Table 2 below sets forth the number of appeals received by the County Assessor and the corresponding number of affected parcels since Fiscal Year 1993-94. See "Economic and Demographic Information – Foreclosures; Notices of Loan Default" herein.

TABLE 2

ASSESSMENT APPEALS
Fiscal Years 1993-94 through 2009-10

Fiscal Year	Applications	Parcels
1994	20,776	29,624
1995	26,871	37,015
1996	25,941	34,046
1997	18,773	22,724
1998	22,577	25,170
1999	4,594	6,070
2000	5,374	6,994
2001	2,900	3,885
2002	2,954	4,029
2003	3,074	3,666
2004	2,700	3,035
2005	2,573	3,932
2006	2,486	2,752
2007	3,334	3,601
2008	13,150	15,872
2009	42,623	47,865
2010[1]	21,535	NA

Source: County of San Diego Assessor/Recorder/County Clerk.
(1) As of May 4, 2010. Includes applications received after the December 1, 2009 deadline for appeals of Fiscal Year 2009-10 assessments.

Ad Valorem Property Taxation

Table 3 below sets forth the assessed valuation of property within the County subject to taxation for Fiscal Years 2000-01 through 2009-10:

TABLE 3

ASSESSED VALUATION OF PROPERTY SUBJECT TO AD VALOREM TAXATION
Fiscal Years 2000-01 through 2009-10
(In Thousands)

Fiscal Year	Land	Improvements	Personal Property	Gross Assessed Valuation	Exemption[1]	Net Assessed Valuation for Tax Purposes[2]
2000-01	$ 76,745,341	$112,696,091	$11,598,968	$201,040,400	$ 5,322,920	$195,717,480
2001-02	84,852,228	122,629,979	12,675,787	220,157,994	5,674,325	214,483,669
2002-03	93,104,455	133,459,423	11,773,210	238,337,088	5,474,711	232,862,377
2003-04	103,818,122	145,973,945	11,949,627	261,741,694	6,742,042	254,999,652
2004-05	117,332,258	159,013,240	11,804,416	288,149,914	7,332,153	280,817,761
2005-06	137,276,347	175,791,219	12,807,092	325,874,658	7,916,172	317,958,485
2006-07	158,460,301	192,889,631	13,201,802	364,551,734	8,553,542	355,998,192
2007-08	176,074,513	208,732,483	13,916,210	398,723,206	9,427,705	389,295,500
2008-09	184,573,765	217,641,565	14,496,587	416,711,917	10,336,971	406,374,945
2009-10	177,035,056	215,309,621	15,194,665	407,539,342	11,244,820	396,294,522

Source: County of San Diego Auditor and Controller.
(1) Exemption figures include veterans, church, welfare, religious, college and cemetery exemptions.
(2) Net Assessed Valuation for Tax Purposes figures include local secured, unsecured, state unitary and redevelopment valuation.

The decline of the assessed valuation of property within the County in Fiscal Year 2009-10 of 2.3% is attributable to the declining real estate market and the record number of defaults and foreclosures, which during Fiscal Year 2008-09 led to the most assessment appeals and applications for valuation reviews on record. The previous high was in Fiscal Year 1994-95. See Table 2 herein. The large number of defaults and foreclosures have been attributed to the prevalence of subprime and zero equity home mortgage loans, and recent and continuing economic and employment conditions. While the County experienced declines in assessed value, certain cities, mainly along the Coast, including Coronado, Del Mar, Encinitas, Poway, and Solana Beach, experienced assessed value growth for Fiscal Year 2009-10 ranging from 0.80% to 5.75%.

Table 4 below sets forth the approximate tax levied against the ten largest taxpayers in the County for Fiscal Year 2009-10. These tax payments represent approximately 4.05% of the total secured property tax levied by the County for Fiscal Year 2009-10, which amount is $4,509,795,774.

TABLE 4

TEN LARGEST TAXPAYERS
Fiscal Year 2009-10

Property Owners	Business Area	Approximate Tax
San Diego Gas & Electric Company	Gas and Electric Utility	$56,842,349
Irvine Co.	Real Estate	19,181,454
Southern California Edison Co.	Electric Utility	18,895,022
San Diego Family Housing LLC	Real Estate	17,976,307
Kilroy Realty L P	Real Estate	14,623,393
Qualcomm, Inc.	Telecommunication	14,214,400
Camp Pendleton/Quantico Housing	Real Estate	14,041,303
Pacific Bell Telephone Company	Telecommunication	10,868,904
Arden Realty LTD Partnership	Real Estate	8,948,348
San Diego Expressway LTD Partnership	Real Estate	6,990,534

Source: County of San Diego Auditor and Controller.

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

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

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after 5:00 p.m. on December 10 and April 10, respectively, and a ten percent penalty attaches. A ten dollar cost also applies to all delinquent second installments. Property on the secured roll with unpaid delinquent taxes is declared tax-defaulted after 5:00 p.m. on June 30th. Such property may thereafter be redeemed by payment of the delinquent taxes, the ten percent delinquency penalty, the ten dollar cost, a fifteen dollar per parcel redemption fee (from which the State receives five dollars), and redemption penalty of one and one half percent per month starting July 1 and continuing until date of redemption (collectively, the “Redemption Amount”). If taxes remain unpaid after five years on the default roll, the property becomes subject to a tax sale by the County Treasurer – Tax Collector.

Property taxes on the unsecured roll are due on the lien date being assessed (January 1). A due date, or date to pay by, is set based on the enrollment date of the bill. If not paid in full, a ten percent penalty is added to the bill on September 1, or on the first business day of the second month following the enrollment date and an additional penalty of one and one-half percent per month begins to accrue on November 1, or on the first business day of the third month after the date of enrollment. Penalties are posted based on the type of unsecured bill and the time of year it is enrolled. The taxing authority has a number of ways of collecting delinquent unsecured property taxes, which include: filing a Certificate of Tax Lien for recordation in the County Recorder's office, and/or other jurisdictions; a civil action against the taxpayer; and seizure and/or sale of assets belonging or assessed to the taxpayer.

Pursuant to State Law, the County collects property tax administrative fees from cities, special districts and redevelopment agencies. State law exempts school districts from paying such fees.

Secured Tax Rolls Statistics

Table 5 below sets forth information relating to the County's secured tax roll and assessed value of property since Fiscal Years 2000-01 through 2009-10.

TABLE 5

SECURED TAX ROLL STATISTICS
Fiscal Years 2000-01 through 2009-10

Fiscal Year	Total Bills	Total Gross Assessed Value[(1)]	Total Tax Amount[(2)]	Delinquent Tax Bills	Delinquent Tax Amount[(3)]	Delinquent Tax Amount as Percent of Total Tax Amount
2000-01	857,777	$191,194,756,333	$2,126,737,380	33,817	$ 38,805,254	1.82%
2001-02	871,191	209,281,264,375	2,335,927,431	31,198	39,156,006	1.68
2002-03	885,452	227,376,419,310	2,552,212,549	29,769	39,156,463	1.53
2003-04	898,222	250,071,362,845	2,831,188,116	30,244	41,183,548	1.45
2004-05	912,850	276,651,738,142	3,141,818,961	38,065	49,379,983	1.57
2005-06	934,416	313,592,785,425	3,565,874,923	46,386	70,146,925	1.97
2006-07	954,808	350,431,485,633	3,964,281,859	54,013	111,504,199	2.81
2007-08	968,699	385,014,085,589	4,364,915,835	58,579	163,865,524	3.75
2008-09	976,296	402,408,931,673	4,558,064,753	49,845	165,660,374	3.63
2009-10[(4)]	978,170	392,680,850,836	4,509,795,774	48,000	157,842,852	3.50

Source: County of San Diego Auditor and Controller.
(1) Total Assessed Value figures include local secured and state unitary valuation.
(2) Total Tax Amount includes local secured and state unitary 1% tax, debt service tax and special assessments.
(3) 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.
(4) Total Bills, Total Gross Assessed Value and Total Tax Amount Figures are actual. Remaining columns are estimated.

Liens and Redemption

Properties may be redeemed under a five-year installment plan by paying current taxes plus a minimum annual payment of 20% of the original redemption amount. A delinquent taxpayer may enter into the installment plan at any time up to the June 30 occurring five years after the property becomes tax-defaulted. Redemption interest accrues at 1-1/2% per month on the unpaid balance of the redemption amount during the period of the installment plan. The property becomes subject to sale by the County Treasurer-Tax Collector if taxes are unpaid after June 30 of the fifth year of default or if an installment plan is in place but there is subsequent non-payment of an installment payment or current taxes due.

Financial Statements

Table 6 below sets forth the audited General Fund Balance Sheet for Fiscal Years ended June 30, 2007, 2008 and 2009. Table 7 below sets forth the audited General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance for Fiscal Years 2004-05 through 2008-09.

TABLE 6

COUNTY OF SAN DIEGO
GENERAL FUND BALANCE SHEET
June 30, 2007 through June 30, 2009
(In Thousands)

ASSETS	Audited 2007[(6)]	Audited 2008[(6)]	Audited 2009[(6)]
Pooled Cash and Investments	$ 936,658	$ 977,544	$ 959,102
Cash with Fiscal Agents	33	19	14
Investments With Fiscal Agents	2	2	2
Property Taxes Receivables, net	157,936	218,048	221,671
Receivables, net	265,425	270,900	373,985
Due from Other Funds[(1)]	97,033	79,915	74,128
Prepaid Items	5,509	17	13
Advances to Other Funds	884	7,203	0
Inventories	7,048	7,326	8,774
Restricted Assets – Cash with Fiscal Agents	185	171	179
Restricted Assets – Investments with Fiscal Agents[(2)]	221,026	0	0
Restricted Assets – Lease Receivable	0	0	9,297
TOTAL ASSETS	$1,691,739	$1,561,145	$1,647,165
LIABILITIES			
Accounts Payable	$ 88,038	$ 85,308	$ 71,761
Accrued Payroll	23,885	29,425	32,692
Amount Due for Tax and Revenue Anticipation Notes[(2)]	220,000	0	0
Due to Other Funds[(1)]	27,889	42,169	40,480
Deferred Revenues	107,702	123,470	141,695
Unearned Revenue	69,143	60,307	170,499
TOTAL LIABILITIES	$ 536,657	$ 340,679	$ 457,127
FUND BALANCES			
Reserved for Encumbrances	$ 212,090	$ 0	$ 0
Reserved for Loans, Due From Other Funds and Prepaids[(3)]	12,523	13,294	6,922
Reserved for Landfill Closure Costs	1,446	1,259	1,069
Reserved for Inventories	7,048	7,326	8,774
Reserved for Realignment Health, Mental Health and Social Services[(4)]	0	0	74,620
Reserved for Other Purposes	177,137	251,352	175,049
Unreserved:			
Designated for Encumbrances	0	236,272	215,793
Designated for Unforeseen Catastrophic Events[(5)]	0	0	55,500
Designated for Subsequent Years' Expenditures	182,499	138,729	75,468
Designated for Landfill Postclosure and Landfill Closure Costs	910	854	852
Undesignated	561,429	571,380	575,991
TOTAL FUND BALANCES	$1,155,082	$1,220,466	$1,190,038
TOTAL LIABILITIES AND FUND BALANCES	$1,691,739	$1,561,145	$1,647,165

Source: County of San Diego Auditor and Controller.

(1) Amounts are receivables and payables between General Fund and other County funds based on actual or estimated claims outstanding.

(2) Includes the tax and revenue anticipation notes outstanding at June 30, 2007. The amount of tax and revenue anticipation notes outstanding as of June 30, 2007, together with investment earnings received in connection therewith, is reflected above. Consistent with National Council on Governmental Accounting Interpretation No. 9, the liability for tax and revenue anticipation notes outstanding at June 30 is displayed in the General Fund and offset by a corresponding asset recorded as Restricted Assets-Investments with Fiscal Agents representing the pledged amounts. The tax and revenue anticipation note for the Fiscal Years 2007-08 and 2008-09 were paid in full on June 30, 2008 and June 30, 2009, respectively, thus reflecting a zero balance.

(Table continued from prior page.)

(3) Prior to 2009 this category of fund balances was entitled, "Reserved for Loans, Advances and Prepaids." Although the name of the category has changed in 2009, the nature of the balances for all fiscal years is the same.

(4) For Fiscal Years 2007 and 2008, the Reserved for Realignment Health, Mental Health and Social Services of $74,620 was included in the "Designated for Subsequent Years' Expenditures" row.

(5) For Fiscal Year 2007, the $55,000 "Designated for Unforeseen Catastrophic Events" was included in the "Designated for Subsequent Years' Expenditures" category. For Fiscal Year 2008, this amount was included in the "Reserved for other Purposes" category.

(6) To conform with Governmental Accounting Standards Board (GASB) Statements 33 and 34, activities from various Internal Agency Funds are included in the General Fund.

TABLE 7

COUNTY OF SAN DIEGO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For Fiscal Years 2004-05 through 2008-09
(In Thousands)

	Audited 2004-05	Audited 2005-06	Audited 2006-07	Audited 2007-08	Audited 2008-09
Revenues:					
Taxes[1]	$ 671,850	$ 791,241	$ 842,396	$ 928,066	$ 930,584
Licenses, Permits and Franchise Fees	32,015	31,847	33,752	34,735	35,838
Fines, Forfeitures and Penalties	51,000	56,177	55,248	59,782	56,252
Revenue From Use of Money and Property	29,308	43,757	51,894	48,381	28,396
Aid From Other Governmental Agencies:					
State[1]	511,830	578,736	851,309	849,783	878,902
Federal	620,477	660,976	704,440	792,430	729,675
Other	60,415	88,210	92,769	71,663	134,026
Charges for Current Services	254,585	271,448	269,282	267,624	282,151
Other Revenue	38,057	25,668	33,227	30,705	61,847
Total Revenues	$2,269,537	$2,548,060	$2,934,317	$3,083,169	$3,137,671
Expenditures:					
Current:					
General Government	$ 204,566	$ 188,223	$ 224,261	$ 270,236	$ 236,874
Public Protection	928,375	1,001,110	1,059,826	1,135,288	1,126,903
Public Ways and Facilities	,4,348	1,974	1,369	5,907	690
Health and Sanitation	499,471	517,837	539,954	593,104	630,633
Public Assistance	858,487	901,122	928,234	987,730	1,039,496
Education	597	820	1,157	1,101	808
Recreation and Cultural	18,300	21,375	24,509	29,606	29,274
Capital Outlay	17,928	18,590	17,190	11,453	8,059
Debt service:					
Principal[2]	--	--	--	--	32,125
Interest and Fiscal Charges	12,310	12,368	10,843	5,169	12,255
Total Expenditures	$2,544,382	$ 2,663,419	$2,807,343	$3,039,594	$3,117,117
Excess (Deficiency) of Revenues over (under) Expenditures	($ 274,845)	($ 115,359)	$ 126,974	$ 43,575	$ 20,554
Other Financing Sources (Uses):					
Sale of Capital Assets	$ 0	$ 12,241	$ 130	$ 41	$ 29
Refunding Bonds Issued[3]	0	0	0	0	443,515
Payment to Escrow Agent/Refunded Bond[3]	0	0	0	0	(441,038)
Transfers In[4]	568,677	486,203	283,535	257,890	230,296
Transfers Out[5]	(179,228)	(151,503)	(152,854)	(236,400)	(285,232)
Total Other Financing Sources (Uses)	$ 389,449	$ 346,941	$ 130,811	$ 21,531	$ (52,430)
Net Change in Fund Balance	$ 114,604	$ 231,582	$ 257,785	$ 65,106	$ (31,876)
Fund Balances at Beginning of Year	551,000	667,458	898,885	1,155,082	1,220,466
Increase (Decrease) in Reserve for Inventories	1,854	(155)	(1,588)	278	1,448
Fund Balances at End of Year	$ 667,458	$ 898,885	$1,155,082	$1,220,466	$1,190,038

(Table continued from prior page.)

Source: Comprehensive Annual Financial Report of the County.

(1) The conversion of vehicle license fee revenues to property taxes in lieu of vehicle license fees (in Fiscal Year 2004-05) resulted in a reclassification of such revenues from State aid to taxes. See line item entitled "Other financing sources (uses) – Transfers In" and corresponding footnote below.

(2) Represents various base rental payments made to SANCAL and the San Diego Regional Building Authority (SDRBA) treated as debt service payments in the General Fund as SANCAL and the SDRBA are blended component units of the County. Prior to fiscal year 2008-09, the base rental payments to SANCAL were treated as "Transfers Out" as noted in the "Transfers Out" note below, and base rental payments to the SDRBA were treated as General Government expenditures.

(3) In Fiscal Year 2008-09 the County issued $443.515 million Series 2008 Taxable Pension Obligation Bonds. As part of this transaction, $441.038 was transferred to an escrow agent to advance refund the outstanding 2002B Bonds, Subseries B1 and B2-4 Auction Rate Securities and to pay future interest payments. See Note 13 "Long-Term Debt" in the Notes to the Financial Statements of the County's Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2009.

(4) In Fiscal Year 2004-05, revenues from the Public Safety Augmentation Sales Tax (Proposition 172), Health and Social Services' Realignment monies and the tobacco securitization proceeds were recognized in the Special Revenue funds and treated as operating transfers when moved to the General Fund to reimburse expenses incurred. These three sources accounted for substantially all of the transfers in for Fiscal Year 2004-05. Beginning in Year 2005-06, Health and Social Services' Realignment monies were received directly into the General Fund and reflected as aid from the State rather than transfers in from other financing sources. In Fiscal Years 2005-06 through 2008-09, revenues from the Public Safety Augmentation Sales Tax (Proposition 172) and the tobacco securitization proceeds were recognized in the Special Revenue funds and treated as operating transfers when moved to the General Fund to reimburse expenses incurred.

(5) For all fiscal years presented, "Transfers Out" generally represents contributions to the Pension Obligation Bond fund; contributions to capital funds for General Fund projects; and, County contributions to the Library fund and the In-Home Supportive Services ("IHSS") Public Authority fund. Also represents annual base rental payments to SANCAL for Fiscal Years 2004-05 through 2007-08. Additionally, in Fiscal Year 2004-05 contributions were made to the Pension Obligation Bond fund related to the economic defeasance of the 1994 Pension Obligation Bonds.

General Fund Budget

The Board of Supervisors is required by State law to adopt a balanced annual budget no later than October 2 of each year. The County General Fund finances the legally authorized activities of the County not provided for in other restricted funds. General Fund revenues are derived from such sources as taxes, licenses, permits and franchises, fines, forfeitures and penalties, use of money and property, aid from other governmental agencies, charges for current services and other revenue. General Fund expenditures and encumbrances are classified by the functions of public safety, health and human services, land use and environment, community services, finance and general government and other. Increases in the aggregate appropriations based on actual or anticipated increases in available financing can be made after the annual budget has been adopted upon approval by a four-fifths vote of the Board of Supervisors.

To ensure that the expenditures do not exceed authorized levels or available financing sources, quarterly reviews are conducted covering actual and projected receipts and expenditures. In the event of any shortfall in projected revenue, immediate steps are taken to mitigate the shortfall through the identification of alternative funding sources or freezing appropriations. Similarly, if expenditures are projected to exceed appropriations, steps are taken to freeze expenditures in other accounts within the affected department or to transfer available resources to offset the added expenditure requirement. California counties are not permitted by State law to impose fees to raise general revenue, but only to recover the costs of regulation or provision of services. The Chief Financial Officer is responsible for monitoring and reporting expenditures within budgeted appropriations.

2009-10 Budget and Financial Position of the County

The 2009-10 Adopted Budget for the County's General Fund included expenditures of approximately $3.79 billion and revenues and other financing sources of approximately $3.79 billion. In accordance with the normal practice of the County, the 2009-10 Adopted Budget has been adjusted to reflect carry-over appropriations from the prior fiscal year and program needs not included in the 2009-10 Adopted Budget. As of March 31, 2010, the County's Fiscal Year 2009-10 General Fund Amended Budget (the "2009-10 Amended Budget") included expenditures of $4.08 billion and revenues and other financing sources of $4.08 billion. As of March 31, 2010, as reported in the Fiscal Year 2009-10 Third Quarter Operational Plan Status Report and Budget Adjustments (the "Third Quarter Report") heard by the Board of Supervisors on May 11, 2010, which was based on the first nine months of Fiscal Year 2009-10, the County projects that its General Fund expenditures for Fiscal Year 2009-10 will be below the 2009-10 Amended Budget by $349.7 million and its General Fund revenues and other financing sources will be below the 2009-10 Amended Budget by $149.3 million. The net variance is a projected savings to the County's General Fund of $200.4 million, which will be added to any remaining unreserved and undesignated General Fund Balance as of June 30, 2010. See also "– Status of Available Fund Balance" below.

The lower than budgeted projected expenditures in the General Fund are primarily attributable to the following:

- $52.6 million in appropriation savings, predominantly in the Public Safety Group and Health and Human Services Agency ("HHSA"), but also in Land Use and Environment Group, Community Services Group, and Finance and General Government Group, from lower than budgeted salaries and employee benefits costs due to staff turnover, department management of vacancies, and reductions in overtime to mitigate current and anticipated revenue shortfalls. Savings in salaries and benefits in HHSA are also associated with the return of Childcare Stage 2 and 3 to the State.

- $209.8 million in appropriation savings in services and supplies across the County.

    - In the Public Safety Group, a net positive expenditure variance of $5.5 million results from a combination of expenditures in excess of budgeted amounts in certain categories offset by savings in others. Expenditures in excess of budgeted amounts are attributed to increased costs for utilities and facilities management in Contributions to Trial Courts. Savings are anticipated in special departmental expense and major maintenance in the Executive Office, in automotive and fuel costs in the Sheriff's Department, in facility improvements in Child Support Services due to delays, and various services and supplies accounts in Probation as a result of efforts to reduce overall expenditures.

    - In the Health and Human Services Agency, savings of $90.8 million are projected primarily in contracted services (e.g., in Behavioral Health Services related to un-awarded and delayed Mental Health Services Act ("MHSA") contracts; in Alcohol and Drug Services due to reductions in State Proposition 36 funding; in Early Periodic Screening, Diagnosis and Treatment ("EPSDT") services due to lower service levels than projected); in the Community Action Partnership program due to the slow start up of contracts associated with the new American Recovery and Reinvestment Act of 2009 ("ARRA") grant; in Aging and Independence Services as a result of revised estimates of growth trends in In Home Supportive Services ("IHSS"); in Public Health Services associated with under spending of the H1N1 allocation, a reduction in HIV contracts, and gradual implementation of Economic Reality Plan phase two; in emergency appropriations for bio-terrorism; in glide slope reserves; and because of efforts to reduce spending to align with available revenue.

    - In the Land Use and Environment Group, savings are anticipated in consultant contracts in the Department of Planning and Land Use related to the multi-year funded grant for the Hazardous Fuels Reduction Program and the Energy Conservation Block Grant as well as in Public Works, primarily due to delays for the Woodside Avenue Drainage and Watershed Protection Program, and for the Business Case Management System ("BCMS") project that will be re-budgeted in Fiscal Year 2010-11. Savings are also in Environmental Health due to delays in the BCMS project, one-time Information Technology projects and Homeland Security exercises and equipment purchases.

  - In the Community Services Group, savings are primarily in the Registrar of Voters due to the execution of a contract settlement agreement as well as in the Department of Housing and Community Development related to program administration costs for projects that are being funded by ARRA moneys that will not be completed this year and will be re-budgeted next fiscal year, as well as savings from lower fuel usage.

  - In the Finance and General Government Group, the positive expenditure variance of $43.2 million is primarily in the Executive Office due to delays associated with the development and implementation of the Integrated Property Tax System. These appropriations will be rebudgeted in Fiscal Year 2010-11.

- $37.4 million in appropriation savings in other charges primarily reflects net variances from budgeted caseload and aid payments in Health and Human Services Agency. Spending is projected to be over budget in Public Health Services because of a requirement for additional support and care costs in the California Children's Services ("CCS") program, in Behavioral Health Services due to an increase in fees for service for support and hospital care, and in Regional Operations because of increased demand for CalWORKs Assistance Payments. These costs are offset by savings in Regional Operations due to the return of Child Care Stage 2 and 3 to the State, and savings in Child Welfare Services based on revised estimates of caseload levels, growth trends, and unit cost per case for Severely Emotionally Disturbed, Foster Care, and KinGap programs. In the Public Safety Group, savings are projected in the Office of Emergency Services related to grant supported activities that will carry over to next fiscal year, and in Contributions to Trial Courts based on the required expenditure level to support revenue sharing requirements related to Trial Court Funding. These savings are partially offset by increased Foster Care costs and court ordered increased rates for group home placement in the Probation Department. In addition, savings occur from lower than budgeted TRANs borrowing costs in Finance Other and from savings from various lease payments.

- $1.7 million in appropriation savings are primarily in the Health and Human Services Agency, in operating transfers out to the In-Home Supportive Services Public Authority related to health benefit costs for providers being less than budgeted and in Finance Other from savings related to closed capital projects.

- $20.0 million in contingency reserves that are projected to be unspent at year-end.

- $27.0 million in management reserves in the Health and Human Services Agency ($20.0 million), Land Use and Environment Group ($0.1 million), the Community Services Group ($3.3 million), and the Finance and General Government Group ($3.6 million) that are projected to be unspent at year-end.

The projected revenue under-realization to budget consists of primarily negative variances, with partially offsetting positive variances. Of the overall net negative revenue variance in the General Fund of $149.3 million, $161.7 million is within intergovernmental revenues and is largely the result of expenditure savings in caseload driven programs mentioned above, as well as a projected reduction in Realignment revenues of $15.3 million due to shortfalls in sales tax and vehicle license fees and a reduction of $2.3 million in recording program revenue. The negative revenue variance is also due to Proposition 172 sales tax revenues that are projected to be below budget by $25.9 million, and a drop of $1.0 million in AB 2890 Recovered Costs in charges for current services due to continued declines in sales and permitting activity offset by an anticipated increase of $2.8 million in Property Tax Administration (SB2557) charges. A positive revenue variance of $30.7 million is expected in the following categories: taxes current property ($5.3 million); taxes other than current secured ($8.8 million); licenses permits and franchises ($1.3 million); revenue from use of money and property ($3.5 million); charges for current services ($2.8 million); and miscellaneous revenue ($9.0 million).

Table 8 below sets forth the County's General Fund Adopted and final Amended Budgets for Fiscal Year 2008-09. For Fiscal Year 2009-10, Table 8 sets forth the Adopted Budget, the Amended Budget as of March 31, 2010, the projected expenditures and revenues and other financing sources as reported in the Third Quarter Report, and the variance between the projected actual amounts and those contained in the 2009-10 Amended Budget. The full report may be viewed on the County's website at http://www.sdcounty.ca.gov/auditor/pdf/3rdqtr0910.pdf. The information on such website is not incorporated herein by reference. The table also sets forth the General Fund Proposed Budget for Fiscal Year 2010-11.

TABLE 8

GENERAL FUND
ADOPTED AND AMENDED BUDGET FOR FISCAL YEAR 2008-09, ADOPTED AND AMENDED BUDGET AND PROJECTED RESULTS FOR FISCAL YEAR 2009-10, AND PROPOSED BUDGET FOR FISCAL YEAR 2010-11
(In Thousands)

	2008-09 Adopted Budget	2008-09 Amended Budget[1]	2009-10 Adopted Budget	2009-10 Amended Budget[2]	Projected Year-End Results[2]	Variance from Adjusted Budget[3]	2010-11 Proposed Budget[4]
EXPENDITURES							
Public Safety	$1,139,919	$1,196,261	$1,105,589	$1,153,729	$1,116,933	$36,796	$1,083,699
Health and Human Services	1,762,290	1,789,081	1,825,155	1,842,655	1,681,838	160,817	1,819,017
Land Use and Environment	156,513	195,050	184,783	209,627	180,163	29,464	184,397
Community Services	55,353	80,360	58,203	67,650	57,381	10,269	65,318
Finance and General Government and Other	541,093	1,201,623	496,283	690,917	598,600	92,317	474,560
Contingency Reserve and Designations Increases	24,313	24,313	120,000	120,000	100,000	20,000	21,260
Total Expenditures[5]	$3,679,480	$4,486,688	$3,790,013	$4,084,578	$3,734,915	$349,663	$3,648,251
REVENUES							
Current Property Taxes	$543,062	$543,062	$496,283	$496,283	$501,573	$5,290	$497,576
Taxes Other Than Current Property Taxes	413,464	413,464	404,514	382,414	391,255	8,841	383,264
Licenses, Permits and Franchises	37,216	35,967	38,863	38,863	40,117	1,254	40,189
Fines, Forfeitures and Penalties	52,083	53,204	55,954	57,170	55,644	(1,526)	54,668
Use of Money and Property	31,298	31,298	17,399	17,399	20,948	3,549	16,969
Aid from Other Government Agencies	1,803,782	1,845,784	1,893,796	1,950,056	1,788,357	(161,699)	1,889,016
Charges for Current Services	280,100	281,386	266,686	271,339	274,117	2,778	290,093
Miscellaneous Revenues and Other Financing Sources	303,566	740,247	272,792	284,603	267,820	(16,783)	250,371
Total Revenues[5]	$3,464,571	$3,944,412	$3,446,288	$3,498,127	$3,339,831	$(158,296)	$3,422,146
Estimated Use of Unreserved and Designated Fund Balance	$201	$201	$7,176	$7,176	$7,176	$0	$4,608
Estimated Use of Unreserved and Undesignated Fund Balance	214,708	282,276	336,550	342,106	351,106	9,000	221,497
Estimated Use of Fund Balance Reserved for Encumbrances	0	259,799	0	237,169	237,169	0	0
Total Resources Utilized[5]	$3,679,480	$4,486,688	$3,790,013	$4,084,578	$3,935,282	$149,296	$3,648,251
Net Savings from the 2009-10 Amended Budget				$0	$200,367	$200,367	

(Table continued from prior page.)

Source: County of San Diego Auditor and Controller.

(1) This amount reflects expenditures and revenues included in the 2008-09 Adopted Budget, as amended and adjusted to include all budgeted appropriations and revenues as of June 30, 2009.

(2) This amount reflects, as of March 31, 2010, the amended budget and projections of the expenditures, revenues and other financing sources of the County's General Fund for Fiscal Year 2009-10.

(3) This amount reflects the difference between the budgeted expenditures, revenues and other financing sources of the County's General Fund in the 2009-10 Amended Budget as of March 31, 2010, and the projected expenditures, revenues and other financing sources of the County's General Fund for Fiscal Year 2009-10. Amounts without parentheses indicate a variance favorable to the County's General Fund. Amounts with parentheses indicate a variance unfavorable to the County's General Fund.

(4) Reflects expenditures, revenues and other financing sources included in the 2010-11 Proposed Budget.

(5) Total may not equal the sum of the line items due to rounding.

Status of Available Fund Balance

The unreserved and undesignated portion of the General Fund Balance as of June 30, 2009 was $576.0 million. See the table entitled "General Fund Balance Sheet" herein for a description of the fund balance of the General Fund for the Fiscal Years ending June 30, 2007, June 30, 2008 and June 30, 2009, respectively. Included in the 2009-10 Adopted Budget were appropriations based on the unreserved and undesignated portion of the General Fund Balance of approximately $336.6 million. Accordingly, the available unreserved and undesignated portion of the General Fund Balance was reduced to $239.4 million.

Pursuant to the First Quarter Operational Plan Status Report and Budget Adjustments based on the results for the first three months of Fiscal Year 2009-10, the Board of Supervisors approved the use of $1.6 million in unreserved and undesignated General Fund Balance for various items, including law enforcement services in East County, the designation of fund balance for Environmental Health of $410,769, appropriations in Contributions to Trial Courts related to the court facilities transfer, and one-time services and supplies costs in the Board of Supervisors' offices. The total of these adjustments reduced the available unreserved and undesignated fund balance from $239.4 million to $237.8 million.

In the Second Quarter Operational Plan Status Report and Budget Adjustments based on the results for the first six months of Fiscal Year 2009-10 (the "Second Quarter Report") presented to the Board of Supervisors on February 23, 2010, the Board of Supervisors approved the appropriation of $0.5 million in unreserved and undesignated General Fund fund balance to repair water and sewer lines at Felicita Park. This adjustment reduced the available unreserved and undesignated fund balance to $237.3 million.

In the Third Quarter Operational Plan Status Report presented to the Board of Supervisors on May 11, 2010, an additional $9.4 million in unreserved and undesignated General Fund fund balance was approved to be used to replace $9.0 million of the projected $25.9 million shortfall in Proposition 172 revenues that are based on retail sales and have been impacted by the severe economic slowdown in the national, state and local economy, and to increase the fund balance designation for Environmental Health by $0.4 million. These adjustments reduced the available unreserved and undesignated General Fund fund balance from $237.3 million to $227.9 million.

If there were no further uses of fund balance for the remainder of the year and the projected $200.4 million in net savings in the 2009-10 budget (as shown in Table 8) were to be realized, the unreserved and undesignated General Fund Balance as of June 30, 2010 would be $428.3 million. The County makes no assurances that no further use of available fund balance will occur, but none are expected. See "Fund Balance and Reserves Policy" below.

The County does not prepare any formal update of its General Fund Balance projections after the Third Quarter. The next formal update of the County's General Fund Balance will occur in connection with the audit of the basic financial statements of the County for the Fiscal Year ending June 30, 2010, which is expected to be completed by January 2011.

County's 2010-11 Proposed Budget and the Operational Plan

Proposed Operational Plan

The County annually prepares a two-year operational plan, the most recent of which was proposed to the County's Board on May 11, 2010 (the "Proposed Operational Plan"). The first year of the

Proposed Operational Plan is the 2010-11 Proposed Budget and the second year represents an estimate of the revenues and expenditures of the County for Fiscal Year 2011-12. The Operational Plan reflects the budgets for all funds within which the County accounts for the services it provides to its residents. The largest single fund is the General Fund, which accounts for the majority of the County's activities.

The County's Proposed Budget for the County General Fund for Fiscal Year 2010-11 is approximately $3.65 billion, with Total Appropriations of approximately $3.65 billion, Total Revenues of approximately $3.22 billion, and total estimated use of the Unreserved and Designated Fund Balance and the Unreserved and Undesignated Fund Balance of approximately $4.6 million and $221.5 million, respectively. See Table 8 entitled "GENERAL FUND ADOPTED AND AMENDED BUDGET FOR FISCAL YEAR 2008-09, ADOPTED AND AMENDED BUDGET AND PROJECTED RESULTS FOR FISCAL YEAR 2009-10, AND PROPOSED BUDGET FOR FISCAL YEAR 2010-11" herein for a summary of the County's 2010-11 Proposed Budget. The Proposed Operational Plan is available on the County's website at http://www.sdcounty.ca.gov/auditor/budinfo.html, but is not incorporated herein by reference.

Summary of General Fund Financing Sources

In the Proposed Operational Plan, General Fund Financing Sources total $3.65 billion for Fiscal Year 2010-11, a $141.8 million or 3.7% decrease from Fiscal Year 2009-10. They are expected to decrease further by $159.8 million or 4.4% in Fiscal Year 2011-12. In comparison, the Fiscal Year 2009-10 budget was 3.0% above the prior year, while the previous eight fiscal years saw an average annual growth rate of 5.3%. The Proposed Operational Plan decrease reflects the continued after effects of the national and international economic downturn, the impact of the State of California's budget constraints, and estimates of available general purpose and program revenues. General Fund Financing Sources can be categorized as one of three types: Program Revenues, General Purpose Revenues, or Fund Balance (including reserve/designation decreases).

Program Revenues. Program Revenues are expected to total approximately $2.47 billion in Fiscal Year 2010-11 and $2.44 billion in Fiscal Year 2011-12. These revenues make up 67.6% of General Fund Financing Sources in Fiscal Year 2010-11, and are derived primarily from State and federal subventions and grants, and charges and fees earned from specific programs. Program Revenues are expected to decrease by 1.1% over the Fiscal Year 2009-10 Adopted Budget compared to an average annual growth for the last seven years of 3.4%.

General Purpose Revenues. General Purpose Revenues, budgeted at approximately $954.4 million in Fiscal Year 2010-11 and $953.3 million in Fiscal Year 2011-12, comprise approximately 26.2% of General Fund Financing Sources. These revenues come from property taxes, property tax in lieu of Vehicle License Fees ("VLF"), the Teeter program, sales tax (and property tax in lieu of sales tax), real property transfer tax, Aid from Redevelopment Agencies, and miscellaneous other sources. They may be used for any purpose that is a legal expenditure of County funds. The Board of Supervisors, therefore, has the greatest flexibility with these revenues when allocating resources to fund programs and services.

The growth in these revenues is principally affected by the local and State economies, with over 85% of General Purpose Revenues tied to activity in the real estate market. From Fiscal Year 1999-2000 through Fiscal Year 2008-09, General Purpose Revenues grew by an annual average of $55.7 million. Fiscal Year 2009-10 saw a drop in budgeted General Purpose Revenues of $64.0 million.

For Fiscal Year 2010-11, the $954.4 million proposed to be budgeted for General Purpose Revenues is an increase of $3.7 million from the Fiscal Year 2009-10 budgeted amount of $950.7 million. These revenues reflect the continued weakness in the real estate market and retail sales, but also reflect improvements in some of the other component accounts based on actual experience in Fiscal Year 2009-10. The Fiscal Year 2010-11 current secured property tax revenue amount assumes a 2.35% decrease in the local secured assessed value, but the impact on property tax revenues will be mitigated by an expected reduction in refunds and corrections and by improvements in the assumptions about the County's share of countywide property tax revenues and the delinquency rate. The assessed value decrease also results in a decrease in the property tax in lieu of Vehicle License Fees (VLF) account. Revenues related to the Teeter program and Real Property Transfer Tax show an increase from a conservatively budgeted amount in Fiscal Year 2009-10.

Use of Fund Balance. Use of Fund Balance, including reserve/designation decreases, totals approximately $226.1 million in Fiscal Year 2010-11 and $98.8 million in Fiscal Year 2011-12. It represents 6.2% of General Fund Financing Sources in Fiscal Year 2010-11. This resource is used for one-time expenses, not for the support of ongoing operations. This compares with $343.7 million in uses of fund balance in the Fiscal Year 2009-10 Adopted Budget, which equaled 9.1% of total General Fund Financing Sources.

In the Proposed Operational Plan, a portion of the unreserved General Fund fund balance is budgeted as the funding source for various one-time or project specific purposes such as: one-time capital needs for the volunteer fire protection districts via the Fire Protection and Emergency Medical Services Grant Program, Aerial Fire Suppression "Call When Needed" support, potential costs related to death penalty cases, Juvenile Voice Supervision Pilot Program in the Probation department, one-time needs associated with the Automated Field Reporting/Records Management System project, safety equipment replacement in the Sheriff's Department, Business Process Reengineering, Imaging and Information Technology ("IT") initiatives in the Health and Human Services Agency, one-time support for the Chronic Disease Program contract with the California Highway Patrol, peripheral relocations related to the County Operations Center ("COC") capital project, and major maintenance projects.

Other uses of unreserved General Fund fund balance are for Capital projects, including the COC and Annex Redevelopment - Phase 1B project, Juvenile Probation Complex Parking Expansion, Multiple Species Conservation Program ("MSCP") land acquisition, Sweetwater Regional Park energy upgrades, Sweetwater Lane Park synthetic turf project, Agua Caliente Park water, sewer, and electrical line replacement, Animal Services South Shelter Cat Housing Facility replacement project, and Animal Services South Shelter multi-purpose barn.

Additional uses include: General Plan Update/Zoning Ordinance project costs rebudget, MSCP (North) Resource Management Plans to protect biological and cultural resources, consultants for work related to various Tribal councils, web-based Stormwater Outreach project, Smuggler's Gulch dredging project, vegetation management, fire suppression and debris clean up for Tijuana River and Otay River Valley, and for Fire program prevention and response activities, such as: Fire Safe Communities Evacuation Study, Volunteer personal safety equipment rebudget, Fire Prevention personal safety equipment, Volunteer Stipends rebudget, Fire contract rebudget, dead, dying and diseased tree removal rebudget.

Still further uses include Firestorm 2007 permit waiver rebudget, Planning and Land Use Building Division core services support, Campo Wastewater Plant upgrades, Inland Rail Trail project management rebudget, Valley Center Interpretive Trail signs rebudget, Sweetwater utility conversion rebudget, assorted stormwater, residential pest management and flood control costs rebudget, Woodside

Drainage improvement rebudget, Contribution to the Environmental Trust Fund to sustain operations in future years at County-owned inactive or closed landfills, Animal Services Central Shelter cat cages replacement, Animal Services flatbed trailers, fund balance designations for the Registrar of Voters for low revenue election years, Registrar of Voters November 2010 gubernatorial general election support, Workforce Academy for Youth program, various information technology projects, such as: document digitization in Planning and Land Use and Public Works, infrastructure and upgrade needs in the District Attorney's Office, IT Outsourcing Intergraph Support in the Sheriff's Department, IT costs associated with the COC relocations in the Sheriff's Department, Land Use and Environment Group Business Case Management System rebudget, Geographic Information System enhancements rebudget, Documentum electronic repository for CD files project in Housing and Community Development, centralized "on-boarding" process in the Department of Human Resources, Registrar of Voters IT enhancements and equipment, Learning Management System upgrade, Web Integrated Tax System 2.0 one-time project, one-time County Technology Office Initiatives and Integrated Property Tax System implementation rebudget, Service First on-line initiative rebudget, and for one-time match for library material donations for the new Ramona and Fallbrook library branches, replacement of the County Law Case Management System, grants provided to community organizations, one-time support to partially offset the dramatic decline in Proposition 172 revenues, and management reserves.

Summary of Total Appropriations in the Proposed Operational Plan

The CAO Proposed Operational Plan includes appropriations totaling \$4.86 billion for Fiscal Year 2010-11 and \$4.47 billion for Fiscal Year 2011-12. This is a decrease of \$145.0 million or 2.9% for Fiscal Year 2010-11 from the Fiscal Year 2009-10 Adopted Budget. Appropriations for the General Fund are approximately \$3.65 billion, a \$141.8 million or 3.7% decrease from Fiscal Year 2009-10. The General Fund constitutes 75.1% of the County's total appropriations. Further, the Fiscal Year 2010-11 Proposed Operational Plan reflects a staffing reduction of 588.75 full time equivalents ("FTEs"), 524 of which are in the General Fund. This proposed staffing reduction would lower budgeted FTEs for the County from 16,415 in Fiscal Year 2009-10 to 15,826.25 in Fiscal Year 2010-11.

The CAO Proposed Operational Plan by Group/Agency includes decreased appropriations in Public Safety, HHSA, Community Services, Finance and General Government, and Finance Other, while they are increasing in Land Use and Environment and the Capital Program. HHSA, at \$1.86 billion, continues to constitute the largest share of the budget at 38.1%, followed by the Public Safety Group at \$1.28 billion, or 26.4%.

The appropriation and staffing changes by Group/Agency are summarized below.

Public Safety Group (PSG) – proposes a net decrease of 3.6% or \$47.6 million from the Fiscal Year 2009-10 Adopted Budget and a decrease of 144.75 FTEs. Resource reductions in local revenues and in State funding require continuing changes to the method of service delivery to increase efficiency, reductions in administrative and support functions and a decrease in discretionary services available. All mandated services are maintained.

Health and Human Services Agency (HHSA) — proposes a net decrease of 0.3% or \$6.2 million from the Fiscal Year 2009-10 Adopted Budget and a decrease of 325.75 FTEs. The net decrease is associated with reductions due to State cutbacks and the struggling economy, and the return of Child Care Stages II/III and the Alternative Payment Program child care services to the State, offset by increases in payments for CalWORKs Assistance, Aid to Adoptive Children providers, In-Home Supportive Services providers and contracts for the Communities Putting Prevention to Work (CPPW) Initiative funded with a Centers for Disease Control (CDC) ARRA grant.

Land Use and Environment Group (LUEG) — proposes a net increase of 13.9% or $59.5 million over the Fiscal Year 2009-10 Adopted Budget and a decrease of 61.00 FTEs. Significant increases include Proposition 1B - Transportation Bond Act funding for projects in the Road Fund, replacement reserves for the Spring Valley and Lakeside Sanitation Districts and the rebudgeting of resources for the Business Case Management System. Significant decreases include a reduction in salaries and benefits due to a reduction in staffing levels, and a reduction in capital assets equipment due to a projected decrease in requirements.

Community Services Group (CSG) — proposes a net decrease of 9.1% or $28.4 million from the Fiscal Year 2009-10 Adopted Budget and a decrease of 40.75 FTEs. The decrease is mainly due to the non-recurrence of one-time funding that was included in the Fiscal Year 2009-10 Adopted Budget for the Documentum End Users License Agreement and for Housing and Community Development programs, in salaries and benefits to align staffing with available resources, and in capital assets – equipment from a reduction in the planned acquisition of replacement vehicles in the Fleet Internal Service Fund.

Finance and General Government Group (FGG) — proposes a net decrease of 11.5% or $46.9 million from the Fiscal Year 2009-10 Adopted Budget and a decrease of 16.5 FTEs. The decrease is mainly due to the non-recurrence of one-time information technology costs included in the prior year budget to support the upgrade of core financial and human resource software applications.

Capital Program —proposes a net increase of $102.5 million (102.8%) from Fiscal Year 2009-10. The amount budgeted in the Capital Program can vary significantly from year to year. The Fiscal Year 2010-11 Capital Program includes: $119.8 million for the County Operations Center and Annex redevelopment – Phase 1B project (COC Phase 1B project), the addition of $55.0 million to the Women's Detention Facility replacement project, $10.0 million for land acquisition for the Multiple Species Conservation Program (MSCP), $2.0 million for the Juvenile Probation Complex Parking Expansion project, $2.5 million for the Sweetwater Lane Park synthetic turf project, $1.5 million for Sweetwater Regional Park energy upgrades, $1.0 million for the Agua Caliente Park water, sewer and electrical line replacement project, $0.5 million for the Animal Services South Shelter Cat Housing Facility replacement project, and $0.2 million for the multi-purpose barn at the Animal Services South Shelter. $66.0 million of the COC Phase 1B project would be funded by a general fund contribution ($20.0 million of general purpose revenues and $46.0 million of fund balance) with the remainder to be financed with lease revenue bonds. All of the other projects listed would be funded by General Fund fund balance.

Finance Other — proposes a net decrease of $178.0 million (-31.2%) from the Fiscal Year 2009-10 Adopted Budget. Many of the appropriations in this group vary little from year to year, but some appropriations reported here are one-time and can fluctuate significantly from year to year. One-time appropriations in Fiscal Year 2009-10 included $100.0 million to pay off the Series B1-2 (variable rate) portion of the County's 2008 Pension Obligation Bond refunding and the creation of a $100.0 million fund balance Designation for Economic Uncertainty. A significant area of expenditure for Fiscal Year 2010-11 is in the general fund contribution to the Capital Program wherein $138.7 million is proposed for several projects as discussed above.

Impact of the Governor's 2010-11 Proposed Budget on the County's 2010-11 Proposed Budget

On January 8, 2010, Governor Schwarzenegger released his 2010-11 Proposed Budget (the "2010-11 Proposed State Budget"), which projects an estimated $6.6 billion budget shortfall by the end of Fiscal Year 2009-10 and an estimated $12.3 billion operating deficit in Fiscal Year 2010-11 absent corrective action. See "STATE OF CALIFORNIA BUDGET INFORMATION AND FEDERAL STIMULUS INFORMATION – State Budget for Fiscal Year 2010-11" herein. The reductions included in the Governor's 2010-11 Proposed State Budget, if enacted, would have negative impacts on County operations, contract service providers, and clients. Also, the 2010-11 Proposed State Budget includes proposals to further reduce funding for or eliminate certain programs if certain funding and programmatic relief is not received from the federal government.

The State, among other things, funds many County health and social services programs and provides funding to help sustain public safety, health and human services and transportation programs. In developing the County's 2010-11 Proposed Budget, the County has reflected certain minor specified reductions, but has not speculated on which of the more significant general statewide proposals and proposals requiring voter approval will be enacted. Instead, the County plans to wait until the 2010-11 State Budget has been adopted to determine the appropriate course of action.

The following are some of the potential areas affected by State funding reductions, as set forth in the 2010-11 Proposed State Budget:

- IHSS Program - The proposed cutbacks in the IHSS program would result in certain savings to the County. However, as a result of other State funding reductions in the 2010-11 Proposed State Budget, the amounts expected to be saved by the County would be applied to other programs, including the redirection of an estimated $41 million in IHSS-related savings to pay for increased children's services costs. Pursuant to the 2010-11 Proposed State Budget, the IHSS program would be eliminated if federal funding and programmatic relief is not obtained.

- HHSA and Probation - The County anticipates a $1.4 million loss as a result of the elimination of the Offender Treatment Program, as certain obligations of the County Probation Department continue even in the absence of State funding.

- Proposals with Undeterminable Impacts - The 2010-11 Proposed State Budget sets forth a number of statewide proposals that, due to the absence of specificity, have an undeterminable impact on the County, including a $291.6 million statewide reduction for prisons that may result in certain felons being imprisoned in local jails, a $280 million statewide reduction related to the elimination of certain inmate rehabilitation programs and changes in inmate detention and parole requirements and a $100 million statewide reduction relating to trial courts. See also the proposed use of Proposition 63 moneys set forth under "Proposals Requiring Voter Approval".

- Proposals Requiring Voter Approval - The 2010-11 Proposed State Budget also sets forth a number of funding shifts that will require voter approval, including the use of First 5 San Diego funding in place of State General Fund amounts to support children's services, which, if approved, is expected to result in a $72.4 million loss to the region's First 5 programs over a 5-year period. Also, the 2010-11 Proposed State Budget provides that Proposition 63 moneys will replace State General Fund funding for State hospital costs, community mental health services costs, certain prescription costs for mental health patients, and EPSDT and Mental Health Managed Care programs, all of which would result in the loss of an undetermined portion of the expanded mental health services intended to be funded by Proposition 63 moneys.

- Transportation - The proposed elimination of the Proposition 42 sales tax on gasoline and replacement of same with a proposed 10.8-cent excise tax increase is not expected to affect the County's $18.1 million in transportation funding for Fiscal Year 2010-11, but the replacement funding could be subject to future State borrowing and State funding adjustments. Also, if the State is successful in the sale of bonds, the proposed Proposition 1B local streets and roads funding could result in $31.7 million of receivables to the County. These changes would impact the County's Road Fund, not the General Fund.

- Reimbursement for 2009 Special Election - The County would receive $5 million in reimbursements for costs related to the May 19, 2009 statewide special election. This potential reimbursement has not been reflected in the County's 2010-11 Proposed Budget.

Impact of 2010-11 May Revision on the County's 2010-11 Proposed Budget

On May 14, 2010, the Governor released the May Revision to the 2010-11 State Budget (together with the contingency proposals referenced therein, the "2010 May Revision"), which projects a budget deficit of $19.1 billion through Fiscal Year 2010-11 and proposes to address the deficit through additional borrowings and approximately $12.4 billion in program reductions. See "STATE OF CALIFORNIA BUDGET INFORMATION AND FEDERAL STIMULUS INFORMATION – State Budget for Fiscal Year 2010-11" herein. The 2010 May Revision includes many of the proposals set forth in the 2010-11 Proposed State Budget, including the elimination of CalWORKs, which would have an impact on the County's budget by potentially shifting significant numbers of CalWORKs participants to the general relief program, which is 100% funded by the County. Other proposed funding reductions, particularly those relating to the IHSS program, would result in certain savings to the County. However, such savings are proposed to be redirected to help finance other State programs. In the area of public safety, the 2010 May Revision proposes to transfer nonviolent felons from State prisons to County jails and transfer the supervisory responsibilities for juvenile parolees from the State to the County Probation Department, with the State paying a portion of the increased County costs through a specified monetary allocation per felon or parolee. The County may also receive funding from the State through new block grants to provide probation and jail services at the local level.

The County continues to review the provisions of the 2010 May Revision and seek clarification on certain of the proposals. Absent such clarification, it is not possible to estimate the potential monetary impact of the State budget on the County. The County intends to await the adoption of the 2010-11 State Budget before determining the actions it will take with respect to the 2010-11 County Budget.

Fund Balance and Reserves Policy

The County's Fund Balance and Reserves Policy (the "Fund Balance and Reserves Policy") establishes guidelines regarding the use of fund balance and the maintenance of reserves in the General Fund. Pursuant to the Fund Balance and Reserves Policy, subject to a waiver of all or a portion of such policy by the Board of Supervisors, the County will maintain: a General Reserve (the "General Reserve") with a targeted amount equivalent to 5% of budgeted General Purpose Revenues to fund legally declared emergencies; a Contingency Reserve (the "Contingency Reserve") with a targeted amount equivalent to 2% of budgeted General Purpose Revenues to fund unanticipated needs of the County or offset revenue shortfalls during the Fiscal Year; and a General Fund Designation of Fund Balance for Economic Uncertainty (the "Designation for Economic Uncertainty") at the targeted level of 10% of the budgeted General Purpose Revenues. In the event that the General Reserve, the Contingency Reserve or the Designation for Economic Uncertainty fall below their targeted levels, the CAO will present a plan to the Board of Supervisors for restoration of those levels.

As of March 31, 2010, the year end balances in the General Reserve, Contingency Reserve and the Designation for Economic Uncertainty are expected to be unchanged from the levels set in the Fiscal Year 2009-10 Adopted Budget. These levels exceeded the County's 17% Fund Balance and Reserves Policy target. The levels for Fiscal Year 2010-11 are proposed to remain at the Fiscal Year 2009-10 amounts. The General Purpose Revenues in the Proposed Operational Plan for Fiscal Year 2010-11 total $954.4 million. For Fiscal Year 2010-11, the General Reserve is proposed to remain at $55.5 million, exceeding the reserve requirement of $47.7 million; the Contingency Reserve is proposed to remain at $20 million, exceeding the target level of $19.1 million; and the Designation for Economic Uncertainty is proposed at $100.0 million, exceeding the target level of $95.4 million. See also "– Budget and Financial Position of the County" and "– County's 2010-11 Proposed Budget and the Operational Plan," herein.

Teeter Plan

In Fiscal Year 1993-94, the County adopted the alternative method of secured property tax apportionment available under Chapter 3, Part 8, Division 1, of the Revenue and Taxation Code of the State of California (also known as the "Teeter Plan"). This alternative method provides for funding each taxing entity included in the Teeter Plan with its total secured property taxes during the year the taxes are levied, including any amount uncollected at Fiscal Year end. Under this plan, the County assumes an obligation to advance funds to these entities to cover expected delinquencies. The County's general fund benefits from future collections of penalties and interest on delinquent taxes collected on behalf of participants in this alternative method of apportionment.

From June 1996 through June 2005, the County issued on an annual basis its Teeter Obligation Commercial Paper Notes ("Teeter Notes") to finance delinquent property tax receivables. The County has not issued Teeter Notes to fund delinquencies since June 15, 2006. All of the County's Teeter Notes have been paid in full. The County intends to fund its obligations under the Teeter Plan through available monies in the General Fund. There are currently no plans to issue Teeter Notes in the future.

Temporary Transfers

Section 6 of Article XVI of the California Constitution provides for temporary transfers of funds by the Treasurer-Tax Collector of the County (the "Temporary Transfers"; such transfers are referred to as Treasurer's Loans from time to time) to cover short-term operational deficits occurring as a result of imbalances between receipts and expenditures. The California Constitution prohibits Temporary Transfers by participants of the Treasury Pool (herein defined) (including the County) prior to the first day of the Fiscal Year or after the last Monday of April of each Fiscal Year, and of amounts in excess of 85% of the school district taxes levied by a county under Section 21 of Article XIII of the California Constitution and of amounts apportioned to such school district under Section 6 Article IX of the California Constitution. Treasury Pool participants may utilize Temporary Transfers from time to time for various purposes. 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 County, would have a priority over the County's general fund debt obligations. The County has not received any Temporary Transfers in the past ten years.

San Diego County Employees Retirement Association

The following information concerning the San Diego County Employees Retirement Association (the "Association") has been excerpted from publicly available sources, which the County believes to be accurate, or otherwise obtained from the Association. The Association is not obligated in any manner for payment of debt service on the County of San Diego and San Diego County School Districts Tax and

Revenue Anticipation Note Program Note Participations, Series 2010 (the "Notes"), and the assets of the County's pension plan are not available for such payment.

General

The Association, which was established July 1, 1939 under provisions of the County Employees Retirement Law of 1937 (the "Retirement Law"), administers the County's cost-sharing multiple-employer defined benefit pension plan covering substantially all compensated employees of the County. Benefits under the County's pension plan are paid in finite amounts, derived from a formula based on age, service credit and levels of compensation, as calculated by the Association in accordance with applicable law and agreements. As of June 30, 2009, there were 17,699 active members, 13,453 retired members and beneficiaries and 5,238 deferred members. Deferred members are those members whose employment has terminated with a participating employer and who left their respective retirement contributions with the Association. The System operates on a fiscal year basis, with its year ending June 30. The pension system has four tiers. Tier B is the current open plan, which became effective on August 28, 2009. Tier A (with 14,201 active members as of June 30, 2009) and Tier I (with 56 active members as of June 30, 2009) are closed to new entrants, and Tier II was eliminated for active members. See "County of San Diego Employees – Negotiated Retirement Amendments" herein for a description of modifications to the benefit tiers effective August 28, 2009.

The County is one of the employers that participates in the Association. In addition to the County, participating employers include the San Diego Superior Court (the "Court"), the Local Agency Formation Commission, the San Dieguito River Valley Joint Powers Authority, and the San Diego County Office of Education. The County and these other participating employers are collectively referred to herein as the "Employers" and contributions to the Association made by such Employers are referred to herein as "Employer Contributions". The County is obligated to make approximately 91% of the annual Employer Contributions to the Association and the other participating employers are obligated to make approximately 9% of the annual Employer Contributions to the Association, based on the estimated relative percentage of payroll of the County and the other participating employers for Fiscal Year 2009-10.

General Funding Practices of the Association

Introduction. The Retirement Law requires the Association to commission an actuarial valuation and an experience study at least every three years. The Association's practice has been to conduct an actuarial valuation on an annual basis as of June 30 of each year, which is the end of the Association's fiscal year. The valuation must be completed by an Enrolled Actuary, covering the mortality, service, and compensation experience of the members and beneficiaries, and must evaluate the valuation assets and actuarially determined liabilities of the Association. The Retirement Law requires the Retirement Board of the Association (the "Retirement Board") to recommend to the Board of Supervisors and the other Employers such changes in the rate of contribution by the Employers and members, and in the County's and the other Employers' appropriations as necessary. Once the Retirement Board recommends any such changes, the Retirement Law requires the Employers (including the County) to implement such changes. The most recent actuarial valuation is as of June 30, 2009. The Segal Company has been retained as the Association's actuary (the "Actuary").

Normal Cost and UAAL and its Calculation. Currently, the Association uses the "entry age normal actuarial cost method" to calculate the Employers' annual rates of contribution. The actuarially required contribution has two components, the "normal cost" and the amortized amount of the unfunded actuarial accrued liability ("UAAL"). Normal cost represents the portion of the actuarial present value of the benefits that the Employers and their respective employees will be expected to fund that are attributable to a current year's employment. The normal cost contribution amount is calculated based on a set of actuarial assumptions about future events pertaining to the amount and timing of benefits to be paid and the accumulation of assets to pay the benefits. The UAAL may increase or decrease as a result of changes in actuarial assumptions, benefit improvements and other experience which differs from that anticipated by the actuarial assumptions. There is a lag between the point in time at which the actuary completes the actuarial valuation and the date that the contribution rates calculated in the valuation go into effect. This lag is typically 12 months. For example, the recommended contributions contained in the actuarial report as of June 30, 2009 apply to contributions to be made by the County and the other Employers for the Fiscal Year beginning July 1, 2010.

The UAAL calculation is necessary to determine how sufficient the assets in the Association are to fund, as of the date of calculation, the accrued costs attributable to currently active, deferred vested members and retired members. The funding sufficiency is typically expressed as the ratio of the valuation assets to the actuarial accrued liabilities. If the actuarially calculated funding level of a plan is less than 100%, the plan has a UAAL. The UAAL is determined by comparing the actuarial assumptions made to actual experience. Examples of the data that are used in this process are the assumed versus actual: rates of earnings on the assets of the plan, pay increases for current employees, disability retirements, retirement ages of active employees, and post-employment life expectancies of retirees and beneficiaries.

When measuring assets for determining the UAAL, many pension plans, including the Association, "smooth" gains and losses to reduce volatility. For example, if in any year the actual investment return on the Association's assets is lower or higher than the actuarial assumed rate of return (which is 8.25%, net of expenses), then the shortfall or excess, together with other experience gains or losses, is smoothed or spread over a five-year period. The impact of this will result in an actuarial value of assets which is lower or higher than the market value of assets depending upon whether the remaining amount to be smoothed is either a net gain or a net loss.

Further, various plans use different amortization periods for paying off (or "amortizing") a UAAL. The amortization of the UAAL represents the current year's portion of the unfunded accrued costs (*i.e.*, the UAAL) attributable to past years' employment. Some plans use different rolling periods and still others use "fixed" periods such as a 30-year fixed period, meaning that the actuarially required contribution in a particular year would be the unfunded actuarial accrued liability amortized over the remaining years in the fixed period. On June 17, 2004, the Retirement Board changed the Association's amortization period from a 15-year rolling amortization period to a 20-year fixed layered amortization period.

The 20-year fixed layered method of amortizing the UAAL amortizes each year's change in UAAL over a new 20-year period. Accordingly, the increase or decrease in UAAL from the current year's actuarial valuation began a new 20-year amortization schedule and the prior year increase or decrease in UAAL has 19 years remaining on its 20-year amortization schedule. As with other assumptions, the Retirement Board may change the amortization period from time to time, which would result in the Employer's contributions to the Association in a particular year being higher or lower.

Investors are cautioned that, in considering the amount of the UAAL as reported by the Association and the resulting amounts of required contributions by the County and the other Employers, this is "forward looking" information in that it reflects the judgment of the Retirement Board and the Association's actuary as to the amount of assets which the Association will be required to accumulate to fund future benefits over the lives of the currently active employees, vested terminated members and existing retired members. These judgments are based upon a variety of assumptions, one or more which may prove to be inaccurate or be changed in the future, and will change with the future experience of the Association.

Demographic Assumptions. The Retirement Board and the Association's actuary review the various demographic assumptions that are employed in calculating the normal cost rates against actual experience at least every three years. The Association's actuary last presented an experience study to the Association on April 1, 2010 with respect to results as of June 30, 2006 through June 30, 2009. The Association's actuary recommended changes to certain assumptions, including the assumed future merit and longevity pay increases for current employees, the assumed rates of disability, the assumed retirement ages of active employees, the assumed ordinary withdrawal and vested termination rates, and the post-employment life expectancies of retirees and beneficiaries. The Association's actuary reported that the proposed set of assumptions would result in an increase in the aggregate contribution rate of less than 1%. At its June 3, 2010 meeting, the Retirement Board adopted the recommendations presented by the Association's actuary. The set of assumptions approved by the Retirement Board will be used to prepare the actuarial valuation report as of the year ended June 30, 2010. The next experience study is expected to be conducted in 2013 with respect to results as of June 30, 2009 through June 30, 2012.

Economic Assumptions. The Association's actuary prepares a review of economic actuarial assumptions every three years in conjunction with the demographic study. At the May 6, 2010 Retirement Board meeting, the Association's actuary presented proposed new economic assumptions. The Association's actuary recommended a reduction of the current annual investment return assumption of 8.25% to 8.0%, a reduction in the assumed rate of inflation from 3.75% to 3.50% and no overall change to the combined inflationary and real "across the board" salary increase assumption of 4.25%. At its June 3, 2010 meeting, the Retirement Board voted to adopt these assumptions for use in the preparation of the June 30, 2010 actuarial valuation report. The actuary is expected to deliver its report to the Association by November 2010; the report will establish the employer and employee contribution rates for Fiscal Year 2011-12. These revised assumptions will have no impact on the County's budget for Fiscal Year 2010-11. The actuary stated at the June 3, 2010 meeting that had the 8% rate of return assumption been in place for the June 30, 2009 actuarial valuation, the aggregate employer contribution rate for Fiscal Year 2010-11 would have been approximately 3 percentage points higher. The next economic assumptions review is expected to be conducted in conjunction with the next demographic experience study, which, as noted above, is expected to occur in 2013. The County cannot predict at this time the further recommendations to be made by the Association's actuary, the Retirement Board's determinations with respect thereto and their potential effects on the Association's assets and liabilities or the contributions to be made by the County, other employers and their respective employees.

Funding Status of the Association

Current Status. As of June 30, 2009, the date of the most recent actuarial valuation report, the valuation value of assets of the Association was approximately $8.413 billion and the actuarial accrued liability was approximately $9.199 billion, resulting in a funded ratio of approximately 91.5% and an UAAL of approximately $785.6 million. The actuarial value of assets and the UAAL may increase or decrease as a result of investment results of the Association increasing or decreasing below the actuarially assumed rate of 8.25% per annum as a consequence of increases or decreases in the securities market. No assurance can be given that the actuarial value of assets of the Association will not materially decrease. The Association reported a total portfolio market value of net pension assets of $7.299 billion as of March 31, 2010, compared to $6.192 billion as of June 30, 2009, a $1.107 billion growth in net assets resulting from recent market events. The investment results through the remainder of Fiscal Year 2009-10, in addition to the gains referenced in the foregoing sentence, will be factored into the June 30, 2010 actuarial valuation. Investment results may help mitigate the material adverse effect of the losses experienced in Fiscal Year 2008-09 on the actuarial value of the assets, the funded ratio and the employer contributions beginning in Fiscal Year 2011-12. The impact of the Fiscal Year 2008-09 losses is illustrated in Table 10 - Prospective Funding Status of the Association below. See "County Financial Information – San Diego County Employees Retirement Association – UAAL and its Calculation" herein.

Historical Funding Status. Table 9 below sets forth for each of the ten years ended June 30, 2009 the amount of the total Employer Contributions made by the County and the other Employers, the UAAL as of the end of each such fiscal year and the funded ratio of the Association as of the end of each such fiscal year.

TABLE 9

HISTORICAL FUNDING STATUS
Fiscal Years Ended June 30, 2000 through 2009
($ In Millions)

Fiscal Year	Employer Contribution[1]	Employer Offsets[1]	UAAL[2]	Funded Ratio
2000	$ 0.0	$38.2	$ (319.8)	109.9%
2001	2.0	39.1	(238.8)[3]	106.8
2002	5.3	45.2	905.1[3][4]	82.5[3][4]
2003	12.2[5]	53.9	1,435.4[3][5]	75.5[3][5]
2004	195.0[5]	55.2	1,202.7[5]	81.1[5]
2005	260.0[6]	56.1	1,378.4	80.3
2006	243.7[7]	58.8	1,232.3	83.6
2007	258.2[8]	62.3	832.1	89.7
2008	236.8	68.7	485.4[9]	94.4
2009	219.6	71.6	785.6	91.5

Source: The County.

(1) These contribution amounts reflect the aggregate contribution amount of all Employers and not only that of the County. In each year the amounts indicated under the columns Employer Contribution and the Employer Offsets were based on the valuations as reported in the actuarial valuation dated as of the end of the second preceding year ended June 30. The County share of Employer Contributions and Employer Offsets are estimated to be approximately 91.0% based on the estimated relative percentage of payroll of the County for Fiscal Year 2009-10. See "County Financial Information – San Diego County Employees' Retirement Association – General" herein.

(2) Negative numbers represent an actuarially accrued surplus.

(3) From June 30, 2001 to June 30, 2003, a number of events adversely affected the UAAL and the funded ratio, including, but not limited to, (1) effective March 8, 2002, the Board of Supervisors increased retirement benefits for active employees which in turn increased actuarially determined liabilities, (2) investment results of the Association were below the actuarially assumed rate of 8.25% per annum as a consequence of declines in the securities market; (3) the Association adjusted several demographic assumptions based on a regular experience study conducted by its actuary that evaluates the reasonableness of the Association's assumptions and implemented those in the actuarial valuation report as of June 30, 2003; (4) the Association ceased including amounts in the Undistributed Reserve (as defined herein) as valuation assets when calculating the Association's UAAL; and (5) deviations occurred between actual experience and those assumptions used in calculating the UAAL.

(4) The UAAL and Funded Ratio indicated for the Fiscal Year ended June 30, 2002 are those calculated in an October 2002 actuarial valuation. The October 2002 actuarial valuation report reflected the contribution by the County of $550 million of proceeds of the 2002 POBs to the Association on October 3, 2002.

(5) Employer Contributions do not include any of the amounts contributed by the County from the proceeds of the issuance of the POBs in the indicated Fiscal Years. However, such amounts are reflected in the UAAL and Funded Ratios of the Association as of the end of such Fiscal Years.

(6) Includes $235.1 million of required contributions plus an additional discretionary contribution of $24.9 million.

(7) Includes $203.7 million of required contributions plus an additional discretionary contribution of $40.0 million.

(8) Includes $231.3 million of required contributions plus an additional discretionary contribution of $26.9 million.

(9) Excludes a total unsmoothed loss of $238.1 million in unrecognized investment loss as of June 30, 2009, which amount will be spread over the five years ending June 30, 2014. See Table 10 and "County Financial Information – San Diego County Employees Retirement Association – UAAL and its Calculation" herein.

Employee Contributions Paid by the Employers. In addition to making annual contributions to the Association in accordance with the applicable actuarial valuation, the Employers also have agreed pursuant to the collective bargaining arrangements with their employee unions dating back to 1982 to pay a portion of the employees' required contribution to the Association (these payments by the Employers are referred to herein as the "Employer Offsets"), which, for non-safety employees of the Employers range from 3% to 9.5% of their salary, and for safety employees range from 2.75% to 16.73% of their salary. In most instances, the amount of Employer Offsets will be less than the total required employee annual contribution. See "County Financial Information – San Diego County Employees Retirement Association – Historical Funding Status" herein for information regarding payments by the Employer of Employer Offsets for each of the ten years ending June 30, 2009.

Prospective Funding Status of the Association

Table 10 below sets forth projections by the Association's actuary relating to future Employer Contribution amounts, Employer Offsets, UAAL, and funded ratio. The table has been revised since the Preliminary Official Statement dated May 18, 2010 (the "Preliminary Official Statement") to reflect, among other things, the estimated impact of the demographic and economic assumptions adopted by the Retirement Board at its June 3, 2010 meeting, which assumptions will be effective with the June 30, 2010 valuation. The information contained in this table, and the related assumptions, are "forward-looking" in nature and are not to be construed as representations of fact or representations that in fact the various tabular information shown will be the correct amounts for the years indicated. Rather, these reflect good faith estimates by the Association's actuary and the Association, taking into account a variety of assumptions, a number of which are discussed herein. The County cannot predict whether the Association will achieve its assumed rate of return in the current or future years. Accordingly, prospective investors are cautioned to review these estimates as general indications of orders of magnitude and not as precise amounts.

TABLE 10

PROSPECTIVE FUNDING STATUS OF THE ASSOCIATION
Fiscal Years Ended June 30, 2010 through 2016
($ In Millions)

Fiscal Year	Employer Contributions(1)(2)(3)	Employer Offsets(1)(2)(3)	UAAL(1)(2)(3)	Funded Ratio(1)(3)
2010	$206	$75	$1,942	81.1%
2011	241	78	2,760	74.8
2012	347	81	3,571	69.4
2013	420	84	4,271	65.6
2014	496	88	4,276	67.7
2015	566	92	4,223	70.0
2016	590	96	4,147	72.2

Source: The Segal Company.

(1) The following assumptions have been applied in preparing the foregoing estimates:

(a) For the year ending June 30, 2010, the Association would earn a market return of 8.25% based on the assumption adopted by the Retirement Board for the June 30, 2009 valuation. However, effective July 1, 2010, it has been assumed that the Association will earn a market return of 8.00% based on the assumed rate of return adopted by the Board for the June 30, 2010 valuation. Under the Retirement Board's asset smoothing method, if actual return on market value of assets is above/below the expected return on market value of assets, the difference between the actual and the expected return will be recognized over a five-year period. There was a total of $2,381.1 million in unrecognized investment loss as of June 30, 2009.

(b) With the exception of the recognition of the above investment loss, it has been assumed that all of the other actuarial assumptions that were approved for use with the June 30, 2009 and June 30, 2010 valuations will be met in the future.

(c) In projecting the payroll, the Actuary assumed that the estimated Fiscal Year 2009-10 payroll of $1,129.2 million used in the June 30, 2009 actuarial valuation will increase by 4.25% per annum.

(d) The Employer Offsets (the County's pickup of member contributions) of about $72 million (reported by the Association for the 2008-09 Fiscal Year) will increase by 4.25% per year as assumed in the June 30, 2009 valuation. This is a simplifying assumption as the actual Employer Offsets amount is governed by bargaining agreements with employee groups and actual membership demographics. Also there will be an increase in the member contributions in the June 30, 2010 valuation as a result of the new actuarial assumptions adopted by the Board for that valuation. There may be an increase in the employee offsets to the extent that those offsets are tied to the increase in the member contributions.

(e) The County has adopted a new General Tier B and a new Safety Tier B plan for members hired on or after August 28, 2009. There will be a gradual reduction in the employer's aggregate normal cost as a bigger portion of the Association's active workforce is covered by the less expensive Tier B plans. The cost reductions are reflected in the projections.

(f) Assumes the Retirement Board will not restore the 1% Contingency Reserve until after the Association has Available Earnings remaining after crediting interest to all valuation reserves.

(g) The Retirement Board's current valuation methodologies, such as the 20-year fixed layered amortization period for the UAAL and the five-year smoothing asset valuation method, will remain unchanged. The above projections do not reflect the impact of any assumption changes that may be adopted by the Board after the June 30, 2010 valuation.

(2) The County is obligated to make approximately 91.0% of the annual Employer Contributions to the Association and the other participating employers are obligated to make approximately 9.0% of the annual Employer Contributions to the Association, based on the estimated relative percentage of payroll of the County and the other participating employers for Fiscal Year 2009-10.

(3) In each year the Employer-Required Contribution and the Employer Offsets will be based on the UAAL as reported in the actuarial valuation dated as of the end of the second preceding year ended June 30. Indicated projected amounts under the columns entitled "UAAL" and "Funded Ratio" are as of June 30 of the years indicated.

Investment Policy

General. The Retirement Law grants the Retirement Board exclusive control over the investment of the Association's assets. The Retirement Law provides general guidelines which generally require the

Retirement Board to manage the investments for the purpose of providing benefits to members, minimizing Employer Contributions, and defraying the reasonable expenses of administering the Association. The Retirement Law further requires the Retirement Board to manage the Association's investments prudently and to diversify investments.

The Retirement Board adopted an investment policy statement and related policies to ensure that the Association's investments are managed prudently and in compliance with the Retirement Law. These policies set investment return and risk objectives and provide for extensive guidelines with respect to the diversification of assets, the appropriate securities, lending of securities, commission recapture, value-added strategies, proxy voting, and corporate governance issues. The Association's assets are diversified across asset classes, including equity, fixed income and real estate assets, and within asset classes. Table 11 below sets forth the Association's current asset allocation policy (the "Asset Allocation Policy"), which will be effective through June 30, 2010. The asset allocation policy is managed and monitored by the Association's staff with the assistance of external investment consultants. That total investment portfolio market was $8.403 billion as of June 30, 2008 and $6.187 billion as of June 30, 2009. As of March 31, 2010, that total portfolio market value was $7.358 billion.

TABLE 11

SAN DIEGO COUNTY EMPLOYEES RETIREMENT ASSOCIATION
ASSET ALLOCATION POLICY[(1)]

Asset Class	Long-Term Strategic Allocation %	Asset Class	Implementation Targets %
U.S. Equity[(2)]	23%	U.S. Equity[(2)]	17%
Non-U.S. Equity	24	Non-U.S. Equity	18
Emerging Market Debt	4	Emerging Market Debt	4
High Yield Fixed Income	3	High Yield Fixed Income	3
Real Estate	10	Real Estate	10
Commodities	4	Commodities	4
Infrastructure	5	Infrastructure	5
Private Equity	5	Private Equity	5
Return Driven Assets	**78%**		**66%**
		Opportunistic[(3)]	12
		Bridgewater All-Weather	4
			16%
U.S. Bonds	17	U.S. Bonds	13
U.S. TIPS	5	U.S. TIPS	5
Low-Risk Assets	**22%**		**18%**
Total	**100%**	**Total**	**100%**

Source: San Diego County Employees Retirement Association.

(1) The current Asset Allocation Policy was approved on October 18, 2007 and became effective January 1, 2008.

(2) As of July 31, 2009, this target portfolio allocation was split between small capitalization stocks which represented 1.7% of the target portfolio allocation, and large capitalization stocks, which represented 15.3% of the target portfolio allocation.

(3) The Board has adopted a policy allocation of up to 8% of total assets to "Opportunistic" investments that have acceptable risk/return characteristics, and which can further the diversification of the investment program. Such investments may include, but are not limited to, bank loan funds, distressed mortgage debt, niche private investments, certain types of hedge funds, and convertible bonds.

The assumed rate of return adopted by the Retirement Board and applicable to the projection of the Association's assets and liabilities is higher than the expected compound annual passive return of the Association's Asset Allocation Policy, which is 7.1%, as calculated by the Association's Investment Consultant. The Investment return assumption of 8.0% recommended by the Actuary is based on a number of assumptions, including the average assumed passive rate of earnings by asset class from a sample of investment consultants to several public pension funds including the Association's investment consultant and then applied to the Association's asset allocation policy portfolio. From 2006 through 2009, the Retirement Board elected to maintain the assumed rate of earnings at 8.25% for the applicable fiscal year, a rate acceptable to the actuary, in part because the active management portfolio strategy of the Association, including the application of the Alpha Engine strategy, which the Association no longer uses, historically yielded rates of earnings substantially higher than the rates recommended by the Actuary. See "County Financial Information – San Diego County Employees Retirement Association – Historical Investment Return".

Historical Investment Return. The historical annual net investment return on the market value of the Association's entire investment portfolio, after management fees, was negative 24.4% for the year ended June 30, 2009, negative 4.2% for the three years then ended, 2.8% for the five years then ended and 3.9% for the ten years then ended. This compares to the 8.25% actuarial assumed rate of return that the Association's actuary uses to calculate the normal Employer and employee contribution rates and the UAAL on a year-to-year basis (which is done by projecting into the future a variety of estimates, including how much will be earned on the assets of the Association in future years). For the period July 1, 2009 through March 31, 2010, the investment return was approximately 19.88%.

Hedge Funds. As of March 31, 2010, the fund was invested in nine hedge funds with an approximate market value of $7.4 million or 5.7% of the total market value of the portfolio.

Changes to the Investment Policy Statement and Asset Allocation Policy. At its March 18, 2010 meeting, the Retirement Board adopted a new Asset Allocation and Investment Policy Statement (the "IPS"). The IPS has been revised to reflect a reclassification of the types of allowable securities for investment purposes and modify the manner in which investments are made. There are three primary areas where the IPS differs from the existing Asset Allocation Policy: asset allocation and incorporation of leverage in the policy portfolio, investment manager selection and retention process, and active risk budgeting. Table 12 below sets forth the new long-term strategic asset allocation policy, which will be effective as of July 1, 2010.

TABLE 12

SAN DIEGO COUNTY EMPLOYEES RETIREMENT ASSOCIATION
NEW ASSET ALLOCATION POLICY

Asset Class	Benchmark	Percentage Limits Target	Min.	Max.
Global Developed Equities	MSCI World Net Index	20	15	25
Emerging Market Equities	MSCI Emerging Markets Index	5	2	10
High Yield	ML High Yield Master II	5	2	10
Private Equity[2]	Uninvested Portion: Russell 3000 Invested Portion: Russell 3000 + 3%	10	5	15
Total Growth Oriented Assets	*Target Weighted Average*	*40*	*24*	*60*
Emerging Market Debt (Local)	JP Morgan GBI - EM Global Diversified (Unhedged)	10	5	15
Asset Allocation Strategies	2/3 HFRI Macro + 1/3 Barclays CTA Indices	10	5	15
Relative Value Strategies	Three-Month Treasury Bills + 2%	10	5	15
US Treasuries	Barclay's 10-year UST Futures Index[1]	40	20	60
Total Stable Value Assets	*Target Weighted Average*	*70*	*35*	*105*
Real Estate[2]	Uninvested Portion: DJ US Real Estate Invested Portion: NCREIF NPI	10	5	15
Treasury Inflation Protected Securities	Barclay's Capital US TIPS	5	2	15
Total Inflation-Sensitive Assets	*Target Weighted Average*	*25*	*12*	*45*
Total Fund	**Target Weighted Average**	**135**		

Source: San Diego County Employees Retirement Association.

(1) The benchmark for the cash backed portion of the 10-year Treasury futures allocation will include the return on three-month Treasury bills in addition to the Barclay's 10-year Futures Index.

(2) Returns for the privately invested portions of the real estate, private equity and real asset portfolios will be lagged by one quarter and compared to their respective benchmark returns for the same period.

Outsourcing of Chief Investment Officer and Adoption of a Dedicated Advisor Model

On September 3, 2009, the Association announced it had reached an agreement with Integrity Capital LLC ("Integrity Capital"), a consulting firm led by Lee Partridge, most recently the Deputy Chief Investment Officer for the Teacher Retirement System of Texas, to serve as its portfolio strategist. The portfolio strategist will serve as the Association's outsourced chief investment officer, tasked with guiding the Association's funds through the current volatile and challenging market environment. Integrity Capital was retained pursuant to a 39-month contract with two two-year extensions.

At its March 18, 2010 meeting, the Retirement Board approved staff's recommendation to adopt a "Dedicated Advisor" model for investment management services. The Dedicated Advisor model includes the engagement of an outside firm focused on providing customized, top-tier investment management services to the Association.

Litigation Involving Prior Investment

On February 25, 2009, the United States Attorney's Office and the Federal Bureau of Investigation arrested the two principals of WG Trading Company ("WG TC"), a limited partnership fund in which the Association invested, on charges of securities fraud, wire fraud, and conspiracy to commit securities fraud and wire fraud. On the same day, all entities connected with the principals of WG TC were placed in receivership at the request of the U.S. Securities and Exchange Commission (the "SEC").

As of December 31, 2008, the Association had $78 million invested with WG TC. On December 31, 2008, based on WG TC's refusal to promptly and completely answer all questions presented during a due diligence investigation, the Association terminated the WG TC relationship and requested a full redemption of its investment. The decision to terminate the WG TC relationship was a result of issues and concerns that arose during the due diligence review. Fraud was not suspected at the time. The Association's agreement with WG TC allows for a six-month redemption window. The assets have not yet been returned to the Association. To preserve its interests in the holdings of WG TC, on March 25, 2009 the Association filed a motion to intervene in the two lawsuits brought by the Commodity Futures Trading Commission and the SEC against WG TC, its principals and certain related entities. The motion to intervene was summarily denied and the Association has dismissed an appeal pursuant to an agreement with the government agencies. The receivership is pending in the United States District Court, Southern District of New York, which court has frozen distribution of assets pending the filing of a report by the receivers. In July 2009, the Chief Compliance Officer of WG TC pleaded guilty of certain charges. Currently, litigation counsel is working with the investors group and a jointly retained expert to prepare a rebuttal to the receiver's report.

Transfers of Investment Earnings by the Association

Introduction. Pursuant to statutory authority under the Retirement Law, the Retirement Board annually directs the crediting of the Association's investment earnings to reserves, some of which are part of valuation assets and some of which are not. Valuation assets are those assets used in calculating the UAAL and the funded ratio. For the purpose of such crediting, the Retirement Board has defined investment earnings as current income (*i.e.,* the interest, dividends, and rents) plus net realized capital gains on the book value of the Association's valuation and non-valuation assets. All of the Association's investment earnings are transferred to and kept in a reserve entitled the "Undistributed Reserve," and from there such earnings are transferred in accordance with Retirement Board policy. The Undistributed Reserve is currently not part of valuation assets and, except in certain limited circumstances described herein, amounts in the Undistributed Reserve are not included as assets for purposes of calculating the Association's UAAL.

Pursuant to the statutory authority of the Retirement Law, the Retirement Board has adopted an "Interest Crediting and Excess Earnings Policy", most recently amended in August 2007, which directs that investments earnings be transferred from the Undistributed Reserve to the following Association reserves, effectively, in the following order. First, such earnings are credited to the Association's valuation assets up to an amount determined by the Retirement Board's policies, currently in an amount equal to 8.25% of the value of the Association's valuation assets as of the end of the prior fiscal year. Second, a portion of such earnings is transferred to an Association Contingency Reserve (the "Association Contingency Reserve") to maintain the amount on deposit in the Association Contingency Reserve, which is not part of valuation assets, equal to one percent of the total market value of assets of the Association. The Association may transfer amounts from the Association Contingency Reserve to valuation assets when current investment earnings are insufficient to credit the valuation asset reserves with the 8.25% interest target. Earnings in excess of the amounts transferred to the Association Contingency Reserve are referred to herein as "Excess Earnings." The Association currently uses the change in actuarial value methodology to calculate Excess Earnings.

The Retirement Law permits the Association to use any Excess Earnings to fund the County Contribution Reserve to reduce any UAAL, to fund existing supplemental benefit reserves, and to fund new supplemental benefits, as may be adopted by the Retirement Board.

Excess Earnings Policy. The Retirement Board adopted an Excess Earnings Policy effective July 1, 2007 (the "Excess Earnings Policy") pursuant to which, after crediting the mandatory reserves with the assumed rate of interest, Excess Earnings would be available as follows:

- If the funded ratio of the Association as of any Fiscal Year end is below 90%, all Excess Earnings will be used to fund the pension liability.

- If the funded ratio of the Association as of any Fiscal Year end is between 90% and under 100%, 75% of Excess Earnings will be used to fund the pension liability and the remaining 25% will be available to the Retirement Board for use at its discretion.

- If the funded ratio of the Association as of any Fiscal Year end is between 100% and under 115%, 50% of Excess Earnings will be placed in the Association Contingency Reserve and 50% will be available to the Retirement Board for use at its discretion.

- If the funded ratio of the Association as of any Fiscal Year end is 115% or greater, the Retirement Board has total discretion as to the use of Excess Earnings.

Allocation of Excess Earnings to reserves that are not part of valuation assets may impact the UAAL and thus the amount of Employer Contributions required to fund pension benefits in the future. When earnings are held outside of valuation assets, those amounts are not available to decrease the UAAL because they are not available to pay benefits under the County's pension plan.

Historical Transfers of Investment Earnings. Table 13 below sets forth the amount of the Association's investment earnings that the Retirement Board has transferred from the Undistributed Reserve into reserves that are separate from valuation assets during the ten fiscal years ending June 30, 2009.

TABLE 13

TRANSFERS OF INVESTMENT EARNINGS TO NON-VALUATION RESERVES
Fiscal Years Ended June 30, 2000 through 2009
(In Millions)

Fiscal Year	Post-Retirement Healthcare(1)	STAR COLA(2)	Contingency Reserve(3)	Total
2000	$32.0	$9.8	--	$41.8
2001	45.5	8.2	--	53.7
2002	117.0	24.2	$35.3	176.5
2003	0.0	0.0	0.0	0.0
2004	0.0	19.6	19.8	39.4
2005(4)	0.0	9.3	8.5	17.8
2006	31.4	10.0	9.7	51.1
2007(5)	0.0	26.4	11.1	37.5
2008	0.0	0.0	(0.4)	(0.4)
2009	0.0	0.0	(2.2)	(2.2)
Total(6)	$225.9	$107.5	$81.8	$415.2

Source: The Association.

(1) Reflects amounts that the Association transferred to the Health Reserve from Excess Earnings for Fiscal Years 1999-00 through 2008-09. The Health Reserve was originally established to hold amounts with which the Association reimbursed the County for amounts that the County contributed for the payment of post-retirement healthcare benefits. See footnote (5) below regarding the restructuring of the Health Reserve in Fiscal Year 2007-08.

(2) Reflects amounts that the Association has transferred from Excess Earnings to a reserve established for the payment of STAR COLA. The Association began providing STAR COLA benefits in the year ended June 30, 1999, and transfers to the STAR COLA reserve began in the year ended June 30, 1998. The STAR COLA reserve was originally established to hold amounts to fund a supplemental targeted cost of living adjustment. See footnote (5) below regarding the restructuring of the STAR COLA reserve effective June 30, 2007.

(3) Reflects amounts that the Association has transferred from the Association's investment earnings to the Association Contingency Reserve. The Association Contingency Reserve was created in the Fiscal Year ended June 30, 2002. Before the creation of the Association Contingency Reserve, the 1% contingency amounts required by the Retirement Law were maintained in the Undistributed Reserve and were not separated from valuation assets.

(4) The Retirement Board determined that no amounts would be transferred from Excess Earnings to the Health Reserve for the year ended June 30, 2005 based on a determination that the amounts on deposit in the Health Reserve at the time was sufficient to pay post-retirement healthcare benefits for at least 5 years from the date of determination.

(5) In Fiscal Year 2007-08, the Health Reserve was restructured as a "Supplemental Benefits Reserve". See "County Financial Information – Supplemental Pension Benefits" herein. Effective for the June 30, 2007 Valuation Report, the STAR COLA became a prefunded supplemental benefit for certain retirees. The $26.4 million shown in this table was the amount that in addition to the balance in the STAR COLA Reserve was needed to accomplish the prefunding. See "County Financial Information – STAR COLA Benefits" herein.

(6) Reflects the sum of the deposits for the years shown, not the current balance in the reserves.

In certain of the years indicated in the foregoing table, the amounts credited to the STAR COLA reserve and the Health Reserve were actually transferred after the end of the fiscal year with retroactive effect. The Association does not track either the Employer or the departments or funds of any Employer from which retired personnel receiving STAR COLA or health benefits, when in active service, were paid.

Reserve Levels. As of June 30, 2009, $61.9 million was on deposit in the Association Contingency Reserve, $131.0 million was on deposit in the Supplemental Benefits Allowance Reserve (restructured from the Health Reserve during Fiscal Year 2007-08), $16.8 million was on deposit in the Disability Supplemental Benefits Allowance Reserve, and no funds were on deposit in the STAR COLA or Undistributed Earnings Reserve. For a discussion on actions of the Retirement Board with respect to the transfer of certain Excess Earnings to the Health Reserve and the STAR COLA reserve, see "County Financial Information – San Diego County Employees Retirement Association – Transfers of Investment Earnings by the Association" herein. See also "County Financial Information – STAR COLA Benefits" and "County Financial Information – Supplemental Pension Benefits" herein.

Post-Retirement Healthcare Benefits

General. The Association offers to eligible retirees a health insurance allowance to offset or reimburse the cost of medical insurance premiums. A variety of healthcare and dental plans with varying providers and levels of premiums are sponsored by the Association. Once a retiree elects a particular healthcare or dental plan, the amount of the premium is deducted from the retiree's monthly retirement check. Alternatively, retirees may be reimbursed for health insurance premiums of non-Association sponsored plans. Beginning on July 1 of Fiscal Year 2007-08, the Association limited the health insurance allowance to retirees who retired under the Tier I or Tier II plan.

Nature of the Post-Retirement Healthcare Payments. The Retirement Law does not require the Association to provide any post-retirement healthcare payments. In addition, in the opinion of County Counsel, the County has not entered into any collective bargaining agreements or other arrangements that require the County or the Association to maintain post-retirement healthcare benefits (although some members of the Association have stated that the County did promise retirees such benefits, which the County disputes). Therefore, in the view of County Counsel, the Association's payment of post-retirement healthcare benefits is an unvested benefit which can be cancelled at any time and for any reason by the Association. Nonetheless, the Association has continuously provided post-retirement healthcare benefits for many years.

Funding Source for Post-Retirement Healthcare Benefits. The Retirement Law authorizes a mechanism for the payment of post-retirement healthcare benefit costs pursuant to which a portion of the Employers' pension contributions are applied to the payment of these post-retirement healthcare benefits and the amounts of those contributions are credited to the Employers' valuation assets. In years past, the County designated up to 25% of its respective normal cost and employer offset annual contributions to the payment of the monthly medical allowance and Medicare Part B premium reimbursement to be recorded in a separate account (the 401(h) account) under the provisions of section 401(h) of the Internal Revenue Code. The designated amounts were determined by funding the post-retirement healthcare benefits on a pay-as-you-go basis. Upon receiving the County's 401(h) contribution, the Association would transfer an equal amount from the Health Reserve to the County Contribution Reserve (part of the Association's valuation assets) as a credit for the County's current-year contribution. Beginning on July 1 of Fiscal Year 2007-08, the funding mechanism changed. See *"Payment of the Annual Required Contribution for Post-Retirement Healthcare Benefits"* herein. Benefits paid to retirees from the 401(h) account are non-taxable.

New Reporting Requirements Regarding Post-Retirement Benefits. In 2004, the Governmental Accounting Standards Board ("GASB") issued two statements that address other post-employment benefits ("OPEB"), which are defined to include post-retirement healthcare benefits. GASB Statement No. 43, Financial Reporting for Post-employment Benefits Plans Other Than Pension Plans ("GASB 43") and GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions ("GASB 45"), establish accounting and financial reporting standards for OPEB in a manner similar to those currently in effect for pension benefits. The provisions of GASB 43 focus on the entity that administers such benefits (the Association) while GASB 45 focuses on the employer's reporting requirements (the County). The Statements require an actuarial valuation to determine the funded status of benefits accrued, along with other required information to be disclosed by the Association and the County. The Retirement Board adopted and implemented the provisions of GASB 43 as part of the Association's comprehensive annual financial report for the Fiscal Year ended June 30, 2007. The County has included the required disclosures beginning with the County's comprehensive annual financial report for the Fiscal Year ended June 30, 2008.

GASB 45 requires substantially different financial accounting of OPEB, or any post-employment benefits that are provided separately from a pension plan, such as post-employment healthcare. For the County, the affected benefits include the post-employment healthcare benefits paid by the Association. GASB 45 seeks to associate the costs of the OPEB with the periods in which the employee services are rendered in exchange for the OPEB. Prior to the requirements of GASB 45, however, OPEB costs were accounted for on a pay-as-you-go basis, which does not require the accrual of costs associated with OPEB that are attributable to current and past fiscal years.

The core requirement of GASB 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 UAAL. The requirements that GASB 45 imposes on the County only affect the County's financial statements and would not impose any requirements regarding the funding of any OPEB plans.

Valuation of the Association's Post-Retirement Healthcare Benefits. The Association's actuary conducted an OPEB valuation as of June 30, 2008 (the "2008 OPEB Valuation") with respect to the eligible retirees and the benefit levels set by the Association. The assumptions used in the 2008 OPEB Valuation included an individual entry-age normal cost method, 8.25% investment rate of return and a separate declining 20-year basis starting June 30, 2007, amortized as a level dollar amount. The next OPEB valuation will be as of June 30, 2010 and then every two years thereafter. Any changes made by the Retirement Board to the assumed investment rate of return will apply to future OPEB valuations.

Table 14 below sets forth the historical funding status of the Association's OPEB and the historical employer contribution amounts:

TABLE 14

PAYMENTS FOR POST-RETIREMENT HEALTHCARE BENEFITS
Years Ended June 30, 2000 through 2009

Funding Progress

Valuation Date	Valuation Assets	AAL	UAAL	Funded Ratio
June 30, 2008	$ --[1]	$235,755	$235,755	0.0%
June 30, 2007	18,206	217,559	199,353	8.4

Employer Contributions

Year Ended	Annual Required Contribution	Contributions Made	Percentage of Required Contribution Made
June 30, 2009	$23,237	$23,237	100.0%
June 30, 2008	$23,616	23,616	100.0

Source: The Association's Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2009 - Required Supplemental Information, citing the Segal Group, Inc. Actuarial Valuation.
(1) Excludes $18.2 million available for benefits.

Payment of the Annual Required Contribution for Post-Retirement Healthcare Benefits. The County and other employers have determined to pay the ARC as calculated by the Association's actuary. The payment of the ARC is in addition to the Employers' regular pension contributions and is contingent upon the Association continuing to limit the retiree healthcare benefits to the Tier I and Tier II retirees and at levels no greater than were in effect on December 5, 2006, which are those benefit levels described under the caption "Post-Retirement Healthcare Benefits – General" herein. For the Fiscal Year ended June 30, 2009, the employers collectively paid $23.2 million to the Association for deposit into the 401(h) account, which satisfied the ARC for that year.

Historical Payments. Table 15 below sets forth the amounts for each of the ten years ended June 30, 2009 that the Association has paid to its members for post-retirement healthcare benefits:

TABLE 15

PAYMENTS FOR POST-RETIREMENT HEALTHCARE BENEFITS
Years Ended June 30, 2000 through 2009

Fiscal Year Ending June 30	Payments for Retiree Healthcare Benefits (in millions)
2000	$ 9.0
2001	10.8
2002	14.3[(1)]
2003	20.0[(1)]
2004	26.4[(1)]
2005	32.6
2006	32.9
2007	35.3
2008	24.4[(2)]
2009	23.6

Source: The Association.

(1) A portion of the indicated amounts are allocated to the administrative expenses related to the provision of the post-retirement healthcare benefits.

(2) Beginning with Fiscal Year 2007-08, healthcare benefits were paid from the 401(h) account, which had an available balance of $18.8 million on June 30, 2007 and received contributions from the employers of $23.6 million during that fiscal year.

Supplemental Pension Benefits

Beginning July 1 of Fiscal Year 2007-08, the Association stopped paying a non-taxable healthcare benefit to its previously eligible General Tier A retirees and Safety retirees covered by the 3% at age 50 benefit formula, and instead started paying to them a taxable pension supplement based on years of service. The source of these payments is the former Healthcare Reserve, which was converted to a Supplemental Benefit reserve. The supplemental benefit allowance ("SBA") ranges from $200 per month (10 years of service) to $400 per month (20 or more years of service). During Fiscal Year 2008-09, a total of $17.6 million was paid from this reserve to Tier A retirees, leaving a balance in the reserve of $131.0 million on June 30, 2009 that is expected to provide for payments to eligible members through approximately 2014. In addition, the Association set aside $20.7 million in excess earnings from Fiscal Year 2006-07 to provide a taxable pension supplement to General Tier A members and Safety members covered by the 3% at age 50 benefit formula, who retire because of a disability. Members who are granted a disability retirement and determined to be totally disabled are eligible for the maximum SBA ($400 per month) regardless of years of service. Members with less than 10 years of service credit who are granted a disability retirement and determined to be partially disabled are eligible for the minimum SBA ($200 per month). During Fiscal Year 2008-09, a total of $2.1 million was paid to these disability retirees, leaving a balance in the Disability Supplemental Benefit Allowance Reserve on June 30, 2009 of $16.8 million.

STAR COLA Benefits

General. The STAR COLA benefits provide retirees with additional cost-of-living adjustments. The Retirement Board's STAR COLA policy preserves 80% of a retiree's purchasing power calculated against when that retiree retired. The Retirement Law does not require the Association to provide any STAR COLA payments. In addition, in the opinion of County Counsel, the County has not entered into any collective bargaining agreements or other arrangements that require the County or the Association to maintain STAR COLA benefits.

Prefunding of STAR COLA Benefits. On August 2, 2007, the Retirement Board approved a permanent STAR COLA pre-funded supplemental cost-of-living increase benefit. This action resulted in the transfer of the assets from the STAR COLA Reserve to valuation assets and the liability for the STAR COLA benefits for eligible members to be incorporated into the overall liabilities of the retirement fund. Eligible members are those whose accumulations equaled or exceeded 20 percent as of January 1, 2007. By this definition, eligible members are Tier 1 members who retired on or before March 31, 1982 and Tier II members who retired on or before March 31, 1989. The permanent STAR COLA benefit will be equal to the STAR COLA amount payable as of April 1, 2007 under the applicable laws. Effective April 1, 2008, this benefit is subject to the same cost-of-living increase paid by the Association on every April 1 up to 3% per annum.

Historical Practice and Payments. Prior to the August 2, 2007 Retirement Board action, the Retirement Board's historical practice had been to maintain an amount in the STAR COLA reserve that the Association's actuary estimated would be necessary to cover the costs of the STAR COLA benefits for current eligible retirees for five years. Each year, the Association's actuary prepared an estimate of the amounts necessary to be contributed to the STAR COLA reserve to meet this targeted level. For a discussion on actions of the Retirement Board with respect to the transfer of certain Excess Earnings to the Health Reserve and the STAR COLA reserve, see "County Financial Information – San Diego County Employees Retirement Association – Transfers of Investment Earnings by the Association" herein.

Table 16 below sets forth the amounts paid by the Association to retirees out of the STAR COLA reserve since 2002. The Association does not track either the Employer or the departments or funds of any Employer from which retired personnel receiving STAR COLA benefits, when in active service, were paid.

TABLE 16

PAYMENTS FROM STAR COLA RESERVE
Fiscal Years Ended June 30, 2002 through 2009

Fiscal Year Ending June 30	Payments from STAR COLA Reserve (in millions)
2002	$ 8.1
2003	7.2
2004	11.3
2005	11.0
2006	10.7
2007	10.4
2008	0.0
2009	0.0

Source: The Association.

Pension Obligation Bonds

Introduction. The County has issued taxable pension obligation bonds ("POBs") and transferred the proceeds to the Association to reduce the UAAL. Under California law, the obligation to fund the UAAL by making actuarially required contributions is an obligation imposed by law. The effect of issuance of POBs is to refinance that obligation and convert it from an obligation to make actuarially required contributions to an obligation to make interest and principal payments on bonds which are sold to the public.

County Pension Obligation Bonds. In February 1994, the County issued $430,430,000 in principal amount of POBs (the "1994 POBs") and in October 2002 the County issued an additional $737,340,000 in principal amount of POBs (the "2002 POBs"), in part to refund a portion of the 1994 POBs. In June 2004, the County issued $454,112,915.70 in principal amount of POBs (the "2004 POBs"). The County has contributed to the Association an aggregate amount of $1,428,500,000 from the issuance of the 1994 POBs, the 2002 POBs and the 2004 POBs to reduce the UAAL. On August 15, 2007, the County prepaid in full all of the $100 million Series 2002C PINES and on February 15, 2008, the County prepaid $20 million of the Series 2002B-1 POBs (herein defined) with available cash, these two prepayments resulted in over approximately $7.5 million of annual interest savings to the County. In August 2008, the County prepaid $44 million of its Series 2002B-1 POBs with available cash, which prepayment resulted in approximately $3.06 million of annual interest savings to the County. On August 7, 2008, the County issued $443,515,000 aggregate principal amount of Taxable Pension Obligation Bonds, Series 2008A (the "2008A POBs") and Series 2008B (Variable Rate Demand Obligations) (the "2008B POBs" and, together with the 2008A POBs, the "2008 POBs"). The proceeds of the 2008 POBs were used to refund all of the then-outstanding 2002 B1-B4 POBs that were originally issued as auction rate securities (the "2002B POBs"). On July 1, 2009, the County prepaid in full all of the $100 million Series 2008B POBs, which resulted in approximately $4.5 million of annual interest savings. As of May 1, 2010, the County had POBs outstanding in the aggregate principal amount of $873.7 million. The County may, from time to time, finance all or a portion of the UAAL employer contributions through the additional issuances of POBs.

Pension Related Payments and Obligations

Payments. Table 17 below sets forth the historical and estimated Employer Contributions, Employer Offsets and POB debt service for Fiscal Years 2003 through 2016. The estimates contained in this table have been revised since the Preliminary Official Statement to reflect, among other things, the estimated impact of the demographic and economic assumptions adopted by the Retirement Board at its June 3, 2010 meeting, which assumptions will be effective with the June 30, 2010 valuation. The estimates and related assumptions are "forward-looking" in nature and are not to be construed as representations of fact or representations that in fact the various estimates shown will be the correct amounts for the years indicated. Rather, these reflect good faith estimates by the County taking into account a variety of assumptions, a number of which are discussed herein. Accordingly, prospective investors are cautioned to review these estimates as general indications of orders of magnitude and not as precise amounts.

TABLE 17

PENSION RELATED PAYMENTS
Fiscal Years Ended June 30, 2003 through 2016
(In Millions)

Fiscal Year	Employer Contributions[1]	Employer Offsets	County Pension Obligation Bonds Debt Service[2]	Total
2003[3]	$ 12.2[4]	$53.9	$60.8	$126.9
2004[3]	195.0[4]	55.2	51.9	302.1[5]
2005[3]	260.0	56.1	56.3	372.4
2006[3]	243.7	58.8	63.6	366.1
2007[3]	258.2	62.3	68.8	389.3
2008[6]	236.8	68.7	66.1	371.6
2009[6]	219.6	71.6	82.0	373.2
2010[6]	206.0	75.0	81.4	362.4
2011[6]	241.0	78.0	81.3	400.3
2012[6]	347.0	81.0	81.4	509.4
2013[6]	420.0	84.0	81.4	585.4
2014[6]	496.0	88.0	81.4	665.4
2015[6]	566.0	92.0	81.4	739.4
2016	590.0	96.0	81.4	767.4

Source: The Segal Company; County of San Diego.

(1) These contribution amounts reflect the aggregate contribution amount of all Employers and not only that of the County. The County share of Employer Contributions and Employer Offsets are estimated to be approximately 91.0% based on the estimated relative percentage of payroll of the County for Fiscal Year 2009-10. See "County Financial Information – San Diego County Employees' Retirement Association – General" herein.

(2) Comprised of regular principal and interest payments, and does not include prepayment amounts. Debt service beginning in Fiscal Year 2010 and onward reflect the July 1, 2009 prepayment of the $100 million 2008B POBs.

(3) Actual.

(4) Employer Contributions do not include any of the amounts contributed by the County from the proceeds of the issuance of the POBs in the indicated Fiscal Years. However, such amounts are reflected in the UAAL and funded ratios of the Association as of the end of such Fiscal Years.

(5) Increased total pension payments in 2004 are primarily a result of the implementation of enhanced benefit levels and investment results that were below the actuarially assumed rate of 8.25%. See "County Financial Information – San Diego County Employees Retirement Association – Funding Status of the Association – Impacts to UAAL" herein. Increased total pension payments in 2005 are primarily a result of changes in actuarial assumptions for the valuation as of June 30, 2003 based on an experience study and recognition of smoothed losses.

(6) Estimated. The amounts indicated are subject to the same assumptions as set forth in footnotes (1) through (3) to the "Prospective Funding Status of the Association" table herein.

Pension – Rated Obligations. Table 18 below sets forth the historical and estimated UAAL and expected outstanding principal amounts of POBs for the years indicated, assuming no additional POBs are issued and the outstanding POBs mature on their respective amortization schedules. The estimates contained in this table have been revised since the Preliminary Official Statement to reflect, among other things, the estimated impact of the demographic and economic assumptions adopted by the Retirement Board at its June 3, 2010 meeting, which assumptions will be effective with the June 30, 2010 valuation. The estimates and the related assumptions are "forward-looking" in nature and are not to be construed as representations of fact or representations that in fact the various estimates shown will be the correct amounts for the years indicated. Rather, these reflect good faith estimates by the County taking into account a variety of assumptions, a number of which are discussed herein. Accordingly, prospective investors are cautioned to review these estimates as general indications of orders of magnitude and not as precise amounts.

TABLE 18

COUNTY PENSION RELATED OBLIGATIONS
Fiscal Years Ended June 30, 2003 through 2016
(In Millions)

Fiscal Year	UAAL	Outstanding Pension Obligation Bonds	Total Outstanding Obligations
2003	$1,435.4	$ 980.8	$2,416.2
2004	1,202.7	1,269.1	2,471.8
2005	1,378.4	1,194.9	2,573.3
2006	1,232.3	1,198.6(1)	2,430.9
2007	832.1(2)	1,192.8(1)	2,024.9
2008	485.4(2)	1,068.2(1)	1,553.6
2009	785.6(2)	1,006.0(1)	1791.6
2010	1,942(2)	874.3(1)	2,816.3
2011	2,760(2)	841.3(1)	3,601.3
2012	3,571(2)	806.8(1)	4,377.8
2013	4,271(2)	770.5(1)	5,041.5
2014	4,276(2)	732.3(1)	5,008.3
2015	4,223(2)	692.3(1)	4,915.3
2016	4,147(2)	649.9(1)	4,796.9

Source: The Segal Company; County of San Diego.

(1) Includes a portion of the 2004 POBs issued as capital appreciation bonds (the "CABs"), for which interest accretes semiannually on February 15 and August 15, but is not payable until the final maturity of each respective capital appreciation bond. The initial total issuance amount of the CABs was $64,927,915.70, which will accrete to a total maturity value of $100,170,000 over the respective maturity dates commencing August 15, 2009 and ending August 15, 2015.

(2) Estimated. The amounts indicated are subject to the same assumptions as set forth in footnote (1) to the "Prospective Funding Status of the Association" table herein.

Risk Management

The County is required to obtain and maintain general liability insurance and workers' compensation insurance under various types of its financing lease obligations. These financing leases generally require general liability insurance to be issued by a responsible carrier or be in the form of self-insurance or self-funding to cover claims for damages including death, personal injury, bodily injury, or property damage arising from operations involving the facilities covered by such leases, affording protection with a combined single limit loss of not less than $5,000,000 per occurrence with respect to bodily injury, death or property damage liability. In addition, these financing leases generally require the County to obtain and maintain workers' compensation insurance issued by a responsible carrier or in the form of self-insurance or self-funding for all persons provided coverage by the County for workers' compensation benefits in connection with the facilities covered by such leases and to cover full liability for compensation under the labor code requiring workers' compensation. Any self-insurance or self-funding for these risks is subject to certain conditions, including, but not limited to, providing evidence of self-insurance and annual certification to the trustee with respect to such financing leases by an authorized representative of the County's risk management division or an independent insurance consultant of the sufficiency of coverage. Appropriation of such funds as may be necessary for self-funding, are made by the County.

The County operates a Risk Management Program, whereby it is self-insured for general liability, medical malpractice, errors and omissions, and workers' compensation. The County purchases insurance for all risk property damage, boiler and machinery, earthquake on specified locations and certain casualty claims, such as airports, sheriff helicopters, and employee dishonesty and faithful performance of duties. The amount of coverage varies depending on the type of policy. Settlements in the areas covered have not exceeded insurance coverage for each of the past three fiscal years. The County allocated the cost of providing claims service to all its operating funds as a "premium" charge expressed as a percentage of payroll. In accordance with Government Accounting Standards Board Statement 10, "Accounting and Financial Reporting for Risk Financing and Relating Insurance Items," the County established two Internal Service Funds, the Public Service Liability Fund and the Employee Benefits Internal Service Fund (collectively, the "ISF") to report all of its uninsured risk management activities. Risk management liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Actuarial evaluations were obtained which determine estimates of known and projected general liability and workers compensation claim liabilities. At June 30, 2010, the amount of these liabilities, including an estimate for claims incurred but not reported and allocated and unallocated loss adjustment expenses was estimated at $188.0 million, including $23.1 million in public liability and $94.9 million in workers' compensation. The projected June 30, 2010 available cash balances for the ISFs combined are $123.9 million. The June 30, 2010 estimate of claims liabilities will be recorded in the ISFs.

The County will maintain excess workers' compensation insurance for Fiscal Year 2010-11. The County will not carry excess liability insurance at this time.

Litigation

Ken Marsh filed a claim against the County seeking damages in excess of $50,000,000 and alleged that the County and certain of its employees conspired with employees of Children's Hospital to wrongfully convict him of the murder of a 2 ½ year old boy. The claim was rejected and on August 9, 2005, the plaintiff filed a complaint for damages in the United States District Court, Southern District of California, Case No. 05cv1568 JLS(AJB). On May 6, 2009, the trial court granted the County's motion for summary judgment. The plaintiff appealed the ruling. The appeals process is expected to take over a year. The County anticipates that any impact of this litigation will not adversely affect the ability of the County to pay its obligations as and when due.

Short-Term Borrowing

In July 2009, the County issued its Tax and Revenue Anticipation Note Program Note Participations, Series 2009 (the "2009 TRANs") on behalf of itself and certain school districts within the County in an aggregate principal amount of $332,260,000, of which $220,000,000 represent notes issued by the County. The 2009 TRANs mature on June 30, 2010. The 2009 TRANs were issued for the purpose of financing seasonal cash flow requirements for general fund expenditures.

During the 1990s, the County has utilized Temporary Transfers from time to time for various purposes, including the finance of County library programs and other County programs. Should the County find it necessary to use a Temporary Transfer, then such borrowing, pursuant to the California Constitution, must be repaid from the first County revenues received thereafter before any other obligation, including the Notes, is paid from such revenues.

General Obligation Debt, Pension Obligation Bonds, Lease Obligations and Long-Term Loans

The County has no outstanding general obligation bonds. As of May 1, 2010, the County had POBs outstanding in the aggregate principal amount of $873.7 million. Starting with the financing of the El Cajon Administrative Building in 1955, the County has made use of various lease arrangements with joint powers authorities, a nonprofit corporation, a redevelopment agency and private parties to finance capital project needs. Under these arrangements, the financing entity usually constructs or acquires capital assets with the proceeds of lease revenue bonds ("LRBs") or certificates of participation ("COPs") and then leases the asset or assets to the County. As of May 1, 2010, the County had LRBs and COPs outstanding in the aggregate principal amount of $421.6 million. As of May 1, 2010, there were approximately $1.3 billion aggregate principal amount of long-term general fund obligations outstanding. The annual long-term lease payments and annual debt service payments on the LRBs, COPs and POBs of the County aggregate to approximately $127.4 million for Fiscal Year 2010-11 and will aggregate to approximately $122.8 million for Fiscal Year 2011-12. Debt service on the aforementioned obligations and evidences of indebtedness are paid from amounts in the County's General Fund, a portion of which is reimbursed with amounts from various other revenue sources. The County has no outstanding variable rate obligations and does not have an outstanding liquidity facility. See "County Financial Information – Pension Obligation Bonds" herein.

Table 19 below sets forth a summary of long-term obligations payable from the General Fund:

TABLE 19

COUNTY OF SAN DIEGO
SUMMARY OF LONG-TERM BONDED OBLIGATIONS
PAYABLE FROM THE GENERAL FUND
As of May 1, 2010
(In Thousands)

	Interest Rates	Final Maturity Dates	Original Principal Amounts	Principal Amounts Outstanding
Certificates of Participation and Lease Revenue Bonds:				
San Diego County Capital Asset Leasing Corporation ("SANCAL"):				
1993 Master Refunding, issued May 1993	2.50-5.63%	2012	$ 203,400	$ 14,800
2000 Information Technology, issued May 2000	4.50-5.13%	2010	51,620	6,370
2002 Motorola, issued March 2002	2.00-5.00%	2010	26,060	3,320
2005 RCS Refunding, issued February 2005	3.00-5.00%	2019	28,885	15,730
2005 Edgemoor, issued February 2005	3.00-5.00%	2030	83,510	76,680
2005 North and East County Justice Facility Refunding, issued September 2005	3.25-5.00%	2019	28,210	21,695
2006 Edgemoor Completion Project, issued December 2006	4.00-5.00%	2030	42,390	41,115
2009 Justice Facilities Refunding, issued October 2009	2.00-5.00%	2025	80,940	80,940
Total SANCAL			$ 545,015	$ 260,650
San Diego Regional Building Authority (SDRBA):				
2001 MTS Tower Refunding, issued September 2001	2.15-5.25%	2019	$ 36,960	$ 24,075
2009 COC Phase 1A, issued February 2009	3.00-5.375%	2036	136,885	136,885
Total SDRBA			173,845	160,960
Total Certificates of Participation and Lease Revenue Bonds			$ 718,860	$ 421,610
Taxable Pension Obligation Bonds:				
County of San Diego Pension Obligation Bonds, issued September 2002				
Series A	3.88-4.95%	2015	$ 132,215	102,215
County of San Diego Pension Obligation Bonds, issued June 2004				-
Series A	3.28-5.87%	2022	241,360	212,870
Series B1, B2	5.91%	2024	147,825	147,825
Series C[(1)]	4.66-5.76%	2015	64,928	88,445
Less Unaccreted Value			-	*(12,624)*
County of San Diego Pension Obligation Bonds, issued August 2008				
Series A	3.33-6.03%	2027	343,515	334,935
Total Pension Obligation Bonds			$ 929,843	$ 873,666
Total General Fund Long-Term Bonded Obligations			$1,648,703	$ 1,295,276

(1) Issued as capital appreciation bonds (the "CABs"), for which interest accretes semiannually on February 15 and August 15, but is not payable until the final maturity of each respective capital appreciation bond. The initial total issuance amount of the CABs was $64,927,915.70, which will accrete to a total maturity value of $100,170,000 over the respective maturity dates commencing August 15, 2009 and ending August 15, 2015.

Source: The County.

Anticipated Capital Financings

A Capital Improvements Needs Assessment ("CINA") is prepared and presented annually to the Board of Supervisors to guide the development of both immediate and long-term capital projects. The CINA includes a comprehensive list of all current and anticipated capital projects over a five-year period. Capital projects are considered during the annual budget process unless the Board of Supervisors or the CAO recommends mid-year adjustments to the budget as circumstances warrant to meet emergency requirements or to benefit from unusual developments or purchase opportunities. The Fiscal Year 2010-2015 CINA represents $308.7 million in currently funded and approved projects and $932.1 million in partially funded and unfunded priority major and minor capital projects over the five-year time-frame of the CINA. Of the projects included in the CINA, future phases of the COC project and the CAC Waterfront Park project may be debt financed. All other projects will be funded with alternative sources of revenue.

Long-Term Financial Obligation Management Policy

In 1998, the County adopted a long-term financial strategy and policy (as amended, the "Long-Term Debt Policy") to ensure sound financial management practices with respect to County or County-related obligations whose terms exceed one fiscal year (excluding leases in which payments are not securitized). Pursuant to the Long-Term Debt Policy, a Debt Advisory Committee ("DAC") consisting of the Chief Financial Officer, the Auditor-Controller and the Treasurer-Tax Collector was established to review proposed financings; DAC approval is required prior to consideration of a project by the Board of Supervisors. The Long-Term Debt Policy requires that each long-term financial obligation considered by DAC and the Board of Supervisors be accompanied by a cost benefit analysis, the identification of a funding source, and an assessment of the ability to repay the obligation, the impact on the current budget, commitments to future budgets, maintenance and operational impact of the facility or asset and the impact of the County's credit rating. The Long-Term Debt Policy also provides for the filing of notices of completion on all projects within five years of their financing, continuous review of outstanding obligations for economically feasible and advantageous refinancing opportunities and the periodic reporting of unspent capital project funds through quarterly or year-end budget reports. The Long-Term Debt Policy prohibits the use of long-term financial obligations to fund current operations or for recurring purposes, and the issuance of variable rate obligations in excess of 15% of the County's outstanding long-term obligations. Exceptions to the provisions of the Long-Term Debt Policy are permitted in extraordinary conditions.

Swap Policy

In 2004, DAC approved an Interest Rate Swap Policy (the "Swap Policy") establishing guidelines for the execution and management of the County's use of interest rate and other swaps, caps, options, basis swaps, rate locks, total return swaps and other similar products (the transactions involving such products being referred to herein as "Swap Transactions"). The Swap Policy is reviewed and updated as necessary annually by DAC. The County may integrate Swap Transactions into its overall debt and investment management programs in a prudent manner to, among other things, enhance the relationship between risk and return with respect to debt or investments, achieve significant savings as compared to products available in the cash market, provide a higher level of savings, lower level of risk, greater flexibility, or other direct benefits not available in the cash market and achieve more flexibility in meeting overall financial objectives than can be achieved in conventional markets, all in accordance with the parameters set forth in the Swap Policy and consistent with the County's overall long-term financial obligation management policy. Pursuant to the Swap Policy, the total notional amount of all Swap Transactions executed by the County shall not exceed 30% of the outstanding principal of the County's long-term debt obligations at the time of execution. The County has no outstanding swap agreements.

Overlapping Debt and Debt Ratios

Table 20 sets forth a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics Inc. and dated as of April 1, 2010. The Debt Report is included for general information purposes only. The County has not reviewed the Debt Report for completeness or accuracy and makes no representations in connection therewith. The Debt Report does not include the Notes described in the forepart of this Official Statement.

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

TABLE 20
COUNTY OF SAN DIEGO
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
(As of April 1, 2010)

SAN DIEGO COUNTY

2009-10 Assessed Valuation:	$396,294,522,158	(includes unitary utility valuation)
Redevelopment Incremental Valuation:	40,221,284,812	
Adjusted Assessed Valuation:	$356,073,237,346	

OVERLAPPING TAX AND ASSESSMENT DEBT:		% Applicable	Debt 4/1/10
Metropolitan Water District		18.571%	$ 49,068,296
Grossmont-Cuyamaca Community College District		100.	197,775,562
San Diego Community College District		100.	625,679,185
Other Community College Districts		100.	333,708,656
Carlsbad Unified School District		100.	129,042,302
Oceanside Unified School District		100.	164,335,054
Poway Unified School District SFID Nos. 2002-1 and 2007-1		100.	276,831,256
San Diego Unified School District		100.	1,527,458,221
Vista Unified School District		100.	134,914,882
Other Unified School Districts		100.	32,938,857
Grossmont Union High School District		100.	309,143,431
Sweetwater Union High School District		100.	343,709,415
Other Union High School Districts		100.	107,509,223
Cajon Valley Union School District		100.	102,225,000
Chula Vista City School District		100.	78,430,000
San Ysidro School District		100.	87,392,104
Other School Districts		100.	323,474,842
Otay Municipal Water District		100.	7,780,000
Cities		100.	115,035,000
Grossmont Healthcare District		100.	85,627,076
Palomar Pomerado Hospital District		100.	417,623,319
Community Facilities Districts		100.	1,696,874,117
1915 Act Bonds (Estimated)		100.	168,346,331
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			$7,314,922,129
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		% Applicable	Debt 4/1/10
San Diego County General Fund Obligations		**100. %**	**$ 421,610,000**
San Diego County Pension Obligations		**100.**	**853,514,739**[1]
San Diego County Superintendent of School Obligations		100.	21,187,500
Community College District Certificates of Participation		100.	13,970000
Poway Unified School District Certificates of Participation		100.	127,465,490
Other Unified School District Certificates of Participation		100.	97,651,360
High School District Certificates of Participation		100.	23,192,500
Chula Vista City School District Certificates of Participation		100.	143,025,000
Other School District Certificates of Participation		100.	122,914,849
Otay Municipal Water District Certificates of Participation		100.	61,890,000
City of Chula Vista General Fund and Pension Obligations		100.	139,700,000
City of Escondido General Fund Obligations		100.	67,787,090
City of San Diego General Fund Obligations		100.	519,160,000
City of Vista General Fund Obligations		100.	116,710,000
Other City General Fund Obligations		100.	271,380,000
Special District Certificates of Participation		100.	11,645,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			$3,012,803,528
Less: Otay Municipal Water District Certificates of Participation (100% self-supporting)	61,890,000		
City of El Cajon General Fund Obligations supported by sales tax revenues			22,195,000
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			$2,928,718,528
GROSS COMBINED TOTAL DEBT			$10,327,725,657[2]
NET COMBINED TOTAL DEBT			$10,243,640,657

(1) Excludes issue to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2009-10 Assessed Valuation:
Total Overlapping Tax and Assessment Debt.. 1.85%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt ($1,275,124,739) 0.36%
Gross Combined Total Debt... 2.90%
Net Combined Total Debt 2.88%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/09: $0
Source: California Municipal Statistics.

SAN DIEGO COUNTY INVESTMENT POOL

General

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 as required by State law. The members of the Oversight Committee include the County Treasurer, the Chief Financial Officer, 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 April 30, 2010, the securities in the Treasury Pool had a market value of $6,391,324,838 and a book value of $6,366,095,019, for a net unrealized gain/loss of $25,229,819 of the book value of the Treasury Pool.

The effective duration for the Treasury Pool was 0.520 years as of April 30, 2010. "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 0.520 means that for every one percent increase in interest rates the market value of the portfolio would decrease by 0.520%.

As of April 30, 2010, approximately 3.72% of the total funds in the Pool were deposited by Voluntary Depositors, such as cities and fire districts, 7.54% by community colleges, 41.99% by the County, 7.48% by the Non-County and 39.27% by K-12 school districts.

Standard & Poor's Rating Group maintains ratings of "AAA" (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 Rating Services, a Division of McGraw-Hill Companies, Inc., 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. At all times, the Pool's investments will comply with California Government Code and the County's Investment Policy (the "Investment Policy").

The Investment Policy

The Investment Policy 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.

Beginning early August 2007, the County Investment Pool halted all investment in asset-backed commercial paper and has no plans to resume investment in this type of security until the current credit crisis has passed. Further, the County Pool is not invested in any structured investment vehicles and has never invested in collateralized debt obligations.

In order to limit exposure to credit risk, the County Pool has limited purchases of corporate securities to maturities less than 60 days.

Certain Information Relating to Pool

The following Table 21 below sets forth information with respect to the Pool as of the close of business April 30, 2010. As described above, a wide range of investments is authorized by state law. 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 April 30, 2010, the Pool necessarily would have received the values specified.

TABLE 21

TREASURER-TAX COLLECTOR
SAN DIEGO COUNTY PORTFOLIO STATISTICS
(As of April 30, 2010)

	Percent of Portfolio	Book Value	Market Price	Accrued Interest	Market Value	Net Unrealized Gain/(Loss)	Yield to Maturity	Weighted Average Days to Maturity
U.S. Treasury Bills	1.64%	$ 104,868,700	99.96%	$ 62,899	$ 104,953,500	$ 84,800	0.22%	90
U.S. Treasury Notes	4.47	275,854,701	103.97	1,790,579	285,912,649	10,057,948	2.93	846
FNMA Discount Notes	7.99	510,869,534	99.98	0	510,906,400	36,866	0.18	49
Federal Farm Credit Bank Notes	2.47	156,583,897	100.90	1,117,347	157,659,375	1,075,478	2.50	526
Federal Home Loan Bank Notes	14.09	896,187,232	100.75	3,268,799	901,164,578	4,977,346	1.39	468
Federal Home Loan Mortg. Corp. Disc Notes	9.81	627,050,020	99.97	0	627,129,032	79,012	0.22	67
Federal Home Loan Mortg. Corp. Notes	10.89	690,326,893	101.39	5,177,289	695,829,596	5,502,703	1.90	630
Fannie Mae	10.06	640,576,391	100.63	4,562,671	642,671,174	2,094,783	1.95	1,026
Corporate Medium Term Notes	0.81	50,657,633	103.98	639,028	51,992,000	1,334,367	3.56	433
Bond Fund	0.55	35,000,000	100.20	37,518	35,070,070	70,070	0.57	1
Money Market Funds	0.92	59,035,000	100.00	3,834	59,035,000	0	0.02	1
Repurchase Agreements	4.25	270,975,359	100.00	1,864	270,975,359	0	0.25	3
Negotiable Certificates of Deposit	11.41	729,000,292	100.00	122,826	728,968,000	(32,292)	0.20	19
Commercial Paper	19.94	1,274,400,867	99.98	0	1,274,349,605	(51,262)	0.22	32
Collateralized/FDIC Certificates of Deposit	0.70	44,708,500	100.00	$21,817	44,708,500	0	0.55	70
Totals for April 2010	100.00	$6,366,095,019	100.53	$16,806,471	$6,391,324,838	25,229,819	0.94	312
Totals for March 2010	100.00	$5,554,023,895	100.61	$19,150,994	$5,578,222,577	24,198,682	1.11	357
Change From Prior Month		812,071,124	(0.08)	($2,344,523)	813,102,261	1,031,137	(0.17)	(45)
Portfolio Effective Duration		0.520 years						

	March Return	Annualized	Fiscal Year to Date Return	Annualized	Calendar Year to Date Return	Annualized
Book Value	0.079%	0.957%	1.021 %	1.226%	0.343%	1.042%
Market Value	0.070%	0.855%	0.910%	1.092%	0.305%	0.927%

Source: The County.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS

Article XIII A

On June 6, 1978, California voters approved Proposition 13, adding Article XIII A to the California Constitution. Article XIII A, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value,' or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data at a rate not to exceed 2% per year, or reduced in the event of declining property value caused by damage, destruction or other factors including a general economic downturn. The amendment further limits the amount of any ad valorem tax on real property to 1% of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition.

Legislation enacted by the State Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the $1 per $100 of taxable value. Tax rates for voter approved bonded indebtedness are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation the following year. The County is unable to predict the nature or magnitude of future revenue sources which may be provided by the State to replace lost property tax revenues. Article XIII A effectively prohibits the levying of any other ad valorem property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Article XIII B

On November 6, 1979, California voters approved Proposition 4, which added Article XIII B to the California Constitution. In May 1990, the voters through their approval of Proposition 111 amended Article XIII B. Article XIII B of the California Constitution limits the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The "base year" for establishing such appropriation limit is the 1978-79 Fiscal Year. Increases in appropriations by a governmental entity are also permitted (i) if financial responsibility for providing services is transferred to a governmental entity, or (ii) for emergencies so long as the appropriations limits for the three years following the emergency are reduced to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the Federal government, appropriations for qualified outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to any entity of government from (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (ii) the investment of tax revenues and (iii) certain State subventions received by local governments. Article XIII B includes a requirement that if an entity's revenues in any year exceed the amount permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two fiscal years.

As amended in May 1990, the appropriations limit for the County in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the County's option, either (i) the percentage change in California per capita personal income, or (ii) the percentage change in the local assessment roll for the jurisdiction due to the addition of nonresidential new construction. The measurement of change in population is a blended average of statewide overall population growth, and change in attendance at local school and community college ("K-14") districts.

As amended by Proposition 111, the appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate "proceeds of taxes" received by the County over such two-year period above the combined appropriations limits for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years.

Article XIII B permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years.

The Board of Supervisors adopted the annual appropriation limit for the Fiscal Year 2009-10 of approximately $3.9 billion. The limitation applies only to proceeds of taxes and therefore does not apply to service fees and charges, investment earnings on non-proceeds of taxes, fines, and revenue from the sale of property and taxes received from the State and federal governments that are tied to special programs. Based on the 2009-10 Adopted Budget, the funds subject to limitation total approximately $1.3 billion (total General Operating Budget minus non-proceeds of taxes and debt service) and are approximately $2.6 billion below the Article XIII B limit.

Proposition 46

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

Proposition 62

Proposition 62 was adopted by the voters at the November 4, 1986, general election which (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the County be approved by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local government entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of ad valorem taxes on real property by local governmental entities except as permitted by Article XIII A of the California Constitution, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) requires that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

On September 28, 1995, the California Supreme Court, in the case of *Santa Clara County Local Transportation Authority v. Guardino*, upheld the constitutionality of Proposition 62. In this case, the court held that a county-wide sales tax of one-half of one percent was a special tax that, under Section 53722 of the Government Code, required a two-thirds voter approval. Because the tax received an affirmative vote of only 54.1%, this special tax was found to be invalid.

Following the California Supreme Court's decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62. On June 4, 2001, the California Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers Association v. City of La Habra, et al.* ("La Habra"). In this case, the court held that public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought. The portion of the County's taxes subject to Proposition 62, including the County's transient occupancy tax, is in compliance with Proposition 62 requirements.

Proposition 218

On November 5, 1996, the voters of the State approved Proposition 218, a constitutional initiative, entitled the "Right to Vote on Taxes Act" ("Proposition 218"). Proposition 218 added Articles XIII C and XIII D to the California Constitution and contained a number of interrelated provisions affecting the ability of local governments, including the County, to levy and collect both existing and future taxes, assessments, fees and charges. The County is unable to predict whether and to what extent Proposition 218 may be held to be constitutional or how its terms will be interpreted and applied by the courts. Proposition 218 could substantially restrict the County's ability to raise future revenues and could subject certain existing sources of revenue to reduction or repeal, and increase the County's costs to hold elections, calculate fees and assessments, notify the public and defend its fees and assessments in court. However, the County does not presently believe that the potential financial impact on the County as a result of the provisions of Proposition 218 will adversely affect the County's ability to pay its debt obligations and perform its other obligations payable from the General Fund as and when due.

Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the County require a majority vote and taxes for specific purposes, even if deposited in the County's General Fund, require a two-thirds vote. Further, any general purpose tax that the County imposed, extended or increased without voter approval after December 31, 1994 may continue to be imposed only if approved by a majority vote in an election held within two years of November 5, 1996. The County has not enacted, imposed, extended or increased any tax without voter approval since January 1, 1995. These voter approval requirements of Proposition 218 reduce the flexibility of the County to raise revenues through General Fund taxes, and no assurance can be given that the County will be able to impose, extend or increase such taxes in the future to meet increased expenditure requirements.

Article XIII C also expressly extends to voters the power to reduce or repeal local taxes, assessments, fees and charges through the initiative process, regardless of the date such taxes, assessments, fees or charges were imposed. This extension of the initiative power is not limited by the terms of Proposition 218 to fees imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges.

SB 919 provides that the initiative powers extended to voters under Article XIII C likely excludes actions construed as impairment of contracts under the contract clause of the United States Constitution. SB 919 provides that the initiative power provided for in Proposition 218 "shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after November 6, 1998, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution. However, no assurance can be given that the voters of the County will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges that currently are deposited into the County's General Fund. Further, "fees" and "charges" are not defined in Article XIII C or SB 919, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIII C as they do in Article XIII D. Accordingly, the scope of the initiative power under Article XIII C could include all sources of General Fund monies not received from or imposed by the federal or State government or derived from investment income.

The initiative power granted under Article XIII C of Proposition 218, by its terms, applies to all local taxes, assessments, fees and charges. The County is unable to predict whether the courts will ultimately interpret the initiative provision to be limited to property related local taxes, assessments, fees and charges. No assurance can be given that the voters of the County will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges which are deposited into the County's General Fund. The County believes that in the event that the initiative power was exercised so that all local taxes, assessments, fees and charges which may be subject to the provisions of Proposition 218 are reduced or substantially reduced, the financial condition of the County, including its General Fund, would be materially adversely affected. As a result, there can be no assurances that the County would be able to pay the Note Participations as and when due or any of its other obligations payable from the General Fund.

Article XIII D of Proposition 218 adds several new requirements to make it more difficult for local agencies to levy and maintain "assessments" for municipal services and programs. "Assessment" is defined in Proposition 218 and SB 919 as any levy or charge upon real property for a special benefit conferred upon the real property. This includes maintenance assessments imposed in County service areas and in special districts. In most instances, in the event that the County is unable to collect assessment revenues relating to specific programs as a consequence of Proposition 218, the County will curtail such services rather than use amounts in the General Fund to finance such programs. Accordingly, the County anticipates that any impact Proposition 218 may have on existing or future taxes, fees, and assessments will not adversely affect the ability of the County to pay the Note Participations as and when due. However, no assurance can be given that the County may or will be able to reduce or eliminate such services in the event the assessments that presently finance them are reduced or repealed.

Article XIII D also adds several provisions, including notice requirements and restrictions on use, affecting “fees” and “charges” which are defined as “any levy other than an ad valorem tax, a special tax, or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service.” The annual amount of revenues that are received by the County and deposited into its General Fund which may be considered to be property related fees and charges under Article XIII D of Proposition 218 is not substantial. Accordingly, presently the County does not anticipate that any impact Proposition 218 may have on future fees and charges will not adversely affect the ability of the County to pay the principal of and interest on the Note Participations as and when due. However, no assurance can be given that the County may or will be able to reduce or eliminate such services in the event the fees and charges that presently finance them are reduced or repealed.

The County has a clean water enterprise fund which is self-supporting from fees and charges that may ultimately be determined to be property related for purposes of Article XIII D of Proposition 218. Further, the fees and charges of the County’s enterprise funds, including those which are not property related for purposes of Article XIII D of Proposition 218, may be determined to be fees and charges subject to the initiative power as provided in Article XIII C of Proposition 218, as described above. In the event that fees and charges cannot be appropriately increased or are reduced pursuant to the exercise of the initiative power, the County may have to choose whether to reduce or eliminate the service financed by such fees or charges or finance such service from its General Fund. Further, no assurance can be given that the County may or will be able to reduce or eliminate such services in the event the fees and charges that presently finance them are reduced or repealed.

Additional implementing legislation respecting Proposition 218 may be introduced in the State legislature from time to time that would supplement and add provisions to California statutory law. No assurance may be given as to the terms of such legislation or its potential impact on the County.

Proposition 1A

Proposition 1A (2004), proposed by the State Legislature in connection with the 2004-05 Budget Act and approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A (2004) generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the State Legislature. Proposition 1A (2004) provides, however, that beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses of the State Legislature and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A (2004) also provides that if the State reduces the VLF rate below 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A (2004) requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D and Propositions 62 and 1A 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 revenues of the County or the County's ability to expend revenues. The nature and impact of these measures cannot be predicted by the County.

STATE OF CALIFORNIA BUDGET INFORMATION AND FEDERAL STIMULUS INFORMATION

State of California Budget Information

The following information concerning the State's budgets has been obtained from publicly available information which the County believes to be reliable; however, the County takes no responsibility as to the accuracy or completeness thereof and has not independently verified such information. Information about the State Budget is regularly available at various State-maintained websites. Text of the budget may be found at the Department of Finance website, www.dof ca.gov, under the heading "California Budget." An impartial analysis of the budget is posted by the LAO at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the County or the Underwriters, and the County and the Underwriters take no responsibility for the continued accuracy of the internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.

State Budget for Fiscal Year 2009-10

2009-10 State Budget. On February 20, 2009, the Governor signed the 2009 State Budget Act (the "Original 2009-10 State Budget Act") to address a then-projected $42 billion shortfall in revenues. Through July 2009, the Governor released various proposals (as modified, the "2009 May Revision") and signed various amendments to the Original 2009-10 State Budget Act to address budgetary shortfalls in excess of $21 billion. The Original 2009-10 State Budget, as modified (the "Revised 2009-10 State Budget Act"), included the following features affecting counties in general:

- The Revised 2009-10 State Budget Act included significant reductions in program expenditures in Fiscal Year 2008-09 and Fiscal Year 2009-10, primarily through reductions in education funding and health and social services programs, including in-home support services, CalWORKS, immigrant assistance programs, child welfare services and Supplemental Security Income – State Supplementary Payment ("SSI/SSP").

- The Revised 2009-10 State Budget Act included the State borrowing of approximately 8.0% of property tax revenues from counties, cities and special districts for Fiscal Year 2009-10, totaling approximately $2 billion, which amount will be repaid within three years, all in accordance with Proposition 1A (2004) approved by voters in 2004.

- The Revised 2009-10 State Budget Act redirected approximately $50 million in cigarette and tobacco products surtax revenues from county health programs.

November 2009 LAO Report on the State's Budget. On November 18, 2009, the Legislative Analyst's Office issued a report entitled "The 2010-11 Budget: California's Fiscal Outlook" (the

"2010-11 Fiscal Outlook") The 2010-11 Fiscal Outlook includes a forecast of the State's General Fund revenues and expenditures that indicates a General Fund budget deficit of $20.7 billion through Fiscal Year 2010-11. Such amount is comprised of a $6.3 billion projected deficit for Fiscal Year 2009-10 and a $14.4 billion gap between projected revenues and spending in Fiscal Year 2010-11. The 2010-11 Fiscal Outlook attributes the majority of the State's budget problems during Fiscal Year 2009-10 to the State's inability to implement several major solutions set forth in the Revised 2009-10 State Budget Act. The 2010-11 Fiscal Outlook states that issues such as (1) the expected inability of several programs—in particular, the prison system and Medi-Cal—to collectively achieve billions of dollars of spending reductions assumed in the Revised 2009-10 State Budget Act; (2) the expected inability of the State to sell the State Compensation Insurance Fund, a quasi-public workers' compensation insurer, for the budgeted amount of $1 billion in Fiscal Year 2009-10; and (3) the State's loss of a court case that prevents the General Fund from receiving more than approximately $800 million in transportation funds in Fiscal Year 2009-10 have contributed to the increase in the projected deficit.

State Budget for Fiscal Year 2010-11

Proposed State Budget for Fiscal Year 2010-11. The 2010-11 Proposed State Budget projects an estimated $6.6 billion budget shortfall by the end of Fiscal Year 2009-10 and a $12.3 billion operating deficit in Fiscal Year 2010-11 absent corrective action. On January 8, 2010, the Governor proclaimed a fiscal emergency and called a legislative special session pursuant to Proposition 58 to address this emergency.

The 2010-11 Proposed State Budget includes proposals to reduce expenditures by approximately $7.6 billion and to generate an additional $12.4 billion through increased revenues and federal funds and the adoption of flexibility solutions. The 2010-11 Proposed Budget projects State General Fund revenues and transfers for Fiscal Year 2010-11 of $89.3 billion, an increase of approximately 1.4 percent above the anticipated revenues and transfers for Fiscal Year 2009-10, and State General Fund expenditures of $82.9 billion, a decrease of approximately 4.6 percent below the anticipated expenditures for Fiscal Year 2009–10. With proposed expenditures of $2.6 billion more than revenues, the 2010-11 Proposed State Budget projects ending Fiscal Year 2009–10 with a State General Fund balance of $2.6 billion, of which $1.5 billion will be reserved for the liquidation of encumbrances and $1.0 billion will be deposited in a reserve for economic uncertainties, provided various budget-balancing proposals are approved. A portion of the 2010-11 Proposed State Budget relates to approximately $6.9 billion of funds, waivers and reimbursements from the federal government. The 2010-11 Proposed State Budget provides that if such amount is not provided by the federal government by July 15, 2010, several expenditure reductions and revenue increases will be triggered.

Certain of the features of the 2010-11 Proposed State Budget affecting counties include the following:

- The 2010-11 Proposed State Budget includes reductions in IHSS wages to effect $271.8 million in savings to the State and modifications to qualification criteria for the receipt of IHSS services, which is expected to generate $650.8 million in savings for the State.

- The 2010-11 Proposed State Budget includes a proposed $750 million reduction in Medi-Cal funding through adjustments to the limits on services and utilization controls, increased cost-sharing through co-payment requirements, premiums or both and other unspecified program changes. The 2010-11 Proposed State Budget also includes a $448 million reduction in Medi-Cal funding through the elimination of certain benefits to newly qualified immigrants.

- The 2010-11 Proposed State Budget proposes to reduce SSI/SSP grant payments to individuals and eliminate the Cash Assistance Program for Immigrants, which is expected to result in savings of $177.8 million and $107.3 million, respectively, to the State.

- The 2010-11 Proposed State Budget proposes to reduce CalWORKs grants by 15.7%, which is expected to result in $146.1 million in savings to the State, and eliminate the Recent Noncitizens Entrants Program, which is expected to result in $22.5 million in savings to the State.

- The 2010-11 Proposed State Budget includes a workload increase of $236 million for State reimbursable mandates, consisting of $141 million for current mandates and $95 million for the Fiscal Year 2010-11 payment of the mandates obligation for costs incurred prior to Fiscal Year 2004-05. The 2010-11 Proposed State Budget provides that the Fiscal Year 2010-11 payment will be deferred; such amounts are required to be repaid by the State by Fiscal Year 2020-21.

- The 2010-11 Proposed State Budget includes proposals to reduce State funding for prisons by $291.6 million by modifying sentencing statutes to permit county jail rather than prison time for certain specified felonies, reduce State funding and Proposition 98 funding for juvenile offenders by $48 million through modifications in statutory restrictions with respect to the juvenile offender population and reduce State funding for incarceration of undocumented immigrants by $879.7 million by obtaining federal reimbursement for same.

- The 2010-11 Proposed State Budget includes a proposal to eliminate the sales tax on gasoline, which currently funds Proposition 42, and replace such sales tax with a proposed 10.8-cent excise tax increase on gasoline. Approximately $629 million of the revenues from the proposed excise tax is expected to be allocated to counties and cities to fund improvements to local streets and roads.

- The State is requesting the federal government to provide $6.9 billion in new federal funding in connection with areas in which the federal government has mandated or failed to fully fund programs for which the state must provide funding. If such federal funding is not received, then $4.6 billion in permanent budget reductions will be made to various health and human services programs, state employee payroll, corrections and enrollment growth for higher education, including the elimination of CalWORKs, additional reductions in benefits and stricter qualification standards under the Medi-Cal program, elimination of the IHSS program, and elimination of the Healthy Families Program.

- The 2010-11 Proposed State Budget includes several proposals that require voter approval, including the redirection of Proposition 10 (First Five) funding to high-priority State program for children for an anticipated $550 million in savings to the State and the use of $847 million in Proposition 63 (Mental Health Services Act) funds to finance a portion of the EPSDT program, a portion of the Mental Health Managed Care program Department of Mental Health state hospital costs, community mental health services costs and prescription costs in Medi-Cal related to mental health care.

<u>LAO Analysis of the 2010-11 Proposed State Budget.</u> On January 12, 2010, the LAO released a report entitled “The 2010-11 Budget: Overview of the Governor’s Budget” (the “2010 LAO Budget Overview”), which provides an analysis by the LAO of the 2010-11 Proposed State Budget. The 2010 LAO Budget Overview is available on the LAO website at www.lao.ca.gov. Information on the website

is not incorporated herein by reference. The 2010 LAO Budget Overview states that the economic and revenue forecasts and assessments of the State's budgetary problems set forth in the 2010-11 Proposed State Budget are generally reasonable, but it notes that the Governor's estimates of revenues and expenditures are more optimistic than its own.

According to the LAO, the State Legislature faces significant challenges in balancing the State's budget for Fiscal Year 2010-11. The LAO notes that many of the major expenditure reductions in the Proposed 2010-11 State Budget will require significant lead-time for departments to implement. The LAO acknowledges that it is reasonable to assume that the State will secure some additional federal funding and flexibility, but it recommends that the State Legislature operate on the assumption that federal government relief will total billions of dollars less than the Governor has requested. The LAO further recommends that the Governor and State Legislature consider adopting some of the Governor's proposed cuts and revenue increases that are presented as options only in the event of insufficient federal relief. The LAO cautions that the State's Proposition 98 obligation could be higher than assumed in the 2010-11 Proposed State Budget due to constitutional interpretation and the interaction between Proposition 98 spending and State General Fund revenues. Further, the LAO notes that a portion of the State's proposed spending is dependent upon receipt of a waiver from the U.S. Department of Education regarding maintenance-of-effort requirements under the Recovery and Reinvestment Act.

The 2010 LAO Budget Overview reiterated that the State Legislature should take action no later than March 2010 on many of the proposed budgetary measures, explore options beyond those proposed by the Governor, consider the Governor's "trigger options" notwithstanding any assumed federal relief, and consider adoption of multi-year solutions. Further, the LAO recommends that the State Legislature should avoid proposed solutions that do not prioritize program reductions.

<u>2010 May Revision to the 2010-11 Proposed State Budget</u>. On May 14, 2010, the Governor released the 2010 May Revision to the 2010-11 State Budget. The 2010 May Revision projects a budget deficit of $19.1 billion through Fiscal Year 2010-11, consisting of a $7.7 billion deficit for Fiscal Year 2009-10, a $10.2 billion deficit for Fiscal Year 2010-11 and a reserve of $1.2 billion. The 2010 May Revision proposes to address these deficits through additional borrowings and approximately $12.4 billion in program reductions. The 2010 May Revision estimates Fiscal Year 2009-10 revenues and transfers of $86.521 billion, total expenditures of $86.465 billion and a year-end deficit of $5.305 billion, which includes a $5.361 billion prior-year State General Fund deficit and an allocation of $1.537 billion to the reserve for the liquidation of encumbrances. The 2010 May Revision projects Fiscal Year 2010-11 revenues and transfers of $91.451 billion, total expenditures of $83.404 billion and a year-end surplus of $2.742 billion (net of the $5.305 billion deficit from Fiscal Year 2009-10), of which $1.537 billion will be reserved for the liquidation of encumbrances and $1.205 billion will be deposited in a reserve for economic uncertainties. The 2010 May Revision indicates that the economic recovery will be moderate and prolonged as compared to historical standards.

Features of the 2010 May Revision affecting the counties in general include, but are not limited to, the following:

- The 2010 May Revision proposes to reduce program expenditures by an additional $6.5 billion relative to the 2010-11 Proposed State Budget.

- The 2010 May Revision proposes that the State borrow approximately $650 million from the Highway Users Tax Account, to be repaid by June 2013.

- The 2010 May Revision proposes $523 million in reductions to contain costs in the federal Medi-Cal program, subject to receipt of a federal waiver.

- The 2010 May Revision proposes to $1.1 billion in savings from the elimination of the CalWORKs program effective October 1, 2010.

- The May Revise proposes a decrease of $602 million to the Food Stamp and Child Welfare Services programs due to a shift of county mental health realignment funding to county social service programs, which adjustment would eliminate the majority of funding for county mental health services while maintaining the level of funding necessary to fund mandated services.

- The 2010 May Revision continues to propose that savings realized by counties in connection with the elimination of the CalWORKs program and reductions in the IHSS program be redirected to help fund other State programs.

- The 2010 May Revision proposes to house 15,000 nonviolent felons in county jails instead of State prisons and provide counties with approximately $11,500 per offender for programs and services such as probation programming, drug courts and alternative custody.

- The 2010 May Revision proposes a system of block grants in connection with non-sex offender, non-serious, non-violent offenders with sentences of three years or less severe felony sentences in local jails. The State will provide counties with approximately $11,500 per offender to be allocated at the local level, which would result in approximately $243.8 million in savings to the State.

<u>LAO May Overview of the May Revision</u>. On May 18, 2010, the LAO released an analysis of the May Revision to the 2010-11 Proposed State Budget entitled "The 2010-11 Budget: Overview of the May Revision" (the "LAO May Overview"). The LAO May Overview states that the economic and revenue forecasts and assessments of the State's budgetary problems set forth in the May Revision are reasonable and realistic in light of the effects of the economic slowdown throughout the United States. The LAO projects that the proposals set forth in the May Revision to the 2010-11 Proposed State Budget are sufficient to eliminate the estimated $17.9 billion deficit in Fiscal Year 2010-11 and provide a State General Fund reserve in the amount of $1.2 billion. However, the LAO estimates that the budgetary measures included in the May Revision will reduce but not eliminate annual operating shortfalls through at least Fiscal Year 2014-15. General Fund expenditures across Fiscal Year 2008-09 and Fiscal Year 2009-10 could exceed revenues by approximately $3 billion more than the amount estimated in the May Revision.

The LAO May Overview states that the May Revision relies on a number of proposals that could result in a General Fund reserve at the end of Fiscal Year 2009-10 of $1.2 billion, but that the largest proposals carry the largest risks. The LAO also notes that proposals such as the elimination of CalWORKs and State child care funding could result in significant reductions in federal funding for the State. Due to, among other things, the risks relating to federal funds and the loss of the State's safety net, the LAO recommends that the Governor withdraw his proposal to eliminate CalWORKs and State child care funding. In addition, the LAO cautions that the Governor's approach towards the Proposition 98 minimum guarantee is legally risky, but acknowledges that the State cannot afford to support K-14 education at the level required by current law. The LAO notes that several of the Governor's budget proposals carry moderate or major implementation risks. Accordingly, the LAO recommends that the State Legislature clearly craft trailer bill to ensure that the Governor's proposals have the strongest possible chance of withstanding judicial scrutiny. In addition, the LAO recommends that the State Legislature develop contingency plans in the event certain ballot measures and initiatives scheduled for the November 2010 election affect the State Legislature's budget plans.

The LAO May Overview states that the State Legislature will face significant challenges to address the State's ongoing structural mismatch between revenues and spending for future years. The LAO May Overview reiterated that the State Legislature should look to long-term solutions and alternatives to balance the State's finances such as implementing delays in previously scheduled tax reductions or expirations, eliminating lower priority tax expenditure programs, increasing fees for General Fund services and adopting targeted tax increases.

Future State Budgets

The County receives a significant portion of its funding from the State. Changes in the revenues received by the State can affect the amount of funding, if any, to be received from the State by the County and other counties in the State.

The County cannot predict the extent of the budgetary problems the State will encounter in this Fiscal Year or in any future fiscal years, and, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the County cannot predict the final outcome of current and 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 County has no control. See "County Financial Information – County's 2010-11 Proposed Budget and the Operational Plan" herein.

Federal Stimulus Information

As of April 6, 2010, the County has been awarded approximately $202 million pursuant to the ARRA, which amount includes approximately $160 million of confirmed awards and approximately $42 million in pending distributions based on formula-based funding, wherein local governments receive funding automatically through a federally developed formula using certain statistical data. In addition, the County anticipates applying for an additional $21 million through the discretionary process under ARRA, pursuant to which local governments receive moneys from federal agencies through a competitive application process. The amounts actually received by the County may be more or less than the amounts currently anticipated. See "County Financial Information – County's 2010-11 Proposed Budget and the Operational Plan" herein. The County has established an Economic Stimulus Team comprised of key stakeholders across the County. This team is charged with ensuring that the County is prepared to meet the stringent accountability, compliance, and reporting provisions of the ARRA. To best prepare for specific reporting or compliance requirements associated with the use of ARRA funds, the Economic Stimulus Team County has performed a comprehensive review of County policies and procedures to ensure that internal controls capture best practices in the areas of grant accountability, fraud prevention and contract management and that staff responsible for managing ARRA funds receive adequate training to reinforce these best practices.

ECONOMIC AND DEMOGRAPHIC INFORMATION

General

San Diego County is the southernmost major metropolitan area in the State of California. San Diego County covers 4,255 square miles, extending 70 miles along the Pacific Coast from the Mexican border to Orange County, and inland 75 miles to Imperial County. Riverside and Orange counties form the northern boundary. San Diego County is approximately the size of the State of Connecticut.

Topography of San Diego County varies from broad coastal plains and fertile inland valleys to mountain ranges in the east which rise to an elevation of 6,500 feet. Eastern slopes of these mountains form the rim of the Anza-Borrego Desert and the Imperial Valley. The Cleveland National Forest occupies much of the interior portion of San Diego County. The climate is equable in the coastal and valley regions where most of the population and resources are located. The average annual rainfall in the coastal areas is approximately 10 inches.

San Diego County possesses a diverse economic base consisting of a significant manufacturing presence in the fields of electronics and shipbuilding, a large tourist industry attracted by the favorable climate of the region, and a considerable defense-related presence.

PETCO Park, located in the City of San Diego, provides a 42,000 fixed seat baseball stadium for the San Diego Padres. PETCO Park is located in a 26-block neighborhood that contains existing and proposed hotels, office space, retail and housing units within walking distance from the San Diego Convention Center and the Gaslamp Quarter. The baseball stadium is also within walking distance of a Trolley station and nearby parking facilities.

The San Diego Convention Center includes 2.6 million total gross square feet and plans are in progress to expand the Convention Center into the nearby bayfront area. Preliminary estimates from the San Diego Convention Center Corporation indicate that the Convention Center generated approximately $1.5 billion in calendar year 2009 in total economic impact (direct and indirect spending).

San Diego County is also growing as a major center for culture and education. More than 30 recognized art organizations, including the San Diego Opera, the Old Globe Theatre productions, the La Jolla Chamber Orchestra, as well as museums and art galleries, are located in San Diego County. Higher education is provided through five two-year colleges and six four-year colleges and universities.

In addition to the City of San Diego, other principal cities in San Diego County include Carlsbad, Chula Vista, Oceanside, El Cajon, Escondido, La Mesa and National City. Most County residents live within 20 miles of the coast. Farther inland are agricultural areas, principally planted in avocados and tomatoes, while the easternmost portion of San Diego County has a dry, desert-like topography.

The County is the delivery system for federal, state and local programs. The County provides a wide range of services to its residents including: (1) regional services such as courts, probation, medical examiner, jails, elections and public health; (2) health, welfare and human services such as mental health, senior citizen and child welfare services; (3) basic local services such as planning, parks, libraries and Sheriff's patrol to the unincorporated area, and law enforcement and libraries by contract to incorporated cities; and (4) infrastructure such as roads, waste disposal and flood control to the unincorporated area of the County. For information on County governance, see "THE COUNTY – GENERAL" herein.

Population

There are 18 incorporated cities in San Diego County, and several unincorporated communities. Table 22 below sets forth the population in San Diego County, the State and the United States for the years 2000 to 2010, and has been revised since the Preliminary Official Statement to reflect updated estimates.

TABLE 22

POPULATION ESTIMATES
(In Thousands)

Year	San Diego County[1]	Percent Change	State of California[1]	Percent Change	United States[2]	Percent Change
2000	2,801	1.82%	33,722	1.75%	282,172	3.48%
2001	2,864	2.28	34,431	2.10	285,082	1.02
2002	2,921	1.92	35,064	1.81	287,804	0.97
2003	2,971	1.71	35,653	1.63	290,326	0.87
2004	3,010	1.28	36,199	1.51	293,046	0.93
2005	3,039	0.97	36,677	1.30	295,753	0.92
2006	3,065	0.84	37,087	1.11	298,593	0.95
2007	3,097	1.02	37,464	1.01	301,580	0.99
2008	3,142	1.42	37,872	1.08	304,375	0.92
2009	3,185[3]	1.37	38,256[3]	1.00	307,007	0.86
2010	3,224[3]	1.21	38,648[3]	1.02	NA	NA

Sources: County and State Data - State of California Department of Finance, 2000 Benchmark; National Data - U.S. Bureau of the Census.
(1) As of January 1 of the year shown. Reflects revised estimates as of May, 2010.
(2) As of July 1 of the year shown.
(3) Provisional estimate.

Employment

Table 23 below sets forth information regarding the size of the civilian labor force, employment and unemployment rates for San Diego County, the State and the United States for 2005 through 2009.

TABLE 23

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
ANNUAL AVERAGES 2005-2009(1)
By Place of Residence
(In Thousands)

	2005	2006	2007	2008	2009
San Diego County					
Labor Force	1,497.9	1,511.2	1,531.2	1,566.2	1,557.4
Employment	1,433.0	1,451.2	1,461.5	1,472.4	1,406.1
Unemployment Rate	4.3%	4.0%	4.6%	6.0%	9.7%
State of California					
Labor Force	17,629.2	17,821.1	18,078.0	18,391.8	18,250.2
Employment	16,671.9	16,948.4	17,108.7	17,059.6	16,253.8
Unemployment Rate	5.4%	4.9%	5.4%	7.2%	11.4%
United States					
Labor Force	149,320.0	151,428.0	153,124.0	154,287.0	154,142.0
Employment	141,730.0	144,427.0	146,047.0	145,362.0	139,877.0
Unemployment Rate	5.1%	4.6%	4.6%	5.8%	9.3%

Sources: County and State Data – California Employment Development Department; National Data – U.S. Department of Labor, Bureau of Labor Statistics.

(1) County and State Data – March 2007 Benchmark for 2005 through 2008; March 2008 Benchmark for 2009.

Table 24 below sets forth the annual average employment within San Diego County by employment sector, other than farm industries, for 2005 through 2009. In 2009, the service sector (consisting of professional and business services, educational and health services, leisure and hospitality and other services) constituted the largest non-farm employment sector in San Diego County, representing approximately 44% of all non-farm employment.

TABLE 24

SAN DIEGO COUNTY
NON-AGRICULTURAL LABOR FORCE AND INDUSTRY EMPLOYMENT
ANNUAL AVERAGES 2005-2009[1]
(In Thousands)

Employment Sector	2005	2006	2007	2008	2009
Mining and Logging	0.4	0.5	0.4	.4	.4
Construction	90.8	92.7	87.0	76.1	61.1
Manufacturing	104.5	103.9	102.5	102.8	95.4
Trade, Transportation and Utilities	219.4	222.0	222.3	215.9	198.3
Information	37.4	37.3	37.6	38.5	37.0
Financial Activities	83.2	83.7	80.3	75.2	70.3
Professional and Business Services	210.4	213.6	216.8	215.1	197.3
Educational and Health Services	122.5	125.1	129.5	137.3	143.0
Leisure and Hospitality	149.6	156.5	161.8	164.0	155.2
Other Services	48.8	48.4	48.3	48.4	47.0
Government	215.1	217.9	222.4	225.1	224.7
Total[2]	1,282.1	1,301.6	1,308.8	1,298.7	1,229.6

Source: California Employment Development Department.
(1) Total may not equal the sum of the line items due to rounding.
(2) March 2007 Benchmark for 2005 through 2008; March 2008 Benchmark for 2009.

Largest Employers

Table 25 below sets forth the ten largest employers in the County as of February 2, 2009.

TABLE 25

SAN DIEGO COUNTY
Ten Largest Employers
(As of February 2, 2009)

Employer	Description	Employees
State of California	Administration of state functions, services and agencies	41,400
Federal Government	Administration of federal functions, services and agencies	40,800
University of California San Diego	Higher education, research and health care	30,078
County of San Diego	Municipal and regional government services	16,303
San Diego Unified School District	Public education	15,800[1]
Sharp HealthCare	Health care, hospitals, medical groups, health services, health plan	14,390
Scripps Health	Hospitals, medical offices and clinics, home health services	11,690
City of San Diego	Municipal government-public agency	11,054
Qualcomm Inc.	Develops, delivers digital wireless communications products and services	9,444
Kaiser Permanente	Health care, hospital, outpatient surgical centers, urgent care clinics	7,608

Source: San Diego Business Journal.
(1) Employment figures provided by San Diego Unified School District website.

Regional Economy

Table 26 below sets forth San Diego County's Gross Metropolitan Product, which is an estimate of the value for all goods and services produced in the region, from 2002 through 2010.

TABLE 26

SAN DIEGO COUNTY
GROSS METROPOLITAN PRODUCT
2002-2010

	Gross Metropolitan Product	Annual Percent Change	
Year	(In Billions)	Current Dollars San Diego	Constant Dollars* San Diego
2002	$120.2	NA	NA
2003	126.8	5.6%	3.5%
2004	138.6	9.3	6.5
2005	148.4	7.0	4.2
2006	157.5	6.1	3.3
2007	163.7	3.9	1.4
2008	168.7	3.1	1.0
2009(1)	168.3	(0.3)	(2.0)
2010(1)	174.0	3.4	2.1

Sources: 2001-2006 Data - Bureau of Economic Analysis, U.S. Department of Commerce; 2007-2010 Data - National University System Institute for Policy Research; reflects data as of August 2009.

* Adjusted using the GMP/GSP/GDP implicit price deflator.

(1) Forecast.

Economic activity and population growth in the local economy are closely related. Helping to sustain San Diego County's economy is the performance of three basic industries of the region, which consist of manufacturing, the military, and tourism. The U.S. Department of Defense contributes about $10 billion annually to the local economy, through wages paid to the uniformed military and civilian personnel, and for equipment and services purchased from local businesses. San Diego's military presence is anticipated to remain relatively stable and may even increase due to the consolidation of military operations and facilities from elsewhere in California, the West, and throughout the United States.

Building Activity

Building permit valuation for both residential and non-residential construction in San Diego County in 2009 decreased relative to 2008 levels by approximately 39%. Measures limiting new housing remain in effect in areas throughout San Diego County, resulting in a 34% decrease in residential valuations and a 45% decrease in non-residential valuations in 2009 relative to 2008 levels.

Table 27 below sets forth the annual total building permit valuation and the annual unit total of new residential permits from 2005 through 2009.

TABLE 27

COUNTY OF SAN DIEGO
BUILDING PERMIT ACTIVITY
2005-2009
(In Thousands)

	2005	2006	2007	2008	2009
Valuation:					
Residential	$3,562,702	$2,470,685	$1,852,381	$1,339,245	$ 878,736
Non-Residential	1,381,794	1,621,608	1,416,823	1,061,802	583,978
Total	$4,944,496	$4,092,293	$3,269,204	$2,401,047	$1,462,714
New Housing Units:					
Single Family	7,904	4,753	3,503	2,352	1,786
Multiple Family	7,354	6,024	3,942	2,802	1,204
Total	15,258	10,777	7,445	5,154	2,990

Source: Construction Industry Research Board.

Commercial Activity

Table 28 below sets forth information regarding taxable sales in San Diego County for the years 2004-2008.

TABLE 28

SAN DIEGO COUNTY
TAXABLE SALES
2004-2008
(In Thousands)

Type of Business	2004	2005	2006	2007[1]	2008[1]
Apparel Stores	$ 1,644,428	$ 1,798,104	$ 1,909,011	$ 2,034,512	$ 2,205,568
General Merchandise	5,204,962	5,406,091	5,594,621	5,673,538	5,305,252
Specialty Stores[2]	4,541,225	4,728,028	4,926,656	--	--
Food Stores	1,736,610	1,858,152	1,928,274	1,994,237	1,868,466
Eating and Drinking Establishments	4,047,726	4,267,302	4,521,392	4,784,500	4,869,497
Home Furnishings/Appliances	1,549,482	1,566,046	1,511,389	1,420,933	1,590,329
Building Materials	3,341,105	3,376,009	3,331,161	2,768,385	2,183,006
Automotive[3]	9,318,277	9,739,136	9,819,932	6,321,987	5,010,084
Service Stations[3]	--	--	--	3,755,121	4,154,465
Other Retail Stores[2]	961,645	1,045,927	1,076,631	5,285,332	4,529,006
Business and Personal Services	2,146,781	2,239,304	2,302,057	2,298,265	2,255,309
All Other Outlets	9,978,097	10,655,372	10,914,390	11,149,178	11,358,155
TOTAL ALL OUTLETS	$44,470,338	$46,679,471	$47,835,514	$47,485,988	$45,329,136

Source: California State Board of Equalization, Taxable Sales in California.

(1) In early 2007 the California State Board of Equalization began a process of converting business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change process, industry data for 2007 and 2008 are not comparable with data from prior years.

(2) In 2007 and 2008, industry data for Specialty Stores were included in Other Retail Stores.

(3) Prior to 2007, industry data for Service Stations were included in Automotive.

Personal Income

Table 29 below sets forth the median household income for San Diego County, the State, and the United States between 2003 and 2007.

TABLE 29
MEDIAN HOUSEHOLD INCOME[1]
2003 through 2007

Year	San Diego County	California	United States
2003	$49,886	$50,220	$43,564
2004	51,012	51,185	44,684
2005	56,335	53,629	46,242
2006	59,591	56,645	48,451
2007	61,794	59,948	50,740

Source: U.S. Census Bureau – Economic Characteristics – American Community Survey.
(1) Estimated. In Inflation-adjusted dollars.

Foreclosures; Notices of Loan Default

The number of foreclosures and notice of loan defaults issued in San Diego county increased between calendar years 2008 and 2009, and has since declined on a year-over-year basis. For the three calendar years from 2005 through 2007, an average 23.0% of notices of loan default resulted in foreclosures; this percentage was 57.46% in 2008 and 40.43% in 2009. In 2008 an average of 16.94% of total deeds recorded were foreclosures. This percentage decreased to 13.00% in 2009.

The large number of defaults and foreclosures have been attributed mainly to the prevalence of subprime home mortgage loans, which generally include a higher rate of interest than prime loans to compensate for the perceived increased credit risk of the borrower. The defaults and foreclosures on home mortgages have been offset by a variety of economic factors, including the growth in and diversification of the regional economy (see "Economic and Demographic Information – Regional Economy" herein.

Table 30 below sets forth information relating to notices of defaults and foreclosures in San Diego County for failure to pay mortgages from Calendar Year 2000 through April 2010.

TABLE 30

NOTICES OF DEFAULT AND FORECLOSURES
Calendar Years 2000 through 2009

Calendar Year	Notices of Default	Foreclosures
2000	5,472	1,380
2001	5,726	826
2002	5,986	909
2003	5,167	566
2004	4,260	553
2005	5,080	559
2006	10,294	2,065
2007	22,194	8,416
2008	34,069	19,577
2009	38,308	15,487
2010(1)	9,071	4,940

Source: County of San Diego Assessor/Recorder/County Clerk.
(1) 2010 Figures are through April 30, 2010.

Transportation

Surface, sea and air transportation facilities serve County residents and businesses. Interstate 5 parallels the coast from Mexico to the Los Angeles area and points north. Interstate 15 runs inland, leading to Riverside-San Bernardino, Las Vegas, and Salt Lake City. Interstate 8 runs eastward through the southern United States.

San Diego's International Airport (Lindbergh Field) is located approximately three miles northwest of the downtown area and sits on 614 acres. The facilities are owned and maintained by the San Diego County Regional Airport Authority and are leased to commercial airlines and other tenants. The airport is California's third most active commercial airport, served by 18 passenger carries and six cargo carriers. In addition to San Diego International Airport there are two naval air stations and eight general aviation airports located in San Diego County.

Public transit in the metropolitan area is provided by the Metropolitan Transit Development Board. The San Diego Trolley, developed by the Metropolitan Transit Development Board beginning in 1979, has been expanded. A total of 17.6 miles were added to the original 108 miles; construction was completed in 1990.

San Diego is the terminus of the Santa Fe Railway's main line from Los Angeles. Amtrak passenger service is available at San Diego, with stops at Solana Beach and Oceanside in the North County.

San Diego's harbor is one of the world's largest natural harbors. The Port of San Diego is administered by the San Diego Unified Port District, which includes the cities of San Diego, National City, Chula Vista, Imperial Beach, and Coronado.

Visitor and Convention Activity

The climate, proximity to Mexico, multiple maritime facilities, and various attractions such as the San Diego Zoo and Wild Animal Park, Sea World, Cabrillo National Monument, and Palomar Observatory contribute to a high level of visitor and convention business each year. Contributing to the growth of visitor business has been the development of the 4,600-acre Mission Bay Park at San Diego and the construction of meeting and convention facilities at the San Diego Community Concourse.

San Diego's visitor industry is a major sector of the region's economy. Visitor revenues in San Diego County reached approximately $6.96 billion in 2009, according to an estimate by the San Diego Convention and Visitors Bureau (the "Visitors Bureau"), a decrease of approximately $958 million from the prior year. San Diego County hosted 71 conventions and trade shows in 2009, attended by approximately 519,418 delegates.

Education

Forty-two independent school districts provide educational programs for the elementary and secondary public school children in San Diego County. Each school system is governed by a locally elected board of education and administered by a superintendent or other chief administrative officer appointed by the board of education. In San Diego County there are three types of school districts: elementary, union high and unified. Elementary districts educate elementary students, union high districts educate for the most part secondary students, and unified districts educate both elementary and secondary students. There are currently 12 unified, 24 elementary and 6 union high school districts in San Diego County.

Community colleges in California are locally operated and administered two-year institutions of higher education. They offer Associates in Arts and Associates in Science degrees and have extensive vocational curricula. There are five community college districts in San Diego County with students at eleven campuses and numerous adult and community centers.

Among the institutions of higher education offering bachelors and graduate programs in metropolitan San Diego are San Diego State University, the University of California, San Diego, National University, the University of San Diego, Point Loma Nazarene University, California State University – San Marcos, Alliant International University, the University of Phoenix, Thomas Jefferson School of Law and California Western School of Law.

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APPENDIX B

INFORMATION REGARDING THE DISTRICTS

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APPENDIX B

INFORMATION REGARDING THE DISTRICTS

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STATE AND FEDERAL FUNDING OF EDUCATION

Major Revenues

The Districts' principal revenues consist of guaranteed State moneys, *ad valorem* property taxes and funds received from the State in the form of categorical aid under ongoing programs of local assistance. The majority of the funding that the Districts receive is determined by the State revenue limit formula. This apportionment formula, which is funded by State general fund moneys and local *ad valorem* property taxes, is allocated to the school districts based on the average daily attendance ("ADA") of the school districts for either the current or preceding school year. Generally, the State's apportionment will amount to the difference between the school district's revenue limit and its local property tax allocation. State revenue limit is based on an amount of support per pupil and revenue limit calculations are 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 is multiplied by the respective school district Participant's average daily attendance to determine the total revenue limit. All State aid is subject to the appropriation of funds in the State's annual budget. Decreases in State revenues may affect appropriations made by the State Legislature to school districts, including the Districts. See "State and Federal Funding of Education — Recent State Budgets" herein.

Each District receives a portion of the local *ad valorem* property taxes that are collected within its district boundaries. This amount is compared to the total revenue limit; the balance is received in the form of State aid. Therefore, the sum of the property taxes and State aid equal the district's revenue limit. Districts which receive the minimum amount of State aid are known as "Basic Aid" districts. Basic Aid districts are those districts whose local property tax collections are of the magnitude that when compared to the district's total revenue limit result in the receipt of the minimum State aid of $120 per pupil. This amount is defined in the State's Constitution as Basic Aid. In some districts, the local property tax collections exceed the total revenue limit. Current law in California allows these districts to keep the excess without penalty. The implication for Basic Aid districts is 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 become the determining factors. Cardiff School District, Carlsbad Unified School District, Encinitas Union 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 is 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 comes from categorical funds provided exclusively by the State and federal government. These funds are to be used for specific programs and typically cannot be used for any other purpose. See " – Recent State Budgets – State Budget for Fiscal Year 2009-10" herein for a description of a provision granting to school districts increased flexibility with respect to the use of certain funds received from the State. The California lottery is 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 is 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 is calculated three times a year for each school district. The first calculation is 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 are 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 " - Assembly Bill No. 14" herein for information regarding the deferred apportionments during Fiscal Years 2009-10 and 2010-11.

The calculation of the amount of State aid a school district is entitled to receive each year is basically a five-step process. First, the prior year State revenue limit per ADA is established, with recalculations as are necessary for adjustments for equalization or other factors. Second, the adjusted prior year State revenue limit per ADA is 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 is multiplied by such school district's ADA for either the current or prior year. Fourth, revenue limit adjustments are calculated for each school district that qualifies for the adjustments. Adjustments include the necessary small school district adjustments, meals for needy pupils and small school district transportation, and are added to the State revenue limit for each qualifying school district. Finally, local property tax revenues are 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 is entitled for the current year.

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 2009-10" and " - American Recovery and Reinvestment Act of 2009" 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 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, or (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 2009-10, proposed State budget for Fiscal Year 2010-11 and the May Revision to the proposed State budget for Fiscal Year 2010-11 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 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" and "- Assembly Bill No. 14" herein for information regarding the deferred apportionments during Fiscal Years 2009-10 and 2010-11.

Recent State Budgets

State Budget for Fiscal Year 2009-10. On February 20, 2009, the Governor signed the 2009 State Budget Act (the "Original 2009-10 State Budget Act") to address a then-projected $42 billion shortfall in revenues. The Original 2009-10 State Budget Act projected Fiscal Year 2009-10 revenues and transfers of $97.73 billion, actual expenditures of $92.21 billion and a year-end surplus of $3.18 billion (net of the $2.34 billion deficit from Fiscal Year 2008-09), of which $1.08 billion would be reserved for the liquidation of encumbrances and $2.10 billion would be deposited in a reserve for economic uncertainties.

On May 14, 2009, the Governor released the May Revision to the Original 2009-10 State Budget Act (together with the contingency proposals referenced therein, the "May Revision to the Original 2009-10 State Budget Act"). The May Revision to the Original 2009-10 State Budget Act projected a budget gap of $21.3 billion through the remainder of Fiscal Year 2008-09 and Fiscal Year 2009-10 due to continued shortfalls in revenue collections and increased costs and the failure of five of the six budget-related propositions included in a special election, which the May Revision to the Original 2009-10 State Budget Act proposed to address through program reductions and additional borrowings. On May 26, 2009 and on May 29, 2009, the Governor released updates to the May Revision to the Original 2009-10 State Budget Act. The May Revision to the Original 2009-10 State Budget Act and the updates thereto, collectively, included proposals to reduce General Fund spending in the amount of $3.12 billion during

Fiscal Year 2008-09 and $20.85 billion during Fiscal Year 2009-10 in order to eliminate the State's then projected $24.0 billion deficit through such period.

On July 28, 2009, the Governor signed certain amendments to the Original 2009-10 State Budget Act (as amended, the "Revised 2009-10 State Budget Act") to address a then-projected $24.16 billion shortfall in revenues. The Revised 2009-10 State Budget Act estimated Fiscal Year 2008-09 revenues and transfers of $84.1 billion, total expenditures of $91.5 billion and a year-end deficit of $3.38 billion, which included a $4.07 billion prior-year State General Fund balance, a $4.46 billion withdrawal from the reserve for economic uncertainties and an allocation of $1.08 billion to the reserve for the liquidation of encumbrances. The Revised 2009-10 State Budget Act projected Fiscal Year 2009-10 revenues and transfers of $89.54 billion, actual expenditures of $84.58 billion and a year-end surplus of $1.58 billion (net of the $3.38 billion deficit from Fiscal Year 2008-09), of which $1.08 billion was expected to be reserved for the liquidation of encumbrances and $500 million was expected to be deposited in a reserve for economic uncertainties.

Certain of the features of the Original 2009-10 State Budget Act and the Revised 2009-10 State Budget Act affecting school districts included the following:

1. The Original 2009-10 State Budget Act set forth Proposition 98 spending for school districts and community college districts to $50.7 billion for Fiscal Year 2008-09. The Revised 2009-10 State Budget Act set forth a reduction in Fiscal Year 2008-09 Proposition 98 spending for school districts and community college districts to $34.05 billion due, in part, to reduced State General Fund revenues. The outstanding maintenance factor or future funding obligation for Fiscal Year 2008-09 pursuant to Proposition 98 was estimated to be $11.2 billion at the time of the budget's adoption. The Revised 2009-10 State Budget Act established a statutory obligation to begin paying the maintenance factor, commencing with a payment of $1.7 billion toward such amount in Fiscal Year 2009-10.

2. The Revised 2009-10 State Budget Act set forth Proposition 98 spending for school districts and community college districts to $35.03 billion for Fiscal Year 2009-10. In addition, the Revised 2009-10 State Budget Act included a shift of property tax revenues from redevelopment agencies to schools in the amount of $850 million to replace a portion of the reduction in Proposition 98 State General Fund spending in Fiscal Year 2009-10. Such amount was shifted to K-12 schools that serve the redevelopment areas and the housing built by the redevelopment agencies. However, due to the shift of property tax revenues, no net change in funding for schools was expected to occur. In October 2009, in response to the shift of property taxes, the California Redevelopment Association filed a lawsuit against the State seeking to invalidate the shift on the basis that the shift does not qualify as a constitutionally permitted use of redevelopment funds. Such lawsuit, if successful, may impact State spending for school districts and community college districts.

3. The Original 2009-10 State Budget Act included reductions in Fiscal Year 2008-09 of $2.4 billion from K-14 programs, which amount included $943.8 million from K-12 revenue limits, $943.8 million from approximately fifty K-12 categorical programs, $286.9 million from the elimination of the K-14 COLA and $210 million from other various K-12 programs as compared to amounts set forth in the Fiscal Year 2008-09 Budget Act. The Original 2009-10 State Budget Act included additional reductions in Fiscal Year 2009-10 of $267.5 million from revenue limits and $267.5 million from categorical programs.

4. In order to reduce the Proposition 98 Guarantee for Fiscal Year 2009-10 and in consideration of a funding formula under Proposition 98, which calculates a level of funding for the current fiscal year in part based upon funding allocated during the prior fiscal year, the Revised 2009-10 State Budget Act retroactively reverted approximately $1.6 billion in Fiscal Year 2008-09 unallocated

funds for categorical programs to the State General Fund. The Proposition 98 revenue limit funding is reduced in Fiscal Year 2009-10 to backfill the reduction in categorical funding.

5. The Original 2009-10 State Budget Act deferred until July 2009 approximately $3.2 billion in K-14 principal apportionments of which approximately $2.3 billion was to be allocated to K-12 programs, $570 million to K-3 class size reduction and $340 million to community colleges. In addition, the Original 2009-10 State Budget Act deferred until October 2009 principal apportionments established for the months of July 2009 and August 2009 in the approximate amount of $2.5 billion.

6. The Revised 2009-10 State Budget Act defers $1.8 billion in payments from Fiscal Year 2009-10 to August 2010 from school district revenue limits and community college apportionments.

7. The Original 2009-10 State Budget Act eliminated the High Priority Schools Program, which provides additional funding to low-performing schools in the State to improve academic performance. The elimination of the High Priority Schools Program reduced amounts received by such schools in the aggregate amount of $114.2 million.

9. The State will defer approximately $2 billion in K-12 payments from their previously scheduled dates in Fiscal Year 2009-10 to December 2009 and January 2010. The payment schedule for K-12 apportionment funding and categorical funding will be revised to distribute five percent of total payments in each of July and August and nine percent in each of the remaining months.

10. The Revised 2009-10 State Budget Act includes $6 billion in funds from the American Recovery and Reinvestment Act in Fiscal Years 2008-09 and 2009-10 to maintain the minimum spending level required for receipt of State Fiscal Stabilization Fund allocations for K-12 programs.

11. The Original 2009-10 State Budget Act implemented provisions to grant school districts increased flexibility with respect to the use of certain funds received from the State to shift funds to meet their highest priority needs in Fiscal Years 2008-09 through 2012-13 and reduces penalties associated with the K-3 Class Size Reduction program through Fiscal Year 2011-12. These flexibility provisions will not apply to programs protected under federal law or programs that were approved pursuant to voter initiatives.

12. The Revised 2009-10 State Budget Act provides to schools the flexibility to reduce instruction by up to five days to accommodate a reduction of approximately $2.1 billion of revenue limit apportionments to school districts and county offices of education, although these types of reductions are generally subject to labor negotiations. In addition, the Revised 2009-10 State Budget Act will permit schools to reduce the amount of money that they are required to set aside for facility maintenance and to use funds from the sale of surplus property for non-facility related purposes.

November 2009 LAO Report on the State's Budget. On November 18, 2009, the Legislative Analyst's Office issued a report entitled "The 2010-11 Budget: California's Fiscal Outlook" (the "2010-11 Fiscal Outlook") The 2010-11 Fiscal Outlook includes a forecast of the State's General Fund revenues and expenditures that indicates General Fund budget deficit of $20.7 billion through Fiscal Year 2010-11. Such amount is comprised of a $6.3 billion projected deficit for Fiscal Year 2009-10 and a $14.4 billion gap between projected revenues and spending in Fiscal Year 2010-11. The 2010-11 Fiscal Outlook attributes the majority of the State's budget problems during Fiscal Year 2009-10 to the State's inability to implement several major solutions set forth in the Revised 2009-10 State Budget Act. The 2010-11 Fiscal Outlook states that issues such as (1) the expected inability of several programs—in particular, the prison system and Medi-Cal—to collectively achieve billions of dollars of spending reductions assumed in the Revised 2009-10 State Budget Act; (2) the expected inability of the State to sell the State Compensation Insurance Fund, a quasi-public workers' compensation insurer, for the budgeted amount of $1 billion in Fiscal Year 2009-10; and (3) the State's loss of a court case that prevents the General Fund from receiving more than approximately $800 million in transportation funds in Fiscal Year 2009-10 have contributed to the increase in the projected deficit.

In addition, the 2010-11 Fiscal Outlook forecasts that the State will face a nearly $1 billion increase in the Proposition 98 funding guarantee for K-14 education in Fiscal Year 2009-10. Furthermore, 2010-11 Fiscal Outlook projections will be affected by the loss of any temporary federal stimulus funding during Fiscal Year 2010-11 and Fiscal Year 2011-12 if the State does not backfill funds received in connection with the Recovery and Reinvestment Act. In order to address the increase in the Proposition 98 funding guarantee during Fiscal Year 2009-10, the LAO states that the State Legislature could (1) could provide the additional $1 billion at the end of Fiscal Year 2009-10 in a lump sum, (2) recognize a "settle-up" obligation and create an out-year payment plan or (3) suspend the Proposition 98 Guarantee and maintain the existing funding level.

Proposed State Budget for Fiscal Year 2010-11. On January 8, 2010, Governor Schwarzenegger released his Fiscal Year 2010-11 Proposed Budget (the "2010-11 Proposed State Budget"). The 2010-11 Proposed State Budget projects an estimated $6.6 billion budget shortfall by the end of Fiscal Year 2009-10, in the absence of corrective action. In addition, the Governor estimates the State will have a $12.3 billion operating deficit in Fiscal Year 2010-11 absent corrective action. On January 8, 2010, the Governor proclaimed a fiscal emergency and called a legislative special session pursuant to Proposition 58 to address this emergency. During this legislative session, the State Legislature adopted Assembly Bill No. 5 and Assembly Bill No. 14 ("ABx8 14") that will, among other things, impose a new pattern of intra-fiscal year cash deferrals on K-12 school districts. See "State and Federal Funding of Education – Assembly Bill No. 14" herein.

The 2010-11 Proposed State Budget includes proposals relating to reduce expenditures by approximately $7.6 billion and to generate an additional $12.4 billion through increased revenues, federal funds and the adoption of flexibility solutions. The 2010-11 Proposed Budget projects State General Fund revenues and transfers for Fiscal Year 2010-11 of $89.3 billion, an increase of approximately 1.4 percent above the anticipated revenues and transfers for Fiscal Year 2009-10, and State General Fund expenditures of $82.9 billion, a decrease of approximately 4.6 percent below the anticipated expenditures for Fiscal Year 2009–10. With proposed expenditures of $2.6 billion more than revenues, the 2010-11 Proposed State Budget projects ending Fiscal Year 2009–10 with a State General Fund balance of $2.6 billion, of which $1.5 billion will be reserved for the liquidation of encumbrances and $1.0 billion will be deposited in a reserve for economic uncertainties, provided various budget-balancing proposals are approved. A portion of the 2010-11 Proposed State Budget relates to approximately $6.9 billion of funds, waivers and reimbursements from the federal government. The 2010-11 Proposed State Budget provides that if such amount is not provided by the federal government by July 15, 2010, several expenditure reductions and revenue increases will be triggered.

Certain of the features of the 2010-11 Proposed State Budget affecting school districts include the following:

1. The 2010-11 Proposed State Budget proposes to grant local school districts the additional flexibility to layoff, assign, reassign, transfer and rehire teachers based on skill and subject matter needs without regard to seniority. In addition, the 2010-11 Proposed State Budget includes legislation to change the staffing notification window for teachers to 60 days after the adoption or subsequent amendment of the State's budget for a given fiscal year.

2. The 2010-11 Proposed State Budget proposes to eliminate certain State law requirements that require teachers that have been laid off to receive first priority for substitute assignments and that these substitutes be paid at the rate they received before they were laid off if they work more than 20 days within a 60-school day period. The State's Department of Finance estimates the current law significantly increases costs to school districts that have laid off teachers and may compel additional layoffs and cuts to classroom spending.

3. The 2010-11 Proposed State Budget considers the adoption of reforms in conjunction with funding allocable through the U.S. Department of Education's "Race to the Top Fund". If adopted, the proposed reforms will, among other things, address statutory and regulatory barriers relating to student achievement, school quality and teacher and principal quality.

4. The 2010-11 Proposed State Budget proposes a reduction of approximately 10% in funding for administration, overhead and non-instruction related spending by school districts to increase resources for classroom instruction. In addition, if adopted, the State will prevent school districts from shifting central administration costs to school sites.

5. The 2010-11 Proposed State Budget proposes to fund the Proposition 98 Guarantee for Fiscal Year 2009-10. However, proposed expenditures will be decreased to $49.9 billion from the $50.4 billion assumed in the Revised 2009-10 State Budget. The 2010-11 Proposed State Budget proposes to fund the Proposition 98 Guarantee in Fiscal Year 2010-11 at approximately $50 billion, which reflects an increase of $103 million from the proposed amount for Fiscal Year 2009-10.

6. The Revised 2009-10 State Budget Act required the State to begin paying an aggregate amount of $11.2 billion of Proposition 98 maintenance factor payments in Fiscal Year 2010-11. The 2010-11 Proposed State Budget proposes to delay the initial payment to Fiscal Year 2012-13.

7. The 2010-11 Proposed State Budget proposes that the State continue its current program regarding days of instruction until Fiscal Year 2011-12. If adopted, school districts will have flexibility to reduce instructions by a maximum of five days, if necessary, to accommodate the reductions made in Fiscal Year 2009-10 without losing any incentive funding they receive to maintain a 180-day school year.

8. Due, in part, to litigation demanding that the State pay or suspend all education mandates, the 2010-11 Proposed State Budget proposes to suspend almost all K-14 education mandates. The State expects to pay $7.7 million for mandated costs related to interdistrict and intradistrict transfers and $6.8 million for mandated costs related to the California High School Exit Exam.

9. The 2010-11 Proposed State Budget does not provide funding for the science graduation requirement and does not propose to suspend the mandate. The Governor believes that the requirement does not constitute a reimbursable mandate because funding is available to offset the costs of the requirement.

10. The 2010-11 Proposed State Budget proposes a reduction of $550 million to reflect projected savings in the K-3 Class Size Reduction program. Although the penalties for exceeding class size limits were significantly reduced in 2009-10, program savings are anticipated as a result of local school district decisions to increase class sizes.

11. The Governor also proposes to recognize an anticipated 0.38 percent decline in the cost of living.

LAO Analysis of the 2010-11 Proposed State Budget. On January 12, 2010, the LAO released a report entitled "The 2010-11 Budget: Overview of the Governor's Budget" (the "2010 LAO Budget Overview"), which provides an analysis by the LAO of the 2010-11 Proposed Budget. The 2010 LAO Budget Overview is available on the LAO website at www.lao.ca.gov. Information on the website is not incorporated herein by reference. The 2010 LAO Budget Overview states that the economic and revenue forecasts and assessments of the State's budgetary problems set forth in the 2010-11 Proposed State Budget are generally reasonable, but it notes that the Governor's estimates of revenues and expenditures are more optimistic than its own.

According to the LAO, the State Legislature faces significant challenges in balancing the State's budget for Fiscal Year 2010-11. The LAO notes that many of the major expenditure reductions in the Proposed 2010-11 State Budget will require significant lead-time for departments to implement. The LAO acknowledges that it is reasonable to assume that the State will secure some additional federal funding and flexibility, but it recommends that the State Legislature operate on the assumption that federal government relief will total billions of dollars less than the Governor has requested. The LAO further recommends that the Governor and State Legislature consider adopting some of the Governor's proposed cuts and revenue increases that are presented as options only in the event of insufficient federal relief. The LAO cautions that the State's Proposition 98 obligation could be higher than assumed in the 2010-11 Proposed State Budget due to constitutional interpretation and the interaction between Proposition 98 spending and State General Fund revenues. Further, the LAO notes that a portion of the State's proposed spending is dependent upon receipt of a waiver from the U.S. Department of Education regarding maintenance-of-effort requirements under the Recovery and Reinvestment Act.

The 2010 LAO Budget Overview reiterated that the State Legislature should take action no later than March 2010 on many of the proposed budgetary measures, explore options beyond those proposed by the Governor, consider the Governor's "trigger options" notwithstanding any assumed federal relief, and consider adoption of multi-year solutions. Further, the LAO recommends that the State Legislature should avoid proposed solutions that do not prioritize program reductions.

May Revision to the 2010-11 Proposed State Budget. On May 14, 2010, the Governor released the May Revision to the Proposed 2010-11 State Budget (together with the contingency proposals referenced therein, the "May Revision to the Proposed 2010-11 State Budget"). The May Revision to the Proposed 2010-11 State Budget projects a remaining budget gap of $19.1 billion, $7.7 billion for Fiscal Year 2009-10, $10.2 billion for Fiscal Year 2010-11, with a reserve of $1.2 billion. The May Revision to the Proposed 2010-11 State Budget proposes to address these deficits through deep program reductions and additional borrowings. The May Revision to the Proposed 2010-11 State Budget estimates Fiscal Year 2009-10 revenues and transfers of $86.521 billion, total expenditures of $86.465 billion and a year-end deficit of $5.305 billion, which includes a negative $5.361 billion prior-year State General Fund balance, and an allocation of $1.537 billion to the reserve for the liquidation of encumbrances. The May Revision to the Proposed 2010-11 State Budget projects Fiscal Year 2010-11 revenues and transfers of $91.451 billion, total expenditures of $83.404 billion and a year-end surplus of $2.742 billion (net of the $5.305 billion deficit from Fiscal Year 2009-10), of which $1.537 billion will be reserved for the liquidation of encumbrances and $1.205 billion will be deposited in a reserve for economic uncertainties. The May Revision to the Proposed 2010-11 State Budget indicates that the recession is likely over and the State's economic outlook is more positive, but due to the depth of the recession, the recovery will be moderate and prolonged as compared to historical standards.

Certain of the features of the May Revision to the 2010-11 Proposed State Budget affecting school districts include the following:

1. The May Revision to the 2010-11 Proposed State Budget proposes to fully fund the Proposition 98 Guarantee for Fiscal Year 2009-10. However, proposed expenditures will be decreased to $49.9 billion from the $50.4 billion assumed in the Revised 2009-10 State Budget. The May Revision to the 2010-11 Proposed State Budget proposes to fund the Proposition 98 Guarantee in Fiscal Year 2010-11 at approximately $48.4 billion.

2. The Governor proposes to reduce funding for State child care programs. Although the May Revision to the 2010-11 Proposed State Budget does not reduce funding for K-12 education relating to child care, the reduction of funding is expected to reduce the baseline for the Proposition 98 Guarantee by $1.4 million.

3. The State's outstanding maintenance factor or future funding obligation pursuant to the Proposition 98 is estimated to be $11.2 billion. The Revised 2009-10 State Budget Act established a statutory obligation to begin paying the maintenance factor. Due to the State's determination that the Proposition 98 Guarantee was over-appropriated by $2 billion In Fiscal Year 2008-09, the May Revision to the Proposed 2010-11 State Budget proposed to apply such amount to the outstanding maintenance factor.

4. The May Revision to the Proposed 2010-11 State Budget proposes to shift $15.7 million from the State General Fund in Fiscal Year 2009-10 to one-time reappropriations to fund the Economic Impact Aid Program, which will allow the State Department of Education to make advance apportionments to schools that will be in a cash flow deficit in June 2010 as a result of the payment deferrals and are unable to make essential payments.

5. The May Revision to the Proposed 2010-11 State Budget withdraws the proposal dictate the level of reductions from district and county office administration contained in the Proposed 2010-11 State Budget. In the alternative, the Governor has proposed to provide to local district administrators and school boards maximum flexibility to manage the level of funding for administration.

LAO May Overview of the May Revision. On May 18, 2010, the LAO released an analysis of the May Revision to the 2010-11 Proposed State Budget entitled "The 2010-11 Budget: Overview of the May Revision" (the "LAO May Overview"). The LAO May Overview states that the economic and revenue forecasts and assessments of the State's budgetary problems set forth in the May Revision are reasonable and realistic in light of the effects of the economic slowdown throughout the United States. The LAO projects that the proposals set forth in the May Revision to the 2010-11 Proposed State Budget are sufficient to eliminate the estimated $17.9 billion deficit in Fiscal Year 2010-11 and provide a State General Fund reserve in the amount of $1.2 billion. However, the LAO estimates that the budgetary measures included in the May Revision will reduce but not eliminate annual operating shortfalls through at least Fiscal Year 2014-15. General Fund expenditures across Fiscal Year 2008-09 and Fiscal Year 2009-10 could exceed revenues by approximately $3 billion more than the amount estimated in the May Revision.

The LAO May Overview states that the May Revision relies on a number of proposals that could result in a General Fund reserve at the end of Fiscal Year 2009-10 of $1.2 billion, but that the largest proposals carry the largest risks. The LAO also notes that proposals such as the elimination of CalWORKs and State child care funding could result in significant reductions in federal funding for the State. Due to, among other things, the risks relating to federal funds and the loss of the State's safety net, the LAO recommends that the Governor withdraw his proposal to eliminate CalWORKs and State child care funding. In addition, the LAO cautions that the Governor's approach towards the Proposition 98 minimum guarantee is legally risky, but acknowledges that the State cannot afford to support K-14 education at the level required by current law. The LAO notes that several of the Governor's budget proposals carry moderate or major implementation risks. Accordingly, the LAO recommends that the State Legislature clearly craft trailer bill to ensure that the Governor's proposals have the strongest possible chance of withstanding judicial scrutiny. In addition, the LAO recommends that the State Legislature develop contingency plans in the event certain ballot measures and initiatives scheduled for the November 2010 election affect the State Legislature's budget plans.

The LAO May Overview states that the State Legislature will face significant challenges to address the State's ongoing structural mismatch between revenues and spending for future years. The LAO May Overview reiterated that the State Legislature should look to long-term solutions and alternatives to balance the State's finances such as implementing delays in previously scheduled tax reductions or expirations, eliminating lower priority tax expenditure programs, increasing fees for General Fund services and adopting targeted tax increases.

Potential Impact of the 2010-11 Proposed State Budget and May Revision to the 2010-11 Proposed State Budget on the Districts. The proposed reductions included in the 2010-11 Proposed State Budget and the May Revision to the 2010-11 Proposed State Budget could have potentially significant impacts on the Districts. The following table sets forth the projected revenue limits of each District based upon the 2010-11 Proposed State Budget and May Revision to the 2010-11 Proposed State Budget. The Districts expect to address any reductions in State revenue limit funding by reducing expenditures.

PROJECTED BASE REVENUE LIMIT
Fiscal Year 2010-11
($ In Thousands)

District	Projected Base Revenue Limit[(1)]
Alpine Union School District	$ 6,105.25
Bonsall Union School District	6,097.79
Cardiff School District	6,073.32
Carlsbad Unified School District	6,349.95
Chula Vista Elementary School District	6,113.11
Encinitas Union School District	6,107.86
Fallbrook Union High School District	7,344.75
Grossmont Union High School District	7,359.92
La Mesa-Spring Valley School District	6,091.50
Oceanside Unified School District	6,366.99
Poway Unified School District	6,367.27
San Dieguito Union High School District	7,298.72
San Ysidro School District	6,123.45
Santee Elementary School District	6,097.65
Sweetwater Union High School District	7,343.84
Vallecitos School District	6,076.22
Vista Unified School District	6,452.28

Source: The Districts, respectively.
(1) Based on the May Revision to the 2010-11 Proposed State Budget.

The Districts continue to review the 2010-11 Proposed State Budget and the May Revision to the 2010-11 Proposed State Budget and other State financial information and expect to develop their respective responses as more information becomes available.

Future State Budgets. The Districts and the County 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 District will have no control. To the extent that the State budget process results in reduced revenues or increased expenses for the Districts and the County, the Districts and the County will be required to make adjustments to their respective budgets. In the event of revision to the 2010 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.

American Recovery and Reinvestment Act of 2009. In April 2009, the United States Department of Education announced the allocation to the State of $3.1 billion from the State Fiscal Stabilization Fund of the American Recovery and Reinvestment Act of 2009 (the "Recovery and Reinvestment Act"). Of the total amount, approximately $2.6 billion is expected to be allocated to K-12 schools and $537 million is expected to be allocated toward the California State University and University of California systems. Such federal funds will be allocated to local education agencies by the State's Department of Education pursuant to an application process administered by the State Superintendent of Public Instruction. Receipt of funds is contingent upon the submission of an application, which includes assurances by the local education agency that it will, among other things, provide reports to the State regarding the use of funds, work with the State to advance the education reform areas identified in the State's application for federal funding and comply with all applicable accountability, transparency and reporting requirements. In April 2010, the State announced that it will apply for funding allocable through the U.S. Department of Education's "Race to the Top Fund" attributable to the Recovery and Reinvestment Act. The State and the Districts may adopt certain reforms in conjunction with the State's application for funding. If adopted, the proposed reforms will, among other things, address statutory and regulatory barriers relating to student achievement, school quality and teacher and principal quality.

Assembly Bill No. 14. Since 2002, the State has deferred certain State Aid payments to school districts from one fiscal year to the next fiscal year in order to manage the State's cash flow. The Revised 2009-10 State Budget Act extended deferments and provided for new deferrals of State Aid. Under this legislation, State Aid payments are deferred from October to December of such calendar year, November to February of the following calendar year, April and May to August of such calendar year, from June to July of each calendar year and from July to August of each calendar year. On March 22, 2010, the Governor approved ABx8 14 to address current fiscal year State deficits. ABx8 14 establishes a cash management program intended to assure rating agencies and investors that the State can control its cash resources with more certainty and avoid issuance of IOUs, as occurred in July 2009. ABx8 14 will provide the State with authority to impose cash payment deferrals on, among others, K-12 school districts, community college districts, county offices of education, the California State University system, the University of California, cities and counties. In accordance with ABx8 14, the State Department of Finance notified K-12 districts that it would defer the apportionments for July 2010, October 2010 and March 2011 by up to 60 days, 90 days and 30 days, respectively. The aggregate amount of such deferrals may not exceed $2.5 billion at any given time. The State Department of Finance has advised local education agencies that it does not expect to shift the July 2010 deferral to June 2010 or to pay the March 2011 or February 2011 deferral later than April 2011. The State has the authority to move a planned deferral to the prior month or to a subsequent month upon 30 days written notice by the State Department of Finance to the Legislative Budget Committee. Accordingly, deferrals planned for July 2010, October 2010 and March 2010 could occur in August 2010, September 2010 or November 2010, or February 2010, respectively. ABx8 14 will not change the ongoing cross-fiscal year cash deferrals to school districts in the State as described above.

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 below under "SUMMARY OF DISTRICT FINANCIAL INFORMATION" herein.

Average Daily Attendance

The following sets forth the average daily attendance (second period) for the four Fiscal Years ended June 30, 2006 and projections for Fiscal Year ending June 30, 2010 for each of the Districts:

AVERAGE DAILY ATTENDANCE
Fiscal Years 2005-06 through 2009-10

District	2005-06	2006-07	2007-08	2008-09	2009-10(1)
Alpine Union School District	2,216	2,142	2,075	1,996	1,972
Bonsall Union School District	1,586	1,645	1,712	1,701(4)	1,747(4)
Cardiff School District(2)	705	700	684	709	710(4)
Carlsbad Unified School District(2)	10,012(4)	10,081(4)	10,280(4)	10,314(4)	10,438(4)
Chula Vista Elementary School District	25,525(4)	25,914(4)	26,428(4)	26,462(4)	26,522(4)
Encinitas Union School District(2)	5,275(5)	5,229(5)	5,362(5)	5,229	5,259(4)
Fallbrook Union High School District	2,991(4)	2,994(4)	3,010(4)	2,990(4)	2,990(4)
Grossmont Union High School District(3)	20,668	20,715	18,467	19,037	19,177(4)
La Mesa-Spring Valley School District	13,118	12,797	12,470	12,220	12,021(4)
Oceanside Unified School District	19,364	19,179	19,196	19,524	19,448
Poway Unified School District	31,525(4)	31,884(4)	32,086(4)	32,367(4)	32,559
San Dieguito Union High School District(2)(3)	11,731	11,950	12,027	11,882	12,162(4)
San Ysidro School District	4,831	4,941	4,684	4,660	4,684(4)
Santee Elementary School District	6,303	6,113	6,110	6,193	6,201
Sweetwater Union High School District	38,620	38,891	39,568	39,814	39,514
Vallecitos School District	440(6)	220	220	215	206
Vista Unified School District	22,855(4)	22,374(4)	22,404(4)	22,232(4)	21,443

Source: Data for Fiscal Years 2005-06 through 2008-09 are from the supplemental information section of each respective District's audit report, and for Fiscal Year 2009-10 are from the second interim financial reports of each respective District, unless otherwise noted.

(1) Projected.
(2) Basic Aid District.
(3) Excludes adult education and special education.
(4) Data provided by the respective District.
(5) Revised amount reported in the supplemental information section of the District's audit report.
(6) Includes charter school.

Base Revenue Limit

The following table sets forth the actual base revenue limit per ADA for Fiscal Year 2008-09 and the budgeted base revenue limit per ADA for Fiscal Year 2009-10 for each of the Districts is as follows:

BASE REVENUE LIMIT PER ADA
Fiscal Years 2008-09 and 2009-10[(1)]

District	2008-09 (Actual)[(1)]	2009-10 (Budgeted)[(2)]
Alpine Union School District	$ 5,852.68	$ 6,102.68
Bonsall Union School District	5,852.60	6,102.60
Cardiff School District	5,833.54	6,083.54
Carlsbad Unified School District	6,104.31	6,365.31
Chula Vista Elementary School District	5,845.25	6,095.25
Encinitas Union School District	5,856.70	6,106.70
Fallbrook Union High School District	7,065.10	7,365.10
Grossmont Union High School District	7,068.00	7,368.00
La Mesa-Spring Valley School District	5,857.05	6,107.05
Oceanside Unified School District	6,102.66	6,363.66
Poway Unified School District	6,109.97	6,370.97
San Dieguito Union High School District	7,019.08	7,319.08
San Ysidro School District	5,877.46	6,127.46
Santee Elementary School District	5,863.11	6,113.11
Sweetwater Union High School District	7,038.78	7,338.78
Vallecitos School District	5,845.60	6,095.60
Vista Unified School District	6,105.61	6,366.61

Source: Second interim financial reports of each respective District, unless otherwise noted.
(1) Amounts are prior to application of the deficit factor, which was 7.844% for Fiscal Year 2008-09.
(2) Amounts listed are budgeted and thus do not reflect actual financial results or the outcome of State budget negotiations and revisions. Further, amounts are prior to the application of the deficit factor, which was 18.355% for the first principal apportionment for Fiscal Year 2009-10, and the one-time reduction of $191 per ADA for elementary school districts, $231 per ADA for high school districts, and $201 per ADA for unified school districts.

Employees

The following table sets forth the number of certificated and classified employees and management/other employees for each of the Districts as of July 1, 2009:

FULL-TIME EQUIVALENT EMPLOYEES
(As of July 1, 2009)

District	Certificated Employees	Classified Employees	Management/Other Employees
Alpine Union School District[1]	116	90	15
Bonsall Union School District	112	57	11
Cardiff School District	43	32	4
Carlsbad Unified School District	539	294	35
Chula Vista Elementary School District[1]	1,725	922	162
Encinitas Union School District	289	117	29
Fallbrook Union High School District[1]	148	123	20
Grossmont Union High School District	983	825[2]	100[3]
La Mesa-Spring Valley School District[1]	702	429	43
Oceanside Unified School District	1,076	704	65
Poway Unified School District	1,571	890	191
San Dieguito Union High School District[1]	571	380	56
San Ysidro School District	246	166	29
Santee Elementary School District	324	112	42
Sweetwater Union High School District[1]	2,446	1,794	162
Vallecitos School District	11	9	2
Vista Unified School District	1,182	774	86

Source: The Districts, respectively.
(1) Management employees included in the Certificated and Classified employee counts.
(2) As of September 30, 2009.
(3) Includes 67 certificated management/other employees as of September 30, 2009 and 33 classified management/other employees as of July 1, 2009.

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

COLLECTIVE BARGAINING AGREEMENTS

Collective Bargaining Units	Agreement Expiration Date
Alpine Union School District[1]	
1. Alpine Teacher's Association	June 30, 2011
2. California School Employee's Association	June 30, 2011
Bonsall Union School District	
1. California School Employees Association[2]	June 30, 2010
2. California Teachers Association[2]	June 30, 2010
Cardiff School District	
1. Cardiff Elementary Teachers Association	

Collective Bargaining Units	Agreement Expiration Date
Carlsbad Unified School District	
1. Federation of Unified School Employees/Laborers' International Union of North America Local 777	June 30, 2011
2. Carlsbad Unified Teachers Association/California Teachers Association/National Education Teachers Association[(1)]	June 30, 2009
Chula Vista Elementary School District	
1. Chula Vista Educators[(1)]	June 30, 2011
2. Chula Vista Classified Employees Organization	June 30, 2011
Encinitas Union School District	
1. Teachers of Encinitas[(2)]	June 30, 2010
2. Classified of Encinitas[(2)]	June 30, 2010
Fallbrook Union High School District	
1. Fallbrook Union High School Teachers Association	June 30, 2011
2. Service Employees International Union, Local 2028	June 30, 2011
Grossmont Union High School District	
1. California School Employees Association, Chpt. 443[(2)]	June 30, 2009
2. Service Employees International Union, Local 22[(2)]	June 30, 2009
3. Grossmont Education Association[(2)]	June 30, 2008
La Mesa-Spring Valley School District	
1. Teachers Association[(1)]	June 30, 2011
2. Classified Association Chapter 419[(2)]	June 30, 2010
Oceanside Unified School District	
1. Oceanside Teachers Association[(2)]	June 30, 2010
2. California School Employees Association	June 30, 2012
Poway Unified School District	
1. California School Employees Association	June 30, 2011
2. Service Employees International Union	June 30, 2011
3. Poway Federation of Teachers	June 30, 2011
San Dieguito Union High School District	
1. San Dieguito Faculty Association[(2)]	June 30, 2013
2. California School Employees Association[(2)]	June 30, 2009
San Ysidro School District	
1. California School Employees Association[(2)]	June 30, 2010
2. San Ysidro Education Association	June 30, 2013
Santee Elementary School District	
1. Santee Teachers Association	June 30, 2011
2. California School Employees Association[(2)]	June 30, 2010
Sweetwater Union High School District	
1. National Association of Government Employee[(2)]	June 30, 2009
2. Sweetwater Education Association[(2)]	June 30, 2010
3. California School Employees Association[(2)]	June 30, 2010
4. Sweetwater Counseling & Guidance Association[(2)]	June 30, 2010
Vallecitos School District	
1. Vallejo Education Association[(1)]	June 30, 2011

Collective Bargaining Units	Agreement Expiration Date
Vista Unified School District	
1. Vista Teachers Association[(2)]	June 30, 2007
2. California School Employees Association[(2)]	June 30, 2010

(1) This District is in the process of renegotiating certain term(s) of its existing agreement(s).
(2) Terms of the expired agreement continue to apply until a new agreement is finalized.

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; and 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.

Outstanding Obligations

The following table sets forth the long-term outstanding obligations of each District as of June 30, 2009.

LONG-TERM OUTSTANDING OBLIGATIONS[1]
(As of June 30, 2009)

District	General Obligation Bonds	Lease Obligations[2]	Pension or OPEB Obligations
Alpine Union School District	$ 9,909,891	$ 1,027,298	$ 266,884
Bonsall Union School District	16,844,680	2,075,000	243,679
Cardiff School District	9,275,000[3]	--	--
Carlsbad Unified School District	134,278,409	60,974,205[4]	2,126,340
Chula Vista Elementary School District	80,220,000	157,627,161[5]	1,363,013
Encinitas Union School District	34,987,997	299,661	267,231
Fallbrook Union High School District	21,798,641	24,507	1,133,023
Grossmont Union High School District	323,889,301	2,146,111	5,289,739
La Mesa-Spring Valley School District	44,134,730	58,683	3,157,978
Oceanside Unified School District	168,724,929	941,000	354,589
Poway Unified School District	187,327,927	130,060,137	6,773,915
San Dieguito Union High School District	--	--	1,469,597
San Ysidro School District	94,462,403	35,576,976	336,252
Santee Elementary School District	42,185,202	28,699,849[7]	1,510,714
Sweetwater Union High School District	363,016,342	14,039,889	20,339,356[8]
Vallecitos School District	--	--	N/A[6]
Vista Unified School District	136,764,882	7,690,625	5,426,438

Source: Audited financial statements for each respective District and the Districts, respectively.

(1) Excludes compensated absences, other long-term liabilities and obligations of assessment districts, special districts, community facilities districts and community service districts.

(2) Includes certificates of participation, lease revenue bonds and capital leases.

(3) District issued $5,330,000 of general obligation refunding bonds on February 2, 2010.

(4) District executed and delivered $50,710,000 of refunding certificates of participation on October 27, 2010.

(5) District executed and delivered a $750,000 five-year lease purchase agreement on July 24, 2009.

(6) District has not yet determined its OPEB liability.

(7) Includes $5,000,000 aggregate principal amount of Qualified Zone Academy Bond Program certificates of participation executed and delivered in November 2005.

(8) Includes a long-term obligation in the amount of $4,839,820 relating to District's Fiscal Year 2008-09 early retirement incentive program.

Anticipated Financings

In addition to their respective Note Participations, the following Districts expect to issue debt obligations in the near future: Alpine Union School District, Oceanside Unified School District, San Ysidro School District, Santee Elementary School District and Sweetwater Union High School District.

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 years is set forth below.

ASSESSED VALUE OF TAXABLE PROPERTY[(1)]
Fiscal Years 2005-06 through 2009-10
($ In Thousands)

District	2005-06	2006-07	2007-08	2008-09	2009-10
Alpine Union School District	$ 1,849,760	$ 2,061,720	$ 2,238,089	$ 2,322,799	$ 2,225,596
Bonsall Union School District	2,123,803	2,587,783	2,907,017	3,033,301	2,823,690
Cardiff School District	1,592,470	1,753,486	1,898,823	2,042,249	2,066,510
Carlsbad Unified School District	11,906,404	13,450,912	14,954,280	16,191,216	16,066,036
Chula Vista Elementary School District	20,759,676	23,752,715	27,040,451	27,535,980	24,501,698
Encinitas Union School District	10,906,299	12,056,030	12,901,695	13,473,199	13,444,454
Fallbrook Union High School District	6,525,522	7,435,785	8,056,314	8,314,140	8,153,886
Grossmont Union High School District	30,996,038	34,557,009	37,306,244	38,260,334	36,226,604
La Mesa-Spring Valley School District	8,639,534	9,653,859	10,487,367	10,765,162	10,150,189
Oceanside Unified School District	9,907,382	11,044,257	12,353,948	12,654,532	11,875,518
Poway Unified School District	24,632,554	27,779,534	30,601,158	31,890,784	31,553,941
San Dieguito Union High School District	36,414,273	40,368,052	44,063,522	47,017,778	47,622,252
San Ysidro School District	2,918,498	3,404,173	3,756,004	4,344,155	4,121,711
Santee Elementary School District	3,886,300	4,420,284	4,772,886	4,955,020	4,755,225
Sweetwater Union High School District	28,694,607	32,844,613	36,940,575	38,247,645	34,550,699
Vallecitos School District	238,794	275,058	294,177	299,378	288,018
Vista Unified School District	11,356,396	12,464,776	13,401,631	13,647,217	12,846,868

Source: San Diego County Office of Education.
(1) Includes secured, utility and unsecured property.

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 2005-06 through 2009-10
($ In Thousands)

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 2009-10	$4,196,554.81	$3,963,195.18[5]	$233,359.63[5]	5.6%[5]
Fiscal Year 2008-09	4,362,412.28	4,339,061.65	23,350.63	0.5
Fiscal Year 2007-08	4,201,308.27	4,185,655.71	15,652.56	0.4
Fiscal Year 2006-07	3,863,947.57	3,851,897.00	12,050.57	0.3
Fiscal Year 2005-06	3,468,861.10	3,457,710.45	11,150.65	0.3
Bonsall Union School District				
Fiscal Year 2009-10	$4,980,759.09	$4,703,288.57[5]	$277,470.52[5]	5.6%[5]
Fiscal Year 2008-09	5,347,358.18	5,318,678.37	28,679.81	0.5
Fiscal Year 2007-08	5,106,959.65	5,088,129.05	18,830.60	0.4
Fiscal Year 2006-07	4,553,535.28	4,539,309.89	14,225.39	0.3
Fiscal Year 2005-06	3,719,144.55	3,707,223.26	11,921.29	0.3
Cardiff School District				
Fiscal Year 2009-10	$5,523,675.12	$5,215,468.63[5]	$308,206.49[5]	5.6%[5]
Fiscal Year 2008-09	5,456,271.29	5,426,996.04	29,275.25	0.5
Fiscal Year 2007-08	5,102,570.09	5,083,821.51	18,748.58	0.4
Fiscal Year 2006-07	4,682,483.77	4,667,841.82	14,641.95	0.3
Fiscal Year 2005-06	4,260,529.68	4,246,948.98	13,580.70	0.3
Carlsbad Unified School District				
Fiscal Year 2009-10	$64,408,446.12[3]	$60,992,820.09[5]	$3,415,626.03[5]	5.3%[5]
Fiscal Year 2008-09	64,677,505.44	64,211,622.17	465,883.27	0.7
Fiscal Year 2007-08	59,313,000.59	59,023,622.18	289,378.41	0.5
Fiscal Year 2006-07	52,364,770.53	52,203,112.20	61,658.33	0.3
Fiscal Year 2005-06	46,343,901.37	46,190,177.49	153,723.88	0.3
Chula Vista Elementary School District				
Fiscal Year 2009-10	$75,301,816.69[3]	$71,107,748.11[5]	$4,194,068.58[5]	5.6%[5]
Fiscal Year 2008-09	85,244,638.85[3]	84,622,965.19	621,673.66	0.7
Fiscal Year 2007-08	83,592,778.06	83,285,744.81	307,033.25	0.4
Fiscal Year 2006-07	73,175,507.87	72,946,769.79	228,738.08	0.3
Fiscal Year 2005-06	63,954,557.21	63,750,297.84	204,259.37	0.3
Encinitas Union School District				
Fiscal Year 2009-10	$33,895,317.56	$32,004,407.35[5]	$1,890,910.21[5]	5.6%[5]
Fiscal Year 2008-09	33,961,935.98	33,779,683.28	182,252.70	0.5
Fiscal Year 2007-08	32,486,511.03	32,367,208.98	119,302.05	0.4
Fiscal Year 2006-07	30,302,215.30	30,207,434.94	94,780.36	0.3
Fiscal Year 2005-06	27,430,508.90	27,343,138.81	87,370.09	0.3

District; Fiscal Year	Total Tax Amount[(1)]	Total Tax Amount Collected	Delinquent Tax Amount[(2)]	Delinquent Tax Amount as Percentage of Total Tax Amount
Fallbrook Union High School District				
Fiscal Year 2009-10	$16,263,411.44	$15,744,242.48[(5)]	$519,168.96[(5)]	3.2%[(5)]
Fiscal Year 2008-09	13,009,747.95	12,962,363.01	47,384.94	0.4
Fiscal Year 2007-08	12,626,351.32	12,505,864.40	120,486.92	1.0
Fiscal Year 2006-07	11,832,243.50	11,806,306.89	25,936.61	0.2
Fiscal Year 2005-06	10,655,358.32	10,590,006.49	65,351.83	0.6
Grossmont Union High School District				
Fiscal Year 2009-10	$81,160,020.74[(3)(4)]	$76,349,588.03[(5)]	$4,810,432.71[(5)]	5.9%[(5)]
Fiscal Year 2008-09	85,624,331.55	85,033,517.07	590,814.48	0.7
Fiscal Year 2007-08	83,747,756.75[(4)]	83,318,435.25	429,321.50	0.5
Fiscal Year 2006-07	77,731,065.01	77,489,349.26	241,715.75	0.3
Fiscal Year 2005-06	70,442,794.68	70,214,416.23	228,378.45	0.3
La Mesa- Spring Valley School District				
Fiscal Year 2009-10	$23,545,544.33	$22,240,453.83[(5)]	$1,305,090.50[(5)]	5.5%[(5)]
Fiscal Year 2008-09	24,926,910.53	24,793,853.44	133,057.09	0.5
Fiscal Year 2007-08	24,328,067.75	24,236,181.98	91,885.77	0.4
Fiscal Year 2006-07	22,432,414.03	22,362,638.84	69,775.19	0.3
Fiscal Year 2005-06	20,212,716.17	20,147,223.92	65,492.25	0.3
Oceanside Unified School District				
Fiscal Year 2009-10	$44,354,593.87[(3)]	$41,890,935.37[(5)]	$2,463,658.50[(5)]	5.6%[(5)]
Fiscal Year 2008-09	47,462,429.84[(3)]	47,207,891.75	254,538.09	0.5
Fiscal Year 2007-08	46,894,347.96	46,718,988.89	175,359.07	0.4
Fiscal Year 2006-07	42,940,115.14	42,806,340.18	133,774.96	0.3
Fiscal Year 2005-06	37,997,337.59	37,874,736.47	122,601.12	0.3
Poway Unified School District				
Fiscal Year 2009-10	$115,824,321.50[(3)]	$109,360,054.18[(5)]	$6,464,267.32[(5)]	5.6%[(5)]
Fiscal Year 2008-09	117,426,428.80	116,795,857.22	630,571.58	0.5
Fiscal Year 2007-08	112,047,395.48	111,637,013.41	410,382.07	0.4
Fiscal Year 2006-07	101,516,558.61	101,198,952.65	317,605.96	0.3
Fiscal Year 2005-06	88,774,054.84	88,491,315.73	282,739.11	0.3
San Dieguito Union High School District				
Fiscal Year 2009-10	$81,004,838.89	$76,479,014.36[(5)]	$4,525,824.53[(5)]	5.6%[(5)]
Fiscal Year 2008-09	80,039,779.33	79,609,649.14	430,130.19	0.5
Fiscal Year 2007-08	75,099,905.54	74,825,957.21	273,948.33	0.4
Fiscal Year 2006-07	68,596,594.55	68,381,802.61	214,791.94	0.3
Fiscal Year 2005-06	61,894,476.04	61,697,979.94	196,496.10	0.3
San Ysidro School District				
Fiscal Year 2009-10	$15,382,896.09[(3)(4)]	$14,518,346.37[(5)]	$864,549.72[(5)]	5.6%[(5)]
Fiscal Year 2008-09	15,139,084.76[(3)]	15,056,584.07	82,500.69	0.5
Fiscal Year 2007-08	13,395,713.64[(3)]	13,343,464.01	52,249.63	0.4
Fiscal Year 2006-07	12,137,874.37	12,099,921.05	37,953.32	0.3
Fiscal Year 2005-06	10,286,306.46	10,253,463.38	32,843.08	0.3
Santee Elementary School District				
Fiscal Year 2009-10	$10,708,201.70[(3)(4)]	$9,761,107.17[(5)]	$947,094.53[(5)]	8.8%[(5)]
Fiscal Year 2008-09	11,137,821.15[(3)(4)]	10,945,296.39	192,524.76	1.7
Fiscal Year 2007-08	10,831,073.51[(3)(4)]	10,679,985.93	151,087.58	1.4
Fiscal Year 2006-07	10,048,817.30	10,017,587.22	31,230.08	0.3
Fiscal Year 2005-06	9,191,833.79	9,161,992.52	29,841.27	0.3

District; Fiscal Year	Total Tax Amount[(1)]	Total Tax Amount Collected	Delinquent Tax Amount[(2)]	Delinquent Tax Amount as Percentage of Total Tax Amount
Sweetwater Union High School District				
Fiscal Year 2009-10	$64,142,392.26[(3)(4)]	$60,569,583.59[(5)]	$3,572,808.67[(5)]	5.6%[(5)]
Fiscal Year 2008-09	70,765,897.53[(3)]	70,389,714.92	376,182.61	0.5
Fiscal Year 2007-08	68,703,088.82[(3)]	68,445,989.11	257,099.71	0.4
Fiscal Year 2006-07	60,880,872.86	60,690,803.36	190,069.50	0.3
Fiscal Year 2005-06	53,344,536.97	53,173,501.79	171,035.18	0.3
Vallecitos School District				
Fiscal Year 2009-10	$718,144.30	$678,918.28[(5)]	$39,226.02[(5)]	5.5%[(5)]
Fiscal Year 2008-09	746,542.03	742,612.03	3,930.00	0.5
Fiscal Year 2007-08	730,775.83	727,817.68	2,958.15	0.4
Fiscal Year 2006-07	683,943.02	681,844.94	2,098.08	0.3
Fiscal Year 2005-06	591,231.94	589,230.34	2,001.60	0.3
Vista Unified School District				
Fiscal Year 2009-10	$53,476,967.45	$50,502,651.20[(5)]	$2,974,316.25[(5)]	5.6%[(5)]
Fiscal Year 2008-09	56,799,669.04	56,495,525.18	304,143.86	0.5
Fiscal Year 2007-08	55,923,107.35	55,715,497.49	207,609.86	0.4
Fiscal Year 2006-07	52,146,600.39	51,983,833.78	162,766.61	0.3
Fiscal Year 2005-06	47,679,665.07	47,526,865.71	152,799.36	0.3

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) 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. Includes other adjustments.
(3) Exclusive of pass-through and other amounts.
(4) Does not reflect certain negative adjustments.
(5) Reflects actual receipts as of May 1, 2010.

Largest Taxpayers. The following table sets forth the principal secured taxpayers in each District based on such District's 2009-10 assessed value.

PRINCIPAL SECURED TAXPAYERS
Fiscal Year 2009-10
($ In Thousands)

Taxpayer	Nature of Business	2009-10 Assessed Value	Percentage of Total Assessed Value
Alpine Union School District[(1)]			
1. J M S Acquisition LLC	Real Estate	$43,094	1.03%
2. New Albertsons Inc.	Retailer	18,515	0.44
3. Alpine Creekside Inc.	Apartments	17,612	0.42
4. 550 Soho LLC	Residential Land	10,768	0.26
5. K&S Property LLC	Apartments	10,612	0.25
Bonsall Union School District			
1. Spa Havens LP	Not available	$26,512	0.53%
2. 2005 Delaware Inc.	Not available	24,970	0.50
3. Moody Creek Farms LLC	Real Estate	16,036	0.32
4. Richmond American Homes Maryl	Real Estate	14,842	0.30
5. Pardee Homes	Real Estate	12,336	0.25

Taxpayer	Nature of Business	2009-10 Assessed Value	Percentage of Total Assessed Value
Cardiff School District			
1. Collwood Pines Apartments LP	Real Estate	$70,979	1.28%
2. Belmont Village Cardiff LP	Real Estate	60,146	1.09
3. Cardiff Town Center	Real Estate	12,886	0.23
4. Newport Taft Inc.	Real Estate	7,209	0.13
5. K&K Lumber Co	Retailer	5,110	0.09
Carlsbad Unified School District			
1. Aviara Resort Associates SPE LLC	Hotel & Resort	$379,630	0.59%
2. KSL La Costa Resort Corp	Hotel & Resort	197,004	0.31
3. Grand Pacific Carlsbad Hotel LP	Not available	119,261	0.19
4. Ruby’s Diner <LF> CPG Carlsbad *H	Foods	114,031	0.18
5. Cabrillo Power I LLC	Electric Utility	102,700	0.16
Chula Vista Elementary School District			
1. San Diego Expressway Limited Par	Not available	$434,520	0.58%
2. GGP-Otay Ranch LP	Real Estate	181,517	0.24
3. Rohr Inc.	Electric Utility	164,337	0.22
4. Village II of Otay HB Sub	Not available	135,600	0.18
5. Centermark Properties Inc. DBA	Real Estate	128,873	0.17
Encinitas Union School District			
1. Continuing Life Communities LLC	Real Estate	$230,416	0.68%
2. Fourth Quarter Properties XXX L	Not available	84,275	0.25
3. Collwood Pines Apartments LP	Real Estate	70,979	0.21
4. Santa Fe Ranch LLC	Real Estate	51,661	0.15
5. New Albertsons Inc.	Foods	40,305	0.12
Fallbrook Union High School District			
1. Camp Pendleton/Quantico Housing	Real Estate	$1,412,065	8.68%
2. De Luz Housing LLC	Real Estate	$52,070	0.32
3. City of Riverside	Government	$50,311	0.31
4. Spa Havens LP	Not available	$26,512	0.16
5. 20005 Delaware Inc.	Not available	$24,970	0.15
Grossmont Union High School District			
1. San Diego Family Housing LLC	Real Estate	$356,464	0.44%
2. Parkway Plaza LP	Real Estate	202,772	0.25
3. Rainbow Investment Co	Contractors	89,582	0.11
4. SP La Vida Real LLC	Not available	81,335	0.10
5. JMS Acquisition LLC	Real Estate	76,436	0.09
La Mesa-Spring Valley School District			
1. Rainbow Investment Co	Finance	$ 89,582	0.38%
2. Fairfield Grossmont Trolley LLC	Real Estate	57,214	0.24
3. Baltimore Owner LLC	Not available	53,315	0.23
4. PDP La Mesa LLC	Medical	46,363	0.20
5. VSCRE Holdings LLC	Finance	45,175	0.19
Oceanside Unified School District			
1. Genentech Inc.	Biotechnology	$493,663	1.11%
2. PK II El Camino North LP	Not available	116,016	0.26
3. Wyndham Vacation Resorts Inc.	Hotel & Resort	101,098	0.23
4. W2005 MRD Realty LLC	Not available	74,921	0.17
5. AMBDFS Pacific Coast LLC	Not available	71,510	0.16

Taxpayer	Nature of Business	2009-10 Assessed Value	Percentage of Total Assessed Value
Poway Unified School District			
1. Kilroy Realty LP	Real Estate	$586,435	0.51%
2. MS Rialto The Lakes CA LLC	Not available	177,834	0.15
3. Hewlett-Packard Co	Technology	152,111	0.13
4. Cymer Inc.	Biotechnology	131,425	0.11
5. Pacific Carmel Mountain Holdings	Finance	125,232	0.11
San Dieguito Union High School District			
1. Kilroy Realty LP	Real Estate	$346,596	0.43%
2. Grand Del Mar Resort LP	Hotel & Resort	260,057	0.32
3. Continuing Life Communities LLC	Real Estate	230,416	0.28
4. Irvine Co LLC	Real Estate	179,144	0.22
5. Union Investment Real Estate	Real Estate	153,425	0.19
San Ysidro School District			
1. Chelsea San Diego Finance LLC	Finance	$277,406	1.80%
2. Casoleil LP	Real Estate	64,070	0.42
3. Larkspur Energy LLC	Electric Utility	48,000	0.31
4. FS San Ysidro LLC	Real Estate	34,865	0.23
5. FLIK Inc.	Foods	25,661	0.17
Santee Elementary School District			
1. Vestar Kimco Santee LP	Real Estate	$ 44,324	0.41%
2. San Diego Family Housing LLC	Real Estate	39,436	0.37
3. Santee Retail LP	Not available	30,315	0.28
4. Santee Partners LP	Not available	27,105	0.25
5. MB BP Portfolio LLC	Not available	25,214	0.24
Sweetwater Union High School District			
1. San Diego Expressway Limited Par	Not available	$612,000	0.95%
2. CNL Hotel Del Partners LP	Hotel & Resort	393,178	0.61
3. Otay Mesa Generating Co., LLC	Electric Utility	335,409	0.52
4. Chelsea San Diego Finance LLC	Not available	277,406	0.43
5. GGP-Otay Ranch LP	Real Estate	181,517	0.28
Vallecitos School District			
1. Southeastern Calif Conference of	Education	$ 1,533	0.21%
2. CWALT Inc. Alternative Loan	Finance	600	0.08
3. Indymac Federal Bank	Finance	300	0.04
4. First Franklin Mortgage Loan	Finance	285	0.04
5. Vista Trust 09-27-95	Not available	224	0.03
Vista Unified School District			
1. Hillcrest Montecito LP	Real Estate	$ 69,649	0.13%
2. Acpre Monarch Vista Venture LP	Real Estate	65,493	0.12
3. Lakeridge-Island Club Apts Partn	Real Estate	61,278	0.11
4. RRP Vista Village Phase I LP	Real Estate	49,768	0.09
5. I&G Direct Real Estate 8 LP	Real Estate	45,343	0.08

Source: San Diego County Office of Education unless otherwise noted.
(1) Data provided by the respective District.

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:

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

The General Fund of each 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 the 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 2010-11 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 year ended June 30, 2009 are available from each District upon request to the respective District, and are summarized in this Appendix B.

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. The complete audited financial statements of each District, including the notes to the audited financial statements, may be obtained by contacting Greencoast Capital Partners, LLC, Financial Advisor to the Districts, at 15263 Mulholland Drive, Los Angeles, California 90077.

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 2010-11 Proposed State Budget and May Revision to the 2010-11 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.

La Mesa-Spring Valley School District, Oceanside Unified School District and San Ysidro School District each filed a qualified certification in connection with its respective Fiscal Year 2009-10 second interim financial report. However, each such 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 the submission of its third interim financial report. Except for the aforementioned Districts, each of the Districts have filed positive certifications with the County Superintendent of Schools for each Fiscal Year 2009-10 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 8.25% of the payroll of covered employees. The State has paid all amounts owing to CalSTRS in any year that is in addition to the 8.25% fixed contribution rate. As such, the Districts have not historically been responsible for any unfunded liability and the Districts' contribution rate has not fluctuated year to year.

From time to time, proposals have been suggested that would modify the Districts' obligations to make contributions to CalSTRS closely parallel the full cost of the retirement benefits provided by CalSTRS, which proposals would include components for unfunded liability. If these proposals were adopted, the Districts' annual obligations to CalSTRS may substantially increase.

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.

The CalPERS Public Employees Retirement Fund ("PERF") provides retirement benefits to State and other California public agency employees (including school district employees). According to the CalPERS Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2009, which sets forth actuarial information as of June 30, 2008, PERF had as of June 30, 2008 an actuarial value of assets of approximately $233.3 billion and entry age normal accrued liability of approximately $268.3 billion, with an unfunded actuarial accrued liability of approximately $35.1 billion and a funded ratio of 86.9%. For Fiscal Year 2009-10, CalPERS has established an employer contribution rate of 9.709% for the CalPERS Plan for Schools.

Additional Retirement Programs. Certain Districts participate in additional retirement programs for employees not currently covered by CalSTRS or CalPERS. 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. Chula Visa Elementary School District and Vista Unified School District offer benefits through Public Agency Retirement Services ("PARS") to employees who are not members of CalSTRS or CalPERS. Vista Unified School District offers benefits through the FBC to employees who are not members of by CalSTRS or CalPERS. Grossmont Union High School District offers benefits through the Accumulation Program for Part-Time and Limited-Service Employees, which is a defined benefit program. In Fiscal Year 2008-09, Sweetwater Union High School District offered an early retirement incentive through the PARS Supplementary Retirement Plan. In April 2009, Bonsall Union School District entered into a 403(b) Plan retirement incentive program to certain classified management employees. As of June 30, 2009, one employee accepted the retirement incentive program and received a service credit from CalPERS. The District's obligation to CalPERS as of June 30, 2009 was approximately $63,845. Cardiff School District is currently offering to teachers an early retirement incentive in the aggregate amount of $10,000, which will be paid to participants over two years. As of the date hereof, three teachers have accepted the proposal.

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. All 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 effective date of Statement No. 45 reporting requirements for the Districts with total revenues of $100 million or more, consisting of Chula Vista Elementary School District, Grossmont Union High School District, Oceanside Unified School District, Poway Unified School District, Sweetwater Union High School District and Vista Unified School District, was Fiscal Year 2007-08 (the first Fiscal Year period beginning after December 15, 2006). The effective date of Statement No. 45 reporting requirements for the Districts with total revenues between $10 million and $100 million, consisting of Alpine Union School District, Bonsall Union School District, Carlsbad Unified School District, Encinitas Union School District, Fallbrook Union High School District, La Mesa-Spring Valley School District, San Dieguito Union High School District, San Ysidro School District and Santee Elementary School District, was Fiscal Year 2008-09 (the first Fiscal Year period beginning after December 15, 2007). The effective date of Statement No. 45 reporting requirements for the Districts with total revenues of less than $10 million, consisting of Cardiff School District and Vallecitos School District, is Fiscal Year 2009-10 (the first Fiscal Year period beginning after December 15, 2008).

Certain of the Districts 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, to the extent available, 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, 2008	$ 2,653,390	$ 2,653,390
Bonsall Union School District[(1)]	January 1, 2008	2,214,232	2,214,232
Cardiff School District	July 1, 2009	401,395	401,395
Carlsbad Unified School District	July 1, 2008	23,978,144	23,978,144
Chula Vista Elementary School District[(2)]	July 1, 2008	18,377,701	18,377,701
Encinitas Union School District	July 1, 2009	6,832,501	6,832,501
Fallbrook Union High School District[(1)]	January 1, 2008	8,683,525	8,683,525
Grossmont Union High School District	July 1, 2008	39,415,630	39,415,630
La Mesa-Spring Valley School District	July 1, 2009	19,541,387	19,541,387
Oceanside Unified School District	April 1, 2009	6,935,923	6,935,923
Poway Unified School District	January 1, 2010	40,681,511	40,681,511
San Dieguito Union High School District	July 1, 2008	13,005,147	13,005,147
San Ysidro School District	July 1, 2008	4,658,106	4,658,106
Santee Elementary School District	July 1, 2009	14,486,779	14,486,779
Sweetwater Union High School District	July 1, 2008	48,086,562	48,086,562
Vallecitos School District[(3)]	N/A	N/A	N/A
Vista Unified School District	July 1, 2009	37,666,505	37,666,505

Source: The Districts, respectively.

(1) Data reflects projections for July 1, 2008.

(2) A new actuarial valuation for the District is expected to be available in August 2010 and reflect an actuarial value of assets of $1,990,786. The District has contributed such amount to the CalPERS California Employers' Retirement Benefits Trust.

(3) District has not yet determined its accrued actuarial liability for OPEB. The effective year for implementation for Statement No. 45 is Fiscal Year 2009-10 for this District.

Temporary Transfers and Use of One-Time Revenues

Temporary Transfer. Alpine Union School District, Oceanside Unified School District and Vallecitos School District 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 2009-10. 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. The Temporary Transfers for Alpine Union School District, Oceanside Unified School District and Vallecitos School District are scheduled to be repaid in July 2010. 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. See APPENDIX A – "COUNTY OF SAN DIEGO FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION – County Financial Information – Temporary Transfers" for a description of Temporary Transfers.

Use of One-Time Revenues. Certain Districts have used in Fiscal Year 2009-10 and/or will use in Fiscal Year 2010-11 one-time revenues on on-going expenditures. In particular, one-time revenues provided under the Recovery and Reinvestment Act were used for on-going expenditures in Fiscal Year 2009-10 by Alpine Union School District, Carlsbad Unified School District, Poway Unified School District, San Dieguito Union High School District, Santee Elementary School District, Vista Unified School District. In addition, Alpine Union School District anticipates including in its budget for Fiscal Year 2010-11 State Fiscal Stabilization Funds ("SFSF"), one-time Recovery and Reinvestment Act revenues relating to the Individual with Disabilities Education Act ("IDEA") and Title I funding relating to the Recovery and Reinvestment Act, which it will carry over from Fiscal Year 2009-10. In Fiscal Year 2010-11, Carlsbad Unified School District expects to use one-time reserve balances in its general fund to meet certain on-going expenses. Grossmont Union High School District expects to use SFSF, IDEA funding and one-time reserve funding in Fiscal Year 2010-11. Poway Unified School District anticipates including in its budget for Fiscal Year 2010-11 one-time Recovery and Reinvestment Act revenues relating to IDEA. San Dieguito Union High School District expects to carry over Fiscal Year 2009-10 funding relating to the Recovery and Reinvestment Act to Fiscal Year 2010-11.

Certifications of the Districts

General. Except as described herein, each of the Districts has certified to each of the following:

1. Such District has not defaulted on any lease or any other debt obligation in the last 10 years;

2. Such District has not been named a party in any pending litigation where the District faces a potential liability of more than $1 million or for which the District has been notified by any of its insurance carriers that coverage is not available; and

3. Such District has not in the past five years, failed to comply in all material respects with any previous undertakings with regard to Rule 15c2-12, promulgated by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), to provide annual reports or notices of material events.

Exceptions. The following are exceptions to the certifications set forth above.

Pending Litigation. A former architect has sued Santee Elementary School District for allegedly unpaid work in the amount of $2 million. The District has counterclaimed for $2.6 million resulting from alleged negligence by the architect, amounts paid in excess of work actually performed and the cost of completing work the architect was supposed to, but did not, perform. The District anticipates a successful defense against the lawsuit and the successful recovery of amounts pursuant to its counterclaim. The liability resulting from such claim, if any, is not expected to materially adversely impact the District's ability to pay principal and interest on its Note as it becomes due and payable.

A former contractor has sued Poway Unified School District for allegedly unpaid work in the amount of $226,980. In the event that that District is found liable for the full amount, the District may be subject to a judgment for the plaintiff's attorney's fees. The District has filed a demurrer in response to the lawsuit. In addition, a lawsuit has been filed against the Poway Unified School District for allegedly over-charging a development impact fee levied against a multi-family residential development project. The plaintiff is seeking damages in excess of $1 million, inclusive of potential attorney's fees. The District anticipates successful defenses against the aforementioned lawsuits. The liability resulting from such claims, if any, is not expected to materially adversely impact the District's ability to pay principal and interest on its Note as it becomes due and payable.

<u>Compliance with Continuing Disclosure Obligations</u>. Alpine Union School District failed to file a material event notice in connection with downgrades of one issue of insured general obligation bonds issued in 1997. Such material event notice was subsequently filed. Bonsall Union School District failed to file a material event notice in connection with three series of general obligation bonds issued in 2006, 2007 and 2007, respectively, and one series of certificates of participation executed in 2008. Such material event notice was subsequently filed. Carlsbad Unified School District failed to file a material event notice in connection with the downgrade of one issue of insured general obligation bonds. Such material event notice was subsequently filed. Encinitas Union School District failed to file a material event notice in connection with downgrades of insured general obligation bonds issued in 1996. Such material event notice was subsequently filed. Fallbrook Union High School District failed to file a material event notice in connection with downgrades of one series of insured general obligation bonds issued in 1998. Such material event notice was subsequently filed. Grossmont Union High School District failed to file a material 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. Such material event notices were subsequently filed. Vista Unified School District failed to file a material event notice in connection with the downgrades of four series of insured general obligation bonds issued in 2002, 2003, 2005, and 2007, respectively, and two series of certificates of participation executed in 1998 and 2003, respectively. Such material event notices were subsequently filed.

Cardiff School District failed to file annual reports, including audited financial statements, for Fiscal Years 2003-04 through 2007-08 in accordance with the continuing disclosure certificate executed in connection with general obligation bonds issued in 2000. Each required annual report and audited financial statement was subsequently filed. The La Mesa-Spring Valley School District failed to file material event notices in connection with downgrades of certain of its insured general obligation bonds and annual reports, including audited financial statements, for Fiscal Years 2004-05 through 2008-09 in accordance with the continuing disclosure certificate executed in connection with general obligation bonds issued in 2005. Each required material event notice, annual report and audited financial statement was subsequently filed.

SUMMARY OF FINANCIAL INFORMATION

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

	Alpine Union School District			
	06/30/07 Audited	06/30/08 Audited	06/30/09 Audited	06/30/10 Budgeted
INCOME STATEMENT				
Total Revenues	18,760,446	17,880,025	19,035,428	15,042,254
Total Expenditures	18,970,397	17,966,140	17,420,288	16,448,093
Total Other Financing Sources	611,083	(86,000)	(1,205,947)	1,100,000
Net Income	401,132	(172,115)	409,193	(305,839)
Beginning Fund Balance	1,749,242	2,150,374	1,978,259	2,387,452
Adjustments + Transfers	0	0	0	0
Ending Fund Balance	2,150,374	1,978,259	2,387,452	2,081,613
BALANCE SHEET				
Total Assets	2,639,028	2,360,120	4,139,758	
Total Liabilities	488,654	381,861	1,752,306	
Total Fund Equity	2,150,374	1,978,259	2,387,452	
Total Liabilities + Fund Equity	2,639,028	2,360,120	4,139,758	

	Bonsall Union School District			
	06/30/07 Audited	06/30/08 Audited	06/30/09 Audited	06/30/10 Budgeted
INCOME STATEMENT				
Total Revenues	14,471,705	14,429,793	14,732,667	13,115,640
Total Expenditures	13,643,752	14,208,923	13,892,591	13,809,316
Total Other Financing Sources	77,694	(353,304)	(59,979)	0
Net Income	905,647	(132,434)	780,097	(693,676)
Beginning Fund Balance	1,758,076	2,663,723	2,531,289	3,311,386
Adjustments + Transfers	0	0	0	0
Ending Fund Balance	2,663,723	2,531,289	3,311,386	2,617,710
BALANCE SHEET				
Total Assets	2,971,725	3,299,562	3,943,414	
Total Liabilities	308,002	768,273	632,027	
Total Fund Equity	638,191	0	0	
Total Liabilities + Fund Equity	946,193	768,273	632,027	

	Cardiff School District			
	06/30/07 Audited	06/30/08 Audited	06/30/09 Audited	06/30/10 Budgeted
INCOME STATEMENT				
Total Revenues	6,984,101	7,213,168	7,516,404	6,905,543
Total Expenditures	6,902,697	6,862,166	7,211,115	6,605,189
Total Other Financing Sources	(10,000)	(51,953)	(40,000)	0
Net Income	71,404	299,049	265,289	300,354
Beginning Fund Balance	408,113	479,517	778,566	1,043,855
Adjustments + Transfers	0	0	0	0
Ending Fund Balance	479,517	778,566	1,043,855	1,344,209
BALANCE SHEET				
Total Assets	1,635,078	852,389	1,251,304	
Total Liabilities	1,155,560	73,822	207,448	
Total Fund Equity	0	0	0	
Total Liabilities + Fund Equity	1,155,560	73,822	207,448	

	Carlsbad Unified School District			
	06/30/07 Audited	06/30/08 Audited	06/30/09 Audited	06/30/10 Budgeted
INCOME STATEMENT				
Total Revenues	81,515,019	86,090,419	87,826,266	83,498,673
Total Expenditures	78,516,237	81,547,117	82,624,219	83,679,095
Total Other Financing Sources	(579,178)	(1,242,076)	(1,271,443)	2,554,737
Net Income	2,419,604	3,301,226	3,930,604	2,374,315
Beginning Fund Balance	7,290,197	9,709,801	13,011,026	16,941,630
Adjustments + Transfers	0	0	0	(1,520,607)
Ending Fund Balance	9,709,801	13,011,027	16,941,630	17,795,338
BALANCE SHEET				
Total Assets	22,858,938	20,475,456	19,976,629	
Total Liabilities	13,149,137	7,464,429	3,034,999	
Total Fund Equity	9,709,801	13,011,027	16,941,630	
Total Liabilities + Fund Equity	22,858,938	20,475,456	19,976,629	

	Chula Vista Elementary School District			
	06/30/07 Audited	06/30/08 Audited	06/30/09 Audited	06/30/10 Budgeted
INCOME STATEMENT				
Total Revenues	196,151,794	193,113,911	189,650,276	180,878,429
Total Expenditures	183,527,586	197,573,244	188,428,389	204,574,678
Total Other Financing Sources	3,743,410	3,212,800	5,422,638	4,296,593
Net Income	16,367,618	(1,246,533)	6,644,525	(19,399,656)
Beginning Fund Balance	16,002,084	32,369,702	31,123,169	37,767,694
Adjustments + Transfers	0	0	0	3,767,468
Ending Fund Balance	32,369,702	31,123,169	37,767,694	22,135,506
BALANCE SHEET				
Total Assets	58,454,212	39,491,197	50,284,433	
Total Liabilities	26,084,510	8,368,028	12,516,739	
Total Fund Equity	32,369,702	31,123,169	37,767,694	
Total Liabilities + Fund Equity	58,454,212	39,491,197	50,284,433	

	Encinitas Union School District			
	06/30/07 Audited	06/30/08 Audited	06/30/09 Audited	06/30/10 Budgeted
INCOME STATEMENT				
Total Revenues	46,652,051	45,989,775	48,727,590	47,030,383
Total Expenditures	45,193,995	46,667,944	48,519,897	49,995,343
Total Other Financing Sources	(89,941)	285,067	(656,840)	1,082,602
Net Income	1,368,115	(393,102)	(449,147)	(1,882,358)
Beginning Fund Balance	7,336,595	8,704,710	8,311,608	7,862,461
Adjustments + Transfers	0	0	0	0
Ending Fund Balance	8,704,710	8,311,608	7,862,461	5,980,103
BALANCE SHEET				
Total Assets	12,067,143	10,727,856	9,687,849	
Total Liabilities	3,362,433	2,416,248	1,825,388	
Total Fund Equity	8,704,710	8,311,608	7,862,461	
Total Liabilities + Fund Equity	12,067,143	10,727,856	9,687,849	

	Fallbrook Union High School District			
	06/30/07 Audited	06/30/08 Audited	06/30/09 Audited	06/30/10 Budgeted
INCOME STATEMENT				
Total Revenues	30,306,372	28,763,796	29,275,299	27,619,306
Total Expenditures	27,898,075	27,885,432	27,765,584	29,654,738
Total Other Financing Sources	(1,650,262)	(723,418)	(394,717)	0
Net Income	758,035	154,946	1,114,998	(2,035,432)
Beginning Fund Balance	1,762,054	2,520,089	2,675,035	3,790,033
Adjustments + Transfers	0	0	0	0
Ending Fund Balance	2,520,089	2,675,035	3,790,033	1,754,601
BALANCE SHEET				
Total Assets	6,839,319	3,480,119	4,467,293	
Total Liabilities	4,319,230	805,084	677,260	
Total Fund Equity	2,520,089	2,675,035	3,790,033	
Total Liabilities + Fund Equity	6,839,319	3,480,119	4,467,293	

	Grossmont Union High School District			
	06/30/07 Audited	06/30/08 Audited	06/30/09 Audited	06/30/10 Budgeted
INCOME STATEMENT				
Total Revenues	224,012,218	191,607,704	191,609,359	174,813,826
Total Expenditures	205,067,428	190,406,794	188,071,249	190,498,706
Total Other Financing Sources	(14,838,039)	(3,112,511)	6,505,210	2,111,342
Net Income	4,106,751	(1,911,601)	10,043,320	(13,573,538)
Beginning Fund Balance	20,432,305	24,539,056	22,627,455	32,670,775
Adjustments + Transfers	0	0	0	0
Ending Fund Balance	24,539,056	22,627,455	32,670,775	19,097,237
BALANCE SHEET				
Total Assets	32,262,549	31,833,739	41,694,465	
Total Liabilities	7,723,493	9,206,284	9,023,690	
Total Fund Equity	24,539,056	22,627,455	32,670,775	
Total Liabilities + Fund Equity	32,262,549	31,833,739	41,694,465	

	La Mesa-Spring Valley School District			
	06/30/07 Audited	06/30/08 Audited	06/30/09 Audited	06/30/10 Budgeted
INCOME STATEMENT				
Total Revenues	112,814,465	107,422,246	106,340,577	94,954,154
Total Expenditures	109,064,240	111,387,747	109,053,418	107,141,874
Total Other Financing Sources	(601,506)	(427,134)	557,138	1,067,762
Net Income	3,148,719	(4,392,635)	(2,155,703)	(11,119,958)
Beginning Fund Balance	18,872,658	22,021,377	17,628,742	15,473,039
Adjustments + Transfers	0	0	0	0
Ending Fund Balance	22,021,377	17,628,742	15,473,039	4,353,081
BALANCE SHEET				
Total Assets	25,835,946	20,134,190	19,158,308	
Total Liabilities	3,814,748	2,505,448	3,685,269	
Total Fund Equity	22,021,198	17,628,742	15,473,039	
Total Liabilities + Fund Equity	25,835,946	20,134,190	19,158,308	

Oceanside Unified School District	06/30/07 Audited	06/30/08 Audited	06/30/09 Audited	06/30/10 Budgeted
INCOME STATEMENT				
Total Revenues	172,399,273	172,300,196	177,033,919	236,614,410
Total Expenditures	169,637,009	176,517,258	171,763,345	252,033,154
Total Other Financing Sources	(845,300)	(2,405,568)	(927,706)	(69,872)
Net Income	1,916,964	(6,622,630)	4,342,868	(15,488,616)
Beginning Fund Balance	25,063,396	26,980,360	20,357,730	24,700,598
Adjustments + Transfers	0	0	0	0
Ending Fund Balance	26,980,360	20,357,730	24,700,598	9,211,982
BALANCE SHEET				
Total Assets	35,878,984	27,359,062	33,631,854	
Total Liabilities	8,898,624	7,001,332	8,931,256	
Total Fund Equity	26,980,360	20,357,730	24,700,598	
Total Liabilities + Fund Equity	35,878,984	27,359,062	33,631,854	

Poway Unified School District	06/30/07 Audited	06/30/08 Audited	06/30/09 Audited	06/30/10 Budgeted
INCOME STATEMENT				
Total Revenues	263,725,059	263,741,392	269,743,828	236,614,410
Total Expenditures	257,083,742	269,078,031	264,080,889	252,033,154
Total Other Financing Sources	435,756	(118,572)	4,885,118	(69,872)
Net Income	7,077,073	(5,455,211)	10,548,057	(15,488,616)
Beginning Fund Balance	18,632,828	25,709,901	20,254,690	30,802,747
Adjustments + Transfers	0	0	0	0
Ending Fund Balance	25,709,901	20,254,690	30,802,747	15,314,131
BALANCE SHEET				
Total Assets	42,822,497	31,225,926	38,991,392	
Total Liabilities	17,112,596	10,971,235	8,188,644	
Total Fund Equity	25,709,901	20,254,691	30,802,748	
Total Liabilities + Fund Equity	42,822,497	31,225,926	38,991,392	

San Dieguito Union High School District	06/30/07 Audited	06/30/08 Audited	06/30/09 Audited	06/30/10 Budgeted
INCOME STATEMENT				
Total Revenues	104,254,689	103,023,355	105,980,190	100,157,516
Total Expenditures	100,323,716	102,869,879	101,693,443	102,417,967
Total Other Financing Sources	(1,523,685)	(203,626)	(43,465)	(48,053)
Net Income	2,407,288	(50,150)	4,243,282	(2,308,504)
Beginning Fund Balance	10,118,938	12,526,226	14,478,959	18,722,241
Adjustments + Transfers	0	2,002,883	0	0
Ending Fund Balance	12,526,226	14,478,959	18,722,241	16,413,737
BALANCE SHEET				
Total Assets	14,545,205	14,305,594	25,705,117	
Total Liabilities	1,774,243	1,829,518	8,985,759	
Total Fund Equity	12,770,962	12,476,076	16,719,358	
Total Liabilities + Fund Equity	14,545,205	14,305,594	25,705,117	

San Ysidro School District	06/30/07 Audited	06/30/08 Audited	06/30/09 Audited	06/30/10 Budgeted
INCOME STATEMENT				
Total Revenues	48,499,258	45,822,934	45,593,598	40,596,726
Total Expenditures	44,966,563	48,311,699	45,492,522	44,248,038
Total Other Financing Sources	(2,451,080)	(313,962)	(169,205)	0
Net Income	1,081,615	(2,802,727)	(68,129)	(3,651,312)
Beginning Fund Balance	8,519,154	9,600,769	6,798,042	6,729,913
Adjustments + Transfers	0	0	0	0
Ending Fund Balance	9,600,769	6,798,042	6,729,913	3,078,601
BALANCE SHEET				
Total Assets	15,750,830	8,567,377	8,746,660	
Total Liabilities	6,150,061	1,769,335	2,016,747	
Total Fund Equity	0	0	0	
Total Liabilities + Fund Equity	6,150,061	1,769,335	2,016,747	

Santee Elementary School District	06/30/07 Audited	06/30/08 Audited	06/30/09 Audited	06/30/10 Budgeted
INCOME STATEMENT				
Total Revenues	54,696,221	52,663,683	51,906,276	46,225,845
Total Expenditures	52,551,861	53,671,855	49,896,414	48,005,641
Total Other Financing Sources	(856,209)	(405,172)	(2,783,012)	0
Net Income	1,288,151	(1,413,344)	(773,150)	(1,779,796)
Beginning Fund Balance	7,152,163	8,440,314	7,026,970	6,253,820
Adjustments + Transfers	0	0	0	0
Ending Fund Balance	8,440,314	7,026,970	6,253,820	4,474,024
BALANCE SHEET				
Total Assets	10,436,849	8,884,792	11,158,603	
Total Liabilities	1,996,535	1,857,822	4,904,783	
Total Fund Equity	8,440,314	7,026,970	6,253,820	
Total Liabilities + Fund Equity	10,436,849	8,884,792	11,158,603	

Sweetwater Union High School District	06/30/07 Audited	06/30/08 Audited	06/30/09 Audited	06/30/10 Budgeted
INCOME STATEMENT				
Total Revenues	377,430,191	362,896,821	382,094,372	348,799,382
Total Expenditures	358,357,138	366,304,596	369,521,605	375,705,605
Total Other Financing Sources	139,465	545,331	(11,419,998)	0
Net Income	19,212,518	(2,862,444)	1,152,769	(26,906,223)
Beginning Fund Balance	24,513,040	43,725,558	40,863,114	42,015,883
Adjustments + Transfers	0	0	0	0
Ending Fund Balance	43,725,558	40,863,114	42,015,883	15,109,660
BALANCE SHEET				
Total Assets	63,860,217	61,848,879	93,175,768	
Total Liabilities	20,134,659	20,985,765	51,179,885	
Total Fund Equity	43,725,558	40,863,114	42,015,883	
Total Liabilities + Fund Equity	63,860,217	61,848,879	93,195,768	

Vallecitos School District	06/30/07 Audited	06/30/08 Audited	06/30/09 Audited	06/30/10 Budgeted
INCOME STATEMENT				
Total Revenues	2,607,425	2,103,241	2,126,697	1,893,163
Total Expenditures	2,381,023	2,094,585	1,958,016	2,082,229
Total Other Financing Sources	(9,832)	(70,250)	0	0
Net Income	216,570	(61,594)	168,681	(189,066)
Beginning Fund Balance	164,265	380,835	319,241	487,922
Adjustments + Transfers	0	0	0	0
Ending Fund Balance	380,835	319,241	487,922	298,856
BALANCE SHEET				
Total Assets	587,597	443,814	1,329,113	
Total Liabilities	206,762	124,573	841,191	
Total Fund Equity	380,835	319,241	487,922	
Total Liabilities + Fund Equity	587,597	443,814	1,329,113	

Vista Unified School District	06/30/07 Audited	06/30/08 Audited	06/30/09 Audited	06/30/10 Budgeted
INCOME STATEMENT				
Total Revenues	208,911,802	206,628,149	201,331,284	193,098,513
Total Expenditures	201,724,072	200,421,773	197,208,773	216,977,557
Total Other Financing Sources	(1,482,572)	(1,860,067)	8,340,735	0
Net Income	5,705,158	4,346,309	12,463,246	(23,879,044)
Beginning Fund Balance	21,273,452	26,978,610	31,324,919	43,788,165
Adjustments + Transfers	0	0	0	0
Ending Fund Balance	26,978,610	31,324,919	43,788,165	19,909,121
BALANCE SHEET				
Total Assets	33,346,242	40,155,097	53,512,957	
Total Liabilities	6,367,632	8,830,178	9,724,792	
Total Fund Equity	26,978,610	31,324,919	43,788,165	
Total Liabilities + Fund Equity	33,346,242	40,155,097	53,512,957	

APPENDIX C

2010-11 CASH FLOW PROJECTIONS OF THE DISTRICTS

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SERIES B-1 PARTICIPANTS

Bonsall Union School District

2009-2010 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	1,668,554	3,658,102	3,463,527	2,852,813	2,514,282	1,925,825	2,742,811	2,590,380	2,789,605	2,302,342	2,443,791	1,871,379	1,668,554
Receipts													
State Aid Apportionment	107,689	-	323,682	429,435	162,170	469,886	485,194	562,238	420,825	280,340	213,807	-	3,455,266
Property Taxes	7,188	30,011	65,564	71,836	133,862	1,370,089	536,827	536,827	207,184	1,295,668	408,675	(98,590)	4,565,141
Special Education	13,993	-	51,951	72,216	26,028	75,417	77,874	830	51,436	34,265	26,133		430,143
Pupil Transportation	-	-	59,905	28,376	28,376	28,376	28,376	28,376	28,376	28,376	28,376	28,376	315,289
EIA	-	-	-	39,600	-	-	67,189	67,189	35,596	-	(31,592)	-	177,982
CSR K-3	277,786	-	-	-	-	223,839	-	-	-	-	-	-	501,625
Lottery	56,588	-	-	56,580	-	-	58,871	-	-	52,873	-	-	224,912
08/09 Deferral	758,247	1,586	853	-	-	-	-	-	-	-	-	-	760,686
ARRA	129,542	-	-	-	-	-	-	-	-	31,245	-	31,245	192,032
Flexible State Programs:	1,640	-	6,084	116,543	68,130	26,848	57,128	34,949	71,284	104,150	57,129	41,073	584,958
Transfers In	-	-	-	-	-	-	15,000	-	-	-	-	-	15,000
Other	295,862	133,427	75,839	138,833	256,332	47,458	92,762	129,941	129,461	156,485	156,485	156,485	1,769,371
TRAN Related Revenues	805,000	-	-	-	-	-	-	-	-	-	-	-	805,000
Total Revenues	2,453,535	165,024	583,878	953,419	674,898	2,241,913	1,419,222	1,360,350	944,162	1,983,401	859,013	158,589	13,797,405
Disbursements													
Salaries & Benefits	315,799	194,708	954,358	1,063,588	1,064,140	1,049,629	1,013,290	1,013,290	1,080,787	1,080,787	1,080,787	1,070,787	10,981,953
Commercial Warrant Exp	147,004	162,061	225,234	156,908	132,495	138,397	139,168	139,168	355,054	355,054	355,054	180,054	2,485,652
Other	1,184	2,830	-	71,454	66,720	2,130	16,694	8,667	(4,417)	3,611	(4,417)	(4,417)	160,041
Transfers Out	-	-	15,000	-	-	234,771	-	-	-	-	-	-	249,771
TRAN Related Expenditures	-	-	-	-	-	-	402,500	-	-	402,500	-	-	805,000
Total Expenditures	463,987	359,599	1,194,592	1,291,950	1,263,356	1,424,927	1,571,653	1,161,125	1,431,425	1,841,953	1,431,425	1,246,425	14,682,416
Ending Cash Balance	3,658,102	3,463,527	2,852,813	2,514,282	1,925,825	2,742,811	2,590,380	2,789,605	2,302,342	2,443,791	1,871,379	783,543	783,543

2010-2011 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	783,543	1,948,165	2,168,207	1,856,472	977,754	641,895	1,472,893	1,411,174	968,803	85,691	1,339,286	1,140,749	783,543
Receipts													
State Aid Apportionment	-	213,640	598,192	-	384,552	384,552	769,104	6,203	-	640,726	195,377	-	3,192,346
Property Taxes	2,852	475	80,109	63,838	177,505	1,539,594	443,486	213,589	45,215	1,264,261	398,877	229,764	4,459,566
Special Education	-	-	-	108,814	51,544	51,544	103,088	831	-	85,879	26,187	-	427,887
Pupil Transportation	-	-	-	62,475	28,280	28,280	53,785	28,280	2,851	53,708	28,280	28,280	314,217
EIA	-	-	-	3,827	-	31,928	70,671	-	3,577	31,898	35,475	-	177,377
CSR K-3	-	-	-	-	138,831	-	-	191,719	-	-	-	125,609	456,160
Lottery	56,588	-	-	56,580	-	-	58,871	-	-	52,873	-	-	224,912
09/10 Deferral	922,619	409,932	304,190	-	-	-	-	-	-	-	-	-	1,636,741
Flexible State Programs:	-	-	-	110,877	149,698	27,760	140,469	39,100	9,815	64,726	57,743	24,328	624,516
Other	166,866	139,264	66,866	166,866	166,866	166,866	77,765	166,866	166,866	166,866	166,866	166,866	1,785,691
TRAN Related Revenues	665,000	-	-	-	-	-	-	-	-	-	-	-	665,000
Total Revenues	1,813,925	763,311	1,049,357	573,277	1,097,276	2,230,523	1,717,240	646,587	228,325	2,360,937	908,805	574,847	13,964,413
Disbursements													
Salaries & Benefits	390,799	269,708	1,074,358	1,183,588	1,189,140	1,149,629	963,290	938,290	944,883	940,787	940,787	940,787	10,926,049
Commercial Warrant Exp	247,004	262,061	275,234	256,908	232,495	238,397	139,168	139,168	155,054	155,054	155,054	155,054	2,410,652
Other	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	138,000
TRAN Related Expenditures	-	-	-	-	-	-	665,000	-	-	-	-	-	665,000
Total Expenditures	649,303	543,269	1,361,092	1,451,996	1,433,135	1,399,526	1,778,958	1,088,958	1,111,438	1,107,342	1,107,342	1,107,342	14,139,701
Ending Cash Balance	1,948,165	2,168,207	1,856,472	977,754	641,895	1,472,893	1,411,174	968,803	85,691	1,339,286	1,140,749	608,255	608,255

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10	Projected Cash Balance as of 1/31/11*
Capital Facilities	Developer Fees	336,360	703,990	414,410
Total		336,360	703,990	414,410

* Represents the Maturity Date

Carlsbad Unified School Distict

2009-2010 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	14,760,667	23,640,488	22,932,649	17,555,832	13,645,355	8,100,386	23,152,108	19,779,865	16,289,630	9,845,538	16,019,239	14,428,666	14,760,667
Receipts													
State Aid Apportionment	(997)	-	(2,319)	(4,075)	-	(1,885)	(928)	(47)	(2,902)	(1,933)	(1,474)	-	(16,560)
Property Taxes	(31,439)	1,392,507	1,301,690	1,468,152	1,666,263	20,381,478	6,733,592	1,254,804	584,524	17,535,731	5,465,338	5,930,876	63,683,516
Special Education	85,921	-	319,003	443,439	159,826	463,094	478,180	5,095	315,843	210,404	160,469	-	2,641,274
Pupil Trans-Special Educ.	-	-	25,528	12,092	12,092	12,092	12,092	12,092	12,092	12,092	12,092	12,095	134,359
EIA	-	-	-	110,319	-	-	185,772	-	99,172	-	98,222	-	493,485
CSR K-3	912,264	-	-	-	-	762,188	-	762,188	-	-	-	-	2,436,640
Lottery	339,339	-	-	339,292	-	-	365,748	-	-	333,977	-	-	1,378,356
08/09 Deferral	600,502	129,412	2,377	-	-	-	-	-	-	-	-	-	732,291
ARRA	919,263	-	-	-	-	-	-	-	-	52,263	-	131,437	1,102,963
Flexible State Programs:	23,098	-	57,114	952,303	541,895	261,137	305,263	281,324	(360,840)	(441,792)	(234,938)	(461,088)	923,478
Transfers In	-	-	9,748	2,184	-	-	87	65,311	-	-	-	-	77,330
Other	708,352	712,980	717,015	851,792	795,679	511,166	1,032,754	1,770,814	511,377	513,075	513,075	513,075	9,151,154
TRAN Related Revenues	8,700,000	-	-	-	-	-	-	-	-	-	-	-	8,700,000
Total Revenues	12,256,303	2,234,899	2,430,157	4,175,499	3,175,755	22,389,270	9,112,560	4,151,582	1,159,266	18,213,817	6,012,784	6,126,395	91,438,287
Disbursements													
Salaries & Benefits	2,526,653	2,026,341	5,936,096	6,579,841	6,574,986	6,571,921	6,577,077	6,591,668	6,483,852	6,483,852	6,483,852	6,483,852	69,319,991
Commercial Warrant Exp	843,537	900,445	1,134,613	1,014,383	986,886	753,454	970,626	721,501	915,681	915,681	915,681	915,681	10,988,168
Other	6,291	15,953	75,037	435,716	18	12,172	224,805	5,813	6,548	93,306	6,548	6,548	888,755
Transfers Out	-	-	661,227	56,035	1,158,835	-	362,295	322,836	197,277	197,277	197,277	197,277	3,350,336
TRAN Related Expenditures	-	-	-	-	-	-	4,350,000	-	-	4,350,000	-	-	8,700,000
Total Expenditures	3,376,481	2,942,738	7,806,974	8,085,976	8,720,725	7,337,548	12,484,803	7,641,817	7,603,358	12,040,116	7,603,358	7,603,358	93,247,250
Ending Cash Balance	23,640,488	22,932,649	17,555,832	13,645,355	8,100,386	23,152,108	19,779,865	16,289,630	9,845,538	16,019,239	14,428,666	12,951,704	12,951,704

2010-2011 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	12,951,704	18,316,713	16,036,787	11,546,210	7,224,688	3,365,050	17,644,671	11,543,942	7,847,971	16,244	9,867,420	7,319,120	12,951,704
Receipts													
State Aid Apportionment	-	(3,698)	(7,396)	-	-	-	(5,177)	(27)	-	(2,792)	(852)	-	(19,942)
Property Taxes	-	-	2,065,264	1,606,316	2,284,804	21,337,410	5,958,001	2,901,899	571,201	17,136,028	5,340,905	3,074,282	62,276,110
Special Education	-	-	-	668,169	316,501	316,501	633,002	5,105	-	527,345	160,804	-	2,627,427
Pupil Trans-Special Educ.	-	-	-	26,623	12,051	12,051	22,920	12,051	1,215	22,887	12,051	12,051	133,899
EIA	-	-	-	10,612	-	88,525	195,947	-	9,918	88,444	98,361	-	491,807
CSR K-3	-	-	-	-	573,841	-	-	792,448	-	-	-	519,190	1,885,479
Lottery	339,339	-	-	339,292	-	-	345,748	-	-	315,225	-	-	1,339,604
09/10 Deferral	1,902,232	225,619	163,757	-	-	-	-	-	-	-	-	-	2,291,608
Flexible State Programs:	-	-	-	283,013	103,857	(427,239)	26,613	(340,073)	(604,603)	(126,503)	(200,112)	230,245	(1,054,803)
Transfers In	-	-	-	-	-	-	-	-	150,000	-	-	-	150,000
Other	531,639	531,041	530,443	530,842	530,842	530,842	530,842	530,842	530,942	530,942	530,942	530,942	6,371,101
TRAN Related Revenues	6,125,000	-	-	-	-	-	-	-	-	-	-	-	6,125,000
Total Revenues	8,898,210	752,962	2,752,068	3,464,866	3,821,896	21,858,090	7,707,896	3,902,245	658,673	18,491,575	5,942,100	4,366,709	82,617,290
Disbursements													
Salaries & Benefits	2,626,653	2,126,341	6,036,096	6,679,841	6,674,986	6,671,921	6,677,077	6,691,668	6,583,852	6,583,852	6,583,852	6,583,852	70,519,991
Commercial Warrant Exp	900,000	900,000	1,200,000	1,100,000	1,000,000	900,000	1,000,000	900,000	1,900,000	1,900,000	1,900,000	1,900,000	15,500,000
Other	6,548	6,548	6,548	6,548	6,548	6,548	6,548	6,548	6,548	6,548	6,548	6,548	78,574
Transfers Out	-	-	-	-	-	-	-	-	-	150,000	-	-	150,000
TRAN Related Expenditures	-	-	-	-	-	-	6,125,000	-	-	-	-	-	6,125,000
Total Expenditures	3,533,201	3,032,888	7,242,644	7,786,389	7,681,534	7,578,469	13,808,625	7,598,215	8,490,400	8,640,400	8,490,400	8,490,400	92,373,565
Ending Cash Balance	18,316,713	16,036,787	11,546,210	7,224,688	3,365,050	17,644,671	11,543,942	7,847,971	16,244	9,867,420	7,319,120	3,195,429	3,195,429

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10	Projected Cash Balance as of 1/31/11*
General	Adult Education	35,984	-	-
Other	Cafetiria Fund	440,044	420,000	400,000
Other	Deferred Maintenance	1,757,850	2,650,000	2,000,000
Capital Projects	Capital Facilities Fund	1,708,200	1,500,000	1,000,000
Internal Services	Self-Insurance Fund	319,175	500,000	400,000
Total		4,261,253	5,070,000	3,800,000

* Represents the Maturity Date

Encinitas Union School District

2009-2010 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	5,884,017	7,502,028	4,584,625	2,112,602	2,282,752	1,349,405	6,600,261	5,362,558	4,400,376	2,805,285	6,196,789	5,092,227	5,884,017
Receipts													
State Aid Apportionment	17,046	-	39,637	69,638	-	32,227	15,855	219	-	9,013	6,874	-	190,509
Property Taxes	1,237	190,217	401,752	516,736	921,205	11,164,261	3,578,342	692,072	1,414,075	9,556,552	2,980,070	1,975,880	33,392,399
Special Education	49,428	-	183,514	255,099	91,943	266,405	275,085	2,931	181,695	121,039	92,313	-	1,519,452
Pupil Trans-Special Educ.	-	-	12,297	5,825	5,825	5,825	5,825	5,825	5,825	5,825	5,825	5,825	64,722
Pupil Transportation	-	-	43,416	20,565	20,565	20,565	20,565	20,565	20,565	20,565	20,565	20,565	228,501
EIA	-	-	-	68,699	-	-	124,975	-	64,558	-	64,558	-	322,790
CSR K-3	986,664	-	-	-	-	816,638	-	816,638	-	-	-	-	2,619,940
Lottery	173,339	-	-	171,288	-	-	204,308	-	-	161,738	-	-	710,673
08/09 Deferral	390,085	31,491	1,480	-	-	-	-	-	-	-	-	-	423,056
ARRA	353,249	-	-	-	-	-	-	-	-	54,735	-	54,735	462,718
Flexible State Programs:	7,630	-	18,880	427,948	191,038	91,165	129,452	157,141	(156,490)	(904,398)	(89,522)	(201,292)	(328,448)
Transfers In	544	286,490	92,168	2,095,081	1,201,133	1,081	1,109	792	-	-	-	-	3,678,398
Other	126,678	187,518	506,266	970,761	780,282	151,161	209,591	1,318,413	820,215	671,315	671,315	671,315	7,084,828
TRAN Related Revenues	2,840,000	-	-	-	-	-	-	-	-	-	-	-	2,840,000
Total Revenues	4,945,900	695,717	1,299,410	4,601,640	3,211,990	12,549,327	4,565,107	3,014,597	2,350,443	9,696,384	3,751,997	2,527,027	53,209,538
Disbursements													
Salaries & Benefits	2,551,138	3,132,326	3,020,408	3,315,452	3,256,928	3,348,794	3,349,623	3,337,975	3,358,538	3,657,182	3,657,182	3,657,182	39,642,728
Commercial Warrant Exp	724,065	416,206	558,549	835,070	827,998	687,964	731,968	569,180	574,130	1,186,511	1,186,511	1,186,511	9,484,663
Other	52,685	64,589	142,475	280,968	60,410	61,714	103,754	69,624	12,866	41,187	12,866	12,866	916,005
Transfers Out	-	-	50,000	-	-	3,200,000	197,464	-	-	-	-	-	3,447,464
TRAN Related Expenditures	-	-	-	-	-	-	1,420,000	-	-	1,420,000	-	-	2,840,000
Total Expenditures	3,327,888	3,613,121	3,771,432	4,431,491	4,145,336	7,298,472	5,802,809	3,976,779	3,945,533	6,304,880	4,856,559	4,856,559	56,330,860
Ending Cash Balance	7,502,028	4,584,625	2,112,602	2,282,752	1,349,405	6,600,261	5,362,558	4,400,376	2,805,285	6,196,789	5,092,227	2,762,695	2,762,695

2010-2011 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	2,762,695	5,584,027	6,246,130	3,921,802	1,153,408	1,342,365	8,093,035	5,264,491	4,312,795	565,131	7,337,090	4,606,335	2,762,695
Receipts													
State Aid Apportionment	-	36,189	72,378	-	-	-	50,665	265	-	27,333	8,335	-	195,165
Property Taxes	-	-	538,478	418,816	1,272,804	11,683,100	3,306,842	1,602,971	318,201	9,546,030	2,976,675	1,031,081	32,694,998
Special Education	-	-	-	384,378	182,074	182,074	364,148	2,937	-	303,367	92,506	-	1,511,484
Pupil Trans-Special Educ.	-	-	-	12,825	5,805	5,805	11,041	5,805	585	11,025	5,805	5,805	64,502
Pupil Transportation	-	-	-	45,278	20,495	20,495	38,980	20,495	2,066	38,924	20,495	20,495	227,724
EIA	-	-	-	6,941	-	57,905	128,170	-	6,487	57,851	64,339	-	321,693
CSR K-3	-	-	-	-	678,040	-	-	936,340	-	-	-	613,464	2,227,844
Lottery	173,339	-	-	171,288	-	-	204,308	-	-	161,738	-	-	710,673
09/10 Deferral	1,859,376	110,625	79,954	-	-	-	-	-	-	-	-	-	2,049,955
Flexible State Programs:	-	-	-	(221,218)	50,846	(225,771)	85,072	(177,175)	(295,131)	(94,436)	(119,037)	102,348	(894,502)
Transfers In	-	3,500,000	-	-	1,500,000	(1,500,000)	-	-	500,000	1,000,000	(1,500,000)	-	3,500,000
Other	576,686	576,686	576,686	576,686	576,686	576,686	576,686	576,686	576,686	576,686	576,686	576,686	6,920,231
TRAN Related Revenues	3,500,000	-	-	-	-	-	-	-	-	-	-	-	3,500,000
Total Revenues	6,109,401	4,223,500	1,267,496	1,394,993	4,286,750	10,800,293	4,765,913	2,968,325	1,108,895	11,628,518	2,125,804	2,349,880	53,029,767
Disbursements													
Salaries & Benefits	2,551,138	3,132,326	3,020,408	3,315,452	3,256,928	3,348,794	3,349,623	3,337,975	3,657,182	3,657,182	3,657,182	3,657,182	39,941,373
Commercial Warrant Exp	724,065	416,206	558,549	835,070	827,998	687,964	731,968	569,180	1,186,511	1,186,511	1,186,511	1,186,511	10,097,044
Other	12,866	12,866	12,866	12,866	12,866	12,866	12,866	12,866	12,866	12,866	12,866	12,866	154,390
TRAN Related Expenditures	-	-	-	-	-	-	3,500,000	-	-	-	-	-	3,500,000
Total Expenditures	3,288,069	3,561,397	3,591,823	4,163,388	4,097,792	4,049,624	7,594,456	3,920,021	4,856,559	4,856,559	4,856,559	4,856,559	53,692,807
Ending Cash Balance	5,584,027	6,246,130	3,921,802	1,153,408	1,342,365	8,093,035	5,264,491	4,312,795	565,131	7,337,090	4,606,335	2,099,656	2,099,656

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10	Projected Cash Balance as of 1/31/11*
Special Revenue	Special Reserve (Fund 17 & Fund 20)	6,915,227	5,753,111	2,253,111
Capital Projects	Construction & Modernization	1,399,117	505,206	278,313
Debt Service	Bond Interest & Redemption Fund	3,305,000	3,395,000	3,490,000
Other	Child Nutrition, Deferred Maintenance	702,137	870,687	469,029
Trust and Agency	Paul Ecke Trust	112,519	110,783	111,008
Enterprise	Self Insurance for OPEB	337,431	342,423	616,838
Special Revenue	Special Reserve for Capital Projects	4,301,897	1,939,488	397,990
Total		17,073,328	12,916,697	7,616,288

* Represents the Maturity Date

Fallbrook Union High School District

2009-2010 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	1,379,756	7,634,866	6,576,825	5,256,636	4,941,233	4,266,919	6,515,751	4,690,628	3,375,775	2,628,468	2,640,149	2,309,450	1,379,756
Receipts													
State Aid Apportionment	420,294	-	829,277	1,393,299	-	674,238	331,711	4,191	259,844	173,100	132,018	-	4,217,972
Property Taxes	11,510	58,833	123,114	142,260	246,114	3,504,603	1,892,377	188,763	390,609	3,522,325	1,092,571	1,036,125	12,209,204
Special Education	28,720	-	106,631	148,226	53,424	154,796	159,838	1,703	105,575	70,331	53,639	-	882,883
Pupil Trans-Special Educ.	-	-	-	-	-	-	-	-	-	-	-	-	-
Pupil Transportation	-	-	84,780	40,159	40,159	40,159	40,159	40,159	40,159	40,159	40,159	40,159	446,211
EIA	-	-	-	64,245	-	-	119,233	-	61,159	-	61,160	-	305,797
CSR K-3	-	-	-	-	-	-	-	-	-	-	-	-	-
Lottery	95,336	-	-	95,323	-	-	97,902	-	-	91,505	-	-	380,066
08/09 Deferral	1,049,753	-	1,384	-	-	-	-	-	-	-	-	-	1,051,137
ARRA	273,652	-	-	-	-	-	-	-	-	65,709	-	65,709	405,069
Flexible State Programs:	15,811	-	39,078	210,306	158,724	97,942	132,896	43,046	191,076	350,795	85,484	104,253	1,429,410
Transfers In	-	-	-	-	-	-	11,188	-	91,959	91,959	91,959	91,959	379,024
Other	639,666	774,251	185,208	280,676	1,001,686	168,551	290,543	624,311	499,465	499,465	499,465	499,465	5,962,753
TRAN Related Revenues	4,915,000	-	-	-	-	-	-	-	-	-	-	-	4,915,000
Total Revenues	7,449,743	833,084	1,369,472	2,374,493	1,500,108	4,640,288	3,075,848	902,173	1,639,846	4,905,348	2,056,454	1,837,669	32,584,527
Disbursements													
Salaries & Benefits	767,039	1,466,043	1,848,243	1,963,497	1,970,824	1,906,758	1,904,941	1,936,168	1,921,739	1,921,739	1,921,739	1,921,739	21,450,468
Commercial Warrant Exp	398,075	424,183	841,418	565,829	203,598	482,348	474,258	271,122	457,604	457,604	457,604	457,604	5,491,246
Other	29,518	900	-	160,570	-	2,351	63,808	9,736	7,811	56,824	7,811	7,811	347,139
Transfers Out	-	-	-	-	-	-	464	-	-	-	-	-	464
TRAN Related Expenditures	-	-	-	-	-	-	2,457,500	-	-	2,457,500	-	-	4,915,000
Total Expenditures	1,194,633	1,891,126	2,689,661	2,689,897	2,174,422	2,391,457	4,900,971	2,217,026	2,387,153	4,893,667	2,387,153	2,387,153	32,204,317
Ending Cash Balance	7,634,866	6,576,825	5,256,636	4,941,233	4,266,919	6,515,751	4,690,628	3,375,775	2,628,468	2,640,149	2,309,450	1,759,966	1,759,966

2010-2011 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	1,759,966	3,781,565	3,469,587	3,203,319	2,004,229	1,257,818	3,983,692	3,483,315	2,490,115	243,943	2,576,713	1,744,502	1,759,966
Receipts													
State Aid Apportionment	-	772,707	1,545,414	-	-	-	1,081,790	5,650	-	583,649	177,972	-	4,167,182
Property Taxes	4,709	785	156,041	123,894	498,995	4,383,792	1,246,508	607,927	125,604	3,615,874	1,121,377	637,515	12,523,019
Special Education	-	-	-	223,345	105,795	105,795	211,590	1,707	-	176,272	53,751	-	878,255
Pupil Trans-Special Educ.	-	-	-	-	-	-	-	-	-	-	-	-	-
Pupil Transportation	-	-	-	88,417	40,022	40,022	76,120	40,022	4,035	76,010	40,022	40,022	444,694
EIA	-	-	-	6,576	-	54,856	121,422	-	6,146	54,806	60,951	-	304,757
CSR K-3	-	-	-	-	-	-	-	-	-	-	-	-	-
Lottery	95,336	-	-	95,323	-	-	97,902	-	-	91,505	-	-	380,066
09/10 Deferral	659,734	317,821	235,003	-	-	-	-	-	-	-	-	-	1,212,558
ARRA	-	-	-	-	-	-	-	-	-	-	-	-	-
Flexible State Programs:	-	-	-	305,747	296,263	43,579	496,556	71,848	18,508	135,121	114,180	43,579	1,525,383
Transfers In	-	-	-	-	-	-	-	-	-	-	-	130,000	130,000
Other	494,746	494,746	494,746	494,746	494,746	494,746	494,746	494,746	494,746	494,746	494,746	494,746	5,936,949
TRAN Related Revenues	1,940,000	-	-	-	-	-	-	-	-	-	-	-	1,940,000
Total Revenues	3,194,525	1,586,059	2,431,203	1,338,047	1,435,822	5,122,790	3,826,633	1,221,901	649,039	5,227,982	2,063,000	1,345,862	29,442,863
Disbursements													
Salaries & Benefits	767,039	1,466,043	1,848,243	1,963,497	1,970,824	1,906,758	1,904,941	1,936,168	1,902,634	1,902,634	1,902,634	1,902,634	21,374,051
Commercial Warrant Exp	398,075	424,183	841,418	565,829	203,598	482,348	474,258	271,122	984,766	984,766	984,766	984,766	7,599,896
Other	7,811	7,811	7,811	7,811	7,811	7,811	7,811	7,811	7,811	7,811	7,811	7,811	93,729
Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-	-
TRAN Related Expenditures	-	-	-	-	-	-	1,940,000	-	-	-	-	-	1,940,000
Total Expenditures	1,172,925	1,898,036	2,697,472	2,537,137	2,182,233	2,396,917	4,327,010	2,215,101	2,895,211	2,895,211	2,895,211	2,895,211	31,007,676
Ending Cash Balance	3,781,565	3,469,587	3,203,319	2,004,229	1,257,818	3,983,692	3,483,315	2,490,115	243,943	2,576,713	1,744,502	195,153	195,153

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10	Projected Cash Balance as of 1/31/11*
Special Revenue	Mandate funds received in prior years	804,388	504,388	250,000
Special Revenue	Funds for the CAPO agreement	1,271,248	1,271,248	500,124
Special Revenue	Developer Fees collected	275,258	193,775	193,775
Total		2,350,894	1,969,411	943,899

* Represents the Maturity Date

Sweetwater Union High School District

2009-2010 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	14,021,971	36,896,492	14,459,802	6,642,012	11,175,627	6,977,286	31,808,588	36,469,480	2,530,661	1,789,989	11,252,522	3,164,912	14,021,971
Receipts													
State Aid Apportionment	4,517,643	-	14,308,234	19,225,730	7,168,650	20,771,133	21,447,818	262,072	16,246,904	10,823,163	8,254,488	-	123,025,835
Property Taxes	153,280	401,299	896,660	923,625	1,719,415	17,627,687	7,018,154	1,339,958	2,683,960	16,746,760	5,311,906	4,404,643	59,227,347
Special Education	495,943	-	1,841,317	2,559,576	922,529	2,673,023	2,760,105	29,407	1,823,076	1,214,474	926,242	-	15,245,692
Pupil Trans-Special Educ.	-	-	246,696	116,856	116,856	116,856	116,856	116,856	116,856	116,856	116,856	116,856	1,298,400
EIA	-	-	-	1,113,968	-	-	2,134,456	-	1,082,808	-	1,082,808	-	5,414,040
Lottery	1,498,115	-	-	1,497,907	-	-	1,676,487	-	-	1,652,419	-	-	6,324,928
08/09 Deferral	35,328,790	271,941	24,003	-	-	-	-	-	-	-	-	-	35,624,734
ARRA	6,943,159	-	-	-	-	-	-	-	-	1,190,183	-	1,190,183	9,323,525
Flexible State Programs:	105,329	-	390,565	5,280,612	2,816,274	2,979,577	3,701,730	1,013,942	3,159,769	3,552,905	2,054,316	996,476	26,051,495
Transfers In	-	-	-	-	-	-	-	-	-	-	-	16,000,000	16,000,000
Other	5,591,260	6,573,211	5,565,039	8,128,102	18,344,882	12,751,878	10,600,977	8,625,649	4,342,335	4,362,153	4,362,153	4,362,153	93,609,791
Total Revenues	54,633,520	7,246,451	23,272,513	38,846,378	31,088,606	56,920,154	49,456,583	11,387,884	29,455,707	39,658,913	22,108,769	27,070,310	391,145,787
Disbursements													
Salaries & Benefits	22,662,164	22,428,668	25,027,568	25,830,100	24,976,157	25,337,658	24,840,463	24,520,842	25,088,798	25,088,798	25,088,798	25,088,798	295,978,814
Commercial Warrant Exp	4,511,037	3,773,090	3,377,814	3,391,750	3,508,758	3,409,641	4,088,778	3,228,384	3,661,156	3,661,156	3,661,156	3,661,156	43,933,878
TRAN Related Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	31,758,998	29,683,141	31,090,303	34,312,762	35,286,947	32,088,853	44,795,691	45,326,703	30,196,379	30,196,379	30,196,379	30,196,379	405,128,916
Ending Cash Balance	36,896,492	14,459,802	6,642,012	11,175,627	6,977,286	31,808,588	36,469,480	2,530,661	1,789,989	11,252,522	3,164,912	38,843	38,843

2010-2011 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	38,843	6,028,356	7,454,056	19,714,709	6,895,807	7,886,134	23,295,444	47,161,271	27,468,201	214,815	22,877,822	11,475,742	38,843
Receipts													
State Aid Apportionment	-	8,512,162	23,834,053	-	15,321,891	15,321,891	30,643,782	247,151	-	25,528,841	7,784,521	-	127,194,292
Property Taxes	62,957	10,493	1,051,211	851,419	2,302,208	19,878,920	5,769,688	2,771,430	612,618	16,342,916	5,186,408	3,032,734	57,873,002
Special Education	-	-	-	3,856,738	1,826,876	1,826,876	3,653,752	29,469	-	3,043,882	928,172	-	15,165,765
Pupil Trans-Special Educ.	-	-	-	257,279	116,459	116,459	221,495	116,459	11,742	221,175	116,459	116,459	1,293,985
EIA	-	-	-	116,422	-	971,214	2,149,743	-	108,806	970,321	1,079,126	-	5,395,632
Lottery	1,498,115	-	-	1,497,907	-	-	1,676,487	-	-	1,652,419	-	-	6,324,928
09/10 Deferral	29,884,246	16,108,799	11,956,160	-	-	-	-	-	-	-	-	-	57,949,205
Flexible State Programs:	-	-	-	5,984,311	6,068,936	2,202,377	9,841,247	1,052,775	279,919	4,169,923	2,269,705	634,159	32,503,351
Transfers In	-	-	-	-	-	-	-	-	500,000	-	-	14,000,000	14,500,000
Other	4,463,821	4,442,428	4,421,036	4,435,298	4,435,298	4,435,298	4,435,298	4,435,298	4,438,863	4,438,863	4,438,863	4,438,863	53,259,226
TRAN Related Revenues	5,000,000	-	-	-	-	-	-	-	-	-	-	-	5,000,000
Total Revenues	40,909,139	29,073,882	41,262,460	16,999,374	30,071,667	44,753,034	58,391,493	8,652,581	5,951,948	56,368,340	21,803,254	22,222,215	376,459,386
Disbursements													
Salaries & Benefits	22,662,164	22,428,668	24,177,568	24,980,100	24,126,157	24,487,658	23,990,463	23,670,842	24,494,375	24,494,375	24,494,375	24,494,375	288,501,120
Commercial Warrant Exp	4,511,037	3,773,090	3,377,814	3,391,750	3,508,758	3,409,641	4,088,778	3,228,384	7,264,534	7,264,534	7,264,534	7,264,534	58,347,389
Other	1,446,425	1,446,425	1,446,425	1,446,425	1,446,425	1,446,425	1,446,425	1,446,425	1,446,425	1,446,425	1,446,425	1,446,425	17,357,097
Transfers Out	6,300,000	-	-	-	-	-	-	-	-	500,000	-	-	6,800,000
TRAN Related Expenditures	-	-	-	-	-	-	5,000,000	-	-	-	-	-	5,000,000
Total Expenditures	34,919,626	27,648,182	29,001,807	29,818,276	29,081,339	29,343,724	34,525,666	28,345,650	33,205,334	33,705,334	33,205,334	33,205,334	376,005,606
Ending Cash Balance	6,028,356	7,454,056	19,714,709	6,895,807	7,886,134	23,295,444	47,161,271	27,468,201	214,815	22,877,822	11,475,742	492,623	492,623

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10	Projected Cash Balance as of 1/31/11*
General	Adult Education	112,771	500,000	500,000
Enterprise	Food Services/ Child Nutrition	347,975	350,000	350,000
General	Deferred Maintenance	9,284,772	4,284,772	4,284,772
Special Revenue	Special Reserve other than capital	9,542,360	7,542,360	7,542,360
Capital Projects	Capital Facilities Fund	2,169,562	2,169,562	2,169,562
Capital Projects	County School Facilities Fund	26,099,886	26,099,886	20,099,886
Special Revenue	Special Reserve	9,772,880	-	-
Total		57,330,206	40,946,580	34,946,580

* Represents the Maturity Date

Vista Unified School District

2009-2010 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	16,491,066	30,414,157	19,767,176	15,657,841	22,453,052	14,278,821	26,890,088	32,487,280	27,408,480	23,769,596	28,208,988	24,147,056	16,491,066
Receipts													
State Aid Apportionment	1,902,729	-	5,900,877	7,889,298	2,956,426	8,566,251	8,845,328	102,729	6,368,552	4,242,524	3,235,640	-	50,010,354
Property Taxes	99,566	318,579	703,151	789,682	1,434,999	14,712,152	5,813,538	1,111,394	2,230,801	13,940,969	4,409,084	3,626,592	49,190,509
Special Education	333,846	-	1,239,496	1,722,996	621,007	1,799,366	1,857,985	19,797	1,227,213	817,530	623,504	-	10,262,740
Pupil Trans-Special Educ.	-	-	139,905	66,274	66,274	66,272	66,274	66,274	66,272	66,272	66,272	66,269	736,358
Pupil Transportation	-	-	131,341	62,214	62,214	62,214	62,214	62,214	62,214	62,214	62,214	62,214	691,267
EIA	-	-	-	719,477	-	-	1,402,124	-	707,207	-	707,194	-	3,536,002
CSR K-3	2,011,914	-	-	-	-	1,677,844	-	1,677,844	-	-	-	-	5,367,602
Lottery	768,764	-	-	768,657	-	-	784,677	-	-	739,276	-	-	3,061,374
08/09 Deferral	14,830,790	328,702	15,503	-	-	-	-	-	-	-	-	-	15,174,995
ARRA	2,855,867	-	-	-	-	-	-	-	-	-	-	-	2,855,867
Flexible State Programs:	26,968	-	100,030	2,655,201	1,498,680	1,076,164	1,275,859	906,739	1,589,880	2,196,705	1,137,793	948,290	13,412,308
Transfers In	-	953	-	9,267,268	-	9,338	428,489	3,294	42,646	42,646	42,646	42,646	9,879,927
Other	3,196,359	3,728,114	2,752,665	3,402,696	2,467,118	1,756,109	2,589,625	6,354,756	613,808	1,117,511	2,201,198	643,818	30,823,776
TRAN Related Revenues	4,390,000	-	-	-	-	-	-	-	-	-	-	-	4,390,000
Total Revenues	30,416,803	4,376,348	10,982,968	27,343,763	9,106,718	29,725,710	23,126,114	10,305,041	12,908,593	23,225,647	12,485,545	5,389,830	199,393,079
Disbursements													
Salaries & Benefits	13,020,897	12,562,711	13,057,946	13,678,828	13,707,412	13,435,512	13,223,736	13,424,362	13,421,299	13,421,299	13,421,299	14,344,251	160,719,554
Commercial Warrant Exp	3,362,004	2,173,507	1,965,944	3,665,038	1,992,246	2,093,406	2,022,831	1,807,373	2,385,294	2,385,294	2,385,294	3,551,756	29,789,988
Other	75,811	268,191	68,412	1,389,087	905,255	1,569,903	65,474	63,160	698,288	742,066	698,288	698,288	7,242,222
Transfers Out	35,000	18,920	-	1,815,600	676,036	15,622	21,879	88,946	42,596	42,596	42,596	42,596	2,842,388
TRAN Related Expenditures	-	-	-	-	-	-	2,195,000	-	-	2,195,000	-	-	4,390,000
Total Expenditures	16,493,712	15,023,329	15,092,303	20,548,553	17,280,949	17,114,443	17,528,921	15,383,841	16,547,477	18,786,255	16,547,477	18,636,891	204,984,151
Ending Cash Balance	30,414,157	19,767,176	15,657,841	22,453,052	14,278,821	26,890,088	32,487,280	27,408,480	23,769,596	28,208,988	24,147,056	10,899,994	10,899,994

2010-2011 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	10,899,994	16,629,616	14,580,977	17,261,907	9,443,597	9,246,295	21,884,166	29,347,113	21,692,198	8,753,124	24,937,111	21,642,005	10,899,994
Receipts													
State Aid Apportionment	-	3,475,605	9,731,695	-	6,256,090	6,256,090	12,512,180	100,914	-	10,423,693	3,178,502	-	51,934,769
Property Taxes	40,091	6,682	859,744	690,220	1,912,149	16,551,144	4,783,646	2,301,246	496,549	13,600,190	4,301,549	2,493,649	48,036,859
Special Education	-	-	-	2,596,187	1,229,773	1,229,773	2,459,546	19,837	-	2,049,010	624,805	-	10,208,931
Pupil Trans-Special Educ.	-	-	-	145,910	66,047	66,047	125,616	66,047	6,659	125,434	66,047	66,047	733,854
Pupil Transportation	-	-	-	136,975	62,003	62,003	117,924	62,003	6,252	117,753	62,003	62,003	688,917
EIA	-	-	-	76,037	-	634,316	1,404,034	-	71,063	633,733	704,796	-	3,523,980
CSR K-3	-	-	-	-	1,247,774	-	-	1,723,117	-	-	-	1,128,939	4,099,830
Lottery	768,764	-	-	768,657	-	-	784,677	-	-	739,276	-	-	3,061,374
09/10 Deferral	14,504,102	6,600,102	4,892,567	-	-	-	-	-	-	-	-	-	25,996,771
Flexible State Programs:	-	-	-	2,634,504	2,251,454	890,351	3,654,826	826,591	139,275	1,753,770	1,226,065	627,272	14,004,108
Other	2,989,567	2,605,191	2,220,814	2,477,065	2,477,065	2,477,065	2,477,065	2,477,065	2,541,128	2,541,128	2,541,128	2,541,128	30,365,409
TRAN Related Revenues	5,610,000	-	-	-	-	-	-	-	-	-	-	-	5,610,000
Total Revenues	23,912,524	12,687,579	17,704,820	9,525,556	15,502,355	28,166,789	28,319,515	7,576,819	3,260,926	31,983,987	12,704,894	6,919,037	198,264,802
Disbursements													
Salaries & Benefits	13,420,897	12,562,711	13,057,946	13,678,828	13,707,412	13,435,512	13,223,736	13,424,362	13,600,000	13,700,000	13,800,000	14,400,000	162,011,405
Commercial Warrant Exp	4,762,004	2,173,507	1,965,944	3,665,038	1,992,246	2,093,406	2,022,831	1,807,373	2,600,000	2,100,000	2,200,000	3,600,000	30,982,350
TRAN Related Expenditures	-	-	-	-	-	-	5,610,000	-	-	-	-	-	5,610,000
Total Expenditures	18,182,902	14,736,218	15,023,890	17,343,866	15,699,658	15,528,918	20,856,568	15,231,735	16,200,000	15,800,000	16,000,000	18,000,000	198,603,755
Ending Cash Balance	16,629,616	14,580,977	17,261,907	9,443,597	9,246,295	21,884,166	29,347,113	21,692,198	8,753,124	24,937,111	21,642,005	10,561,042	10,561,042

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10	Projected Cash Balance as of 1/31/11*
Capital Projects	Redevelopment	2,722,983	2,700,000	2,700,000
Capital Projects	State Schools Facilities Fund	3,759,349	-	-
Other	Special Reserve OPEB	1,878,190	1,600,000	1,300,000
Capital Projects	Developer Fees	328,123	300,000	300,000
Total		8,688,645	4,600,000	4,300,000

* Represents the Maturity Date

SERIES B-2 PARTICIPANTS

Alpine Union School District

2009-2010 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	1,931,167	3,225,777	2,644,016	1,964,339	1,708,661	902,810	1,870,062	2,155,698	1,386,502	971,114	2,700,228	1,488,532	1,931,167
Receipts													
State Aid Apportionment	168,131	-	518,971	693,060	260,013	753,385	777,929	7,758	480,963	320,402	244,361	-	4,224,973
Property Taxes	8,381	24,470	54,208	63,890	112,872	1,154,897	457,153	87,397	175,367	1,094,709	346,541	284,593	3,864,477
Special Education	30,666	-	113,854	158,265	57,043	165,281	170,665	1,818	112,727	75,095	57,273		942,687
Pupil Trans-Special Educ.	-	-	8,669	4,106	4,106	4,106	4,106	4,106	4,106	4,106	4,106	4,107	45,624
Pupil Transportation	-	-	66,491	31,496	31,496	31,496	31,496	31,496	31,496	31,496	31,496	31,496	349,955
EIA	-	-	-	15,833	-	-	26,841	-	16,128	-	12,322	-	71,124
CSR K-3	240,972	-	-	-	-	210,184	-	210,184	-	-	-	-	661,340
Lottery	68,798	-	-	67,963	-	-	60,759	-	-	62,640	-	-	260,160
08/09 Deferral	1,271,109	6,390	341	-	-	-	-	-	-	-	-	-	1,277,840
ARRA	151,784	-	-	-	-	-	-	-	-	23,977	-	23,977	199,737
Flexible State Programs:	2,710	-	10,060	169,090	41,570	44,469	55,776	50,758	92,854	109,301	83,203	48,596	708,387
Transfers In	-	-	-	1,100,000	-	-	-	47,041	-	1,750,000	-	-	2,897,041
Other	137,079	107,513	132,787	207,901	142,535	136,968	228,044	268,199	154,045	154,045	154,045	154,045	1,977,205
Total Revenues	2,079,629	138,373	905,381	2,511,604	649,635	2,500,786	1,812,769	708,757	1,067,685	3,625,770	933,347	546,814	17,480,550
Disbursements													
Salaries & Benefits	620,878	381,295	1,311,949	1,391,582	1,364,216	1,364,120	1,367,091	1,362,154	1,324,006	1,324,006	1,324,006	1,324,006	14,459,310
Commercial Warrant Exp	162,479	231,720	161,809	175,257	91,260	169,414	151,471	94,814	156,095	156,095	156,095	156,095	1,862,602
Other	1,662	619	-	100,443	10	-	8,571	2,985	2,973	2,973	2,973	2,973	126,181
Transfers Out	-	106,500	111,300	1,100,000	-	-	-	18,000	-	413,583	661,969	284,593	2,695,945
Total Expenditures	785,020	720,134	1,585,058	2,767,281	1,455,486	1,533,534	1,527,133	1,477,953	1,483,073	1,896,656	2,145,042	1,767,666	19,144,038
Ending Cash Balance	3,225,777	2,644,016	1,964,339	1,708,661	902,810	1,870,062	2,155,698	1,386,502	971,114	2,700,228	1,488,532	267,679	267,679

2010-2011 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	267,679	1,536,434	1,775,235	1,807,718	1,173,922	1,034,583	1,907,075	2,316,713	1,613,701	450,577	1,258,197	826,445	267,679
Receipts													
State Aid Apportionment	-	287,473	804,925	-	517,452	517,452	1,034,904	8,347	-	862,162	262,899	-	4,295,614
Property Taxes	3,148	525	67,373	54,092	72,685	1,376,080	375,366	180,575	38,966	1,067,194	337,538	195,671	3,769,212
Special Education	-	-	-	238,473	112,961	112,961	225,922	1,822	-	188,214	57,392	-	937,745
Pupil Trans-Special Educ.	-	-	-	9,040	4,092	4,092	7,783	4,092	413	7,772	4,092	4,092	45,469
Pupil Transportation	-	-	-	69,344	31,389	31,389	59,699	31,389	3,165	59,613	31,389	31,389	348,765
EIA	-	-	-	1,390	-	14,176	26,962	-	1,429	12,747	14,176	-	70,882
CSR K-3	-	-	-	-	127,938	-	-	176,676	-	-	-	115,754	420,368
Lottery	68,798	-	-	67,963	-	-	60,759	-	-	62,640	-	-	260,160
09/10 Deferral	1,309,413	516,683	382,795	-	-	-	-	-	-	-	-	-	2,208,891
Flexible State Programs:	-	-	-	161,959	149,055	46,556	163,014	52,552	9,798	96,674	80,507	35,803	795,918
Other	164,767	164,767	164,767	164,767	164,767	164,767	164,767	164,767	164,767	164,767	164,767	164,767	1,977,205
TRAN Related Revenues	665,000	-	-	-	-	-	-	-	-	-	-	-	665,000
Total Revenues	2,211,125	969,448	1,419,860	767,028	1,180,339	2,267,474	2,119,177	620,221	218,538	2,521,783	952,761	547,475	15,795,229
Disbursements													
Salaries & Benefits	425,005	381,295	1,225,568	1,225,568	1,225,568	1,225,568	1,225,568	1,225,568	1,225,568	1,225,568	1,225,568	1,225,568	13,061,980
Commercial Warrant Exp	127,511	231,720	161,809	175,257	91,260	169,414	151,471	94,814	156,095	156,095	156,095	95,531	1,767,070
Other	-	117,631	-	-	2,850	-	-	2,850	-	-	2,850	-	126,181
Transfers Out	389,855	-	-	-	-	-	-	-	-	-	-	-	389,855
TRAN Related Expenditures	-	-	-	-	-	-	332,500	-	-	332,500	-	-	665,000
Total Expenditures	942,371	730,646	1,387,377	1,400,825	1,319,678	1,394,982	1,709,539	1,323,232	1,381,663	1,714,163	1,384,513	1,321,099	16,010,086
Ending Cash Balance	1,536,434	1,775,235	1,807,718	1,173,922	1,034,583	1,907,075	2,316,713	1,613,701	450,577	1,258,197	826,445	52,821	52,821

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10	Projected Cash Balance as of 4/29/11*
Special Revenue	Cafeteria Fund	16,959	14,000	14,000
Capital Projects	Capital Facilities	1,236	10,000	25,000
Total		18,195	24,000	39,000

* Represents the Maturity Date

Cardiff School District

2009-2010 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	717,319	2,264,819	1,857,361	1,529,955	1,140,714	777,411	2,236,342	1,638,257	1,538,502	1,199,480	1,464,004	1,378,841	717,319
Receipts													
State Aid Apportionment	232	-	540	949	-	439	216	3	188	125	96	-	2,788
Property Taxes	32	30,555	64,534	85,651	150,312	1,819,142	583,712	112,835	227,697	1,557,470	485,670	321,446	5,439,054
Special Education	6,767	-	25,124	34,925	12,588	36,472	37,660	401	24,876	16,572	12,639	-	208,024
Pupil Transportation	-	-	6,405	3,034	3,034	3,034	3,034	3,034	3,034	3,034	3,034	3,034	33,711
EIA	-	-	-	12,685	-	-	24,284	-	12,685	-	11,961	-	61,615
CSR K-3	154,062	-	-	-	-	123,968	-	123,968	-	-	-	-	401,998
Lottery	22,869	-	-	22,749	-	-	27,411	-	-	21,781	-	-	94,811
08/09 Deferral	42,937	7,751	273	-	-	-	-	-	-	-	-	-	50,961
ARRA	59,507	-	-	-	-	-	-	-	-	8,356	-	8,356	76,218
Flexible State Programs:	953	-	2,359	78,028	18,862	18,877	23,823	23,259	(21,520)	(26,692)	(12,582)	(27,404)	77,965
Transfers In	31,156	-	-	-	-	-	-	2,802	-	-	-	-	33,958
Other	76,040	43,346	145,679	40,295	32,732	38,014	53,806	236,765	40,438	55,297	40,438	40,438	843,287
TRAN Related Revenues	1,490,000	-	-	-	-	-	-	-	-	-	-	-	1,490,000
Total Revenues	1,884,556	81,652	244,914	278,316	217,528	2,039,945	753,946	503,067	287,398	1,635,943	541,256	345,870	8,814,390
Disbursements													
Salaries & Benefits	166,098	392,099	502,091	548,864	517,149	526,198	525,401	524,849	546,887	546,887	546,887	546,887	5,890,295
Commercial Warrant Exp	114,571	96,729	50,828	88,588	62,996	54,383	79,874	73,782	77,719	77,719	77,719	77,719	932,625
Other	5,888	282	9,401	30,105	687	433	1,755	4,192	1,814	1,814	1,814	1,814	60,000
Transfers Out	50,499	-	10,000	-	-	-	-	-	-	-	-	-	60,499
TRAN Related Expenditures	-	-	-	-	-	-	745,000	-	-	745,000	-	-	1,490,000
Total Expenditures	337,056	489,110	572,320	667,557	580,831	581,014	1,352,030	602,822	626,419	1,371,419	626,419	626,419	8,433,419
Ending Cash Balance	2,264,819	1,857,361	1,529,955	1,140,714	777,411	2,236,342	1,638,257	1,538,502	1,199,480	1,464,004	1,378,841	1,098,291	1,098,291

2010-2011 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	1,098,291	1,702,885	1,295,858	907,753	465,942	274,437	1,649,263	1,473,707	1,304,368	694,753	1,395,699	1,268,785	1,098,291
Receipts													
State Aid Apportionment	-	496	992	-	-	-	694	4	-	375	114	-	2,675
Property Taxes	-	-	87,675	68,192	204,646	1,878,811	531,706	257,755	51,161	1,534,842	478,596	269,428	5,362,812
Special Education	-	-	-	52,623	24,927	24,927	49,854	402	-	41,534	12,665	-	206,932
Pupil Transportation	-	-	-	6,680	3,024	3,024	5,751	3,024	305	5,742	3,024	3,024	33,596
EIA	-	-	-	1,325	-	11,053	24,466	-	1,238	11,043	12,281	-	61,406
CSR K-3	-	-	-	-	90,106	-	-	124,433	-	-	-	81,525	296,064
Lottery	22,869	-	-	22,749	-	-	27,411	-	-	21,781	-	-	94,811
09/10 Deferral	224,954	18,865	13,708	-	-	-	-	-	-	-	-	-	257,527
Flexible State Programs:	-	-	-	(18,368)	3,497	(24,848)	14,897	(18,765)	(39,237)	(3,790)	(10,512)	18,586	(78,540)
Other	67,440	67,440	67,440	67,440	67,440	67,440	67,440	67,440	67,440	67,440	67,440	67,440	809,277
TRAN Related Revenues	575,000	-	-	-	-	-	-	-	-	-	-	-	575,000
Total Revenues	890,263	86,801	169,815	200,641	393,639	1,960,407	722,219	434,292	80,907	1,678,967	563,608	440,002	7,621,560
Disbursements													
Salaries & Benefits	166,098	392,099	502,091	548,864	517,149	526,198	525,401	524,849	546,887	546,887	546,887	546,887	5,890,295
Commercial Warrant Exp	114,571	96,729	50,828	88,588	62,996	54,383	79,874	73,782	138,635	138,635	138,635	138,635	1,176,291
Other	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
TRAN Related Expenditures	-	-	-	-	-	-	287,500	-	-	287,500	-	-	575,000
Total Expenditures	285,668	493,828	557,919	642,452	585,144	585,581	897,775	603,631	690,522	978,022	690,522	690,522	7,701,586
Ending Cash Balance	1,702,885	1,295,858	907,753	465,942	274,437	1,649,263	1,473,707	1,304,368	694,753	1,395,699	1,268,785	1,018,265	1,018,265

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10	Projected Cash Balance as of 4/29/11*
Special Revenue	Deferred Maintenance	285,714	225,000	190,000
Total		285,714	225,000	190,000

* Represents the Maturity Date

Chula Vista Elementary School District

2009-2010 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	24,394,133	42,422,675	29,268,823	18,430,227	13,777,978	4,058,596	20,543,376	14,038,855	11,452,315	8,824,037	14,827,227	13,056,777	24,394,133
Receipts													
State Aid Apportionment	1,210,748	-	3,579,596	4,729,305	1,793,434	5,196,467	5,365,758	83,386	5,169,468	3,443,733	2,626,427	-	33,198,322
Property Taxes	107,848	477,710	1,040,044	1,009,923	2,024,103	20,689,573	8,099,764	1,553,710	3,123,464	19,586,736	6,176,398	5,124,918	69,014,188
Special Education	304,359	-	1,130,014	1,570,808	566,155	1,640,431	1,693,873	18,047	1,118,819	745,321	568,433	-	9,356,260
Pupil Trans-Special Educ.	-	-	108,861	51,565	51,565	51,565	51,565	51,565	51,565	51,565	51,565	51,566	572,947
Pupil Transportation	-	-	87,954	41,663	41,663	41,663	41,663	41,663	41,663	41,663	41,663	41,663	462,921
EIA	-	-	-	785,568	-	-	1,483,484	-	756,351	-	756,351	-	3,781,754
CSR K-3	3,928,196	-	-	-	-	3,252,895	-	3,252,895	-	-	-	-	10,433,986
Lottery	720,684	-	-	720,584	-	-	779,820	-	-	700,972	-	-	2,922,060
08/09 Deferral	11,084,408	176,768	16,927	-	-	-	-	-	-	-	-	-	11,278,103
ARRA	1,753,667	-	-	-	-	-	-	-	-	653,210	-	653,210	3,060,086
Flexible State Programs:	10,397	-	38,594	2,097,259	1,004,521	446,424	1,111,501	550,015	639,152	609,135	815,540	417,084	7,739,621
Transfers In	-	259,454	259,454	879,606	2,509,290	751,397	375,694	2,655,779	-	-	-	-	7,690,675
Other	1,468,054	1,937,114	918,743	282,668	2,693,728	381,843	1,301,234	5,261,010	2,270,000	2,991,932	2,991,932	2,991,932	25,490,190
TRAN Related Revenues	13,770,000	-	-	-	-	-	-	-	-	-	-	-	13,770,000
Total Revenues	34,358,361	2,851,045	7,180,187	12,168,950	10,684,459	32,452,258	20,304,355	13,468,069	13,170,481	28,824,266	14,028,309	9,280,373	198,771,114
Disbursements													
Salaries & Benefits	13,554,516	12,993,960	13,638,147	13,639,210	13,565,648	13,678,497	13,585,735	13,403,953	13,585,198	13,585,198	13,585,198	13,585,198	162,400,459
Commercial Warrant Exp	2,510,031	1,982,910	2,651,035	2,203,813	1,988,931	2,118,855	5,046,810	1,792,655	2,178,319	2,178,319	2,178,319	2,178,319	29,008,314
Other	15,272	728,027	339,836	978,176	1,415,526	170,126	1,291,330	648,508	35,242	172,560	35,242	35,242	5,865,087
Transfers Out	250,000	300,000	1,389,765	-	3,433,737	-	-	209,493	-	-	-	-	5,582,995
TRAN Related Expenditures	-	-	-	-	-	-	6,885,000	-	-	6,885,000	-	-	13,770,000
Total Expenditures	16,329,819	16,004,897	18,018,783	16,821,199	20,403,841	15,967,478	26,808,875	16,054,609	15,798,759	22,821,077	15,798,759	15,798,759	216,626,856
Ending Cash Balance	42,422,675	29,268,823	18,430,227	13,777,978	4,058,596	20,543,376	14,038,855	11,452,315	8,824,037	14,827,227	13,056,777	6,538,391	6,538,391

2010-2011 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	6,538,391	23,498,832	18,575,051	16,030,821	8,238,710	7,457,517	23,860,775	22,048,014	16,694,437	617,546	7,331,188	959,554	6,538,391
Receipts													
State Aid Apportionment	-	2,498,557	6,995,959	-	4,497,402	4,497,402	8,994,804	72,546	-	7,493,426	2,284,974	-	37,335,070
Property Taxes	41,739	6,957	1,216,644	968,694	2,683,117	23,279,388	6,702,926	3,228,688	682,101	19,113,443	6,028,726	3,470,762	67,423,186
Special Education	-	-	-	2,366,875	1,121,151	1,121,151	2,242,302	18,085	-	1,868,027	569,618	-	9,307,209
Pupil Trans-Special Educ.	-	-	-	113,530	51,390	51,390	97,740	51,390	5,182	97,598	51,390	51,390	570,999
Pupil Transportation	-	-	-	91,728	41,521	41,521	78,970	41,521	4,186	78,856	41,521	41,521	461,347
EIA	-	-	-	81,322	-	678,401	1,501,614	-	76,002	677,777	753,779	-	3,768,896
CSR K-3	-	-	-	-	2,706,779	-	-	3,737,932	-	-	-	2,448,990	8,893,701
Lottery	720,684	-	-	720,584	-	-	779,820	-	-	700,972	-	-	2,922,060
09/10 Deferral	15,420,244	5,251,917	3,891,359	-	-	-	-	-	-	-	-	-	24,563,520
Flexible State Programs:	-	-	-	1,630,744	1,594,590	453,923	1,681,673	615,433	113,236	978,641	855,956	440,019	8,364,214
Transfers In	-	-	-	-	-	-	-	-	-	-	-	11,000,000	11,000,000
Other	2,202,563	2,330,900	1,676,232	2,112,677	2,112,677	2,112,677	2,112,677	2,112,677	2,221,789	2,221,789	2,221,789	2,221,789	25,660,237
TRAN Related Revenues	14,675,000	-	-	-	-	-	-	-	-	-	-	-	14,675,000
Total Revenues	33,060,231	10,088,331	13,780,194	8,086,154	14,808,627	32,235,853	24,192,526	9,878,273	3,102,496	33,230,529	12,807,753	19,674,472	214,945,439
Disbursements													
Salaries & Benefits	13,554,516	12,993,960	13,638,147	13,639,210	13,565,648	13,678,497	13,585,735	13,403,953	14,237,457	14,237,457	14,237,457	14,237,457	165,009,494
Commercial Warrant Exp	2,510,031	1,982,910	2,651,035	2,203,813	1,988,931	2,118,855	5,046,810	1,792,655	4,906,688	4,906,688	4,906,688	4,906,688	39,921,790
Other	35,242	35,242	35,242	35,242	35,242	35,242	35,242	35,242	35,242	35,242	35,242	35,242	422,906
TRAN Related Expenditures	-	-	-	-	-	-	7,337,500	-	-	7,337,500	-	-	14,675,000
Total Expenditures	16,099,790	15,012,113	16,324,424	15,878,265	15,589,821	15,832,595	26,005,287	15,231,850	19,179,387	26,516,887	19,179,387	19,179,387	220,029,191
Ending Cash Balance	23,498,832	18,575,051	16,030,821	8,238,710	7,457,517	23,860,775	22,048,014	16,694,437	617,546	7,331,188	959,554	1,454,639	1,454,639

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10	Projected Cash Balance as of 4/29/11*
Special Revenues	Deferred Maintenance	439,303	466,112	455,539
Capital Projects	Capital Facilities	4,354,354	4,828,886	4,828,886
Internal Service	Workers' Compensation	5,579,772	5,969,786	6,334,336
Total		10,373,429	11,264,784	11,618,761

* Represents the Maturity Date

Grossmont Union High School District

2009-2010 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec 1	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	4,195,404	14,425,370	8,674,802	1,750,492	3,768,134	10,936	9,806,198	11,114,119	(2,388,799)	909,042	10,839,518	4,787,515	4,195,404
Receipts													
State Aid Apportionment	1,329,095	-	4,052,037	5,394,936	2,030,134	5,882,305	6,073,940	83,417	5,171,354	3,444,989	2,627,385	-	36,089,592
Property Taxes	91,962	510,105	1,138,639	1,242,148	2,160,145	22,071,996	8,743,361	1,662,292	3,337,917	21,044,469	6,625,293	5,652,769	74,281,095
Special Education	272,864	-	1,013,079	1,408,260	507,568	1,470,678	1,518,590	16,180	1,003,044	668,196	509,612	-	8,388,071
Pupil Trans-Special Educ.	-	-	181,700	86,069	86,069	86,069	86,069	86,069	86,069	86,069	86,069	86,069	956,321
Pupil Transportation	-	-	113,075	53,562	53,562	53,562	53,562	53,562	53,562	53,562	53,562	53,562	595,133
EIA	-	-	-	327,660	-	-	746,632	-	358,097	-	358,097	-	1,790,486
Lottery	752,600	-	-	721,759	-	-	914,849	-	830,069	719,739	-	-	3,939,015
08/09 Deferral	12,011,370	156,932	7,060	-	-	-	-	-	-	-	-	-	12,175,362
ARRA	4,092,166	-	-	-	-	-	-	-	-	537,397	-	537,397	5,166,959
Flexible State Programs:	63,082	-	233,888	2,691,304	2,448,680	1,795,299	1,872,457	546,594	3,144,087	857,440	1,108,469	287,278	15,048,578
Transfers In	162,051	4,760,377	2,400,000	7,658,921	3,000,131	2,722,900	-	22,900	4,041,904	11,450	11,450	3,011,450	27,803,535
Other	3,524,726	3,128,833	416,025	1,277,745	3,904,111	4,359,917	2,932,273	2,854,624	1,167,081	2,189,103	1,477,634	1,875,729	29,107,801
Total Revenues	22,299,916	8,556,247	9,555,503	20,862,363	14,190,401	38,442,726	22,941,733	5,325,637	19,193,184	29,612,413	12,857,571	11,504,253	215,341,947
Disbursements													
Salaries & Benefits	6,945,585	11,663,003	11,658,043	12,887,942	12,651,313	12,543,674	12,454,352	12,388,918	14,285,875	14,792,483	15,086,521	10,527,846	147,885,554
Commercial Warrant Exp	3,985,656	2,342,657	4,776,549	4,561,250	4,527,423	3,949,546	4,904,750	4,750,040	1,535,225	894,454	3,008,905	3,945,678	43,182,132
Other	146,656	43,752	45,220	1,348,815	768,863	2,154,244	1,574,711	1,289,597	74,243	(5,000)	814,149	2,505	8,257,754
Transfers Out	992,054	257,404	-	46,715	-	10,000,000	2,700,000	400,000	-	4,000,000	-	-	18,396,172
Total Expenditures	12,069,951	14,306,815	16,479,812	18,844,721	17,947,599	28,647,463	21,633,812	18,828,555	15,895,343	19,681,937	18,909,575	14,476,029	217,721,612
Ending Cash Balance	14,425,370	8,674,802	1,750,492	3,768,134	10,936	9,806,198	11,114,119	(2,388,799)	909,042	10,839,518	4,787,515	1,815,739	1,815,739

2010-2011 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec 1	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	1,815,739	27,977,840	23,639,176	19,708,332	8,223,260	4,006,845	21,741,340	22,157,485	12,808,122	527,392	13,526,972	6,482,629	1,815,739
Receipts													
State Aid Apportionment	-	2,579,172	7,221,681	-	4,642,509	4,642,509	9,285,018	74,886	-	7,735,199	2,358,698	-	38,539,672
Property Taxes	36,995	6,166	1,393,666	1,103,830	2,879,329	-	7,190,068	3,467,434	724,315	20,533,279	6,465,749	3,715,106	72,562,111
Special Education	-	-	-	2,121,950	1,005,134	1,005,134	2,010,268	16,213	-	1,674,722	510,674	-	8,344,095
Pupil Trans-Special Educ.	-	-	-	189,496	85,776	85,776	163,140	85,776	8,649	162,904	85,776	85,776	953,070
Pupil Transportation	-	-	-	117,926	53,380	53,380	101,524	53,380	5,382	101,378	53,380	53,380	593,110
EIA	-	-	-	38,502	-	321,192	710,945	-	35,983	320,896	356,880	-	1,784,398
Lottery	752,600	-	-	721,759	-	-	914,849	-	-	719,739	-	-	3,108,946
09/10 Deferral	12,376,162	6,472,805	4,800,757	-	-	-	-	-	-	-	-	-	23,649,724
Flexible State Programs:	-	-	-	3,685,345	3,486,475	1,439,154	5,738,078	732,550	167,566	2,707,546	1,380,574	527,700	19,864,989
Transfers In	2,000,000	-	-	11,450	11,450	-	79,022	11,450	11,450	2,011,450	11,450	7,011,450	11,170,622
Other	4,662,250	1,624,635	(1,358,920)	(631,735)	517,577	-	162,868	2,798,982	3,265,917	1,857,988	1,751,596	528,414	16,021,456
TRAN Related Revenues	17,320,000	-	-	-	-	-	-	-	-	-	-	-	17,320,000
Total Revenues	37,148,007	10,682,778	12,057,184	7,358,522	12,681,630	7,547,145	26,355,781	7,240,671	4,219,262	37,825,101	12,974,777	11,921,827	213,912,194
Disbursements													
Salaries & Benefits	3,202,981	12,712,377	13,812,395	14,414,032	14,425,132	-	14,278,453	13,922,715	14,523,856	15,016,905	15,330,389	10,720,577	156,363,601
Commercial Warrant Exp	5,629,887	2,309,065	1,909,243	4,352,535	2,472,914	1,720,446	2,916,738	2,668,690	1,981,094	1,153,574	3,881,458	5,089,129	36,084,773
Other	153,038	-	266,390	77,027	-	-	84,445	(1,371)	(4,958)	(4,958)	807,273	2,484	1,367,294
Transfers Out	2,000,000	-	-	-	-	-	-	-	-	-	-	-	2,000,000
TRAN Related Expenditures	-	-	-	-	-	-	8,660,000	-	-	8,660,000	-	-	17,320,000
Total Expenditures	10,985,906	15,021,442	15,988,028	18,843,594	16,898,046	1,720,446	25,939,636	16,590,034	16,499,992	24,825,521	20,019,120	15,812,190	213,135,668
Ending Cash Balance	27,977,840	23,639,176	19,708,332	8,223,260	4,006,845	9,833,544	22,157,485	12,808,122	527,392	13,526,972	6,482,629	2,592,265	2,592,265

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10	Projected Cash Balance as of 4/29/11*
Special Revenue	Special Reserve (Non-Capital Projects)	7,549,928	2,296,968	296,968
Capital Projects	Special Reserve (Capital Projects)	9,172,867	7,305,709	1,000,000
Other	Deferred Maintenance Fund	1,902,088	3,000,000	2,000,000
Capital Projects	Capital Facilities Fund (Developer Fees)	6,144,691	3,900,000	1,900,000
Internal Service	Self Insurance Fund	3,959,760	4,500,000	5,000,000
Total		28,729,334	21,002,677	10,196,968

* Represents the Maturity Date

La Mesa-Spring Valley School District

2009-2010 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	2,885,356	14,802,965	8,829,166	6,050,659	5,386,120	1,118,543	7,743,073	7,270,019	3,732,210	2,645,285	2,353,754	252,490	2,885,356
Receipts													
State Aid Apportionment	1,032,805	-	3,193,858	4,267,148	1,600,173	4,636,495	4,787,543	52,869	3,277,544	2,183,394	1,665,206	-	26,697,035
Property Taxes	49,663	139,448	309,631	350,029	663,355	6,444,271	2,578,533	489,231	981,480	6,147,906	1,947,168	1,607,227	21,707,940
Special Education	194,258	-	721,233	1,002,572	361,349	1,047,008	1,081,117	11,529	714,782	476,164	363,156	-	5,973,168
Pupil Trans-Special Educ.	-	-	20,145	9,542	9,542	9,542	9,542	9,542	9,542	9,542	9,542	9,542	106,023
Pupil Transportation	-	-	157,183	74,455	74,455	74,455	74,455	74,455	74,455	74,455	74,455	74,455	827,278
EIA	-	-	-	331,613	-	-	628,215	-	319,943	-	319,942	-	1,599,713
CSR K-3	1,702,992	-	-	-	-	1,418,272	-	1,418,272	-	-	-	-	4,539,536
Lottery	412,249	-	-	406,156	-	-	400,268	-	-	390,119	-	-	1,608,792
08/09 Deferral	7,797,187	110,008	7,145	-	-	-	-	-	-	-	-	-	7,914,340
ARRA	1,072,326	-	-	-	-	-	-	-	-	322,898	-	322,898	1,718,122
Flexible State Programs:	10,189	-	37,802	1,202,075	641,393	302,390	473,740	379,623	534,362	662,630	518,300	350,402	5,112,906
Transfers In	-	925	388,450	-	15,637	412,960	210,000	-	60,461	60,461	60,461	4,560,461	5,769,814
Other	813,274	900,539	1,459,595	985,966	874,115	515,317	1,338,189	2,575,679	1,440,803	1,440,803	1,440,803	1,440,803	15,225,887
TRAN Related Revenues	6,980,000	-	-	-	-	-	-	-	-	-	-	-	6,980,000
Total Revenues	20,064,943	1,150,920	6,295,042	8,629,555	4,240,019	14,860,710	11,581,602	5,011,200	7,413,372	11,768,371	6,399,033	8,365,787	105,780,554
Disbursements													
Salaries & Benefits	6,781,248	6,468,558	7,457,345	8,118,308	7,578,645	7,621,806	7,663,669	7,695,403	7,689,196	7,689,196	7,689,196	7,689,196	90,141,766
Commercial Warrant Exp	1,337,542	642,975	1,184,915	618,730	859,508	505,004	646,122	823,469	827,283	827,283	827,283	827,283	9,927,395
Other	28,545	3,187	319,669	507,057	3,807	109,369	254,865	30,137	(16,183)	53,424	(16,183)	(16,183)	1,261,512
Transfers Out	-	10,000	111,619	50,000	65,637	-	-	-	-	-	-	-	237,256
TRAN Related Expenditures	-	-	-	-	-	-	3,490,000	-	-	3,490,000	-	-	6,980,000
Total Expenditures	8,147,334	7,124,719	9,073,548	9,294,095	8,507,597	8,236,179	12,054,657	8,549,009	8,500,296	12,059,903	8,500,296	8,500,296	108,547,929
Ending Cash Balance	14,802,965	8,829,166	6,050,659	5,386,120	1,118,543	7,743,073	7,270,019	3,732,210	2,645,285	2,353,754	252,490	117,980	117,980

2010-2011 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	117,980	3,165,300	2,837,845	3,934,757	244,095	635,490	5,896,374	8,786,737	5,001,022	30,250	3,812,703	2,247,416	117,980
Receipts													
State Aid Apportionment	-	1,805,755	5,056,113	-	3,250,358	3,250,358	6,500,716	52,430	-	5,415,641	1,651,394	-	26,982,765
Property Taxes	19,276	3,213	377,472	303,941	843,194	7,293,390	2,110,525	1,014,956	220,604	5,994,860	1,897,668	1,102,747	21,181,846
Special Education	-	-	-	1,511,318	715,888	715,888	1,431,776	11,548	-	1,192,790	363,718	-	5,942,926
Pupil Trans-Special Educ.	-	-	-	21,009	9,510	9,510	18,087	9,510	959	18,061	9,510	9,510	105,663
Pupil Transportation	-	-	-	163,926	74,202	74,202	141,126	74,202	7,482	140,922	74,202	74,202	824,465
EIA	-	-	-	34,400	-	286,969	635,195	-	32,149	286,705	318,855	-	1,594,274
CSR K-3	-	-	-	-	1,000,360	-	-	1,381,450	-	-	-	905,088	3,286,898
Lottery	412,249	-	-	406,156	-	-	400,268	-	-	390,119	-	-	1,608,792
09/10 Deferral	7,814,822	3,387,374	2,510,825	-	-	-	-	-	-	-	-	-	13,713,021
Flexible State Programs:	-	-	-	1,042,135	1,141,275	307,612	1,184,077	394,300	79,369	667,190	530,701	287,972	5,634,632
Transfers In	-	-	-	-	-	-	-	-	1,100,000	-	-	3,400,000	4,500,000
Other	1,263,996	1,263,996	1,263,996	1,263,996	1,263,996	1,263,996	1,263,996	1,263,996	1,263,996	1,263,996	1,263,996	1,263,996	15,167,948
TRAN Related Revenues	5,625,000	-	-	-	-	-	-	-	-	-	-	-	5,625,000
Total Revenues	15,135,342	6,460,337	9,208,406	4,746,881	8,298,782	13,201,924	13,685,766	4,202,392	2,704,559	15,370,283	6,110,043	7,043,514	106,168,230
Disbursements													
Salaries & Benefits	6,266,664	5,953,975	6,942,762	7,603,725	7,064,062	7,107,223	7,149,086	7,180,820	6,841,513	6,841,513	6,841,513	6,841,513	82,634,369
Commercial Warrant Exp	1,337,542	850,000	1,184,915	850,000	859,508	850,000	850,000	823,469	850,000	850,000	850,000	850,000	11,005,433
Other	(16,183)	(16,183)	(16,183)	(16,183)	(16,183)	(16,183)	(16,183)	(16,183)	(16,183)	(16,183)	(16,183)	(16,183)	(194,191)
Transfers Out	4,500,000	-	-	-	-	-	-	-	-	1,100,000	-	-	5,600,000
TRAN Related Expenditures	-	-	-	-	-	-	2,812,500	-	-	2,812,500	-	-	5,625,000
Total Expenditures	12,088,023	6,787,792	8,111,494	8,437,542	7,907,387	7,941,040	10,795,404	7,988,106	7,675,330	11,587,830	7,675,330	7,675,330	104,670,610
Ending Cash Balance	3,165,300	2,837,845	3,934,757	244,095	635,490	5,896,374	8,786,737	5,001,022	30,250	3,812,703	2,247,416	1,615,600	1,615,600

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10	Projected Cash Balance as of 4/29/11*
Special Revenue	Child Development Fund 12-06	45,000	45,000	45,000
General	Deferred Maintenance Fund 14-00	100,000	-	-
General	Special Reserve Fund 17-42	200,000	200,000	1,600,000
Capital Projects	Developer Fees Fund 25-19	125,000	125,000	400,000
Capital Projects	Capital Project Reserve Fund 40-00	-	-	1,600,000
Enterprise	Child Care Fund Fund 63-00	500,000	500,000	625,000
Total		970,000	870,000	4,270,000

* Represents the Maturity Date

Oceanside Unified School District

2009-2010 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec 1	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	5,504,912	34,137,395	22,118,433	15,022,019	13,125,834	7,471,215	18,056,924	16,612,518	10,064,514	7,985,772	7,674,493	4,223,731	5,504,912
Receipts													
State Aid Apportionment	1,592,095	-	4,916,510	6,566,460	2,463,249	7,137,253	7,369,771	79,416	5,443,631	3,620,869	2,761,524	-	41,950,778
Property Taxes	73,810	267,370	587,816	645,898	1,185,165	12,184,786	4,841,807	917,770	1,909,324	11,559,803	3,653,398	3,018,483	40,845,431
Special Education	198,936	-	738,604	1,026,718	370,052	1,072,224	1,107,156	11,796	696,663	487,159	371,541	-	6,080,849
Pupil Trans-Special Educ.	-	-	173,749	82,302	82,302	82,302	82,302	82,302	82,302	82,302	82,302	82,302	914,467
Pupil Transportation	-	-	314,010	148,741	148,741	148,741	148,741	148,741	148,741	148,741	148,741	148,741	1,652,679
EIA	-	-	-	622,794	-	-	1,043,360	-	555,385	-	555,385	-	2,776,924
CSR K-3	2,004,314	-	-	-	-	1,676,383	-	1,676,383	-	-	-	-	5,357,080
Lottery	633,794	-	-	633,706	-	-	723,397	-	15,831	618,904	-	-	2,625,631
08/09 Deferral	12,697,510	133,198	13,419	-	-	-	-	-	-	-	-	-	12,844,127
ARRA	1,900,464	-	-	-	-	-	-	-	-	777,951	-	777,951	3,456,366
Flexible State Programs:	22,362	-	82,974	1,823,713	1,134,235	549,481	839,139	712,718	598,816	1,799,971	794,484	756,331	9,114,224
Transfers In	-	20,000	3,761	78,823	363,334	117,126	42,899	221,032	-	-	-	8,300,000	9,146,975
Other	3,420,406	2,565,389	1,872,671	3,526,096	4,447,070	3,348,270	4,624,183	4,993,980	2,537,544	1,474,483	2,474,483	(1,738,707)	33,545,870
TRAN Related Revenues	13,009,459	-	-	-	-	-	-	-	-	-	-	-	13,009,459
Total Revenues	35,553,150	2,985,957	8,703,514	15,155,251	10,194,149	26,316,567	20,822,756	8,844,138	11,988,237	20,570,183	10,841,858	11,345,101	183,320,861
Disbursements													
Salaries & Benefits	3,936,467	11,014,905	12,671,792	13,086,535	13,142,930	12,910,156	13,020,048	12,945,635	12,884,300	12,962,849	12,962,849	12,962,849	144,501,317
Commercial Warrant Exp	2,478,643	2,913,954	2,394,819	3,034,015	2,465,085	2,591,911	2,416,415	2,226,157	1,241,315	1,324,026	1,324,026	1,324,026	25,734,392
Other	485,558	1,015,781	678,640	325,480	171,437	227,027	349,876	220,350	(58,636)	2,389	2,389	2,389	3,422,680
Transfers Out	20,000	60,279	54,677	605,405	69,315	1,764	60,204	-	-	3,357	3,357	3,357	881,714
TRAN Related Expenditures	-	-	-	-	-	-	6,420,618	-	-	6,588,841	-	-	13,009,459
Total Expenditures	6,920,668	15,004,920	15,799,928	17,051,436	15,848,767	15,730,858	22,267,161	15,392,142	14,066,979	20,881,462	14,292,621	14,292,621	187,549,562
Ending Cash Balance	34,137,395	22,118,433	15,022,019	13,125,834	7,471,215	18,056,924	16,612,518	10,064,514	7,985,772	7,674,493	4,223,731	1,276,211	1,276,211

2010-2011 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec 1	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	1,276,211	14,895,316	10,305,850	11,580,263	5,611,355	3,935,894	14,708,138	17,697,255	12,049,887	2,547,061	8,486,441	4,483,822	1,276,211
Receipts													
State Aid Apportionment	-	2,852,380	7,986,665	-	5,134,285	-	10,268,569	285,238	-	8,557,141	2,567,142	-	42,785,705
Property Taxes	30,842	5,140	682,648	547,512	1,592,144	13,781,468	3,980,752	1,915,588	410,949	11,331,230	3,580,449	2,069,129	39,927,851
Special Education	-	-	-	1,547,045	732,811	-	1,465,622	11,821	-	1,220,986	372,316	-	6,083,412
Pupil Trans-Special Educ.	-	-	-	181,203	82,022	-	156,000	82,022	8,270	155,774	82,022	82,022	911,358
Pupil Transportation	-	-	-	327,480	148,235	-	281,932	148,235	14,946	281,525	148,235	148,235	1,647,060
EIA	-	-	-	59,714	-	498,147	1,102,628	-	55,808	497,689	553,496	-	2,767,482
CSR K-3	-	-	-	-	-	1,676,383	-	1,676,383	-	-	-	-	3,352,766
Lottery	633,794	-	-	633,706	-	-	723,397	-	-	618,904	-	-	2,609,800
09/10 Deferral	10,407,091	5,162,718	3,829,967	-	-	-	-	-	-	-	-	-	19,399,776
Flexible State Programs:	-	-	-	1,830,924	1,524,455	563,059	2,448,657	466,447	214,928	1,084,222	885,077	445,986	9,463,756
Transfers In	-	-	-	-	-	-	-	-	-	-	-	7,400,000	7,400,000
Other	6,349,822	2,194,701	3,225,705	2,505,512	2,332,732	113,487	3,160,710	2,681,771	2,907,220	2,401,702	1,878,488	812,038	30,563,888
TRAN Related Revenues	12,225,000	-	-	-	-	-	-	-	-	-	-	-	12,225,000
Total Revenues	29,646,549	10,214,939	15,724,985	7,633,096	11,546,685	16,632,544	23,588,268	7,267,505	3,612,121	26,149,172	10,067,226	10,957,411	179,137,854
Disbursements													
Salaries & Benefits	1,823,081	11,730,096	12,717,795	11,687,294	11,947,224	10,306,210	12,812,316	11,707,263	11,690,318	11,705,790	11,681,576	12,724,581	132,533,544
Commercial Warrant Exp	1,035,669	2,740,357	1,517,049	1,898,145	1,273,998	1,615,146	1,609,279	1,209,325	1,422,962	2,391,999	2,152,813	5,890,363	24,757,105
Other	4,868,694	333,952	215,728	16,565	924	36,297	65,056	(1,715)	1,667	(497)	235,456	(4,372,127)	1,400,000
Transfers Out	8,300,000	-	-	-	-	-	-	-	-	-	-	-	8,300,000
TRAN Related Expenditures	-	-	-	-	-	-	6,112,500	-	-	6,112,500	-	-	12,225,000
Total Expenditures	16,027,444	14,804,405	14,450,572	13,602,004	13,222,146	11,957,653	20,599,151	12,914,873	13,114,947	20,209,792	14,069,845	14,242,817	179,215,649
Ending Cash Balance	14,895,316	10,305,850	11,580,263	5,611,355	3,935,894	8,610,785	17,697,255	12,049,887	2,547,061	8,486,441	4,483,822	1,198,417	1,198,417

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10	Projected Cash Balance as of 4/29/11*
Special Revenue	Cafeteria	1,667,086	500,000	1,400,000
Special Revenue	Deferred Maintenance	3,034,243	10,291	10,291
Capital Projects	Developers fees	4,129,224	200,000	200,000
Total		8,830,553	710,291	1,610,291

* Represents the Maturity Date

Poway Unified School District

2009-2010 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	6,966,977	47,385,863	37,070,167	27,295,492	20,858,520	9,834,304	35,097,118	28,458,848	15,494,283	8,939,951	13,339,245	5,926,857	6,966,977
Receipts													
State Aid Apportionment	1,734,515	-	5,103,991	6,735,150	2,557,180	7,409,417	7,650,802	79,862	4,950,975	3,298,180	2,515,418	-	42,035,490
Property Taxes	129,918	659,557	1,431,072	1,789,733	3,140,228	31,888,988	12,416,060	2,398,314	4,823,959	30,099,592	9,477,256	7,686,268	105,940,945
Special Education	380,083	-	1,411,158	1,961,621	707,012	2,048,566	2,115,304	22,862	1,417,309	944,165	720,085	-	11,728,165
Pupil Trans-Special Educ.	-	-	102,623	48,611	48,611	48,611	48,611	48,611	48,611	48,611	48,611	48,611	540,122
Pupil Transportation	-	-	243,246	115,222	115,222	115,222	115,222	115,222	115,222	115,222	115,222	115,222	1,280,244
EIA	-	-	-	324,052	-	-	738,787	-	354,280	-	354,280	-	1,771,399
CSR K-3	3,131,437	-	-	-	-	2,568,794	-	2,568,794	-	-	-	-	8,269,025
Lottery	1,071,601	-	-	1,071,452	-	-	1,193,055	-	-	996,704	-	-	4,332,812
08/09 Deferral	12,586,823	217,891	6,982	-	-	-	-	-	-	-	-	-	12,811,696
ARRA	2,718,066	-	-	-	-	-	-	-	-	-	-	-	2,718,066
Flexible State Programs:	26,015	-	96,505	2,846,679	1,554,700	734,211	1,051,069	763,068	1,263,666	1,552,606	1,200,660	730,287	11,819,466
Transfers In	-	-	1,014,675	1,090,701	249,646	111,290	239,387	345,446	-	-	-	4,000,000	7,051,145
Other	3,509,860	3,662,184	2,066,550	5,488,440	3,353,608	2,561,170	2,793,143	4,673,623	2,894,265	1,786,879	578,698	3,267,035	36,635,456
TRAN Related Revenues	23,570,000	-	-	-	-	-	-	-	-	-	-	-	23,570,000
Total Revenues	48,858,318	4,539,632	11,476,801	21,471,661	11,726,207	47,486,269	28,361,441	11,015,803	15,868,286	38,841,959	15,010,230	15,847,424	270,504,030
Disbursements													
Salaries & Benefits	5,174,600	11,421,889	18,791,095	19,544,646	19,457,596	19,032,255	19,845,354	18,932,673	19,195,150	19,195,150	19,195,150	18,386,400	208,171,957
Commercial Warrant Exp	3,194,203	2,439,041	2,182,070	3,243,294	2,761,455	2,695,220	2,613,722	4,628,389	3,218,289	3,218,289	3,218,289	2,415,451	35,827,710
Other	70,629	194,397	226,907	2,269,260	281,373	291,957	755,635	240,734	9,180	244,225	9,180	9,180	4,602,657
Transfers Out	-	800,000	51,405	2,851,432	250,000	204,024	-	178,572	-	-	-	-	4,335,433
TRAN Related Expenditures	-	-	-	-	-	-	11,785,000	-	-	11,785,000	-	-	23,570,000
Total Expenditures	8,439,431	14,855,328	21,251,477	27,908,632	22,750,424	22,223,456	34,999,710	23,980,368	22,422,619	34,442,664	22,422,619	20,811,031	276,507,757
Ending Cash Balance	47,385,863	37,070,167	27,295,492	20,858,520	9,834,304	35,097,118	28,458,848	15,494,283	8,939,951	13,339,245	5,926,857	963,250	963,250

2010-2011 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	963,250	30,668,032	24,163,072	19,167,347	8,259,049	3,896,017	28,340,971	25,223,593	14,100,998	83,113	6,898,657	2,212,079	963,250
Receipts													
State Aid Apportionment	-	3,073,235	8,605,060	-	5,531,824	5,531,824	11,063,648	89,231	-	9,216,947	2,810,528	-	45,922,297
Property Taxes	51,048	8,508	1,858,797	1,473,146	4,119,043	35,777,888	10,280,695	4,955,404	1,033,905	29,366,607	9,248,212	5,301,295	103,474,548
Special Education	-	-	-	2,974,807	1,409,119	1,409,119	2,818,238	22,730	-	2,347,827	715,924	-	11,697,764
Pupil Trans-Special Educ.	-	-	-	107,026	48,446	48,446	92,140	48,446	4,885	92,007	48,446	48,446	538,286
Pupil Transportation	-	-	-	253,682	114,830	114,830	218,398	114,830	11,578	218,082	114,830	114,830	1,275,891
EIA	-	-	-	38,092	-	317,768	703,366	-	35,600	317,475	353,075	-	1,765,376
CSR K-3	-	-	-	-	1,593,225	-	-	2,200,168	-	-	-	1,441,489	5,234,882
Lottery	1,754,141	-	-	1,071,452	-	-	1,193,055	-	-	996,704	-	-	5,015,352
09/10 Deferral	12,442,258	5,517,278	4,091,758	-	-	-	-	-	-	-	-	-	22,051,294
Flexible State Programs:	-	-	-	2,724,835	2,371,820	796,418	3,771,205	902,220	151,771	1,618,018	1,378,033	632,489	14,346,808
Transfers In	-	-	-	-	-	-	-	-	4,200,000	-	-	8,000,000	12,200,000
Other	1,706,262	1,706,262	1,706,262	1,706,262	1,706,262	1,706,262	1,706,262	1,706,262	1,706,262	1,806,262	1,806,262	1,806,262	20,775,144
TRAN Related Revenues	27,605,000	-	-	-	-	-	-	-	-	-	-	-	27,605,000
Total Revenues	43,558,709	10,305,283	16,261,877	10,349,301	16,894,568	45,702,555	31,847,008	10,039,290	7,144,001	45,979,929	16,475,310	17,344,811	271,902,642
Disbursements													
Salaries & Benefits	4,447,359	13,342,071	17,789,428	17,789,428	17,789,428	17,789,428	17,789,428	17,789,428	17,789,428	17,789,428	17,789,428	16,010,485	193,904,767
Commercial Warrant Exp	2,242,799	3,372,457	3,372,459	3,372,457	3,372,457	3,372,457	3,372,458	3,372,457	3,372,458	3,372,458	3,372,459	2,541,599	38,508,975
Other	3,163,769	95,715	95,715	95,715	95,715	95,715	-	-	-	-	-	-	3,642,344
Transfers Out	4,000,000	-	-	-	-	-	-	-	-	4,200,000	-	-	8,200,000
TRAN Related Expenditures	-	-	-	-	-	-	13,802,500	-	-	13,802,500	-	-	27,605,000
Total Expenditures	13,853,927	16,810,243	21,257,602	21,257,600	21,257,600	21,257,600	34,964,386	21,161,885	21,161,886	39,164,386	21,161,887	18,552,084	271,861,086
Ending Cash Balance	30,668,032	24,163,072	19,167,347	8,259,049	3,896,017	28,340,971	25,223,593	14,100,998	83,113	6,898,657	2,212,079	1,004,806	1,004,806

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10	Projected Cash Balance as of 4/29/11*
Special Revenue	Adult Education	339,746	122,968	50,000
Special Revenue	Child Development Fund	26,012	28,056	20,000
Special Revenue	Child Nutrition Service Fund	2,705,486	2,452,852	2,000,000
Special Revenue	Deferred Maintenance Fund	2,402,639	737,847	50,000
Capital Projects	Building Fund (Prop 39)	27,226,618	20,935,432	-
Capital Projects	Capital Facilities Fund (AB2068)	2,614,780	2,371,836	1,500,000
Capital Projects	Special Reserve Fund(Special Project)	4,556,918	2,682,008	800,000
Capital Projects	State School Facilities Fund	19,668,768	2,658,272	1,000,000
Internal Service	Self Insurance Fund	4,939,685	6,151,749	5,500,000
Total		64,480,651	38,141,019	10,920,000

* Represents the Maturity Date

San Dieguito Union High School District

2009-2010 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	21,173,432	28,747,780	23,880,955	17,879,804	13,020,836	7,741,903	26,929,008	22,040,807	17,553,884	12,509,342	20,391,962	18,993,249	21,173,432
Receipts													
State Aid Apportionment	(2,414)	-	(5,615)	(9,866)	-	(4,565)	(2,246)	(54)	(3,378)	(2,250)	(1,716)	-	(32,104)
Property Taxes	46,288	449,479	963,667	1,269,915	2,219,650	26,688,375	8,554,701	1,659,273	3,341,372	22,844,988	7,124,191	4,623,548	79,785,445
Special Education	93,775	-	348,165	483,977	174,436	505,428	521,894	5,560	344,716	229,639	175,138	-	2,882,728
Pupil Trans-Special Educ.	-	-	11,282	5,345	5,345	5,345	5,345	5,345	5,345	5,345	5,345	5,344	59,386
Pupil Transportation	-	-	91,707	43,440	43,440	43,440	43,440	43,440	43,440	43,440	43,440	43,440	482,667
EIA	-	-	-	63,772	-	-	138,401	-	103,826	-	30,956	-	336,955
Lottery	409,750	-	-	409,693	-	-	410,235	-	-	371,458	-	-	1,601,137
08/09 Deferral	(5,752,885)	136,844	1,374	-	-	-	-	-	-	-	-	-	(5,614,667)
ARRA	1,130,131	-	-	-	-	-	-	-	-	69,024	-	69,024	1,268,178
Flexible State Programs:	32,273	-	79,778	1,257,799	264,753	451,800	471,640	288,870	(437,732)	(547,449)	(314,492)	(601,106)	946,134
Transfers In	64,998	265,821	-	-	-	-	-	-	525	525	525	525	332,920
Other	1,937,303	1,047,707	1,220,453	1,074,563	569,615	352,822	909,975	2,105,500	191,799	192,355	192,355	192,355	9,986,803
TRAN Related Revenues	13,380,000	-	-	-	-	-	-	-	-	-	-	-	13,380,000
Total Revenues	11,339,218	1,899,851	2,710,810	4,598,637	3,277,239	28,042,645	11,053,385	4,107,934	3,589,914	23,207,075	7,255,742	4,333,130	105,415,582
Disbursements													
Salaries & Benefits	2,869,772	5,757,330	7,313,977	7,803,259	7,561,071	7,906,134	7,755,826	7,458,963	7,633,205	7,633,205	7,633,205	8,133,205	85,459,152
Commercial Warrant Exp	838,843	767,245	1,321,406	988,737	995,102	826,617	1,403,363	1,061,364	1,004,208	1,004,208	1,024,208	1,704,208	12,939,509
Other	30,427	109,510	48,112	665,610	-	122,789	92,398	74,530	(10,591)	(10,591)	(10,591)	(10,591)	1,101,010
Transfers Out	25,829	132,591	28,467	-	-	-	-	-	7,633	7,633	7,633	7,633	217,420
TRAN Related Expenditures	-	-	-	-	-	-	6,690,000	-	-	6,690,000	-	-	13,380,000
Total Expenditures	3,764,870	6,766,676	8,711,961	9,457,606	8,556,173	8,855,540	15,941,587	8,594,857	8,634,455	15,324,455	8,654,455	9,834,455	113,097,091
Ending Cash Balance	28,747,780	23,880,955	17,879,804	13,020,836	7,741,903	26,929,008	22,040,807	17,553,884	12,509,342	20,391,962	18,993,249	13,491,924	13,491,924

2010-2011 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	13,491,924	26,697,843	21,133,033	15,033,560	9,563,692	3,251,575	24,102,816	17,902,900	14,821,950	7,581,839	15,011,043	14,603,332	13,491,924
Receipts													
State Aid Apportionment	-	(4,661)	(9,322)	-	-	-	(6,525)	(34)	-	(3,521)	(1,074)	-	(25,137)
Property Taxes	-	-	1,212,922	1,001,726	1,524,763	29,515,822	8,290,838	3,840,529	791,002	22,871,447	7,923,131	3,194,159	80,166,338
Special Education	-	-	-	729,251	345,435	345,435	690,870	5,572	-	575,551	175,503	-	2,867,617
Pupil Trans-Special Educ.	-	-	-	11,767	5,327	5,327	10,131	5,327	537	10,116	5,327	5,327	59,184
Pupil Transportation	-	-	-	95,641	43,292	43,292	82,339	43,292	4,365	82,280	43,292	43,292	481,086
EIA	-	-	-	7,246	-	60,446	133,794	-	6,772	60,390	67,162	-	335,809
Lottery	409,750	-	-	209,693	-	-	310,235	-	-	390,321	-	-	1,320,000
09/10 Deferral	784,205	164,995	118,310	-	-	-	-	-	-	-	-	-	1,067,510
Flexible State Programs:	-	-	-	967,372	(214,761)	(681,330)	(93,338)	(666,309)	(594,826)	(482,283)	(408,455)	(681,330)	(2,855,261)
Transfers In	-	-	-	-	-	-	-	-	350,000	-	-	-	350,000
Other	1,000,000	819,432	1,194,000	819,432	500,000	350,000	1,100,000	2,200,000	695,000	225,000	250,000	195,000	9,347,863
TRAN Related Revenues	15,145,000	-	-	-	-	-	-	-	-	-	-	-	15,145,000
Total Revenues	17,338,955	979,766	2,515,910	3,842,128	2,204,056	29,638,992	10,518,343	5,428,377	1,252,850	23,729,301	8,054,886	2,756,448	108,260,010
Disbursements													
Salaries & Benefits	2,849,772	5,737,330	7,263,977	7,753,259	7,561,071	7,856,134	7,855,826	7,408,963	7,457,597	7,457,597	7,457,597	7,457,597	84,116,719
Commercial Warrant Exp	1,253,264	707,245	1,301,406	908,737	955,102	806,617	1,209,934	1,035,364	1,035,364	920,000	1,005,000	1,750,000	12,888,031
Other	30,000	100,000	50,000	650,000	-	125,000	80,000	65,000	-	-	-	-	1,100,000
Transfers Out	-	-	-	-	-	-	-	-	-	350,000	-	(44,600)	305,400
TRAN Related Expenditures	-	-	-	-	-	-	7,572,500	-	-	7,572,500	-	-	15,145,000
Total Expenditures	4,133,036	6,544,575	8,615,383	9,311,996	8,516,173	8,787,751	16,718,259	8,509,327	8,492,961	16,300,097	8,462,597	9,162,997	113,555,150
Ending Cash Balance	26,697,843	21,133,033	15,033,560	9,563,692	3,251,575	24,102,816	17,902,900	14,821,950	7,581,839	15,011,043	14,603,332	8,196,783	8,196,783

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10	Projected Cash Balance as of 4/29/11*
Capital Projects	Other Reserve Fund	362,775	332,094	295,094
Capital Projects	Capital Facilities Fund	746,369	538,628	171,862
Capital Projects	Capital Facilities Fund/SB2068	2,355,504	1,209,848	1,309,848
Total		3,464,648	2,080,570	1,776,804

* Represents the Maturity Date

San Ysidro School District

2009-2010 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	1,669,284	5,275,656	3,175,744	2,259,275	2,172,385	3,450,030	7,148,593	3,264,496	1,796,858	1,916,047	1,574,360	1,046,578	1,669,284
Receipts													
State Aid Apportionment	265,910	-	788,722	1,042,911	395,162	1,144,981	1,182,282	10,404	644,975	429,662	327,689	-	6,232,698
Property Taxes	20,904	88,687	195,656	254,430	417,525	4,225,838	1,650,121	319,084	640,016	3,640,980	1,797,934	719,541	13,970,714
Special Education	52,474	-	194,823	270,819	97,609	282,823	292,037	3,111	177,840	127,103	96,938	-	1,595,577
Pupil Trans-Special Educ.	-	-	4,434	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	23,334
Pupil Transportation	-	-	15,272	7,234	7,234	7,234	7,234	7,234	7,234	7,234	7,234	7,234	80,378
EIA	-	-	-	318,077	-	-	593,338	-	303,805	-	303,805	-	1,519,025
CSR K-3	654,682	-	-	-	-	537,910	-	537,910	-	-	-	-	1,730,502
Lottery	155,752	-	-	151,819	-	-	149,371	-	-	153,115	-	-	610,057
08/09 Deferral	890,202	-	6,854	-	-	-	-	-	-	-	-	-	897,056
ARRA	451,946	-	-	-	-	-	-	-	-	143,820	-	143,820	739,585
Flexible State Programs:	3,334	-	12,370	362,739	196,039	85,733	265,999	102,833	126,024	108,988	170,378	76,111	1,510,548
Transfers In	-	-	-	500,000	3,208,965	-	-	-	400,000	-	-	1,300,000	5,408,965
Other	401,243	673,660	1,257,397	970,346	739,855	490,459	569,321	932,024	1,161,042	805,748	805,748	805,748	9,612,592
TRAN Related Revenues	2,590,000	-	-	-	-	-	-	-	-	-	-	-	2,590,000
Total Revenues	5,486,447	762,347	2,475,528	3,880,474	5,064,489	6,777,078	4,711,804	1,914,700	3,463,036	5,418,750	3,511,826	3,054,554	46,521,031
Disbursements													
Salaries & Benefits	1,320,740	2,405,009	2,865,216	3,133,984	2,968,965	2,804,844	3,113,031	3,009,628	2,968,042	3,502,141	3,502,141	3,502,141	35,095,882
Commercial Warrant Exp	557,496	452,090	522,386	386,727	577,749	271,206	648,201	365,786	347,169	458,757	458,757	458,757	5,505,080
Other	1,840	5,161	4,395	446,652	-	2,465	39,668	6,924	28,636	37,284	11,456	11,456	595,939
Transfers Out	-	-	-	-	240,130	-	3,500,000	-	-	467,254	67,254	67,254	4,341,892
TRAN Related Expenditures	-	-	-	-	-	-	1,295,000	-	-	1,295,000	-	-	2,590,000
Total Expenditures	1,880,075	2,862,259	3,391,997	3,967,363	3,786,844	3,078,515	8,595,901	3,382,338	3,343,847	5,760,436	4,039,608	4,039,608	48,128,792
Ending Cash Balance	5,275,656	3,175,744	2,259,275	2,172,385	3,450,030	7,148,593	3,264,496	1,796,858	1,916,047	1,574,360	1,046,578	61,523	61,523

2010-2011 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	61,523	4,088,775	3,328,182	2,887,676	1,591,668	1,030,688	5,023,346	4,299,252	3,231,892	717,051	1,755,655	1,204,060	61,523
Receipts													
State Aid Apportionment	-	433,218	1,213,010	-	779,792	779,792	1,559,584	12,578	-	1,299,264	396,185	-	6,473,423
Property Taxes	7,350	1,225	259,144	205,504	546,034	4,744,878	1,363,502	657,195	137,643	3,891,632	1,226,253	704,762	13,745,122
Special Education	-	-	-	408,067	193,295	193,295	386,590	3,118	-	322,062	98,206	-	1,604,633
Pupil Trans-Special Educ.	-	-	-	4,624	2,093	2,093	3,981	2,093	211	3,975	2,093	2,093	23,255
Pupil Transportation	-	-	-	15,927	7,209	7,209	13,712	7,209	727	13,692	7,209	7,209	80,105
EIA	-	-	-	32,665	-	272,495	603,156	-	30,528	272,244	302,772	-	1,513,860
CSR K-3	-	-	-	-	388,365	-	-	536,313	-	-	-	274,842	1,199,520
Lottery	155,752	-	-	151,819	-	-	149,371	-	-	146,165	-	-	603,107
09/10 Deferral	2,036,653	720,366	533,245	-	-	-	-	-	-	-	-	-	3,290,264
Flexible State Programs:	-	-	-	464,401	127,249	127,249	200,546	147,852	54,138	196,247	219,363	114,927	1,651,974
Transfers In	-	-	-	-	-	-	-	-	36,000	-	82,000	750,634	868,634
Other	786,105	786,105	786,105	786,105	786,105	786,105	786,105	786,105	786,105	786,105	786,105	786,105	9,433,261
TRAN Related Revenues	4,370,000	-	-	-	-	-	-	-	-	-	-	-	4,370,000
Total Revenues	7,355,860	1,940,914	2,791,504	2,069,112	2,830,143	6,913,117	5,066,547	2,152,463	1,045,352	6,931,387	3,120,186	2,640,573	44,857,158
Disbursements													
Salaries & Benefits	1,249,641	2,227,946	2,688,153	2,956,921	2,791,903	2,627,781	2,935,968	2,832,566	3,191,554	3,191,554	3,191,554	3,191,554	33,077,095
Commercial Warrant Exp	557,496	452,090	522,386	386,727	577,749	271,206	648,201	365,786	347,169	458,757	458,757	458,757	5,505,080
Other	21,471	21,471	21,471	21,471	21,471	21,471	21,471	21,471	21,471	21,471	21,471	21,471	257,655
Transfers Out	1,500,000	-	-	-	-	-	-	-	-	36,000	-	82,000	1,618,000
TRAN Related Expenditures	-	-	-	-	-	-	2,185,000	-	-	2,185,000	-	-	4,370,000
Total Expenditures	3,328,608	2,701,507	3,232,010	3,365,119	3,391,123	2,920,459	5,790,641	3,219,823	3,560,194	5,892,782	3,671,782	3,753,782	44,827,830
Ending Cash Balance	4,088,775	3,328,182	2,887,676	1,591,668	1,030,688	5,023,346	4,299,252	3,231,892	717,051	1,755,655	1,204,060	90,850	90,850

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10	Projected Cash Balance as of 4/29/11*
General	Fund 17 Special Reserve set aside for OPEB lialiability	2,306,813	1,018,820	2,323,985
Total		2,306,813	1,018,820	2,323,985

* Represents the Maturity Date

SERIES B-3 PARTICIPANTS

Santee Elementary School District

2009-2010 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	2,967,323	8,369,083	6,253,194	4,743,540	4,730,703	2,054,348	5,641,882	5,177,048	2,913,840	2,349,317	1,954,245	452,663	2,967,323
Receipts													
State Aid Apportionment	542,415	-	1,685,502	2,254,541	844,463	2,446,828	2,526,541	28,950	1,794,720	1,195,584	911,835	-	14,231,379
Property Taxes	19,889	94,537	240,462	222,762	128,255	2,848,369	1,153,501	219,470	433,274	2,733,320	864,690	911,638	9,870,167
Special Education	82,126	-	304,916	423,858	152,768	442,644	457,064	4,870	301,895	201,113	153,382	-	2,524,636
Pupil Trans-Special Educ.	-	-	23,452	11,108	11,108	11,108	11,108	11,108	11,108	11,108	11,108	11,109	123,425
Pupil Transportation	-	-	42,857	20,301	20,301	20,301	20,301	20,301	20,301	20,301	20,301	20,301	225,566
EIA	-	-	-	68,604	-	-	113,911	-	60,838	-	60,838	-	304,191
CSR K-3	837,029	-	-	-	-	687,850	-	687,850	-	-	-	-	2,212,729
Lottery	212,182	-	-	212,152	-	-	194,430	-	-	204,910	-	-	823,674
08/09 Deferral	4,541,878	67,502	1,478	-	-	-	-	-	-	-	-	-	4,610,858
ARRA	485,495	-	-	-	-	-	-	-	-	65,875	-	65,875	617,245
Flexible State Programs:	2,895	-	10,750	574,510	158,122	137,748	226,930	176,693	288,702	396,398	251,624	197,068	2,421,440
Transfers In	-	-	-	-	-	31,280	454,149	11,308	-	-	-	2,541,056	3,037,793
Other	296,137	250,264	296,794	356,141	213,008	1,142,348	671,819	900,620	879,854	579,855	579,855	579,855	6,746,550
TRAN Related Revenues	2,840,000	-	-	-	-	-	-	-	-	-	-	-	2,840,000
Total Revenues	9,860,047	412,303	2,606,210	4,143,977	1,528,025	7,768,476	5,829,754	2,061,170	3,790,692	5,408,464	2,853,633	4,326,902	50,589,653
-													
Disbursements													
Salaries & Benefits	1,353,607	1,939,974	3,426,463	3,771,995	3,702,711	3,638,187	3,759,596	3,730,730	3,807,959	3,807,959	3,807,959	3,807,959	40,555,099
Commercial Warrant Exp	712,858	416,453	512,336	362,955	289,623	383,724	415,156	535,296	492,530	492,530	492,530	492,530	5,598,520
Other	2,391,821	6,766	1,983	21,864	162,047	113,150	114,215	58,352	54,726	83,047	54,726	54,726	3,117,422
Transfers Out	-	165,000	175,083	-	50,000	45,880	585,622	-	-	-	-	-	1,021,585
TRAN Related Expenditures	-	-	-	-	-	-	1,420,000	-	-	1,420,000	-	-	2,840,000
Total Expenditures	4,458,286	2,528,192	4,115,864	4,156,813	4,204,380	4,180,942	6,294,589	4,324,378	4,355,215	5,803,536	4,355,215	4,355,215	53,132,626
Ending Cash Balance	8,369,083	6,253,194	4,743,540	4,730,703	2,054,348	5,641,882	5,177,048	2,913,840	2,349,317	1,954,245	452,663	424,350	424,350

2010-2011 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	424,350	6,748,266	7,220,120	7,095,229	5,229,790	1,830,811	3,619,194	3,909,783	2,107,531	68,288	514,861	27,029	424,350
Receipts													
State Aid Apportionment	-	985,683	2,759,912	-	1,774,229	1,774,229	3,548,458	28,619	-	2,956,165	901,425	-	14,728,720
Property Taxes	9,768	1,628	269,473	214,836	375,946	3,281,430	944,039	454,833	99,544	2,670,493	846,683	500,764	9,669,437
Special Education	-	-	-	638,663	302,525	302,525	605,050	4,880	-	504,056	153,702	-	2,511,401
Pupil Trans-Special Educ.	-	-	-	24,457	11,070	11,070	21,055	11,070	1,116	21,025	11,070	11,070	123,005
Pupil Transportation	-	-	-	44,696	20,232	20,232	38,480	20,232	2,040	38,424	20,232	20,232	224,799
EIA	-	-	-	6,541	-	54,568	120,785	-	6,113	54,518	60,631	-	303,157
CSR K-3	-	-	-	-	507,375	-	-	700,661	-	-	-	459,054	1,667,090
Lottery	212,182	-	-	212,152	-	-	194,430	-	-	204,910	-	-	823,674
09/10 Deferral	4,100,979	1,781,924	1,321,293	-	-	-	-	-	-	-	-	-	7,204,196
Flexible State Programs:	-	-	-	487,982	407,949	142,308	461,408	184,557	29,885	297,004	254,135	137,325	2,402,554
Transfers In	-	-	-	-	-	-	-	-	2,300,000	1,000,000	2,100,000	5,046,551	10,446,551
Other	98,440	208,935	112,474	481,001	415,966	177,788	117,652	768,662	110,102	760,746	140,056	273,742	3,665,565
TRAN Related Revenues	3,570,000	-	-	-	-	-	-	-	-	-	-	-	3,570,000
Total Revenues	7,991,369	2,978,170	4,463,152	2,110,329	3,815,293	5,764,151	6,051,356	2,173,515	2,548,800	8,507,340	4,487,935	6,448,738	57,340,149
-													
Disbursements													
Salaries & Benefits	1,258,294	2,097,156	3,566,608	3,566,608	3,566,608	3,566,608	3,566,608	3,566,608	3,566,608	3,566,608	3,566,608	3,566,608	39,021,533
Commercial Warrant Exp	368,243	368,243	980,519	368,243	1,122,845	368,243	368,243	368,243	980,519	368,243	368,243	368,243	6,398,073
Other	40,916	40,916	40,916	40,916	40,916	40,916	40,916	40,916	40,916	40,916	40,916	40,916	490,991
Transfers Out	-	-	-	-	2,483,903	-	-	-	-	2,300,000	1,000,000	2,100,000	7,883,903
TRAN Related Expenditures	-	-	-	-	-	-	1,785,000	-	-	1,785,000	-	-	3,570,000
Total Expenditures	1,667,453	2,506,316	4,588,044	3,975,767	7,214,272	3,975,767	5,760,767	3,975,767	4,588,044	8,060,767	4,975,767	6,075,767	57,364,499
Ending Cash Balance	6,748,266	7,220,120	7,095,229	5,229,790	1,830,811	3,619,194	3,909,783	2,107,531	68,288	514,861	27,029	400,000	400,000

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10	Projected Cash Balance as of 4/29/11*
General	Additional General Fund Reserve	2,791,586	2,826,887	1,848,156
Capital Projects	State grant funds for Joint Use projects	1,015,549	2,047,821	2,047,821
Enterprise	Fee based Out of School Time programs	210,537	700,000	700,000
Total		4,017,672	5,574,708	4,595,977

* Represents the Maturity Date

Vallecitos School District

2009-2010 CASH FLOW (ACTUAL AND PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	820,050	252,129	227,172	173,929	204,367	94,131	207,639	179,849	92,573	10,292	107,261	40,153	820,050
Receipts													
State Aid Apportionment	41,656	-	85,345	144,990	-	69,389	34,138	752	46,601	31,044	23,676	-	477,591
Property Taxes	1,284	4,117	9,063	10,674	18,948	197,348	79,601	14,657	29,458	187,705	59,314	49,438	661,607
Special Education	2,578	-	9,572	13,306	4,796	13,896	14,348	153	13,704	6,313	4,815	-	83,481
EIA	-	-	-	10,808	-	-	25,205	-	12,004	-	12,004	-	60,021
CSR K-3	26,343	-	-	-	-	22,491	-	22,491	-	-	-	-	71,325
Lottery	6,896	-	-	6,701	-	-	8,465	-	-	6,683	-	-	28,744
08/09 Deferral	136,869	646	233	-	-	-	-	-	-	-	-	-	137,748
ARRA	25,046	-	-	-	-	-	-	-	-	10,923	-	10,923	46,891
Flexible State Programs:	2,038	-	5,039	25,808	8,425	7,542	11,651	5,466	8,072	5,142	8,924	3,631	91,737
Transfers In	-	36,253	-	2,373	-	26,265	-	-	9,000	-	-	72,000	145,892
Other	14,149	36,013	455	34,390	33,525	109,958	11,295	36,542	(5,785)	30,385	5,386	5,386	311,698
Total Revenues	256,858	77,029	109,707	249,050	65,694	446,890	184,703	80,061	113,054	278,195	114,118	141,377	2,116,736
Disbursements													
Salaries & Benefits	65,412	36,987	124,477	171,377	154,079	150,325	159,434	154,580	156,915	153,027	153,027	153,027	1,632,667
Commercial Warrant Exp	21,198	37,077	37,474	23,597	13,316	37,273	16,004	10,800	32,607	25,483	25,483	25,483	305,795
Other	738,171	124	-	8,587	-	82,783	37,055	1,957	1,812	2,716	2,716	2,716	878,637
Transfers Out	-	27,798	1,000	15,050	8,535	63,000	-	-	4,000	-	-	-	119,383
Total Expenditures	824,780	101,986	162,950	218,612	175,931	333,382	212,492	167,337	195,334	181,226	181,226	181,226	2,936,482
Ending Cash Balance	252,129	227,172	173,929	204,367	94,131	207,639	179,849	92,573	10,292	107,261	40,153	304	304

2010-2011 CASH FLOW (PROJECTED)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	304	242,904	260,478	344,635	237,779	182,402	262,427	326,983	243,717	65,944	118,355	37,558	304
Receipts													
State Aid Apportionment	-	94,177	188,354	-	-	-	131,848	689	-	71,135	21,691	-	507,894
Property Taxes	527	88	11,325	9,092	25,713	222,737	64,324	30,968	6,671	183,078	57,843	33,502	645,867
Special Education	-	-	-	20,049	9,497	9,497	18,994	153	-	15,824	4,825	-	78,839
EIA	-	-	-	1,291	-	10,767	23,832	-	1,206	10,757	11,963	-	59,817
CSR K-3	-	-	-	-	21,794	-	-	30,096	-	-	-	19,718	71,608
Lottery	6,896	-	-	6,701	-	-	8,465	-	-	6,683	-	-	28,744
09/10 Deferral	156,531	49,701	36,841	-	-	-	-	-	-	-	-	-	243,073
Flexible State Programs:	-	-	-	31,009	35,039	4,646	37,554	7,431	2,370	15,953	9,323	5,302	148,626
Transfers In	-	-	-	-	-	-	-	-	9,000	-	-	105,000	114,000
Other	37,973	22,388	6,803	17,193	17,193	17,193	17,193	17,193	19,790	19,791	19,790	19,790	232,290
TRAN Related Revenues	130,000	-	-	-	-	-	-	-	-	-	-	-	130,000
Total Revenues	331,926	166,354	243,323	85,334	109,235	264,840	302,210	86,530	39,037	323,221	125,435	183,312	2,260,758
Disbursements													
Salaries & Benefits	65,412	36,987	118,977	165,877	148,579	144,825	153,934	149,080	146,094	146,094	146,094	146,094	1,568,047
Commercial Warrant Exp	21,198	37,077	37,474	23,597	13,316	37,273	16,004	18,000	68,000	48,000	57,422	57,422	434,782
Other	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716	32,594
Transfers Out	-	72,000	-	-	-	-	-	-	-	9,000	-	-	81,000
TRAN Related Expenditures	-	-	-	-	-	-	65,000	-	-	65,000	-	-	130,000
Total Expenditures	89,326	148,780	159,167	192,190	164,612	184,814	237,654	169,796	216,810	270,810	206,232	206,232	2,246,423
Ending Cash Balance	242,904	260,478	344,635	237,779	182,402	262,427	326,983	243,717	65,944	118,355	37,558	14,639	14,639

ALTERNATIVE CASH RESOURCES

Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/09	Projected Cash Balance as of 6/30/10	Projected Cash Balance as of 4/29/11*
Special Revenue	Sp. Reserve Other than Capital Outlay	179,694	181,500	67,758
Special Revenue	Sp. Reserve for Capital Facilities	58,845	58,845	-
Other	Developer Fees	49,500	49,500	10,000
Total		288,039	289,845	77,758

* Represents the Maturity Date

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APPENDIX D

2010-11 CASH FLOW PROJECTIONS OF THE COUNTY

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COUNTY OF SAN DIEGO
GENERAL FUND MONTHLY CASH FLOW SUMMARY
FISCAL YEAR 2009/2010 ACTUAL-ESTIMATED

As of May 11, 2010

(in thousands)

	Jul Actual	Aug Actual	Sep Actual	Oct Actual	Nov Actual	Dec Actual	Jan Actual	Feb Actual	Mar Actual	Apr Actual	May Estimate	Jun Estimate	Total
1 Beginning Cash Balance	467,847												467,847
Revenue Categories:													
2 Taxes Current Property	0	2,959	6,006	7,701	12,809	174,272	57,640	11,357	21,352	153,912	35,467	18,107	501,583
3 Taxes Other Than Current Secured	4,318	6,531	11,398	10,218	6,171	7,776	163,564	5,775	4,379	4,516	173,979	14,744	413,370
Licenses, Permits & Franchises	2,374	2,101	2,460	1,799	3,249	2,861	3,266	3,980	2,482	7,889	4,480	2,576	39,517
Fines, Forfeitures & Penalties	2,955	1,471	1,569	2,901	5,101	1,431	3,246	3,178	2,746	3,931	10,816	13,652	52,996
Revenue Use - Money & Property	5,156	768	1,159	2,157	750	731	1,998	1,325	684	2,493	1,310	1,267	19,799
Intergovernmental Revenue	111,343	102,851	96,318	219,763	125,115	109,539	148,995	125,409	105,593	126,328	130,688	174,835	1,576,778
Charges for Current Services	37,562	16,279	21,485	22,981	28,134	18,439	25,016	20,914	33,084	36,492	18,554	11,652	290,593
Miscellaneous Revenue	3,556	2,341	2,136	1,459	1,065	1,077	8,269	508	4,000	961	3,158	1,848	30,379
Other Financing Sources	23,934	536	36,305	18,153	18,297	26,136	18,092	503	4,360	35,775	14,782	21,999	218,873
Total Revenues	191,198	135,838	178,837	287,133	200,693	342,262	430,085	172,949	178,681	372,297	393,236	260,680	3,143,888
4 Teeter Receipts	33,095	6,229	16,960	15,293	7,731	10,653	9,839	4,613	4,195	3,923	2,663	3,326	118,520
Short Term Borrowing (Trans)	220,000												220,000
Total Receipts	444,293	142,067	195,796	302,426	208,423	352,915	439,924	177,562	182,876	376,220	395,899	264,006	3,482,407
Expenditure Categories:													
5 Salaries & Employee Benefits	509,289	81,058	80,482	115,579	80,330	80,197	79,799	87,215	92,134	122,782	83,197	94,464	1,506,528
Services and Supplies	85,522	66,209	71,645	74,898	66,986	65,783	71,221	60,461	81,077	79,575	103,213	142,967	969,558
6 Other Charges	93,166	35,686	52,614	38,145	31,050	63,178	31,479	34,894	50,950	56,769	41,820	48,354	578,105
Fixed Assets - Equipment	677	297	154	462	599	578	744	1,026	3,127	1,238	328	271	9,501
Operating Transfers	12,270	7,920	5,112	11,764	3,620	17,530	2,966	2,686	6,978	3,422	7,288	7,288	88,842
Total Expenditures	700,925	191,170	210,007	240,848	182,585	227,266	186,209	186,282	234,267	263,787	235,846	293,344	3,152,535
Teeter Disbursements												142,000	142,000
Short-Term Borrowing (Trans)							132,000			88,000			220,000
Total Disbursements	700,925	191,170	210,007	240,848	182,585	227,266	318,209	186,282	234,267	351,787	235,846	435,344	3,514,535
General Fund Month End Cash Balance	211,215	162,112	147,902	209,480	235,318	360,967	482,682	473,963	422,571	447,004	607,057	435,719	435,719
7 Tobacco Tax Settlement Ending Cash	8,322	8,322	8,322	8,279	8,181	8,181	8,105	8,105	8,034	8,053	8,000	8,000	8,000
Cash Balance Including Tobacco	219,538	170,435	156,224	217,759	243,499	369,148	490,787	482,067	430,605	455,058	615,057	443,719	443,719

Footnotes:
1 Actual beginning cash balance on June 30, 2009 is for the General Fund only.
2 Property tax payments are received in Dec and April. The County participates in the alternative method of secured property tax apportionment (the TEETER Plan) available under the Revenue and Taxation Code of the State of California.
3 VLF in-lieu payments are apportioned each Jan and May.
4 Teeter cash receipts of $100M are reflected in the General Fund because the County will continue to internally fund the Teeter Plan.
5 July includes $239M Retirement Advance, $20M in OPEB, $86M annual POB payment and an additional $88M POB pay down. October and April have 3 pay periods. The third pay period does not include health benefits.
6 July includes $46.5M COPS annual lease payment.
7 The Tobacco Settlement Trust Fund represents amounts that are available to the General Fund, however, to facilitate tracking of these balances, they are maintained in a separate trust fund.

COUNTY OF SAN DIEGO
GENERAL FUND MONTHLY CASH FLOW SUMMARY
FISCAL YEAR 2010/2011 ESTIMATED

(in thousands)

	Jul Estimate	Aug Estimate	Sep Estimate	Oct Estimate	Nov Estimate	Dec Estimate	Jan Estimate	Feb Estimate	Mar Estimate	Apr Estimate	May Estimate	Jun Estimate	Total
1 Beginning Cash Balance	443,719												443,719
Revenue Categories:													
2 Taxes Current Property	0	2,936	5,958	7,640	12,707	172,880	57,179	11,266	21,182	152,683	35,184	17,963	497,576
3 Taxes Other Than Current Secured	4,004	6,056	10,568	9,473	5,722	7,210	151,652	5,354	4,060	4,187	161,308	13,670	383,264
Licenses, Permits & Franchises	2,414	2,137	2,501	1,830	3,305	2,910	3,321	4,047	2,524	8,023	4,557	2,620	40,189
Fines, Forfeitures & Penalties	3,048	1,517	1,619	2,992	5,262	1,476	3,348	3,278	2,832	4,055	11,158	14,083	54,668
Revenue Use - Money & Property	4,419	658	993	1,849	643	626	1,713	1,136	586	2,136	1,123	1,086	16,969
Intergovernmental Revenue	99,532	111,896	117,748	237,424	126,458	148,607	208,721	148,328	123,798	167,816	193,215	205,472	1,889,016
Charges for Current Services	37,497	16,251	21,448	22,941	28,086	18,407	24,972	20,878	33,027	36,429	18,522	11,632	290,093
Miscellaneous Revenue	3,033	1,997	1,822	1,245	908	918	7,052	434	3,412	820	2,360	1,576	25,575
Other Financing Sources	25,833	521	32,925	18,421	18,661	19,714	17,790	15,294	22,431	24,162	15,033	14,010	224,796
Total Revenues	179,781	143,968	195,582	303,815	201,752	372,749	475,749	210,015	213,853	400,312	442,459	282,110	3,422,146
4 Teeter Receipts	17,480	6,017	16,383	14,773	7,468	10,291	9,504	4,457	4,052	3,790	2,572	3,213	100,000
Short Term Borrowing (Trans)	140,000												140,000
Total Receipts	337,261	149,986	211,965	318,588	209,220	383,040	485,253	214,472	217,906	404,102	445,031	285,323	3,662,146
Expenditure Categories:													
5 Salaries & Employee Benefits	455,102	83,267	82,675	118,729	82,519	82,383	81,974	89,592	94,645	121,811	85,464	97,038	1,475,200
6 Services and Supplies	93,320	85,839	106,765	160,669	95,417	102,023	99,551	107,221	111,255	110,918	114,430	178,185	1,365,592
7 Other Charges	80,980	47,850	51,287	46,888	32,770	64,530	40,282	43,484	51,713	46,387	47,303	45,511	598,985
Fixed Assets - Equipment	1,346	314	220	108	544	696	284	512	2,031	700	284	512	7,550
Operating Transfers	8,192	5,287	3,413	7,854	2,417	11,703	1,980	1,793	4,659	2,284	4,865	4,865	59,313
Total Expenditures	638,939	222,557	244,359	334,247	213,667	261,335	224,072	242,602	264,303	282,101	252,347	326,111	3,506,641
Teeter Disbursements												149,000	149,000
Short-Term Borrowing (Trans)							84,000			56,000			140,000
Total Disbursements	638,939	222,557	244,359	334,247	213,667	261,335	308,072	242,602	264,303	338,101	252,347	475,111	3,795,641
Month End Cash Balance	142,040	69,468	37,075	21,416	16,968	138,673	315,855	287,725	241,327	307,328	500,013	310,224	310,224

Footnotes:

1 Estimated Beginning Cash Balance includes Tobacco Settlement Trust of $8M. The Tobacco Settlement Trust fund represents amounts that are available to the General Fund, however, to facilitate tracking of these balances, they are maintained in a separate fund.

2 Property tax payments are received in Dec and Apr. The County participates in the alternative method of secured property tax apportionment (the TEETER Plan) available under the Revenue and Taxation Code of the State of California.

3 VLF- in- lieu payments are apportioned each Jan and May.

4 Teeter cash receipts of $100M are reflected in the General Fund because the County will continue to internally fund the Teeter Plan.

5 Jul includes $292M for Retirement Advances and OPEB, and $79.8M for POBs. Oct and Apr have three pay periods. The third pay period does not include health benefits.

6 Oct includes one-time $57M for COC 1B payment to trustee.

7 Jul includes $24.2M COPS annual lease payment, $6.7M ERP Bond payment and $4M Contribution to Library.

APPENDIX E

SCHEDULE OF PLEDGED REVENUE DEPOSITS

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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*
Series A-1								
County of San Diego	**$140,000,000**	12	January	60%	$85,675,333	April	40%	$57,116,889
Series B-1								
Bonsall Union School District	$665,000	7	January	100%	$672,758	April	0%	-
Carlsbad Unified School District	6,125,000	7	January	100%	$6,196,458	April	0%	-
Encinitas Union School District	3,500,000	7	January	100%	$3,540,833	April	0%	-
Fallbrook Union High School District	1,940,000	7	January	100%	$1,962,633	April	0%	-
Sweetwater Union High School District	5,000,000	7	January	100%	$5,058,333	April	0%	-
Vista Unified School District	5,610,000	7	January	100%	$5,675,450	April	0%	-
Subtotal	**$22,840,000**							
Series B-2								
Alpine Union School District	665,000	10	January	50%	$338,005	April	50%	$338,005
Cardiff School District	575,000	10	January	50%	$292,260	April	50%	$292,260
Chula Vista Elementary School District	14,675,000	10	January	50%	$7,458,976	April	50%	$7,458,976
Grossmont Union High School District	17,320,000	10	January	50%	$8,803,371	April	50%	$8,803,371
La Mesa-Spring Valley School District	5,625,000	10	January	50%	$2,859,063	April	50%	$2,859,063
Oceanside Unified School District	12,225,000	10	January	50%	$6,213,696	April	50%	$6,213,696
Poway Unified School District	27,605,000	10	January	50%	$14,031,008	April	50%	$14,031,008
San Dieguito Union High School District	15,145,000	10	January	50%	$7,697,867	April	50%	$7,697,867
San Ysidro School District	4,370,000	10	January	50%	$2,221,174	April	50%	$2,221,174
Subtotal	**$98,205,000**							
Series B-3								
Santee Elementary School District	3,570,000	10	January	50%	$1,814,552	April	50%	$1,814,552
Vallecitos School District	130,000	10	January	50%	$66,076	April	50%	$66,076
Subtotal	**$3,700,000**							
Total Par Amount:	**$264,745,000**							

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

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APPENDIX F

FORM OF BOND COUNSEL APPROVING OPINION

July 1, 2010

Participants identified
in the Trust Agreements

County of San Diego and San Diego County School Districts
Tax and Revenue Anticipation Note Program, Note Participations
Series 2010A, Series 2010B-1, Series 2010B-2 and Series 2010B-3
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the County of San Diego (the "County"), on behalf of itself and various school districts (the "Districts" and together with the County, the "Participants"), in connection with the execution and delivery of $140,000,000 aggregate principal amount of the County of San Diego and San Diego County School Districts Tax and Revenue Anticipation Note Program, Note Participations, Series 2010A, $22,840,000 aggregate principal amount of the County of San Diego and San Diego County School Districts Tax and Revenue Anticipation Note Program, Note Participations, Series 2010B-1, $98,205,000 aggregate principal amount of the County of San Diego and San Diego County School Districts Tax and Revenue Anticipation Note Program, Note Participations, Series 2010B-2, and $3,700,000 aggregate principal amount of the County of San Diego and San Diego County School Districts Tax and Revenue Anticipation Note Program, Note Participations, Series 2010B-3 (collectively, 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 itself and various school districts identified in the Trust Agreements (as hereinafter defined) and identified in the Official Statement, dated June 2, 2010 (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 four separate trust agreements, each dated as of July 1, 2010, between Wells Fargo Bank National Association (the "Trustee") and the Participants which are a party to the respective trust agreements (the "Trust Agreements"). 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 "2010-2011 Tax and Revenue Anticipation Note."

In such connection, we have reviewed the Trust Agreements, the Resolutions, the Notes, opinions of counsel to the County and the Districts, the Trustee, certificates of the County and the Districts 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 opinion speaks only as of its date and is not intended to, and may not, be relied upon 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 Agreements 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 Agreements, the Certificates, and evidenced and represented by the Note Participations, and their enforceability may be subject to bankruptcy, insolvency, 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, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents. 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 Agreements have 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 Agreements.

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 is not a specific preference item for purposes of the federal individual or corporate alternative minimum

taxes, nor is it 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 accrual or receipt of such interest represented by, the Note Participations.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

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APPENDIX G

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 2010

Note Amounts and Coverage Analysis

Participant	Note Amount	Note Term (Months)	Base Amounts (1): 2010-11 Projected Cash Receipts (3)	Base Amounts (1): 2010-11 Cash Balance at Maturity	Base Amounts (1): 2010-11 Alt. Cash at Maturity	TRANS as % of 2010-11 Cash Receipts	Cash Coverage Factors (2): 2010-11 Projected Cash Receipts (3)	Cash Coverage Factors (2): 2010-11 Cash Balance at Maturity	Cash Coverage Factors (2): 2010-11 & Alt. Cash
Series A-1									
County of San Diego	**$140,000,000**	12	$3,522,146,172	$310,224,222	$230,000,000	3.975%	26.16 x	3.22 x	4.86 x
Series B-1									
Bonsall Union School District	665,000	7	8,579,910	1,411,174	414,410	7.751%	13.90 x	3.12 x	3.75 x
Carlsbad Unified School District	6,125,000	7	43,130,989	11,543,942	3,000,000	14.201%	8.04 x	2.89 x	3.38 x
Encinitas Union School District	3,500,000	7	29,348,346	5,264,491	3,736,967	11.926%	9.39 x	2.50 x	3.57 x
Fallbrook Union High School District	1,940,000	7	16,995,079	3,483,315	943,899	11.415%	9.76 x	2.80 x	3.28 x
Sweetwater Union High School District	5,000,000	7	256,461,049	47,161,271	34,946,580	1.950%	52.29 x	10.43 x	17.42 x
Vista Unified School District	5,610,000	7	130,209,139	29,347,113	4,300,000	4.308%	24.21 x	6.23 x	7.00 x
Subtotal	**$22,840,000**				**Subtotal Averages:**	**8.592%**	**19.60 x**	**4.66 x**	**6.40 x**
Series B-2									
Alpine Union School District	665,000	10	13,629,993	1,258,197	39,000	4.879%	21.50 x	2.89 x	2.95 x
Cardiff School District	575,000	10	6,042,950	1,395,699	190,000	9.515%	11.51 x	3.43 x	3.76 x
Chula Vista Elementary School District	14,675,000	10	167,788,214	7,331,188	11,618,761	8.746%	12.43 x	1.50 x	2.29 x
Grossmont Union High School District	17,320,000	10	171,695,591	13,526,972	10,196,968	10.088%	10.91 x	1.78 x	2.37 x
La Mesa-Spring Valley School District	5,625,000	10	87,389,673	3,812,703	4,270,000	6.437%	16.54 x	1.68 x	2.44 x
Oceanside Unified School District	12,225,000	10	145,888,217	8,486,441	1,610,291	8.380%	12.93 x	1.69 x	1.83 x
Poway Unified School District	27,605,000	10	210,477,522	6,898,657	10,920,000	13.115%	8.63 x	1.25 x	1.65 x
San Dieguito Union High School District	15,145,000	10	82,303,676	15,011,043	1,776,804	18.401%	6.43 x	1.99 x	2.11 x
San Ysidro School District	4,370,000	10	34,726,399	1,755,655	2,323,985	12.584%	8.95 x	1.40 x	1.93 x
Subtotal	**$98,205,000**				**Subtotal Averages:**	**10.238%**	**12.20 x**	**1.96 x**	**2.37 x**
Series B-3									
Santee Elementary School District	3,570,000	10	42,833,476	514,861	4,595,977	8.335%	13.00 x	1.14 x	2.43 x
Vallecitos School District	130,000	10	1,822,011	118,355	77,758	7.135%	15.02 x	1.91 x	2.51 x
Subtotal	**$3,700,000**				**Subtotal Averages:**	**7.735%**	**14.01 x**	**1.53 x**	**2.47 x**
Total Par Amount:	**$264,745,000**								

(1) Base Amounts exclude Note Amounts.
(2) Note Amounts have been added to each Base Amount to calculate Cash Coverage Factors.
(3) 2010-11 Projected Cash Receipts are receipts received through the Maturity date of the note. Does not reflect full year receipts.

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